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## Parties cross swords, again, on stimulus

By Joseph Picard

House Minority Leader John Boehner, R-OH, was in Cleveland today, blasting the Obama administration's economic policy, calling it a "failed stimulus policy" and a "job-killing agenda," while Vice President Joe Biden was in Washington, presiding over the release of an administration report claiming that stimulus spending will create jobs, heal the economy, save lives and make for a brighter future.

"Right now, America's employers are afraid to invest in an economy stalled by 'stimulus' spending and hamstrung by uncertainty," Boehner said.

Boehner said that "virtually every American will see their taxes go up on January 1, 2011," and that "Washington politicians talk about wanting to create jobs as a ploy to get themselves re-elected while doing everything possible to prevent jobs from being created."

Boehner called on President Obama to abandon "his plan to impose job-killing tax hikes on families and small businesses," to veto "job-killing bills" sent to him by Congress, to call on Democrats to join with Republicans to repeal "job-killing" elements of the health care reform legislation, to submit an "aggressive spending reduction package" to Congress, and to fire Treasury Secretary Timothy Geithner and Larry Summers, the head of the National Economic Council.

Biden, after introducing the report, titled "The Recovery Act: Transforming the American Economy through Innovation," responded to Boehner.

"After months of promising a look at his party's agenda and their plans for America, he made what was billed as a major economic address," Biden said. "And his chief proposal apparently was that the President should fire his economic team. Very constructive advice, thanks. "

The report spoke of the \$100 billion investment the administration is making in cutting-edge industries to help keep America competitive in the 21st century economy.

According to the report, the U.S. is now on-track to achieve four major innovation breakthroughs thanks to Recovery Act investments:

Cutting the cost of solar power in half by 2015, putting it on par with the cost of retail electricity from the grid.

Cutting the cost of batteries for electric vehicles by 70 percent between 2009 and 2015, putting the lifetime cost of an electric vehicle on-par with that of its non-electric counterpart.

Doubling U.S. renewable energy generation capacity and U.S. renewable manufacturing capacity by 2012, a breakthrough that would not be possible without the Recovery Act.

Bringing the cost of a personal human genome map to under \$1,000 in five years, allowing researchers to sequence 50 human genomes for the same cost as sequencing just one today.

Boehner said Biden's record for making economic predictions is not good.

"Vice President confidently assured Americans that 'in the second hundred days you're going to see a lot more jobs created,'" Boehner said. "The Vice President

made that statement on July 5 of 2009. More than a year later, Americans are still asking: where are the jobs?"

But Gary Burtless of the Brookings Institute said that, had not the Obama administration initiated a stimulus program, unemployment would be much higher now than the current 10 percent.

"The big dose of fiscal relief for the states lowered layoffs and reduced job loss," Burtless said. "10 percent unemployment is not good, but it is better than 15 percent or 25 percent unemployment."

The administration slammed Boehner for saying that the jobs bill recently signed by the President was a "26 billion dollar 'stimulus' spending bill that funnels money to state governments in order to protect government jobs."

"The recently enacted legislation will save the jobs of hundreds of thousands of teachers, firefighters and police officers,," the White House said, in the release of a fact sheet countering Boehner's claims, adding that Boehner is dismissive of "these hardworking Americans."

Boehner's repeated assertion that Obama plans to raise taxes on "virtually every American," also drew fire from the Vice President.

"On taxes, let's be clear on what this debate is all about: the big tax cuts of the last decade are scheduled to expire," Biden said. "So the President proposes we extend the tax cuts for 98 percent of Americans.

"What Mr. Boehner wants to do is extend the tax cut to the other two percent. That means we're going to have to borrow \$700 billion we don't have to give a \$100,000 a year tax cut to millionaires," Biden said.

Burtless from the Brookings Institute pointed out that a large portion of the Obama stimulus package was a tax cut for working Americans.

"About 45 percent of the stimulus package was a direct cut in federal taxes," Burtless said. "People saw more dollars in their paycheck because of the stimulus package."

Taxes were further cut through the monies that were delivered to the states, Burtless said.

"Of the fiscal relief to the states, some of the money protected residents from bigger state tax hikes than they saw," Burtless said. "So, more than half the stimulus package was a tax cut."

Burtless said that Boehner and the Republicans were being "disingenuous" in their opposition to the Obama stimulus program.

"The first stimulus program was under George W. Bush, when the economic crisis became evident," Burtless said. "Republicans supported it, and so did the Democrats. When Obama put forward a stimulus package to do the same thing the Bush program aimed at, Democrats supported it and Republicans opposed it."

Burtless added that Ronald Reagan brought the country out of recession in the early 1980's through expanded government spending to stimulate the economy.

Tad DeHaven, budget analyst for the Cato Institute, had a different take on stimulus spending.

"It is more of a political weapon than a policy tool," DeHaven said. "And the politicians who use it ignore the cost. Every dollar spent on stimulus is a dollar that

the private sector does not spend."

DeHaven said that the private market place is better equipped and more inspired to use investment wisely and stimulate the economy in the long run.

"The politicians do not think in the long run. Their horizon is their next election," DeHaven said. "But it is long-term economic growth that is important, and government should be taking actions that foster long-term economic growth."