

# ***Economics: A Christian Worldview. “Not Very ‘Stimulating’ at All”***

## **TEACHER INSTRUCTIONS/KEY**

### **Purpose**

To show how government spending on jobs programs/public works wastes money that would have been better spent by the private sector in creating jobs.

### **Prep**

Print this instruction page and a Page 2 for each student.

### **Time**

12-15 minutes

### **Instructions**

Have students read the article and use a calculator to answer the questions.

### **Key**

1. How much did this “stimulus” spending cost? How many jobs was it supposed to have created?  
*\$821 billion; it was supposed to have created up to 3.5 million jobs.*
2. What was the average cost of each “job created” if we assume it did the highest estimated number of 3.6 million jobs? How about the average cost if it did the lowest estimated number of 1.5 million jobs?  
*\$228,055 if 3.5 million jobs were created; \$586,428 if 1.4 million jobs were created.*
3. There were about 113 million full-time workers in the U. S. in 2011. Divide \$821 billion by 113 million. How much did this “stimulus” program cost the average American worker?  
*More than \$7,000 per worker.*
4. Do you think the average person makes \$228,055 to \$586,428 per year working? Look up the average salary of an American worker, then subtract that from \$228,055. What figure did you get? Where do you think all this “stimulus” money went to?  
*AWV, but no, the average American doesn’t make anywhere near that much; the additional money was no doubt used to bribe certain politically connected companies, and to pay for the high salaries of the bureaucrats who ran the “stimulus” spending program.*
5. If you had to write in a single sentence the main lesson of this article, what would you write?  
*AWV, but something like “Government spending doesn’t help an economy; it wastes tremendous amounts of money that would have been better spent by the people.”*

# **CBO: Jobs Created and Saved by Stimulus Cost at Minimum an Average of \$228,055 Each**

Thursday, February 24, 2011

By Matt Cover

The jobs created and saved by the economic stimulus law that President Barack Obama signed on Feb. 17, 2009 cost at a minimum an average of \$228,055 each, according to data released yesterday by the Congressional Budget Office (CBO).

In a report released Wednesday—“Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output from October Through December 2010”—the CBO said it now estimates the stimulus law cost a total of \$821 billion, up from CBO’s original estimate that [it] would cost \$787 billion.

In the same report, the CBO estimated that in the fourth quarter of 2010 there were somewhere between 1.3 million and 3.5 million people who were then employed who would not have been had the stimulus not been enacted. “CBO estimates,” says the report, “that ARRA’s policies had the following effects in the fourth quarter of calendar year 2010: ...Increased the number of people employed by between 1.3 million and 3.5 million.”

...The CBO’s estimate that there were 1.3 million to 3.5 million people employed in the fourth quarter of 2010 who would not have been were it not for the stimulus represents a decline from the 1.4 million to 3.6 million people CBO estimated were employed as a result the stimulus during the third quarter of 2010. In fact, CBO now estimates that the apogee of the stimulus’s net job-creating-and-saving power occurred in the third quarter of 2010 when it believes somewhere between 1.4 million and 3.6 million people had jobs they would not have had except for the stimulus.

Thus, the \$821 billion cost of the stimulus divided by the maximum of 3.6 million jobs the CBO believes the stimulus may have saved or created equals an average of \$228,055 per job.

At the lower end of the CBO’s top job-creating-and-saving estimate for the stimulus—1.4 million jobs—the jobs would cost an average of \$586,428 apiece.

In February 2009, when President Obama signed the stimulus law, the national unemployment rate was 8.2 percent, according to the Bureau of Labor Statistics. In January 2011, the...rate was 9.0 percent.

*(See article here: <https://www.mygovcost.org/2011/02/26/jobs-from-federal-stimulus-cost-an-average-of-228055-each>)*

## **Questions for Review:**

1. How much did this “stimulus” spending cost? How many jobs was it supposed to have created?
2. What was the average cost of each job the “stimulus” spending created if we assume the program actually did create the highest estimated number of 3.6 million jobs? How about the average cost if it created the lowest estimated number of 1.4 million jobs?
3. There were about 113 million full-time workers in the U.S. in 2011. Divide \$821 billion by 113 million workers. How much did this “stimulus” program cost the average American worker?
4. Do you think the average American makes \$228,055 to \$586,428 per year? Look up the average salary of an American worker, then subtract that number from \$228,055. What figure did you get? Where do you think all this other money in the “stimulus bill” went?
5. Write as a single sentence of what you think is this article’s main lesson.