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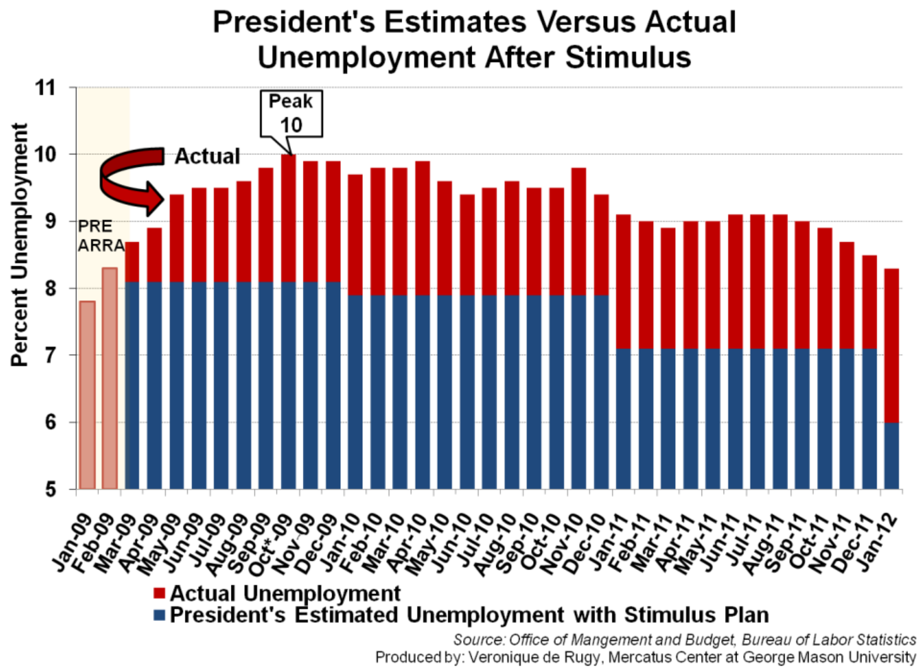

February 17 marked the three-year anniversary of the American Recovery and Reinvestment Act (ARRA). When President Obama signed the act into law, he promised that the unemployment rate would not rise above 8.5 percent.

This week's chart compares the unemployment estimates from the President's FY2010 budget (blue bars)—which contains the original proposed estimates for the impact of the stimulus on unemployment—with actual unemployment rates (red bars) from the most recent estimates from the Bureau of Labor Statistics.

After three years, the data clearly show that the president's claims have underestimated the level of unemployment by roughly three million people (nearly 2 percentage points) on average each year. In January 2012 the actual unemployment rate was 8.3 percent, which is 38% (or 2.3 percentage points) higher than the president's estimate—the largest difference between the actual versus estimated rate since the passage of ARRA.

The administration made promises that it didn't keep. As the prospect of yet another increase in stimulus spending for the sake of job creation looms, we need to be reminded that sustainable job creation comes from the private sector. True "stimulus" legislation reforms the tax code and regulation process to create an environment that fosters economic growth.

Veronique de Rugy comments on the effectiveness of the stimulus in a Mercatus Center blog and commentary.

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