



## ***What happens after Obama's jobs bill dies?***

OCT 26, 2011

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You can add to the list of hollow cries from history—such as “Ban the Bomb!” and “Bring the Troops Home!”—the president’s favorite refrain, “[Pass the Jobs Bill Now!](#)” Like the rest, Obama’s oft repeated demand is a sham, a mere slogan. Neither he nor his party, and certainly no Republican, believes Congress is going to pass even a small part of the bill, for it combines two elements his opponents detest the most: public works and higher taxes on the rich.

While [the GOP squabbles](#) over which of a barely electable field to pick as its candidate, Obama has already begun his reelection campaign in earnest. The simple message he is taking on the road is that Congress should “pass the jobs bill now!” That’s a plea he knows is sure to be ignored, leaving him in a position, he believes, to blame persistent joblessness on the Republican obstructionists. He is onto something. As [Jimmy Carter found out](#), Americans hold their presidents to account when the economy is tanking; they expect them to improve the economy and are prepared to fire them when they don’t. It is a lesson for conservatives who believe that governments can’t and shouldn’t attempt to change the economic weather. Voters blame the government anyway, whether they intervene or not.

Obama, like [Franklin Roosevelt](#), believes in trying to fix the symptoms of a broken economy, while his GOP opponent, whoever it turns out to be, must hold to the Hayekian orthodoxy insisted upon by the Tea Party and the Republicans’ fiscally conservative wing that there is nothing much governments can or should do to improve the economy and that stimulus spending either does not work at all or will only make the smallest of differences in the short term. As Obama gleefully knows, a rival promising austerity, the long haul, a far worse economy before it gets better, and a dim light at the end of a long, long tunnel will be running against the spirit of optimism that Americans feel and like to hear from their leaders.

Obama’s American Jobs Act is a thinly disguised second Keynesian stimulus designed to pump \$450 borrowed billions into the economy to raise aggregate demand and give jobs to some of the 9.3 percent of Americans out of work. Obama’s task is to convince the American people that stimulates work. The results of [his first hurried stimulus](#), all \$814 billion of it, are mixed. It set off a burgeoning cottage industry among conservative economists taking it in turns to prove that the stimulus did nothing or little to improve growth or job creation. Take Alan Reynolds of the Cato Institute: “[There’s no evidence for the theory that](#)

state spending has shortened this or any other slowdown.” Or this, from John F. Cogan and John B. Taylor, of the Hoover Institution: “Beware of politicians proposing public works and other government purchases as a means to stimulate the economy. They did not work then and they are not working now.”

It is easier to show that Obama’s initial stimulus did not work well – the money went to pay off private debt, or went into private savings, or was spent on foreign goods, or replaced state and local government borrowing with federal government handouts – than the broader point: that stimulus doesn’t work in any circumstances. So, will Obama’s stimulus work? We will never know, because it will not be enacted. If the president is reelected he will have to propose a new stimulus to suit the conditions of November 2012.

That leaves a whole year for his economic advisers to come up with a stimulus that works. There can be no excuse next time that the stimulus was flawed because to avert an imminent economic crisis it had to be brought in quickly without adequate planning. There is no need to find elusive “shovel ready” public works projects that can be started immediately as there is a whole year to find and design job-creating schemes that will not entail pouring billions into the sand. There is a whole year to find ways of giving cash only to those who will spend it on other Americans, not blow it on foreign consumer goods or hoard it as has happened the last time.

The jury is still out on whether in today’s global economy there is a place for a traditional Keynesian stimulus in one country, so Obama has an intellectual as well as a political argument to win. His opponents have been successful in demonizing government borrowing and federal spending programs, so it is not going to be easy. But if he were to win in November he will have been granted a popular mandate to try to show once and for all that governments can command an economy to improve. That’s why he should start preparing now to set out on his second term with a detailed, flawless, sure-fire stimulus plan in his back pocket.