I posted last week about the Romney energy plan and the super-optimistic projections of energy production it borrows from a Citigroup report. (here and here). The Romney plan touts enormous economic benefits in terms of job creation, also derived from the same Citigroup report. Of course, Romney doesn't mention the report's warning that its analysis required "sweeping assumptions" and that the beneficial effects would probably only last five years. (p. 86) But putting that aside, where did Citigroup get the numbers?

The answer is pretty amazing. Citigroup analyzes the effects of the oil and gas production surge **as a stimulus measure**. Keep in mind that Republicans, including Romney, are quite caustic about the idea of a stimulus. The idea of a stimulus goes back to John Maynard Keynes' idea that in a recession, there's a multiplier effect that amps up the impact of added spending on the economy. Republicans hate Keynes, not to mention Obama's stimulus spending. But it turns out that Romney has brought in his own stimulus program through the back door of energy policy.

The Citigroup report begins by projecting very large numbers of people getting jobs in the energy sector or supporting industries. Then it says: "On top of this, there are the multiplier effects that occur" as the spending ripples through the economy and causes "virtuous cycles of new economic activity." (p. 78) Keynes couldn't have said it better. Fully $250 billion of their estimated GDP increase comes from these multiplier effects. (Fig. 68). In fact, they explicitly say their model is Keynesian. (p. 85)

The Citigroup analysts are quite explicit that they are treating this as a stimulus measure. They choose a high multiplier "which calculates the overall economic GDP impact compared to the initial direct stimulus in output." They also admit that their estimate may be "optimistic" because they picked the highest multiplier they could find.

Their job estimates are even more stimulus based. Citigroup estimates a half million new jobs created directly in the oil and gas sector, but 2.2 million jobs due to the "resulting economic stimulus." These are the numbers that Romney touts.

Richard Nixon once said, "we are all Keynesian now." I guess that's still true today — at least if Mitt Romney is any example.

Of course, this particular stimulus program puts a lot of money in the pockets of his

biggest contributors. I guess that makes it o.k.