



The Alleged One-million-job Stimulus

According to the White House on October 30, the \$787-billion stimulus plan has created or saved about one million jobs, but that number is conveniently unverifiable. There is simply no way to know with certainty how many workers would have lost their jobs without the stimulus. And of course, the administration-supplied estimate does not even take into account how many jobs may have been lost because of the stimulus program, ignoring the fact that the “stimulus” money that was used to create jobs in certain government-favored sectors of the economy had to be siphoned out of the economy as a whole, destroying jobs elsewhere.



The lack of verifiability hasn't stopped the White House from claiming that the stimulus spending will save even more jobs in the near future — a total of 3.5 million jobs by 2010 to be exact. Jared Bernstein, who advises Vice President Joe Biden on economic matters, stated, “There's a lot more job creation to come from this act before it leaves the scene.”

These numbers include an assumed indirect effect of stimulus spending; if a worker kept his job and then spent his wages in the community, this helped others to keep their jobs. Without this indirect effect, the figure drops from one million jobs so far to about 640,000.

Reports of jobs saved come from the states, but these do not include indirect job creation. California supposedly saw 110,185 jobs saved, the most of any state. Next highest was New York with 40,620 followed by Washington state with 34,517.

But some states have already admitted they overestimated their figures. Colorado initially claimed 4,695 jobs had been retained, but that was revised to a mere 830 jobs. Rhode Island cut its estimate from 1,703.45 jobs down to 1,489.49. Why the state reported a fraction of a job being saved was not explained in news reports, though one might assume the job became part-time instead of being entirely eliminated.

It would seem to be in the best interests of a state to over-report the success of whatever stimulus money it has received. By becoming a successful poster-child for what is effectively federal bailout money, they can increase the likelihood of receiving more in the future.

With states finding errors and revising their numbers downward, the White House's [claims](#) seem exaggerated. Peter Morici, a University of Maryland economist and professor, said the claimed job savings was either “not verifiable” or, at best, “only verifiable in the loosest sense.” He expressed his belief that the stimulus has had a positive effect, “but 1 million jobs is a fantasy.”

Republicans were incredulous about the White House data. “It's bewildering to see the same administration claiming it created 1 million jobs ... especially since it is a sad fact 3 million jobs have



Written by [Steven J. DuBord](#) on October 31, 2009

been lost since the stimulus was signed into law,” Senate Republican Leader Mitch McConnell (Ky.) noted.

Representative Eric Cantor (Va.), the Republican whip, expressed the self-evident inaccuracy of administration boasts: “Americans, particularly those with friends and family out of work, know that the administration’s claims of stimulus success and jobs saved or created are not serious.”

Even if the White House could somehow verify its numbers, the value for the money spent should be called into question. California’s Republican Governor Arnold Schwarzenegger [reported](#) that \$12.5 billion of the promised \$50 billion in stimulus money had reached his state. If California truly saved about 110,000 jobs at a cost of \$12.5 billion, the life preserver thrown to each worker who stayed afloat cost approximately \$113,600.

There must be quite a few workers who would rather have received that money directly in their own pockets instead of having their low-paying job preserved. Many of these laborers would probably not mind living off a hundred grand in their bank account even if it took them a whole year to find a new job.

Then there is the fact that only 80,000 of the jobs supposedly saved were in construction when the stimulus was billed as supporting public works. Education enjoyed the biggest alleged job savings with 325,000 educational positions being saved from the chopping block.

But what this number represents is not exactly what the White House claims. Cris Johnston, the director of the government efficiency division of the Indiana budget office, [stated](#) that he followed federal guidelines in reporting the number of education jobs paid for with stimulus funds. Just because the job was paid for with stimulus funds does not mean it would have been eliminated if the funds were removed. States could have reallocated other funds to maintain the position. Besides, how will the states keep paying for that employee when the stimulus peters out?

Also, the jobs lost that weren’t paid for with stimulus money would not be reflected in these totals. Just as McConnell put it, at least three times as many jobs have been lost as the White House is taking credit for saving.

One final perspective is that the money for the stimulus had to come from somewhere. Either it came from taxpayer funds, from borrowing, or from printing money out of thin air. If it came from the taxpayers, then the government was only putting back what it had taken. In this case, the government actually hurt the economy because the money would have had greater effect if it had never been confiscated in the first place.

If the stimulus came from borrowing, then its effects are as temporary as when a family in debt simply opens up a new credit card to keep paying the bills. In the end, everyone will suffer because the whole country went into debt to temporarily preserve some jobs.

Perhaps worst of all is if the federal government simply cranked up the printing presses to create the stimulus out of thin air. If this happened, then the total supply of dollars in circulation increased, causing the value of every individual dollar to decrease — the true definition of inflation. The soaring price of gold speaks to the likelihood of this being the case.

Whatever the administration claims, its free-spending policies were geared to benefit the sector of the economy it wished to gather support from and exert its influence over, namely, education. But all of America will soon learn the lesson that there is a price to pay for “free” money.



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