



WIPP MEMBERS ATTEND WHITE HOUSE BRIEFING ON RECOVERY ACT

RE: White House Briefing on Recovery Act
DATE: July 14, 2010, 11:00am

WIPP Members Present: Ann Sullivan, Sarian Bouma, Samira B. Cook, Karen L. Maples, Maria Louisa Roach, Lani Hay, Edie Fraser, Sheila D. Shears, Karen Barbour, Sherri Orlowitz

Presenters: Vice President of the United States Joseph Biden and Council of Economic Advisors Chair Christina Romer

Vice President Joseph Biden and Council of Economic Advisors Chair Christina Romer held a briefing to report how the Recovery Act has stimulated the economy and job growth since it became law.

In summarizing the Council of Economic Advisors' quarterly report, Ms. Romer shared that one of the goals of the Recovery Act is for the federal government to spend quickly on projects in order to provide economic support over the next two years. As an example of this quick spending, she pointed to the swift implementation of state tax cuts that went in to effect during the first two quarters of FY2010. Another goal is to provide public investment spending on not only basic projects such as building roads and bridges but also modern projects such as universal broadband and healthcare technology. To this end, during the first two quarters of this fiscal year, the government has invested \$319 billion; for transportation and infrastructure projects alone, the government has created 14,000 projects. Examples of these projects include the Broadband Initiatives Project, which appropriates \$7.2 billion to expand broadband access and adoption in communities across the U.S., and the Build America initiative, which is designed to accelerate the development and adoption of advanced building energy technologies in new and existing homes.

The CEA report also found that for every \$1 invested by the government in public spending, the private sector invests \$3 in the same project. This greatly stimulated job creation in the private sector; the report estimates that anywhere from 2.5 – 3.6 million (an average of 3 million) more jobs were created from the goals of the Recovery Act than would have been otherwise created. At the end of the second quarter, 800,000 jobs were created by public investing. Ms. Romer said

she believed that while the true effects of the Recovery Act will not be analyzed or appreciated for many years, the Recovery Act shows that a well-implemented policy can put people back to work and encourage investing.

In his speech, Vice President Biden addressed the question of whether the country is heading in the right direction. By pointing to the 600,000 private sector jobs created in the first quarter of FY2010 alone, the economy growing at an average rate of 4% over the last three quarters, and a national GDP 3.7% higher due to the Recovery Act, he demonstrated why he believes the economic initiatives are working. Furthermore, he said that without the Recovery Act, there would be 2.5 – 3.6 million fewer jobs. By using federal spending on public investments to leverage private sector funds, \$300 billion will be devoted to education, clean energy, and infrastructure research and applications. Vice President Biden said that the amount of federal investment in these projects will be moderate, and they are necessary in order for the private sector to modernize our economy so that entire new industries can be created. He ended the briefing on a positive note by stating that the Recovery Act and private industry combination creates a virtuous cycle of investment – a combination he is “absolutely confident” will work.

For a link to the CEA report, please click here:

<http://www.whitehouse.gov/administration/eop/cea/factsheets-reports/economic-impact-arr-3rd-quarterly-report/section-3>