



## Recovery Act a Bust, Despite Obama Claims

“The art of economics,” economist Henry Hazlitt wrote nearly seven decades ago, “consists in looking not merely at the immediate but at the longer effects of any act or policy; it consists in tracing the consequences of that policy not merely for one group but for all groups.”

A lone voice crying in the wilderness against the swelling orthodoxy of “Keynesianism,” Hazlitt discerned the cardinal problem in most economics and economic policymaking — that, unlike, say, the physical sciences, mathematics, or medicine, the discipline of economics is constantly vitiated by the “special pleading of selfish interests.” This is the reason that, by and large, government economic policy has always been bad economic policy. It is always calculated to appease the pleadings of the few as against the better interests of the many, and to create the short-term illusion of a fix to placate the ever-mercurial voting public during electoral cycles.



One year after the passage of President Obama’s \$862 billion dollar stimulus package, Henry Hazlitt’s dictum is once again in full force. Despite lavish promises of job creation and economic rebound, the economy remains as fragile as ever, with the ballyhooed recovery faltering under the weight of persistently high unemployment and ballooning debts.

None of this has prevented Team Obama from observing the anniversary of the American Recovery and Reinvestment Act in self-congratulatory fashion. At a White House gala, Vice President Joseph Biden told the President, “the work that you set us out to do a year ago is going well,” and recited a vague laundry list of government projects funded by stimulus money — among them high-speed rail, cleaner cars, and health technology — as supporting evidence.

The American people beg to differ with the White House’s rosy assessment. Displaying a unanimity normally reserved for the condemnation of acts of terrorism and public officials caught with their hand in the till, an astonishing 75 percent of Americans polled by CNN believe that at least half of the money spent by the stimulus package was wasted. Meanwhile, only six percent of Americans polled by CBS and the *New York Times* in a recent study believe that the Obama stimulus has created any jobs.

Undeterred, the Obama administration is dispatching officials in a three-day, 35-community publicity offensive designed to restore Americans’ faith in the power of the federal government to preserve us from economic Armageddon by spending our own money.



Written by [Charles Scaliger](#) on February 19, 2010

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So what has the stimulus package accomplished? True to its original promise, it has created jobs, lots and lots of jobs — but at the expense of many others. This is what government make-work projects have always accomplished, and the result for the general public, as Henry Hazlitt (and before him, Frederic Bastiat) so eloquently warned, is always general impoverishment. This is because the jobs created by the forcible redirection of capital always come at the expense of other, more efficient jobs that the private sector would have created elsewhere.

Various studies have estimated that a typical job created by the Obama stimulus program always costs taxpayers several times the actual salary amount. A \$40,000 a year highway job that ends up costing \$150,000 in government salaries and other expenses to create is, of course, a colossal waste of resources. It is a safe bet that every artificial job created by the stimulus package to rebuild bridges, study the feasibility of high-speed rail, or research allegedly cleaner energy use spends enough money to create several jobs in the private sector. This is as true in times of relative plenty as in a recession, but for the past year, with the public's attention riveted on unemployment numbers and government spending, it's getting very hard for Washington to continue playing this time-dishonored game. Given the loss of more than 8 million jobs since the recession began, the President's claim that the stimulus package has boosted employment is nonsensical even to the politically uninformed.

The other claim being bruted about by Obamaites is that, absent the stimulus, things would have gone far, far worse. "One year later, it is largely thanks to the Recovery Act that a second depression is no longer a possibility," the President intoned at an event commemorating the signing of the stimulus legislation. "We acted because failure to do so would have led to catastrophe."

We beg to differ. Not only is a second depression still a distinct possibility, it is becoming more and more of a likelihood with each passing week of jobs losses and a crescendo of bad economic news at home and abroad, including the impending cascade of sovereign defaults and bailouts in the Eurozone, mounting bank failures at home, and, above all else, mushrooming debt and deficit levels that threaten to utterly overwhelm the U.S. economy within a few years. Far from pulling America away from the precipice, the stimulus and other like-minded government measures at home and abroad have undercut the very fragile ledge on which the world economy has been perched for many years.

In fact, the only beneficiary of the stimulus package are the millions of Americans who work for or are otherwise dependent on the federal dole for their day-to-day survival. As the *Washington Times* observed (with unintended irony), "the stimulus package costs more than promised, has failed to keep down the unemployment rate and has faced charges of waste and abuse. But the federal spending — all of it borrowed — has helped many states avoid painful budget cuts to their education and public safety budgets." In other words, the stimulus has amounted to the government borrowing money — huge sums of money — to spend on itself and its direct beneficiaries. The only sector that has continued to grow robustly throughout the Great Recession has been the public sector.

In fairness to President Obama, his economic policies are little more than a continuation of those of his predecessor, who also spent lavish sums of other people's money to stimulate government growth in the name of taming the recession. But until government is forced — by an irate electorate or by the merciless laws of economics — to tighten its own belt and restore economic freedoms, there will be no lasting economic recovery.



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