Coked Up Stimulus Monkeys
In Romney, the likely Republican nominee for president in 2012, has declared that the stimulus package has pushed the economy deeper into the abyss. Tea Party candidate for the U.S. Senate in Nevada in 2010, went after drug addiction research that relied on "coked up stimulus monkeys." And Mitt $100,000 on Brazilian steakhouses and a martini bar. Two universities in Arizona had received almost $1 million to study ants. The legislation, the New York Post sneered, was funding a "bacchanalia of behavioral sex research" on such topics as the impact of integral yoga on hot flashes. Sharon Angle, a Tea Party candidate for the U.S. Senate in Nevada in 2010, went after drug addiction research that relied on "coked up stimulus monkeys.” And Mitt Romney, the likely Republican nominee for president in 2012, has declared that the stimulus package has pushed the economy deeper into the abyss.

In Money Well Spent, Michael Grabell, a reporter for ProPublica, a non-profit news organization, analyzes the impact of the stimulus package. Richly detailed, judicious, thorough and timely, his book is a primer on how to evaluate this policy -- and all public policies -- in a highly partisan, polarized, paralyzed political climate.

Grabell points out that it is easy -- and misleading -- to generalize from one or two or 12 projects that seem ill-advised. Even evidence of fraud should be put in perspective. According to the Association of Certified Fraud Examiners, public and private organizations in the United States, on average, lose about seven percent of their annual revenues to fraud. For the stimulus package that meant about $55 billion.

And so, far more important than the $25,000 that was squandered by the Guam Council on the Arts and Humanities on making coconut candy for a dance festival is the overall evaluation of economists Alan Blinder and Mark Zandi (both of whom have worked for Republicans as well as Democrats) that the TARP bank bailout, Federal Reserve Policy and the American Recovery and Reinvestment Act staved off a Great Depression. If policymakers had not acted as aggressively as they did, Blinder and Zandi added, the nation might have lost an additional 8.5 million jobs, bringing unemployment to 16.5 percent.

The Obama Administration failed, dismally, to persuade the public of these benefits. An assumption made by the president's economic advisers turned out to be fatal. Although they should have known better (in This Time Is Different, Kenneth Rogoff and Carmen Reinhart drew on eight centuries of "financial folly" to demonstrate that employment lags as economies rebound very slowly from recessions and depressions caused by the collapse of financial institutions), they predicted that if the stimulus plan passed Congress, the unemployment rate would not exceed eight percent -- and posted a graph making this very claim online. In June 2010 Vice President Biden promised a "jobs summer."

The Republicans pounced, Grabell notes, and the American Recovery and Reinvestment Act (unlike the New Deal's WPA, under which the government paid workers directly and could count jobs) became "a Rorschach test of amorphous programs on which critics of all stripes could project their dissatisfaction with government and politics in general." As it collapsed into bankruptcy, Solyndra, the solar panel manufacturer, became a poster boy for stimulus package cronyism, corruption, and incompetence.

For all his vaunted rhetorical skills, President Obama never used the bully pulpit to frame the issue. He might have been more realistic about the depths of the crisis -- and the time it would take to climb out of it. As Grabell suggests, he might have told Americans early in 2009 that to promote a fuller and faster recovery, a package of $1.2 trillion was needed -- but Republicans would not support it. And he might have reconsidered moving on to health care reform, which seemed to signal a shift in emphasis from recovery to reform -- and forced him to spend virtually all his political capital.

Obama's stimulus package, Grabell concludes, was not sufficient to jump start the American economy, but was "just enough" to enable Republicans to claim "we tried that already" and that the government has no substantive role to play in promoting growth or protecting individuals ravaged by the recession. For all his good intentions and for all that he has done, it may turn out that in November 2012 the occupant of 1600 Pennsylvania Avenue shares the fate of many homeowners: eviction.