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Economic Growth, Part II: Obama's So-Called Stimulus Was a Flop

by [Dan Mitchell](#)

President Obama claimed a \$787 billion Keynesian spending bill would keep the joblessness rate at 8 percent or below, so it's no surprise that the White House is feeling defensive now that the unemployment rate is 10 percent. The supposedly non-partisan Congressional Budget Office has jumped to the defense of the Administration, [estimating](#) that Obama's so-called stimulus actually generated between 600,000 and 1.6 million jobs. How can that be, you may ask, when the number of jobs has fallen by more than 3 million? The CBO neatly sidesteps that real-world concern by moving the goalposts, using a slightly more sophisticated version of Obama's "jobs created or saved" alchemy. The CBO simply estimates how many jobs there are now compared to a make-believe baseline of how many jobs there would be "without the law." Needless to say, this means there is no objective benchmark. The unemployment rate could jump to 15 percent and total job losses could reach 10 million, but CBO would continue to say, for all intents and purposes, that the results from their Keynesian model are more important than any real-world numbers. This is the fiscal-policy version of the Wizard of Oz, and we're supposed to ignore reality just as Dorothy and friends were supposed to ignore the man behind the curtain. A [previous post](#) included a video explaining why Keynesian economics was theoretically flawed. This video specifically debunks Obama's \$787 billion faux stimulus, notwithstanding CBO's make-believe numbers.

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