



If Keynes is wrong

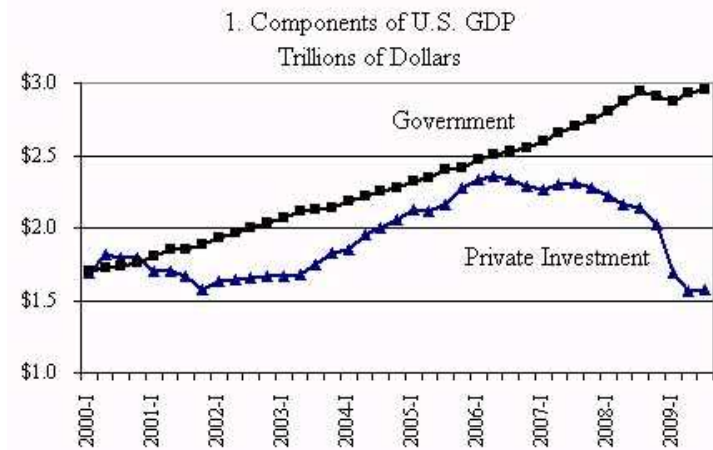
then so are Bush and Obama New book by Hunter Lewis
www.WhereKeynesWentWrong.com

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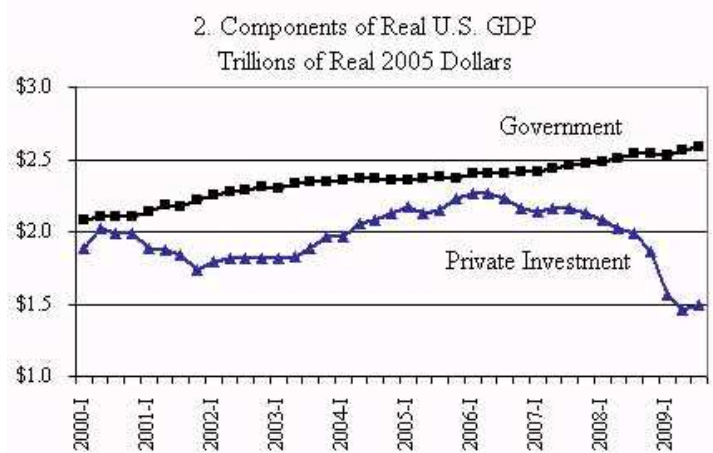
October 30, 2009

One Major Reason the Economic “Recovery” Won’t Last

The Cato Institute’s Chris Edwards has penned a [highly informative analysis](#) of a recent report from the Bureau of Economic Analysis. We begin with two charts included in the BEA publication:



And in real 2005 dollars:



Edwards’ take:

[The second figure] shows that private investment is stuck in a rut at about 17 percent below the lowest level reached at the bottom of the last recession.

...The third quarter GDP numbers show that the economy is only starting to “recover” because of growing government and expanding consumption, which has been artificially inflated by large government transfers.

Business investment continues to be in a deep recession. Companies are simply not building factories or buying new machines and equipment.

Why not? I suspect that many firms are scared to death of higher taxes, inflation, health care mandates, increased labor regulation, and other profit-killers coming down the road from Washington. That is speculation, but I haven’t heard a better explanation of the death of private investment in America.

So, absent continued government priming of the economy (which will not occur while [public approval](#) of a second “stimulus” remains [so low](#)), the growth we saw in the third quarter will not persist. And since government has no resources of its own, the money used to prop up consumer and capital spending comes directly from the very entities we need to fuel a *true* recovery: consumers and businesses.

by Anthony Dalke @ 5:38 pm. Filed under [Issues](#), [R4'12 Essential Reads](#)
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1. [Marksal](#) Says:
[October 30th, 2009 at 6:25 pm](#)

Excellent post, Anthony. Thanks.

2. [Anthony Dalke](#) Says:
[October 30th, 2009 at 6:26 pm](#)

Thank YOU, Marksal!

3. [MetroIndependent](#) Says:
[October 30th, 2009 at 6:34 pm](#)

Ditto!

4. [Kavon W. Nikrad](#) Says:
[October 30th, 2009 at 6:56 pm](#)

Ironic that the Dems sowed the seeds of their own destruction with the stimulus.

The media now trumpets that Obama has turned the tide and that we are out of recession. So the next recession, which is on it’s way, will be the “Obama Recession.” Just in time for 2010, probably.

It’s too late enact pro-growth policies for the Midterms, but Obama still has a chance to “pull a Clinton” in time for 2012.