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**AS THE STIMULUS NEGOTIATIONS CONTINUE
FEBRUARY 4, 2008**

The Clock is Ticking on the Stimulus Package

While we believe that fiscal stimulus done right would be likely to help the economy, we also believe that a good stimulus package is hard to come by. ([CRFB Stimulus Statement](#)) We have expressed concern that fiscal stimulus might come too late to help the stalling economy and that a package might be loaded up with costly and unrelated items.

Initially, we were gratified as negotiations between the White House and the House of Representatives led to what we found to be a well-crafted, reasonable package including temporary targeted rebates and an expanded business deduction. However, we are concerned that as the process continues, unrelated items are being added to the package. Similarly, we are dismayed to see the price tag of the package increasing—not based on any economic rationale—but rather, as a means to accommodate different policymakers' priorities. Playing politics with the stimulus package will not help the economy.

While we can accept waving pay-as-you-go rules (PAYGO) for a short-term and targeted stimulus package—given both the need for effective stimulus to be deficit financed and the political reality that trying to pay for the bill even over the longer-term could derail the entire process—we strongly oppose waiving PAYGO rules for policies whose sole purpose is not to stimulate the economy in the short-run. As the price tag of the likely bill increases, we are increasingly skeptical that the short term gains to be had from a stimulus package will outweigh longer-term costs to the economy of increasing the deficit and debt. We urge Congress to show restraint in choosing what items to include in a package and to base these decisions on economic not political reasoning.

Moreover, we oppose the calls for a second stimulus package, which would include various measures to supposedly strengthen the long-term economy. Any stimulus package should be crafted based on the short-term needs of the economy. Following passage, Congress should pause and see how the economy performs. Proposed policies such as increased infrastructure spending and incentives for

alternative energy production may or may not be good for the economy, but they are *not* economic stimulus, and thus should be contemplated through the normal non-emergency budget process. The general budgeting rule holds: if something is important enough to do, then it is important enough to pay for.

Goodbye to a Friend

Former OMB Director and CRFB Board Member Richard Darman died of Leukemia on Friday, January 25th, at the age of 64. Dick has been a valued member of the Committee. Dick joined us at our Annual Conference and Dinner last year ([Annual Conference](#)), where he laid out what he saw as the key ingredients necessary for a successful Budget Summit. ([Darman Budget Summit Remarks](#)) As always, he was insightful and straightforward in his remarks. The Committee for a Responsible Federal Budget mourns the loss of Dick Darman, and we offer our sincerest condolences to his family.