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Tuesday, December 08, 2009

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THE HILL'S Congress Blog

Where lawmakers come to blog

The Big Question: How could Congress pay for the jobs bill?

By Sydelle Moore and Tony Romm - 12/08/09 11:33 AM ET

Some of the nation's top political commentators, legislators and intellectuals offer some insight into the biggest question burning up the blogosphere today.

Today's question:

John F. McManus, president of The John Birch Society, said:

According to a front page story in the NY Times for Nov. 26, 2008, the Federal Reserve and the Treasury joined in a message that said "they would print as money as needed." Then, on March 9, 2009, another front page story in the NY Times reported that the Fed would "inject \$1 trillion more to aid the economy," even noting that the unconstitutional national bank would be "creating vast new sums of money out of thin air." This is where the money is coming from. When injected into the economy, via TARP spending or jobs spending or whatever, these funds take on value by lessening the value of everyone's dollars. This is inflation pure and simple. It should be described as outright thievery, a sinister form of taxation that too few understand. If not stopped, the American people will lose both their wealth and their freedom. Check out what happened in Germany in 1923 to understand this treacherous process.

Bill Press, host of the Bill Press Show, said:

President Obama's on the right track with his speech at Brookings. There's no more important issue facing America than jobs. And there's no better source of funds to tap than leftover or returned TARP funds. Wall Street doesn't need 'em anymore, but Main Street can use 'em to create new jobs. Looks like it won't be a "jobless recovery," after all.

Hal Lewis, professor at U.C. Santa Barbara, said:

He's Charlie in the Chocolate Factory. If someone else will supply it, he is happy to give it away to potential voters.

(Read responses from earlier after the jump)

Our earlier question:

Should Democrats offset the costs of their new jobs bill and if so, how?

Dean Baker, co-director of the Center for Economic and Policy Research, said:

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It would be counterproductive for Congress to pay for any jobs bill with current taxes or spending cuts. Tax increases slow the economy. Spending cuts slow the economy. Anyone who suggests paying for a jobs bill with deficit reduction in the current year should just be booted out of Congress for intolerable ignorance.

However, we can pay for spending for the longer term with a financial transactions tax. A modest set of transactions taxes can easily raise more than \$100 billion a year (\$1 trillion over the next decade), while having little or no impact on ordinary savers or businesses. This speculation tax would be especially justified, since it was machinations of the Wall Street crew that caused the economic crisis that led to mass unemployment and out-sized deficits. It is only fair that they pay for the clean-up.

We know that such taxes work. The United Kingdom raises the equivalent of almost \$40 billion a year (relative to its economy) by just taxing stock trades. We could raise much more by also taxing trades in options, futures, credit default swaps and other derivative instruments.

There are some who say that we can't do such a tax because of international competition. This ignores the example of the UK, but this claim also seems to imply that the United States is helpless in international forums. This is of course ridiculous. Most other major countries have been pushing for financial transactions taxes. If the Obama administration actually embraced a speculation tax, there is no doubt that it could gain international support to facilitate enforcement. This international cooperation is absolutely not necessary for implementing a tax, but it would be easily doable if we wanted it.

Herb London, president of [The Hudson Institute](#), said:

The way to offset the costs of this proposed bill is to cut corporate taxes at the rate of 25k for each new job that is created. It seems to me that the way to create jobs is to incentivize businesses rather than go through a government sponsored public works program.

Hal Lewis, professor at U.C. Santa Barbara, said:

They seem not to distinguish between jobs per se and jobs that contribute to the national productivity. The former impoverish the country and the second enrich it. Jobs that contribute pay for themselves in the end, but the others must be paid for by those who do contribute. Guess who.

Chris Edwards, director of Tax Policy Studies, [The Cato Institute](#):

When it comes to jobs, the Obama administration needs to take off its ideological blinders and consider that its massive deficit spending is enslaving the next generation while doing nothing for economic growth. Private business investment has plunged over the last year and remains in the tank even as the government has cranked up deficits to more than \$1 trillion.

The administration's big spending and anti-business agenda is a loser for the economy and for Obama's political prospects because it simply won't create jobs. Instead—like Nixon going to China—Obama should make a bold pro-growth move and outflank the Republicans by proposing to dramatically cut the job-killing U.S. corporate income tax. That would encourage businesses in every industry to build new factories and expand production and hiring.

Justin Raimondo, editorial director of [Antiwar.com](#), said:

The Democrats' new job bill isn't going to produce any jobs -- except in the government sector, which is the entire point. The whole idea of this "jobs program" is to expand the power and reach of government -- the federal

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government -- and that is what it will achieve. As far as generating real wealth -- no.

My understanding is that, by way of financing this rapid expansion in spending, the Federal Reserve is monetizing the debt: That is, printing money. There's no reason to believe this policy will change, because, after all, the Obama administration is ideologically committed to this course of action. According to the orthodox Keynesians who are currently running the country, government spending is good, per se, and, what's more, it's the only way to get us out of the recession. So why should they "offset" anything?

Of course, if we abandoned our crazy foreign policy, withdrew from Afghanistan (and -- finally! -- Iraq), and started closing down our hundreds of bases all over the world, the savings would offset whatever recovery programs (no matter how ill-starred) President Obama wants to implement. But of course that will never happen: the empire comes first, the American people come second (if at all).

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