

WEDNESDAY, SEPTEMBER 2, 2009

Author: U.S. will take 'a long time' to recover from bailouts and deficit spending

Tuesday night, I attended an **America's Future Foundation** event featuring **Johan Norberg**, author of the new book **Financial Fiasco: How America's Infatuation with Home Ownership and Easy Money Created the Economic Crisis**. I interviewed him for *The American Spectator*:

Politicians, regulators and central banks in several nations -- including the U.S. Federal Reserve -- helped create the crisis that led to last year's massive Troubled Asset Relief Program (TARP) bailout, Norberg said. "They distorted all the incentives and inflated the bubble," the Cato Institute senior fellow explained . . .



"I'm afraid we're going to live with the consequences for a long time," he said. "The bailouts . . . the debts -- we won't be able to pay them back. We're going to pay for it for a long time. And it's not just what it costs, it's what we're buying." Norberg said the TARP bailout would have the perverse effect of encouraging lenders and other financial institutions to engage in the same kinds of risky behaviors that led to last year's meltdown.

"If bankers make stupid mistakes and we bail them out, it encourages them to take big risks in order to make short-term gains, knowing that if they lose out, they can always send the bill to the taxpayers," Norberg said. . . .

You can [read the whole thing](#). Norberg spoke yesterday at a [book forum at Cato](#) (video at the link) and you can buy Norberg's book:

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