# Stimulating Recovery of the Economy, or Graft?

Earlier this month the Recover Progress Report summarized, "As of December 1, $466.8 billion of the $787 billion stimulus has been committed to states; $333.8 billion has been paid out." The $787 billion American Recovery and Reinvestment Act of 2009 (ARRA), signed into law by President Obama on February 17, 2009, has been largely forgotten, despite millions of taxpayers' dollars being consumed every day.

With deficits surging and inflation on the rise, we should recall that by 2011, the ARRA was supposed to create over 3.5 million jobs. But with unemployment up to 9.8 percent, a 21 percent increase from the 8.1-percent rate in February 2009, unemployed workers have become a class of their own — distressed, demoralized, and destitute.

Over half of the stimulus money has been exhausted, yet the economy and unemployment rate remain stagnant. The quandary is two-fold. First, government does not allocate funds efficiently. Spending is based on political favoritism, instead of common sense and adept business practices.

It was reported recently that the National Science Foundation contributed $141,002 in stimulus money to Montana University for a six-week excursion to Hangzhou, China, to study dinosaur eggs. How many jobs, of the 3.5 million alleged by the ARRA, did this "collegiate" field trip create? Zero — a giant goose egg.

In September, two audits performed by the Los Angeles controller reported that "L.A. spent enormous portions of the $594 million in stimulus funds it received on projects that created or saved just a handful of jobs." The audits, in particular, assessed the $111 million used by the city's Director of Public Works and Department of Transportation, calculating that the construction projects hatched a total of 54 jobs — about $2 million per job.

This sounds more like political back-scratching than job generation.

The second problem is the ARRA's focus on producing public-sector jobs, such as teaching jobs, park caretaking jobs, etc., not private-sector jobs. Public-sector jobs are less productive, because, ultimately, government bureaucrats are the proprietors, rather than CEOs and private-sector management. With bureaucrats — who are motivated solely by votes and constituencies — pulling the strings, employees lack the discipline to perform effectively and efficiently. Too, public-sector jobs are usually service jobs and do not create wealth for a country.

According to the U.S. Bureau of Labor Statistics National Compensation Survey, "Private sector employees worked an average of 2,054 hours in 2008, 12 percent more than the 1,825 hours worked by the average public sector employee." Private-sector managers have higher expectations, which give employees a greater incentive to perform. They work harder, longer, and smarter.

Because of government's monopoly over the public sector, it lacks competitive behavior, a fundamental element to worker productivity. A lack of employee accountability spawns a lethargic workforce and develops a system that is less innovative and more susceptible to financial waste.

The contrast between private and public enterprises stems from the demand to compete. Private enterprises must continually innovate and improve their goods and services to rival competitors, and all employees are accountable to this goal. Government is a protected monopoly, which, contrary to the private sector, shields public employees from incompetency and hinders corporate progress. Unfortunately, the public sector reaps the majority of stimulus benefits.

In the end, the ARRA is not an economic stimulus. It is a political stimulus, designed to line bureaucrats' pockets with votes and political contributions. It is a vacuum without a bag. And in the spirit of the 21st century, it is American taxpayers' dollars at work.

*The author agrees that the comment made by reader Austin Martineau is indeed correct. He apologizes profusely for the error. McCain was not talking about the American Recovery and Reinvestment Act, and so his comments have been eliminated from the article. We would like to thank the reader for pointing out this error.*