



Bluegrass Beacon

BY JIM WATERS

The 'depressing' truth about economic myths

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A myth usually contains a kernel of truth. But that compares with putting a drop of poison in a glass of water – it may be mostly water, but drinking it will kill you.

The “kernel of truth” this week: Greed contributed to the recent financial crash. But to call it the primary cause equates to myth. And to use such claims as an excuse for the most intrusive level of government intervention this country has seen since the Great Depression of the 1930s is worse.

The whole truth: It was left-wing politicians such as Massachusetts Rep. Barney Frank who used the force of government to intimidate mortgage giants Freddie Mac and Fannie Mae, pressuring them into loaning money to credit-challenged borrowers. They got mortgages that may have matched their dreams but failed to reflect the reality of their checking accounts.

Now, Barney and friends want taxpayers to bail out them and their buddies.

Turns out, greed was the problem. But not greedy Wall-Streeters as much as Frank and his leftist pals such as U.S. Sen. Chris Dodd would like you to believe. Dodd, chairman of the Senate Banking Committee, received the most from Fannie Mae and Freddie Mac PACs and employees – \$133,900 since 1989, reports the Center for Responsive Politics Web site, opensecrets.org.

Rather than voting for the recent \$700-billion bailout, members of Congress should have moved to impeach Frank, Dodd and others who caused great harm to our country. I'm very unhappy with the members of Kentucky's delegation in Washington, who at the very least, are guilty of aiding and abetting politicians looking out for their own interests rather than the taxpayers.

I recently called out Kentucky congressman Ben Chandler for his stance on getting rid of private ballots in labor-union elections – the “card check” issue. But he and fellow U.S. Reps. Ed Whitfield and Geoff Davis deserve praise for voting “no” on

this bailout.

Yes, the big spenders who voted “aye” say: “We had to do something.”

But “something” never seems to include policies that involve courageous political decisions such as cutting spending, promoting transparency and ticking off powerful politicians.

Can’t you imagine a senior senator standing in front of his Senate-club members and saying: “Gentlemen, I know we’re late for our golf games. But there are only a limited number of taxpayer dollars, and if we spend \$700 billion of them on this bailout, it means cutting something else. What’s that going to be?”

Dead silence cloaks the Senate chambers.

Then this response: “Why do we have to cut something? Can’t we just spend more?”

“Brilliant” the senators roar in unison.

The truth: history repeats itself.

Similar dynamics occurred during the 1930s.

The truth: Those policies didn’t get the country back to work and prospering. Rather, they prolonged the pain – turning a recession into an economic depression. In 1933, one of every four workers remained unemployed. In 1938, one in six still couldn’t find a job. Even on the verge of World War II, one in seven U.S. workers were still out of work.

Big-government types offer lots of talk but little proof to accompany claims that the New Deal’s government-backed programs and experiments brought the country out of its economic malaise.

The Congress didn’t stop FDR. And desperate for “change,” the people, as Hillsdale College economics professor Ivan Pongracic states, “were willing to consider adopting full-blown socialism in the 1930s as a way to deal with the downturn.”

That’s the truth, the whole truth and nothing but the truth.

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