

CBO Report: Hard to Say How Many Jobs Really Saved by Stimulus

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President Barack Obama is introduced by Vice President Joe Biden as they announce economic initiatives for struggling middle class families, Monday, Jan. 25, 2010, in the Eisenhower Executive Office Building across from the White House in Washington. (AP Photo/Charles Dharapak)

(CNSNews.com) – Even as President Barack Obama and administration officials declared this to be “Recovery Summer,” it is difficult to determine whether the administration’s jobs boasts are accurate, according to an analysis by the nonpartisan Congressional Budget Office, the accounting arm of Congress.

The CBO’s quarterly **report** of the American Recovery and Reinvestment Act, better known as the stimulus package, was released Tuesday.

The CBO found 749,142 full-time jobs were funded by stimulus dollars in the second quarter of 2010. This data was based on recipient reports to the government. But the CBO said these recipient reports, “do not provide a comprehensive estimate of the law’s impact on U.S. employment, which could be higher or lower than the number of FTE [full-time equivalent] jobs reported.”

The CBO analysis goes on to say, “Some of the jobs included in the reports might have existed even without the stimulus package, with employer working on the same activities or other activities.”

Obama, Vice President Joe Biden and Cabinet officials have spent much of this summer traveling across the country going to the site of projects funded by the \$862 billion legislation passed in February 2009, and touting its success for putting Americans back to work, even while the unemployment rate has increased since the passage. Administration officials contend that unemployment would have risen more without the stimulus law.

The CBO analysis does buttress that point, saying that the unemployment rate is between 0.7 percent to 1.8 percent lower than it would have been had the bill not been passed. Meanwhile, the CBO projected the stimulus “increased the number of people employed by between 1.4 million and 3.3 million,” not far from the administration’s claim that the stimulus “saved or created” 3 million jobs.

But the administration's numbers, and even the formulas the CBO used to analyze those statistics, are based on the faith that each dollar of government investment in the economy creates output, said Tad DeHaven, budget analyst with the libertarian think-tank, the CATO Institute.

“There is no sure fire way to measure created or saved jobs. Even if there was, that is only one-half of the coin,” DeHaven told CNSNews.com. “The more important question is: what are the opportunity costs? How many jobs are lost or not created in the future?”

DeHaven says that assumption ignores the fact that such government spending is taken out of the private sector.

“The administration concludes that the public doesn’t know any better, and since most of the public doesn’t investigate these figures, they’ll take the administration’s word for it,” DeHaven said. “The problem is having an economy that is still sluggish and unemployment that is higher than the administration said it would be if Congress passed this stimulus package.”

On Tuesday, Biden and House Republican Leader John Boehner (R-Ohio) – the potential speaker of the House if the GOP wins back the House of Representatives in this November’s midterm elections – had dueling speeches about whether the economy is recovering.

Boehner made headlines when he said, “President Obama should ask for – and accept – the resignations of the remaining members of his economic team, starting with Secretary Geithner and Larry Summers, the head of the National Economic Council.”

Meanwhile, Biden said in a statement that the CBO report confirms the stimulus act is working.

“While Republicans in Congress – the same party that got us into this mess in the first place – may want to turn back the clock and drive us back into the same ditch we’re making our way out of, it’s now clearer than ever before that we can’t afford to go backward; we have to

keep moving forward and build on measures like the recovery act that are creating jobs and making us competitive in the 21st century economy,” Biden said.