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'Consensus' doesn't jibe with reality

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Some of the online responses to a recent letter of mine repeated a frequently cited argument for the Bush-Obama attempt to fend off economic collapse by pumping large amounts of "stimulus" money into the economy.

They claim that the "consensus" of economists is that the correct response to recession is massive government spending, intended to "stimulate" monetary turnover and speed up recovery. Such may be the consensus of the Keynesian school, but as Thomas Sowell shows in his recent book "Economic Facts and Fallacies," this theory is at odds with the empirical facts of American economic history.

As a rule, heightened government spending prolongs and deepens recession. Perhaps that is why the Cato Institute in January 2009 took out a two-page ad in several magazines that consisted of an open letter to then President-elect Obama not to go down the path that he and the liberal Democrat majority in Congress have followed. The letter was signed by 105 professional economists, including at least three Nobel laureates.

No matter. The stimulators had the consensus -- not to mention the muscle.
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