
A Job Creation Grants Program: A Plan for Putting People Back To Work

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EXECUTIVE SUMMARY

In this essay we argue that the U.S. federal government can potentially create up to 7.7 million new jobs by giving payroll-matching grants to small businesses to create just one job per firm. Although the cost of this program is likely to be substantial (ranging between \$45-\$83 billion per year), we believe the benefits of creating 7.7 million new jobs in a recessionary economy (which can potentially lower the U.S. unemployment rate to about 5.70 percent) should outweigh the costs. We show three different distribution scenarios as to how this kind of stimulus is a needed addition to fiscal policy like the Troubled Asset Relief Program (TARP) and the American Recovery and Reinvestment Act (ARRA) of 2009.

Keywords: Stimulus, Unemployment rate, Jobs creation, TARP, ARRA