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## the corner

Monday, November 02, 2009

**Good News: The Stimulus Worked . . .** [[Veronique de Rugy](#)]

. . . because it allowed Obama to get a lot of [cash](#) to the International Monetary Fund. At least, that's what Simon Johnson, chief economist at the IMF until August 2008, argues in the *New York Times*:

our fiscal stimulus enabled [President Obama](#) to play a decisive [leadership role at the G20 summit](#) in April, bringing along both appropriate stimulus in other countries and timely support for the International Monetary Fund.

Thankfully, George Mason University's Russ Roberts and Harvard University's Jeffrey Miron [present](#) a different story about the stimulus.

But this debate is particularly interesting in the light of the recent job data that came out on Friday. Remember that the previous week, testifying before the Joint Economic Committee, Christina Romer told the Committee that we could expect the stimulus to have created between 600,000 and 1.4 million jobs. Turns out that [recovery.gov](#) reports 640,000 jobs created or saved. And that's assuming that these would have been lost jobs. And that's far from the millions that Romer promised earlier in the year.

More important, measuring total jobs "saved" by a piece of legislation is as difficult as measuring total crimes prevented by police patrols. That's why no agency — not the Labor Department, not the Treasury, not [the Bureau of Labor Statistics](#) — has ever actually calculated "jobs saved." As the University of Chicago economist Steven J. Davis told the Associated Press, using [saved jobs](#) as a yardstick "was a clever political gimmick to make it even harder to determine whether this policy has any effect."

In the end, overall, government spending [doesn't boost national income or standard of living](#). It merely redistributes it — minus the share it spends on the bureaucracy that collects and spends our tax dollars. The pie is sliced differently, but it's not any bigger. In fact, it's smaller. This [explains](#) why, seven months into the stimulus, 49 out of 50 states have suffered net job losses.

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