

Obama budget plan could create millions of jobs

By [Paul Davidson](#), USA TODAY

President Obama's proposed fiscal 2012 budget is potentially a massive job-creation engine, with plans to generate millions of them by repairing and expanding highways, bridges and railways.

But the spending plan also heralds an outsize political battle as it reignites the type of [Republican](#) skepticism over the effectiveness of such outlays that characterized the 2009 economic stimulus.

More critically, it's fuzzy on how the \$556 billion in projects over six years will be funded. Experts say that makes it unlikely to pass a deficit-obsessed Congress.

"There's just no way you can get a bill of that size" approved, says Chris Krueger, an analyst at MF Global.

The plan calls for \$53 billion to build a high-speed rail system, \$336 billion for highways and a "national infrastructure bank" that would combine public and private money to build national or regional transportation systems.

Associated General Contractors (AGC), a trade group for the construction industry, estimates the plan could create about 5.4 million construction jobs and 10 million more jobs in related industries and the broader economy.

The proposal calls for new outlays to be offset by new revenue. So, a trust fund that now finances highway projects and raises about \$35 billion a year largely from a gasoline tax would also pay for other things. Additional revenue could come from tolls or other sources.

"It is hard to take this proposal seriously when the administration has yet to identify how it will pay for the other programs it wants to add to the trust fund," says AGC CEO Stephen Sandherr.

The blueprint is certain to set off political battles. Mark Zandi, chief economist of Moody's Analytics, says infrastructure improvements not only create construction jobs but improve transportation systems to increase U.S. economic competitiveness. A study co-authored by Zandi concluded the

economic stimulus, which included \$135 billion in infrastructure spending, generated 8 million additional jobs in 2009 and 2010.

Yet Republicans ripped the stimulus for not cutting unemployment.

Economist Chris Edwards of the libertarian [Cato Institute](#) says the stimulus siphoned bank loans and workers from more efficient private projects. This time, the administration vows to eliminate duplication and waste.