

Deficit Dilemma

Will additional government spending hurt or help the economy?

With some 23 million Americans looking for full-time jobs, voters are pointing to the troubled economy as the most important issue in this year's midterm elections.

Unemployment began to soar in 2008 after a banking and real estate crisis rocked Wall Street and plunged the economy into recession. A \$787 billion spending bill passed by Congress in 2009 to revive the economy and earlier bailout loans to



banks and big companies have stirred voter anger and sparked the Tea Party movement.

Supporters of the Obama administration's fiscal policy say that without the federal stimulus spending the economic situation would be even worse. Critics argue that government spending is out of control, has failed to fix the economy and added to ballooning budget deficits.

Will additional government spending hurt or help the economy?

Help

- The stimulus bill passed in 2009 is working; it has added about 3 million more jobs than the economy otherwise would have.
- Additional government spending on unemployment benefits, aid to education and infrastructure will support job creation and economic growth.
- The debt problem should be addressed once the economy has recovered.

Hurt

- The stimulus bill has failed; nearly two-thirds of the \$787 billion has already been spent and unemployment rates are still above 9 percent.
- The stimulus bill was full of unnecessary "pork barrel" projects; more government spending will lead to more waste of taxpayer money.
- To fix the economy we need to get spending under control and attack the deficit.