# BLS Chief Deflates Pelosi's Claims of Stimulus Success

House Minority Leader Nancy Pelosi (D-Calif.) claims that the unemployment rate would be 15 percent in the absence of President Barack Obama's "stimulus" law, but Bureau of Labor Statistics (BLS) Commissioner Keith Hall says he's seen no study to support Pelosi's assertion.

Attempting to make the case that "President Obama was a job creator from day one" at her Thursday press briefing, Pelosi said that "if President Obama and the House congressional Democrats had not acted, we would be at 15 percent unemployment," about 6 percentage points higher than the actual BLS-calculated rate of 9.1 percent, which itself is up 0.9 points since Obama signed the stimulus bill into law in early 2009. (The actual rate, however, is "pushing 25 percent" when those who are underemployed or have ceased seeking employment are included, *The New American* reported recently.)

In making that statement Pelosi was one-upping herself. During her October 6 press briefing she stated that at the time of the 2010 election the unemployment rate "would've been 14.5 percent, not 9.5 percent" — a difference of 5 percentage points — had "the Recovery Act and accompanying federal interventions, whether from the Fed or 'Cash for Clunkers' or other initiatives," not been implemented.

It is, of course, impossible to prove a negative. No one knows just what the unemployment rate would have been under different circumstances. Nevertheless, the BLS would seemingly be in the best position to make such projections; and so Rep. Mick Mulvaney (R-S.C.) decided to quiz Commissioner Hall on the subject during a Friday meeting of the congressional Joint Economic Committee.

"Have you seen any reputable studies that would lead you to believe or that would show that the unemployment rate today would be 15 percent but for the stimulus program?" Mulvaney asked Hall.

Hall replied that he hadn't seen any such study, whether from the Congressional Budget Office (CBO) or from Pelosi's office. Under further questioning he also stated that he had no idea whether such a study even exists.

"You've never heard of any study that would say that unemployment would be 15 percent?" Mulvaney continued.

"No," said Hall, "but we're pretty focused on the real data."

"I'm focused on the real data as well," Mulvaney added. "I just sort of wondered if this had anything to do with real data, and it sounds like it doesn't."

In fact, says CNSNews.com, the CBO did perform a study to determine the stimulus law's effect on unemployment, but its findings do not square with Pelosi's claims at all:

> A report published by the Congressional Budget Office in August estimated that in the fourth quarter of 2011, the stimulus signed by President Obama in 2009 would have the impact of reducing the national unemployment rate between 0.3 points to 1.1 points from what it otherwise would have been. The report also said that although CBO initially estimated that the stimulus would cost $787 billion, CBO had subsequently increased its estimated cost to $825 billion.

According to the CBO report, 600,000 to 2 million people have jobs as of now that were "created or retained" because of the $825 billion stimulus. If the maximum number of 2 million is accepted, that works out to a cost of $412,500 per job. If the minimum number of 600,000 is accepted, that works out to a cost of $1,375,000 per job.

Even under the most optimistic scenario, that's very little bang for the taxpayer buck. Had that money been left in the private sector, it might very well have created far more jobs at a far lower cost per job.

That, too, is a proposition that cannot be proven scientifically, but history suggests that government intervention tends to prolong recessions rather than shorten them. The United States suffered a number of "panics" prior to the Great Depression. In each instance the federal government did very little — or even, as in 1920-21, actually shrank — and the economy quickly rebounded. Since Washington got into the business of "stimulating" economic recovery, subsequent downturns have been considerably longer, with one lasting a decade and a half. There is, therefore, every reason to believe that the economy would have recovered more quickly and created more jobs in the absence of Obama's various interventions than it did in their presence.

Unfortunately, Americans will never know what the economy would be like today if the government had left it alone in recent years. And as long as most politicians continue to think like Nancy Pelosi, they may not experience genuine recovery for a long time to come.