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The Stimulus Swindle

By [David Sirota](#), [Creators Syndicate](#). Posted [January 25, 2008](#).

Leading figures of both parties seem eager to help limit the debate over "stimulus" and make the final package a corporate goodie bag.

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"Stimulus" -- you've probably heard this nebulous, scientific-sounding word this week. Every politician suddenly wants economic "stimulus," and wants you to think this "stimulus" is unequivocally good.

But here's the question: Why are we talking about "stimulus" only now? After all, most people have been hurting for quite a while. Paychecks have been stagnating, foreclosures have become commonplace, health care premiums continue their double-digit increases -- and up until recently, conservatives greeted such hardships with saccharine fantasy.

Following government reports showing a surge in income inequality, Treasury Secretary Hank Paulson last year gushed that the economy is "as strong as I have seen it in any time." In the summer, as the housing crisis exploded, President Bush said the economy was "thriving." This month, as the Labor Department reported another drop in wages, Republican Rep. Michele Bachmann (Minn.) said not to worry, her state is doing just great because "we have more people that are working longer hours, we have people that are working two jobs." And with word that there are now 195,000 homeless veterans nationwide, Bill O'Reilly insisted on Fox News that really, "there's not many [homeless veterans] out there."

Message: Nothing to see here. The economy is fabulous. Move along.

Lately, though, the rhetoric has switched. Paulson now says there is an "urgent need" for action, and President Bush is demanding a "stimulus" package from Congress.

And that gets us back to the critical question: Why the sudden shift? Because the group demanding help has changed.

Before, it was just commoners complaining -- regular homeowners, wage earners, troops coming home from Iraq, you know, the 99 percent of us who can't afford the thousand-dollar-a-plate political fundraisers.

But now Wall Street is panicking. In the last month, the financial industry's profit margins dropped thanks to mortgage defaults brought on by irresponsible lending. And when the corporate executives who underwrite campaigns start whining, politicians develop "stimulus" schemes using the blight of layoffs, foreclosures and wage cuts to justify tax cuts for those doing the laying off, foreclosing and wage cutting.

Specifically, most GOP presidential candidates are demanding corporate tax cuts as the "stimulus" to improve American competitiveness, ignoring a recent Treasury Department report noting that the United States already has among the lowest effective corporate tax rates in the developed world. Republicans like John McCain, fresh off a Merrill Lynch fundraiser, say we need not expand unemployment benefits and food stamps to help workers and give the economy a reliable Keynesian boost. No, they say we must hand over more cash to the same financial industry that just gave its executives \$39 billion worth of year-end bonuses.

Leading figures of both parties seem eager to help limit the debate over "stimulus" and make the final package a corporate goodie bag. According to the Washington Post, Democratic Sen. Max Baucus (Mont.) asked economists affiliated with The Hamilton Project -- a Citigroup-backed think tank -- to testify to Congress at its initial hearings on a stimulus package. Labor economists, by contrast, were not invited.

You might think Citigroup's central role in creating the current financial crisis would disqualify it from influencing legislation addressing that crisis. But remember, Citigroup gives lavishly to Democratic politicians and pays Democratic financier Bob Rubin roughly \$10 million a year as a top executive.

Not surprisingly, congressional Democrats appear poised to support a package stripped of increases in safety-net programs and comprised primarily of business tax cuts. This, even though experts agree the former would have an immediate economic impact and the latter will take at least six months to hit. As usual, We the People are told to wait patiently as moneyed interests claim their latest gift from Washington.

President Bush is undoubtedly pleased. He said he wanted "stimulus" built primarily on tax cuts and no new public investment -- more proof of his desire to win the Most Out of Touch President title from Herbert Hoover (at least Hoover proposed new infrastructure with the tax cuts he claimed would prevent the Great Depression).

Let's be clear: There's nothing inherently bad about Washington interacting with Big Business, and nothing conceptually wrong with "stimulus" as a concept. But as this recession intensifies, there's a big problem with politicians catering exclusively to Big Business and an even bigger problem with converting "stimulus" into yet another code word for "swindle."

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David Sirota is a bestselling author whose newest book, "The Uprising," will be released in June of 2008. He is a fellow at the Campaign for America's Future and a board member of the Progressive States Network -- both nonpartisan organizations. His blog is at www.credoaction.com/sirota.