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The Eternal 'Emergency'

The House is headed back to Washington. Anything but that.

Word came down yesterday that Nancy Pelosi is recalling the House from its August recess for an "emergency" session. This is never a good omen, because every moment the Members are on vacation is a moment they aren't doing tangible harm, but the Speaker seems to be aiming for some kind of all-time record.

So next week the House will approve \$26.1 billion for another round of "stimulus" and another gratuity for public-employees unions, which the Senate approved yesterday after Maine Republicans Olympia Snowe and Susan Collins broke ranks with their party. Let us hope that this is the last achievement of the fighting 111th Congress.

Some \$16.1 billion will go to the states in extra Medicaid dollars. National taxpayers already pay for 57% of this joint state-federal health-care program on average and as high as 82% in some states, plus the across-the-board 6.2 percentage point increase in this "matching rate" that was part of the \$862 billion stimulus in 2009. This fillip vaporates later this year, and Democrats will now extend it for another six months.

We argued during last year's debate that the stimulus was a pretext for a huge permanent entitlement expansion, and what do you know. Thirty states had actually built the presumption of Congress extending this "matching rate" into their fiscal 2011 budgets, even though it was due to expire on paper. Democrats are rewarding states for making unaffordable health-care promises and handing Governors even more incentive to do so: The more they spend, the more political pressure Congress will feel to come to the rescue.

If Medicaid transfers were the key to gunning economic growth, then the stimulus wouldn't have failed as badly as it did and Democrats wouldn't be going back for round two—or is it already three or four? And all this comes prior to ObamaCare in 2014.

Another \$10 billion will disappear into an "education jobs fund," which is meant to prevent states from laying off teachers and other public-sector employees this fall. Yet according to the Cato Institute, public school employment has risen 10 times faster since 1970 than student enrollment. There may not be another sector of the economy more in need of belt-tightening than public education.

The White House and the teachers unions enjoy sparring publicly for the press, but they both know they have each other's back at crunch time. President Obama praised the Senate bill in a statement Tuesday and promised to sign it in the name of "economic prosperity."

Senators Snowe and Collins say they were won over because this new spending won't increase the deficit—but Democrats merely gamed the budget math. In addition to unrealistic Medicaid phase-outs that will never happen in practice, they also "cut" funding for food stamps and subsidies for alternative energy that will be restored when the next "emergency" rolls around. The bill also includes about \$10 billion in new taxes on U.S. companies with overseas

subsidiaries.

In other words, Democrats are taxing productive businesses that will now employ fewer people in order to increase welfare transfers and protect their Big Labor base. Meanwhile, the White House will continue to lecture everyone about how extending the Bush tax cuts is "irresponsible."

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