

CONGRESSIONAL BUDGET OFFICE SAYS OBAMA PLAN MAY CREATE 4 MILLION JOBS



In an analysis of the \$900 billion version of the stimulus bill currently being debated in the Senate, the nonpartisan Congressional Budget Office says that the bill could meet President Obama's goals for job creation and increase GDP, at least in the short term. But by the end of 2011, the total number of jobs created would be half of what it was in 2010. And by 2019, the bill could actually reduce GDP, although by only 0.3%. By the end of 2010, the analysis estimates, 1.3 to 3.9 million jobs would be created. The unemployment rate would be 0.7 to 2.1 percentage points lower than the 8.7% forecasted. And GDP would increase from 1.2 to 3.6 percentage points. But in 2011 the bill's effects would diminish, according to the CBO. And in 2019, thanks to the national debt, the GDP could actually be slightly lower than if the government had done nothing. The CBO came out against competing plans that offer tax cuts instead of new spending. Dollar per dollar, a temporary tax cut affects the GDP less than a dollar of spending, the CBO says.

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