

Ron Paul: Stimulus Packages Will Turn Recession Into A Depression

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Texas Congressman Ron Paul has warned that passing the latest proposed economic stimulus package would be akin to pouring kerosene on an already raging fire.

Paul, who is also a member of the House Financial Services Committee, warned that such measures will cause a recession to turn into a full scale depression possibly worse than that of the 1930s.

During a Television interview with CNN, Paul explained why he believes stimulus funding is such a destructive policy.

"It's because the government is spending it. If the people were spending it it would be fine, but the government never does anything productive. They have to take money from productive individuals and spend it in non productive ways, so it's just digging a bigger hole, getting us into bigger debt, and that is the problem." Paul said.

"This stimulus package is going to cost each and every American \$6700 of more debt, so how can that be beneficial? If debt was the answer we would of never had a problem."

"We are doing exactly what we did in the 1930s, we are taking a recession and working very hard to try and turn it into a depression." The Congressman added.

"What we're worried about right now, well certainly I am, is that it's worse than the 30's because we're on the verge of destroying the dollar. So if you think the financial crisis is bad, and the financial system isn't working, wait 'til you find out when the Dollar doesn't work."

The Congressman told viewers that only by liquidating debt, allowing the market to operate freely and allowing prices to come down will the problem be corrected.

Paul also spoke to those who have blamed the free market for the downturn and have suggested that deregulation is a primary cause of the financial crisis.

"We never had a hands off approach, that's the fallacy, and as long as we believe that we will never correct our problem. If you blame Capitalism and free markets and sound money for this then we can't win the intellectual fight." Paul urged.

"If you want to regulate, regulate Government agencies, regulate the Treasury, regulate the Federal Reserve. The Federal Reserve has no oversight, they're not even permitted to be audited by law, so that's the kind of oversight we need. The Federal Reserve has committed trillions of dollars to individuals, corporations and banks, they don't even have to tell us where it's gone to." he added.

The Congressman also appeared on MSNBC this morning to discuss the same issue.

One commentator suggested that Paul's analysis was misguided because "The house is already on fire" and something must be done to put it out.

"You are correct, the house is on fire," Paul fired back, "and you think you're putting water on it, but I think you are pouring kerosene on it." he added.

"We got into this mess by spending too much, borrowing too much and inflating too much. Government was too big and we had too many regulations. We had rejected the market economy for decades, we have rejected the notion of sound money for decades, and we got into a mess this way. So what is the proposal? Spend more money, borrow more money, print more money, regulate more, it makes no sense whatsoever." Paul asserted.

The Congressman suggested that a more sound approach to the crisis would be to abolish income tax and business tax to get Americans spending, whilst simultaneously cutting overseas spending to cover revenue losses.

"But the problem is no one wants to cut the American Empire," Paul explained.

"Even Obama's administration wants to increase spending overseas and increase military spending. As long as you want to run the world empire at a trillion dollars a year, believe me you cannot solve this problem." he added.

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