How Stimulus Destroys An Economy

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The concept of stimulus as it is practiced today began with John Maynard Keynes's **General Theory of Employment, Interest and Money.** Keynes is frequently described as a great economist and by some even the greatest economist who ever lived.

He was in fact of great mathematician but in no way was he an economist. He had no clear understanding of markets and held the same naive beliefs about markets as do countless uneducated and wishful thinking members of the general public.

The most common naive belief about free markets is that when a business or industry becomes unprofitable absolutely nothing will emerge to take its place. Free markets provide an optimum in income and production for members of all income classes. Even though there is a 100% chance better and stronger businesses and industries will emerge, allowing that to happen requires a leap of faith, because there is absolutely no sign that new enterprises will spring up and generate new and greater economic opportunities. So, initiatives to have government save what is failing abound. Businesses which fail do so for good reasons.

The one thing Keynes got right in his work was the necessity of complete objectivity in implementing stimulus plans. This was Keynes's straw man concept. This was his name for a totally objective, non-political person to be in charge. Does nature provide this type of individual. If you find just on example in all of history, please advise me who that person was or is.

If total objectivity is necessary with fiscal stimulus, it is also necessary in monetary stimulus. Both styles of stimulus are hashed out politically. Both monetary and fiscal stimulus serve as political tools. What are politicians going to do when they believe increasing government spending is good for the economy? Beginning with the Reagan administration stimulus is now applied no matter what.

Any stimulus program requires an economic forecast. Please provide a list of forecasts by credentialed economists that turned out to be more accurate than those of the same numbers of astrologers. When you find a few, which you won't, I will rethink my view of forecasts by economists. If any stimulus plan is to be implemented, is a good forecast unnecessary? If a good forecast is not possible, is there any reason an economy needs to be stimulated even in a case

where a macroeconomic theory calls for one. Should stimulus be applied even though no one has any idea as to what will happen next? You decide. I have already decided. Show me where I am misguided. Should congress apply stimulus, just in case the economy gets weak when no one is looking?

Monetary theory had already been debunked as an economic remedy prior to the 70s. I still remember a professor from that era explaining to the class that monetary policy had great promise but in actual practice, it produced no worthwhile results. Monetary theory was rediscovered and has reemerged as a political tool after the turn of the century.

Today both fiscal and monetary stimulus are political tools. Both are used to reward powerful interests which support the essence of politicians who administer favors as a means of gaining and retaining power. Both are very effective in that regard and are used for that purpose.

The effect of both is to create a huge income gap between the working poor and the wealthy. Who benefits from stimulus? The beneficiaries of stimulus are the parties with enough political power convince congress to spend in support of what they have to offer.

After forty plus consecutive years of stimulus, resources in the United States are allocated grossly inefficiently. The economic viability of the poor and lower middle class have been destroyed. So, the economy is collapsing. Since the free market system has been replaced by stimulus inspired socialism where benefits go to the top, there is no way the economy will recover from the severe depression we are entering.