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## Federally subsidized jobs split economists

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Economists are split over the idea of direct federal stimulus payments to employers who want to add to their payrolls using taxpayers' money.

"During times of economic hardship, governments should take action to directly create jobs in the private, as well as public, sectors," said Timothy Bartik, a senior economist at the W.E. Upjohn Institute for Employment Research, a nonpartisan, not-for-profit research organization in Kalamazoo, Mich.

But Tad DeHaven, a budget analyst at the conservative Cato Institute, said it's a terrible idea.

"You're making somebody better off by making somebody worse off," said DeHaven, noting that taxpayers ultimately foot the bill.

"Bureaucrats are deciding who should get jobs and what kinds of jobs they should get, and that's a dangerous proposition," the Cato analyst said.

### Do the jobs last?

Another question is whether the jobs created this way will last after the federal money disappears.

A similar program in the 1980s in Minnesota found that once government aid ran out, 78 percent of workers were still on the job 60 days later, said Bartik, author of *Jobs for the Poor: Can Labor Demand Policies Help?*. He was an assistant economics professor at Vanderbilt University in the 1980s.

Another program in Oregon, called JOBS Plus, subsidized the pay of former welfare recipients if companies would hire them. In that program, roughly 25 percent of workers remained on the job after the six-month subsidy ran out, Bartik said.

### Will others copy idea?

Spending government money to pay for workers in private industry is unusual, but the Perry County program could become a model for other areas with extremely high unemployment, Bartik said.

Other similar programs in history have sometimes required employers to pay a portion of the workers' wages. For example, the government might subsidize up to the minimum wage, but a company adds to that to reach a prevailing wage for a particular occupation.

In Perry County, some workers are making as much as \$15.85 an hour, although others are being paid minimum wage, officials said.

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