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## The Fifth Anniversary of the American Recovery and Reinvestment Act

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Posted by Jason Furman on February 17, 2014 at 01:00 PM EDT



Five years ago, on February 17, 2009, less than a month into his first term, President Obama signed into law the American Recovery and Reinvestment Act of 2009. At the time, the country was experiencing the worst economic crisis since the Great Depression. Private employers had already cut almost 4 million jobs, trillions in dollars in household wealth had been wiped out, and the economy's total output was in the midst of its sharpest downturn of the postwar era.

As part of the accountability and transparency provisions included in the Recovery Act, the Council of Economic Advisers was charged with providing to Congress quarterly reports on the Act's effects. The final report in this series—and available [HERE](#)—affirms that the Recovery Act had a substantial positive impact on the economy, helped to avert a second Great Depression, and made targeted investments that will pay dividends long after the Act has fully phased out.

In the four years following the Recovery Act, the President built on this initial step, signing into law over a dozen fiscal measures that extended key features of the Act and provided new sources of support. These measures included a temporary payroll tax cut for 160 million working Americans, additional extensions to the Emergency Unemployment Compensation program, expanded business tax incentives, small business tax cuts, and funding to protect teacher jobs.

Today's report also assesses the effects of fiscal legislation signed into law following the Recovery Act, offering a broader look at the President's bold and decisive response to one of the most challenging periods in our Nation's economic history. Specifically, the Report finds:

- **The Recovery Act, by itself, saved or created about 6 million job-years, where a job-year is defined as one full-time job for one year.** This translates to an average of 1.6 million jobs a year for four years through the end of 2012. This estimate is within the range of estimates provided by the Congressional Budget Office and other outside organizations.
- **Combining the effects of the Recovery Act and the additional fiscal measures that followed, the cumulative gain in employment was about 9 million job-years through the end of 2012.**
- **Including both the Recovery Act and subsequent fiscal measures, half of the total fiscal support for the economy, or \$689 billion, came in the form of tax cuts—mostly directed at families.** The remainder went to investments in critical areas such as rebuilding bridges and roads, supporting teacher jobs, and providing temporary help for those who found themselves unemployed or in need of assistance because of the Great Recession.
- **The investments made through the Recovery Act will have a positive impact on long-run growth, raising the economy's potential output and ultimately offsetting much of the Act's initial cost.** For instance, the Recovery Act improved more than 40,000 miles of road and over 2,700 bridges, brought 693 drinking water systems serving over 48 million Americans into compliance with the Clean Water Act, made high-speed internet available to about 20,000 community institutions, and launched the Race to the Top program, which incentivized 34 states to improve their education policies.

While these figures are substantial, they still nevertheless understate the full magnitude of the Administration's response to the crisis. Because the report released today focuses exclusively on the effects of fiscal legislation, it

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does not assess other Administration policies that stabilized the financial system, rescued the auto industry, and supported the housing sector—all actions that made significant contributions to turning the economy around.

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Five years later, the U.S. economy is undoubtedly in a stronger position, thanks to the termination of our



opportunity for every American, there can be no question that President Obama's actions to date have laid the groundwork for stronger, more sustainable economic growth in the years ahead.

On Wednesday, Vice President Biden will visit America's Central Port in Granite City, Illinois, where he will mark the fifth anniversary of the Recovery Act. The Vice President will discuss the Administration's new report on the positive outcomes of the Act, and he will highlight the need for continued investment in infrastructure to create jobs and grow our economy. Secretary of Transportation Anthony Foxx and former Secretary of Transportation Ray LaHood will join the Vice President at America's Central Port.

*View the Council of Economic Advisers' report on the fifth anniversary of the Recovery Act*

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