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## Robbing Peter to “Prime the Pump”

by Scott McPherson

If Franklin Roosevelt were alive today, he’d want to shake the hand of California governor Gray Davis. Why? The good governor dreams of an economic recovery plan that FDR, the old socialist himself, would easily identify as a page out of his own failed Keynesian dream.

In a January 7 Associated Press report in the *Washington Times* (“Davis plans on priming pump with new jobs”), we read, “Gov. Gray Davis is proposing a far-reaching plan to create 500,000 new jobs and help the state’s ailing economy.... Mr. Davis, who faces a \$34.8 billion state deficit, plans to focus on economic initiatives” during his new term in office by “calling for worker-training programs, additional money from the federal government ... and acceleration of bond-funded state projects to create new jobs.”

Let us take a few moments to reflect on Davis’s ideas on “economic recovery.” In order to “kick-start” the economy, as popular vernacular — and the flawed manipulation of abstract thinking which treats “the economy” as a giant machine — would have it, we’re to believe that what is needed is *more government spending*.

Take “worker-training programs.” There is a slowdown in the amount of wealth being created in our economy and therefore less private investment and fewer jobs. So the answer, according to the wisdom of Davis, is to take *even more* wealth *out* of the private sector, *over and above the unfathomable amount already being drained away by present taxes and regulations*, to “train” people who are not currently producing anything to do something that will allegedly be productive at some future date. One would think that an industry in need of workers would be quite capable of taking care of job training itself, without the “help” of an expensive and inefficient bureaucracy posing as job counselor.

Then there’s a need for “additional money from the federal government,” presumably to pay for Homeland Security dictates passed down from on high. Surely that will help create jobs, as a new security “enterprise” funded by the feds will require local workers to carry out its tasks, right? Perhaps. But then, only at the cost of jobs and prosperity elsewhere, as the money sent to California by the federal government is first taken out of the economy (ironically, including California’s economy) and sent to California to pay for those government programs.

And finally, the coup de grâce: “bond-funded state projects to create new jobs.” Sounds a lot like FDR’s WPA, doesn’t it? Virginia’s famous Skyline Drive, built during Roosevelt’s administration, might provide majestic views of the Blue Ridge Mountains, but its construction didn’t create jobs — it destroyed real productivity by draining resources away from profitable market ventures and investing them instead in the illusion of productivity. “Bond-funded state projects” might as well entail thousands of workers digging holes only to fill them back up again, for all the good it will do the economy.

The only way out of our current financial woes is through economic freedom and the free market. Real jobs can be created only as a result of the accumulation of wealth — not its

dissipation — which requires that it be put to use for remunerative purposes, not dumped into the bottomless pit of tax-funded programs.

The government is absolutely incapable of creating new jobs. It can, at best, only take money from one man by force and give it to another — and call it a “paycheck.” If California’s governor is truly interested in “priming” the economic “pump,” he would be better advised to call for the massive contraction of government spending and taxation that hinder true economic growth and an honest, productive, and profitable job market. As a good start, the governor might purchase a copy of Henry Hazlitt’s classic primer, *Economics in One Lesson*, which brilliantly defines the art of economics as “looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups.”

Sadly, it is more likely that Governor Davis will continue to succumb to what Ludwig von Mises aptly described as “the almost religious fervor of those who believe in salvation through spending.”

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