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Mr. Obama, Here's My Resume, Where's My Job?: Caroline Baum

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Asked whether President [Barack Obama](#) has a clear plan for creating jobs, 53 percent of the respondents to a recent New York Times/CBS [poll](#) said no.

The 881 registered voters contacted by telephone Sept. 10- 14 weren't asked whether job creation is, or should be, part of the president's job description. Short of hiring a White House chef, a dog walker for Bo and an urban farmer (organic) to tend Michelle's vegetable garden, the president isn't a source of jobs.

True, he can nudge businesses to create jobs with tax credits and subsidies. He can conjure up government-financed projects to put the unemployed back to work, which is what [Franklin Roosevelt](#) did during the New Deal. But contrary to the current national obsession with it, job creation quite simply isn't the president's job.

In fact, it's unrealistic for the public to expect that of him.

"In social psychology, it's called a fundamental attribution error," says [Arnold Kling](#), an economist who blogs at [Econlog](#) on the website [Library of Economics and Liberty](#). It's the tendency to over-attribute the behavior of others to personality and downplay the role of environment.

As Kling applies the term to economics, the public attributes outcomes to politicians for things that are not in their control.

The president's job, among other things, is to create an environment that encourages the private sector to provide work opportunities. Whether Obama is doing that is another matter.

Supply and Demand

Democrats aren't the only ones who view the federal government as some sort of employment agency. (It certainly provides life-time employment for members of Congress.) Republicans make it sound as if they have the secret formula for job creation, too. Their [plan](#), the broad outlines of which consist of freezing discretionary spending and tax rates, is about reducing the size of government. That goal somehow eluded them when the GOP controlled Congress and [George W. Bush](#) was in the White

House.

For both parties, job creation is a political ploy, not an economic guarantee.

So what does it really take to create jobs?

“A job is created when the skills of a worker match the needs of an employer,” Kling writes in a [policy report](#) published by the Cato Institute, a libertarian Washington think tank.

Simple, right? Skills and needs -- supply and demand -- will find equilibrium.

Starting a Business

Today, many businesses can satisfy increased demand with little or no increased supply. Improved [productivity](#) allows companies to produce more (goods) with less (labor). Shifting production overseas to low-wage countries provides consumers with cheaper goods, a net plus even though in the short run it displaces domestic workers.

Then there are structural hurdles unique to the present. Lots of folks formerly employed in [finance and real estate](#) are facing a shrunken industry that is not about to rebound to its former glory. Experience securitizing credit-default swaps into synthetic collateralized debt obligations may not be a strong selling point for a prospective employer.

Starting a business entails coming up with an idea for a product or service, making sure costs are less than revenue, and figuring out how to address competition, Kling says.

“The decision to hire depends on how management evaluates the potential gain from adding new capabilities against the risks of carrying additional costs,” he says.

Bad Match

That’s why the idea for a temporary payroll tax holiday to spur hiring, which at one point was being considered by the Obama administration, is such a non-starter.

Why would a company assume a long-term obligation -- a permanent employee, who needs training and qualifies for health-care benefits -- in exchange for a temporary tax cut? It makes no sense and doesn’t comport with how businesses have behaved historically in response to short-term measures.

What we know is that lower taxes on income and capital provide more of an incentive to take risks and start a new business. If Kling is right and that’s what the country needs to create jobs, then by all means the president and the Congress should do everything in their power to ensure taxes stay low.

Instead, like the bureaucrats in Ayn Rand’s “Atlas Shrugged,” they keep promising to unveil yet another plan -- the John Galt plan, named after Rand’s hero -- to save the economy.

Plan Details

The latest one, designed to help small business, passed the Senate last week. How lucky to be a lottery winner!

Central planning may put people to work in the short run, but it's a proven loser when it comes to providing the goods and services people want at the price they are willing to pay. The Soviet Union's 75-year experiment is perhaps the most glaring example. Earlier this month, former Cuban President Fidel Castro told the Atlantic's Jeffrey Goldberg that "the [Cuban model](#) doesn't even work for us anymore." (Subsequently Castro said his comment was misinterpreted.)

Some people obviously think government has the answer. Thirty-eight percent of the respondents to the New York Times/CBS News survey, not an insignificant number, said Obama does have a plan to create jobs.

After 21 months of job-creation plans wrapped up in fiscal stimulus, maybe it's time to explain to those folks where jobs come from.

([Caroline Baum](#), author of "Just What I Said," is a Bloomberg News columnist. The opinions expressed are her own.)

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