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U.S. REP. TOM ALLEN

## Stimulus should not risk economy's future

● A bipartisan budget outline stresses long-term fiscal discipline.

**T**he bottom line for any economic stimulus package to help the nation's faltering economy is simple: don't convert a one-time budget deficit into a structural one.

This note of fiscal prudence is being sounded by the ranking members of congressional budget committees, and it is a message that Maine's 1st District Representative, Tom Allen, reiterated at a meeting with the Portland Press Herald/Maine Sunday Telegram's editorial board on Monday.

"We're on the verge of making the same mistake Lyndon Johnson made when he promised guns and butter during the Vietnam conflict," Allen said. "The one Ronald Reagan made when he cut taxes too steeply and increased spending at the same time."

While Allen supports an economic stimulus package, he believes the proposal that has passed the Ways and Means Committee in the U.S. House of Representatives will undermine the nation's long-term financial stability. Citing a Congressional Budget office analysis, he says the plan will cost the country \$99 billion in 2002 and \$160 billion over 10 years.

Not only would such spending devour projected surpluses, but by forcing the nation to borrow money, it would drive up long-term interest rates and depress consumer and corporate spending. Thus, the plan - which includes personal tax cuts, corporate tax cuts and changes to capital gains taxes - borrows heavily from tomorrow to boost spending today.



Allen

Instead, Allen would like to see the effects of any stimulus package disappear after a year's time, which essentially means no structural changes to the tax code. The size of the stimulus, he says (following Federal Reserve chairman Alan Greenspan's recommendation), should be 1 percent of GDP, or about \$100 billion.

We agree with Allen's premise. If a domestic spending package boosts interest rates, the long-term economy will suffer. That will lead to deficit spending and problems with Medicare and Social Security.

During his visit, Allen also rightly praised President Bush's leadership following the Sept. 11 attacks. "He's put together the largest and broadest coalition in 50 years," Allen observed. "Without a coalition, we lose the war on terrorism."