

# “With all due respect Mr. Gunther . . .,”

WILLIAM GUNTHER, *the BBER, & ECONOMIC STIMULUS*

CoB economics professor, and Bureau of Business & Economic Research director William Gunther was interviewed by *WDAM-TV*, Hattiesburg’s NBC affiliate, for a report that aired on 10-Feb-09. During [his interview](#) with the station’s Colleen Donovan, shown below, Gunther looked much like a cheerleader for the \$800+ billion federal government stimulus package that is currently being debated (and voted upon) in the United States Congress.



According to Donovan, Gunther supports the stimulus plan and offered to put the huge dollar amount in perspective. Gunther then indicated that the \$838 billion stimulus package is not a huge one, only about 5% of the U.S. gross domestic product. Donovan, however, followed Gunther’s remarks here by reporting that Gunther believes the stimulus package “has to be big” in order for it to have any impact. This statement came right after Gunther indicates that the current plan is not big, and that he supports the current proposal.

Donovan also states that Gunther told her that passing the package is the United States’ “final choice,” after having exhausted all “monetary changes like reducing interest rates.” Gunther indicated that this is reality now because the U.S. is “in what is typically called a ‘liquidity trap,’” wherein the confidence of the general public and that of banks is too low. Donovan’s news report closes by telling *WDAM-TV* viewers that Gunther expects that the stimulus plan will soon reach the White House, with or without a compromise between the two political parties in the U.S. Congress.

Gunther’s revelry over the \$800+ billion spending package is, however, contrary to the sentiments of [200 economists who have opposed the stimulus package](#) since late Jan-09, and have said as much via a full-page advertisement that appeared in late Jan-09 issues of *The Washington Post*, *The New York Times* and *Roll Call*. This list, which was found by USMNEWS.net thanks to the [work/discovery of a reader](#) of *The Hattiesburg American Online*, is inserted below (as part of the complete advertisement).

“There is no disagreement that we need action by our government, a recovery plan that will help to jumpstart the economy.”

— PRESIDENT-ELECT BARACK OBAMA, JANUARY 9, 2009

# With all due respect Mr. President, that is not true.

Notwithstanding reports that all economists are now Keynesians and that we all support a big increase in the burden of government, we the undersigned do not believe that more government spending is a way to improve economic performance. More government spending by Hoover and Roosevelt did not pull the United States economy out of the Great Depression in the 1930s. More government spending did not solve Japan's "lost decade" in the 1990s. As such, it is a triumph of hope over experience to believe that more government spending will help the U.S. today. To improve the economy, policymakers should focus on reforms that remove impediments to work, saving, investment and production. Lower tax rates and a reduction in the burden of government are the best ways of using fiscal policy to boost growth.

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Among the economists who signed the ad are James Buchanan, Edward Prescott and Vernon Smith – three Nobel Laureates. There are economists there from Harvard University, University of Chicago, University of Pennsylvania, Columbia University, Stanford University, Vanderbilt University, Northwestern University, Cornell University, Ohio State University, New York University, University of Virginia, Duke University, Carnegie Mellon University, Johns Hopkins University, University of Southern California, UCLA, University of Notre Dame, University of Washington, University of Illinois, George Washington University, Wake Forest University, University of Maryland, and the University of Minnesota.<sup>1</sup> Thus, on this critical issue USM's BBER stands in direct opposition to many of the nation's finest minds.

<sup>1</sup> Also appearing in the ad above are Art Carden (Rhodes College) and Henry Thompson (Auburn University), two past visitors to CoB economist Sami Dakhli's "EFIB Fridays" weekly seminar series.