The Cost of a Free Lunch

They say there is no such thing as a free lunch. Now we are learning the costs of our government's free lunch economics.

It all began with the COVID pandemic lockdowns, which history has shown to be an unnecessary and costly mistake. After strangling the economy, the government spent trillions of dollars of borrowed money to prevent a collapse. By the end of 2020 the economy was coming back to life and did not need any more government stimulus.

Then came a new administration in Washington, D.C., bringing in a new batch of economists who believed that the government could borrow an unlimited amount of money with no economic harm. Free lunch economics propelled an unprecedented borrowing and spending binge beginning in 2021. The result was the highest inflation in 40 years.

At first the government denied that there was inflation. Then they said it was temporary. Then they blamed others such as Donald Trump, the Republicans, the Russians and American businesses. Finally, after the Federal Reserve was forced to raise interest rates to stop runaway inflation, the president made the incredible statement that more spending would reduce inflation and passed the ludicrously named Inflation Reduction Act.

We can start counting the cost of free lunch economics by calculating the cost of inflation. When the current administration took office, the Consumer Price Index sat at . Three years later, in January of 2024, it had increased to , a jump of 17.9%. So you are paying for the free lunch by paying 17.9% more for your monthly living expenses. This is the equivalent of losing two months worth of pay.

A second cost is the cost of the interest rate increases put in place by the Federal Reserve to fight inflation. Not only are you paying more for big-ticket items such as homes and autos, but you are also paying higher interest rates to finance them. Home interest rates doubled, making it impossible for many to buy a home. Car loan rates have also doubled, resulting in the highest level of delinquent car loans since the 2008 recession.

Then there is the national debt problem. During World War II our national debt exceeded our gross national product but was quickly paid down after the war by an expanding economy. Now the national debt once again exceeds gross national product, not to finance winning a world war but to finance vote buying by pandering politicians. Real needs like national defense against threats from China, Russia and Iran will be squeezed out as more and more interest is paid on the national debt. If politicians can't quit free lunch economics we will face job-killing tax increases or runaway inflation. Or both.

There is no such thing as a free lunch.

The question for the American people is: How much are you willing to pay so your politicians can buy your votes?

Ron Allen *is a Christian businessman who is active in ministries spreading a message of reconciliation to God, to men and between believers. He is the founder of American Wake Up Call.*