The ridiculous economic stimulus

Stephen Moore (Opinion Contributor)

Photo by Bonnie Cash

The country does not need another stimulus bill, and it certainly does not need the absurd $3 trillion bill that House Speaker Nancy Pelosi wants to load on the backs of future generations.

Even this latest "slimmed down" $1 trillion bill that a bipartisan group in the Senate set forth this week is a dud. We do not need a penny more with government assistance.

American output soared by a record 33 percent in the third quarter and is on pace to increase by another 11 percent in the fourth quarter, data from the Federal Reserve Bank of Atlanta finds.

There is no need for a $1 trillion cherry on top of this sundae. Unemployment has fallen to below 7 percent after a high of 14 percent earlier during the pandemic.

Numerous experts predicted it would not be until 2022 until we had unemployment that low. We have never had a swifter recovery from recession in our lives.

What is really amazing about this economic rocketship is that it is soaring without a single penny of new "stimulus" money that we were all told was essential with the recovery from the coronavirus downturn.

There are still millions of workers who lost jobs and businesses that have shuttered, but lots of that is due to the lockdowns by governors in blue states.

The $3 trillion bill proposed by Democrats during the summer was viewed by economists in academia and on Wall Street as an absolute necessity to prevent the financial system from tumbling.

President Trump wisely said no as the economy picked up steam over the next few months. The stock market has hit record highs. Even the notion of a "stimulus" is misguided. The only way the government can stimulate my income is to de-stimulate your income. There is no free lunch here as debts must be paid.

However, the bipartisan compromise bill shells out more than $200 billion government stimulus for a bailout of blue states. That is especially unfair to red states like Texas, Georgia, Florida, and Nebraska that have reached nearly full employment by keeping their businesses running, their nursing homes safe, and their budgets balanced in these difficult times.

I am opposed to a new stimulus bill. If there is one, however, Republicans must insist that every penny goes to people instead of politicians.

For the heroic first responders and health care workers, the best way to help out would be to give them an 8 percent pay raise by suspending the payroll tax for six months, but Democrats already vetoed that proposal.

The worst way to help anyone is the bipartisan idea of another 18 weeks of $300 bonus benefits in addition to normal unemployment payments.

This would offer about half of all workers without jobs more money for staying at home on the couch than going back to businesses.

The Committee to Unleash Prosperity has a new study that estimates this feature of paying people not to work will reduce employment by at least four million jobs. That is some "stimulus" for the country and it makes zero sense.

Billions of dollars for another bailout of the airlines is corporate welfare. The airlines have sufficient capital to weather the crisis. So shareholders must bear the costs instead of taxpayers.

Indeed, the only stimulus that can truly supercharge the economy and end the current downturn is the vaccine. Every effort by Congress should make sure every American who wants to take the vaccine will have access to it by early next year.

Trump would be foolish to sign a new stimulus bill. His vaccine effort and the economic recovery will leave a legacy of success in his time in office.

If Joe Biden wants another bailout he can have it. Just remember that he was the mastermind behind the $1 trillion "shovel ready" stimulus bill of 2009, which turned out to be a wounded duck that could not fly.

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S&P Global economist: US economy will fall into double-dip recession without stimulus

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The U.S. economy will fall into a double-dip recession and take nearly a year longer to return to pre-pandemic growth if Congress fails to pass a new coronavirus relief bill, according to an economic forecast released by S&P Global on Wednesday.

"Since June, S&P Global Economics has said that it is not a far-fetched possibility that we could get a scenario of no more fiscal stimulus and a COVID-19 resurgence that cripples growth in the fourth quarter," S&P Global Chief Economist Beth Ann Bovino wrote in her analysis.

"Unfortunately, this downside scenario seems more likely."

She went on to say that a surge in cases and the absence of fiscal stimulus would mean gross domestic product "will decline for two consecutive quarters," postponing a full recovery until the second half of 2022 and risking "longer-term scarring."

"On its own, a one quarter decline does not signal recession. But it increases chances that the U.S. will see another downturn in the near future," the report said.

Two consecutive quarters of economic contraction is considered the standard definition of a recession.

The S&P forecast predicts the economy will shrink at a 2.3 percent annual pace in the last three months of 2020, bringing the total economic decline for the year to 3.9 percent.

Without a roughly $1 trillion relief bill, the outlook would get worse, S&P said, and the economy would stagnate at 0.8 percent growth next year instead of the 4.2 percent otherwise forecast.

The prospects for a stimulus before the end of the year are grim. Senate Majority Leader Mitch McConnell (R-Ky.) is pushing for a $500 billion bill, while Speaker Nancy Pelosi (D-Calif.) is backing a $2.2 trillion measure.

A bipartisan, bicameral group of lawmakers this week introduced a $908 billion measure they hope will serve as a compromise.

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