



And a Little Child Shall Lead Them— Economic Recovery in 3 Easy Steps

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Many are worried that the Obama Administration stimulus package won't do the trick. How long will it take for government to spend its money? And how do we know those with tax cuts won't just save them as they did last spring?

Fortunately, Congress could sign an effective plan tomorrow that is so simple a child could do it. In fact, children play a key role in this plan. First, send every American a \$500 gift card and send a second \$1,000 gift card to every child. The gift cards can be redeemed at any retailer and expire at the end of 2009.

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As every parent knows, no one spends money faster than a child, and none of it will be saved. Half the children's money will hit the local economy in the first week. This takes care of \$225 billion. In November, send a second round of cards that expire at the end of 2010. That adds up to \$450 billion fully spent in two years, and we don't have to worry about how to pay for permanent spending increases or tax cuts that offer less effective stimulus.

A remarkable advantage of this plan is its fairness. As the children will ultimately pay higher taxes for our profligacy, shouldn't they enjoy more of it?

Next, send the Governors three gift cards, one each for transportation, education, and health care totaling another \$300 billion. They can spend money almost as fast as children, but give them 2 years before their gift cards

expire. Congress can call these gift cards "block grants" if that sounds more grown-up.

Third, require Governors to post on the web a description of every project proposed for funding with their Economic Recovery Gift Cards. Offer a prize equal to one percent of the money saved by not funding a project to the first person or team to correctly identify a boondoggle, defined as a project with an expected benefit less than half its cost. No fair identifying all of them as one big boondoggle, that's too easy, though I call dibs on that just in case the rules allow it.

A panel of economists appointed by OMB, CBO, and the Federal Reserve will judge the boondoggle contest. Certified boondoggles will be disqualified for funding, and the money saved can go to more gift cards for kids. I am pretty sure we can get this on network

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TV as a reality show (pitch: Deal Or No Deal meets American Idol). That way the nation can stay informed.

Congress can write this plan up in a one page bill and pass it in a day. I know a guy in Brooklyn who can print the cards in a week. A couple of million cards will probably fall off the truck going through Jersey, but don't worry—those will get spent within 24 hours which is just what economists look for in a stimulus plan. With kids leading the way, we can put America back to work in no time. Makers of iPods, video games, cool shoes, dolls, or chicken nuggets will add a second shift the day it passes.

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