

Last night, the House of Representatives passed a “so-called” stimulus bill, without any Republican support.? In my previous posting, I explained why this bill is not, and will not be stimulative.? In fact, I am not even calling it a stimulus bill, I am calling it a “big spending bill”, because that is exactly what it is.

I know it is easy to criticize, and not offer alternatives, but don't worry, I have my own ideas on what should have been included in the stimulus package.

The main part of any stimulus should be to create consumer demand for homes and cars. This economy will not recover until the housing and car markets find a bottom and start rising again. An up-to-\$25,000 refundable tax credit for the purchase of a house (new or existing) and an up to \$4,000 credit for a new car, coupled with aggressive loan rates from Fannie Mae and Freddie Mac (4.5% or less), would get a lot of people to overcome their economic fears and take advantage of a great deal.

These should be short-term (no more than 10 months), and then phase out. Obviously, no sub-prime stuff here. This would only be for people with the ability to make real down payments and who have real credit.

That should be put together with a short-term Capital gains tax holiday, in order to get capital to move to more efficient uses.

It is also important to include some infrastructure spending such as creating a national Wi-Fi broadband system, which would generate huge job creation as the tech sector figures out new ways to use that capability.

These are things that will create many downstream jobs in the private sector that are sustainable and would also serve to settle down the panic that is now out there in the minds of consumers, rather than creating a one-time, feel-good government job.

It is frightening if one of your neighbors has lost his job and another her home; but? if one neighbor comes home in a new car and another rents their house out because they just bought a new house, while you may not run out and do either of those things, you will likely at least go out to dinner.

More than anything else, businesses need a market to sell to. That is how recessions end.

This plan would cost only a fraction of the \$825 billion in the Democrats' giant spending package.