



Written by [Gary Benoit](#) on January 13, 2009

Obama's Stimulus Plan Will Cost at Least \$187,800 Per Job

Even considering that government statistics are notoriously unreliable and tend to err on the side of special interests, it's worth considering what kind of bang for the buck the Obama plan, taken at face value, would deliver. If the plan creates the maximum number of jobs forecast (4.1 million) for the minimum projected expense (\$770 billion is the most widely bruited amount), then the cost of the plan will be roughly \$187,800 per job created. If the plan is minimally successful, then the sum of \$1 trillion dollars being proposed by Democrats in Congress will yield a mere 3.3 million jobs, or a cost per new job of \$303,000. If government statisticians are to be given any credence at all, then the real figure will probably come out somewhere between these two extremes. And the money the government spends to create the new jobs would have to come out of the economy one way or another (taxes, borrowing, inflating the money supply) — causing lost jobs.



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Even the optimal figure of \$187,800 is an extraordinary sum of money, equaled or exceeded by the annual salaries of a very small number of elite professionals and very successful entrepreneurs. Yet the jobs to be created by the Obama stimulus would likely be non-professional, entry-level or wage jobs whose annual pay would be only a small fraction of a six-figure income.

All of this supposes that the government can calculate with any accuracy the amount of jobs a given allocation of funds can create. In point of fact, government cannot do this, any more than government planners can calculate the proper levels to fix prices, enact wage controls, or impose production quotas or other forms of economic controls without destroying economic productivity. This is because centralized economic planning is impossible to carry out successfully; central planners do not have the information to make calculations for the economy as a whole, or to evaluate the fluctuations in consumer demands and tastes that cause prices and wages to rise and fall. Only the unfettered free market can do this, as both economic theory and brute experience have proven again and again.

But even if the government *could* estimate with reasonable accuracy how many jobs could be created by a given stimulus plan, the effect would still be negative, because government, with its need to pay the salaries of the various bureaucrats and other functionaries who would then administer the system, would inevitably pay far more to create a given job than the market would permit the new employee to



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earn. In government terms, paying \$200,000.00 of taxpayer money to subsidize a \$30,000.00/year job would be quite a bargain, but in free market terms, it would be a travesty.

When government undertakes to "make work," it is always done at a cost to taxpayers, with a net loss in what would have otherwise been productive private income. What so-called "job creation" programs actually accomplish is not to create new jobs but to replace more productive, higher-earning jobs with less productive, lower-earning jobs. Taking a six-figure sum and creating a \$30,000.00/year construction job with it is in effect to replace a doctor, a lawyer, a financial consultant, a successful entrepreneur, or a corporate executive with a construction worker. This is not disparage construction workers; it is to show how such "stimulus" plans will make our nation poorer, not richer and, if left unchecked, will eventually turn all of us into ditch diggers and sharecroppers.

The likelihood that American taxpayers will end up paying as little as \$300,000.00 per \$30,000.00/year road repair job seems remote indeed. Given the perverse incentives by which government operates at all levels, it's more likely that Congress will spend far more and Americans will receive far, far less from this kind of false generosity. Were government to leave job creation to the private sector, the employment picture, along with the rest of the economy, will soon work out the distortions encouraged by years of easy-money policies.

In the final analysis, the private sector creates jobs, but stimulus plans do more harm than good at creating jobs. Last year George W. Bush was able to get Congress to pass his own stimulus plan to jump start the economy — how much good did that accomplish? If Obama's new plan, or any other like it, is allowed to pass, America will be the poorer for it.

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