



## Press Release

# ICYMI: Buckle Up for New Spending for the Economy

ALLISON EDWARDS | MARCH 23, 2021

With reports that the Biden Administration is considering several new proposals to spend up to \$3 trillion on infrastructure, climate, and other initiatives, AAF President Douglas Holtz-Eakin explains how this plan could initiate a dangerous cycle of fiscal interventions to solve problems created by earlier interventions. “Simply put, the administration inherited a federal budget with a dangerous structural deficit as far as the eye can see,” Holtz-Eakin writes, “and decided to move from budgetary felony to fiscal homicide. It’s nice of them to let us know.”

An excerpt:

So, a large and permanent increase in redistributive spending shrinks the economy, making everyone worse off (but the poorest the least affected). In this scenario, 10 years down the line there would be handwringing about the middle class and claims that the poor are getting worse off. The proposed solution will be a large, permanent increase in redistributive government spending.

Fiscal mismanagement, economic futility, rinse and repeat.

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