

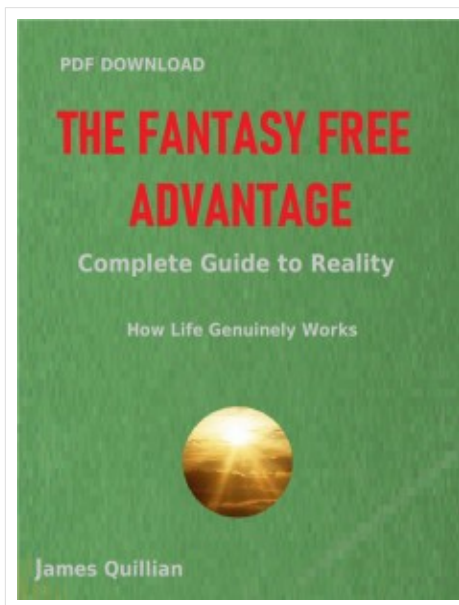
Fantasy Free Economics

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Your Punishment For Believing Lies

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I have a saying. When a lie is told, there are two guilty parties. There is the liar of course. Then there is the party for whom the truth is not good enough.

Without that arrangement few lies would be told. The punishment for believing lies is suffering. Suffering always follows the believing of lies but the suffering is not distributed evenly among believers. It is possible for a person go a full lifetime believing a slew of lies and never experience any meaningful suffering. This is especially true where collective issues are present. Generation one may believe the lie but it may be the next generation which does the suffering.

There is a cost to believing lies. The day the bill comes due is highly variable. For many, the bill for believing lies comes due only once are twice in a lifetime. This is the nature of the bill

citizens around the world are being served at this very moment.

The lie of stimulus was introduced in the 1930s. John Maynard Keynes came up with his general theory honestly. He was not trying to hurt anyone. In just a little time, flaws in the theory were noticed.

Keynes noticed them himself but then died. Monetary stimulus evolved by a different route but had been debunked or at least observed to work very poorly long before the modern era. Stimulus was reborn in the Reagan administration as a way to get self serving legislation passed and to transfer wealth.

The ostensible purpose of stimulus was and always is to benefit the economy. Following the passage of the Full Employment Act of 1978 stimulus became an every year phenomenon. There has never been a chance that government stimulus of an economy would be of benefit. Yet, Americans of every socioeconomic class have chosen to believe stimulus was good and necessary.

The two major ways stimulus destroys an economy are through preventing markets from clearing and by replacing price as the means of rationing goods and services with political power. Economic

intervention did not begin in 2008 with the financial crisis. Intervention has been ongoing since the Reagan administration. We have had right at 40 years of economic intervention. That means something other than price has been used to ration resources for 40 years. It also means the process of out with the old and in with the new has been displaced. A mis-allocation of resources is not visible to the eye but it is there. 40 years of making less than optimum use of the country's resources guarantees an economic crisis. For 40 years Americans have believed the lie that stimulus benefited them and the overall economy.