



From the office of Texas Workforce Commission

Chairman Tom Pauken

Opinion/Editorial

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Texans for Public Justice Stimulus Analysis Rehashes Fuzzy Math from Two Years Ago **By Tom Pauken**

AUSTIN — Texas Workforce Commission Chairman Tom Pauken has — again — refuted assertions that federal stimulus funds created or “saved” a quarter-million jobs in the Lone Star State.

A Texans for Public Justice report released this month recycled claims that the Obama Administration’s stimulus plan “saved or created 264,459 Texas jobs” from the bill’s passage to the end of 2010. That figure is 20,645 more than originally reported by the President’s Council of Economic Advisors two years ago.

“The Council’s claim was inaccurate two years ago, and it is even easier to disprove now,” Chairman Pauken said. “There is no direct evidence that the Obama stimulus plan actually created any new private sector jobs in Texas. It has been three years after the passage of the Recovery Act, and we still have yet to see a direct, positive impact from it.”

Though using different methodology, the study’s authors arrived at a similar conclusion as the President’s Council of Economic Advisor’s by using a Keynesian metric known as a “fiscal multiplier” to estimate the impacts of government spending on economic growth.

“Economists have long been divided over this Keynesian method which estimates employment growth by the amount of dollars spent by the federal government,” Chairman Pauken said. “Among many objections, this method fails to account for the ‘crowding-out’ effect that increased government spending has on private sector capital investment. Even the Council’s report itself even calls into question the accuracy of their own estimates, stating ‘these disaggregate estimates are inherently speculative and uncertain’.”

As the authors from the Texans for Public Justice report noted, the amount spent (or borrowed) by the federal government to fund the Recovery Act is unprecedented in the nation’s history. The national debt now stands at more than \$15 trillion. “Spending more money that we do not have, on temporary government stimulus programs that will increase our already unsustainable budget deficits, is no long-term solution to our economic crisis,” Chairman Pauken added. “The comparative advantage of operating in a low-tax, pro-business state such as Texas should be obvious even to the authors of this flawed study.”

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Pauken noted that Texas has added more jobs than any large state in the last 12 months and over the past decade – not because of funding from the Obama stimulus plan, but due to our positive business climate. Moreover, business owners are voting with their feet by moving their companies from large, high-tax, heavy regulatory states such as California, Illinois and Michigan to Texas which rewards private sector job creation.

“This Texans for Public Justice report which rehashes bad information based on fuzzy math only continues to cloud the truth about harmful economic theories and failed approaches to fixing the economy,” Pauken continued. “Instead of these temporary fixes, what we need to do is to replace our onerous U.S. business tax with a tax structure that encourages investing in America and growing the private sector.”

Tom Pauken is Chairman of the Texas Workforce Commission and author of Bringing America Home.

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The Texas Workforce Commission is a state agency dedicated to helping Texas employers, workers and communities prosper economically. For details on TWC and the programs it offers in coordination with its network of local workforce development boards, call (512) 463-8556 or visit www.texasworkforce.org.

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