

Taking Stock: TARP can't cover cost of economic recovery

by *Malcolm_Berko*

Dear Mr. Berko: Federal Reserve Board Chairman Ben Bernanke says the recession will be over by the end of 2009. Some members of Congress say that with the stimulus package and Troubled Asset Relief Program funds, the recession will end this year or sooner. Many of my friends and co-workers don't believe them. Can you give us your honest opinion of the stimulus package and TARP? Would the Republican package be better than the Democratic package? Please be truthful with us. How long do you think this recession will last? How long will it take until the economy recovers? â€” B.R., Joliet, Ill.

Dear B.R.: I can see that you folks are from the great state of Illinois, which has jailed more governors and politicians than any state in the union, so I understand your need for truth. Too many politicians lie like a cheap rug and do it at the drop of a hat. That's is why I like to define "politics" as two words: "Poli" is a Greek word meaning a "large number," and "tics" are "bloodsucking parasites." There are a zillion "special interest" groups in Illinois â€” a multi-zillion in Congress â€” and the truth is politics seems to be shipwrecked by the laughter of special interest groups who spend billions of dollars putting their boys in Congress.

Our ill-omened economy will struggle through a currish, ugly and brutal transformation if this "Hail Mary," \$900 billion stimulus plan fails to work. Now I have no precedence from which to speak â€” no one does â€” but I do have a rare quality possessed by few people â€” common sense. I don't know why it's called common sense, because from my observations it's not very common.

There's zero substantive difference between the Democratic and Republican stimulus plans, including the Troubled Asset Relief Program. Both are chockfull of enough pork to feed the entire nation of China for five to seven years. What's more, billions of porked dollars will be poached from the stimulus plan and TARP by the politicos and their contributors. It's payback time baby! While the sweet cream is culled from the top, millions of Americans will be left sucking hind tit.

So, on an effectiveness scale of 1 to 10, I rate this stimulus plan and TARP as a soft 4.5. Billions and billions will be misspent, misplaced, misapplied and misappropriated. Billions more will be stolen. But that's OK for government work. The rich will become richer and the poor will get poorer, which is the way things work. So, it could take five to eight years before the economy returns to where it was eighteen months ago. And "Gentle Ben's" Feb. 24 comment to Congress that the recession will end this year suggests to me that he could be smoking those left-handed Luckies.

Few of us realize the paralyzing effect this crisis has had on the average American. In the past two years we've lost \$10.5 trillion of value from our 401(k) funds, independent retirement accounts and pension plans. And those of us who have been hurt most are Americans age 50 and older. Our retirement plans have imploded, falling as much 60 percent in market value. Many of us are out of work and our plans have no chance of recovery. Retirees compete for jobs to stand at Wal-Mart, Costco, McDonald's or bag groceries until their legs hurt so we can buy medicines and pay our insurance premiums. We have lost nearly \$9 trillion from the decline in home values and about \$3.6 trillion of that loss represents home-equity loans that might never be repaid. We have \$13.7 trillion in consumer debt and it's still growing. Unemployment rates continue to climb, employers are reducing wages, families with two working parents now have one working parent and a good portion of that \$13.7 trillion consumer debt is delinquent.

Finally, our national debt has soared beyond a reasonable semblance of reality. The interest cost to carry that debt could soon exceed 10 percent of our gross domestic product — a number that has ominous portent. Unsold autos are stacked like cordwood in dealer lots, costly electronics and appliances are gathering dust in retailer stores. The number of homes and retail properties in foreclosure is collapsing our real estate market and "real" unemployment now exceeds 14 percent.

You've heard the axiom, "Things will get worse before they get better." Well, things will get worse before they get better. And you've also heard the axiom, "The cure is worse than the disease." Well the road to that cure will be filled with potholes that will thwack, smack and thump your rump.

The infighting between the Democrats and Republicans over the stimulus plan reminds me of two mules fighting over a turnip in the alley. Both plans are equally lacking in proper implementation, control, assessment and accountability. The single major difference between the two is that the Democrats can cozen more than the Republicans from their stimulus plan and TARP to pay off their special interest groups.

My dad used to say that politics is a game of wealth played by the wealthy for the benefit of the wealthy. The rest of us are pawns.

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