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Jobs Summit - More talk? Yes. More jobs? No

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When ABC News asked if the "jobs summit" would make real progress or would just be "simply a glorified public-relations stunt," it studiously avoided asking the real question: How can the prime movers that created the current economic "Great Recession" be expected to fix it?

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For starters, where is the constitutional authority for the government to get involved in creating jobs, even if it could?

According to George Mason University economics professor [Walter Williams](#):

Between 1787 and 1930, our nation has seen both mild and severe economic downturns ... that have ranged from one to seven years [in duration]. During that interval, there was no thought that Congress or the President should intervene in the economy to enact stimulus packages, jobs programs or massive corporate handouts.

The reason that no one thought to do so was that there was no Constitutional authority to do so. It took the Herbert Hoover and Franklin Roosevelt administrations to massively and unconstitutionally intervene in the economy and, with the help of a frightened, derelict U.S. Supreme Court, turn what might have been a two- or three-year sharp downturn into our longest depression.

But President Obama is using the current economic crisis to promote his own agenda:

"We will not rest until we are succeeding in generating the jobs that this economy needs." He goes on to say, "I will tell you that I think the most important thing I can do ... is get the economy going again and get people hiring again."

Obama's chief economic advisor, [Larry Summers](#), agrees: "Increasing employment is everyone's responsibility, from government to businesses to households."

And there are plenty of "new" ideas, many of them taken from the Roosevelt administration during the 1930's, such as:

- More stimulus money for construction projects;
- More steps to ease credit; and
- Extending unemployment benefits.

There's also:

- Direct payments to people who retrofit their homes to save energy;
- Infrastructure projects such as roads, bridges and public buildings;
- Subsidies for the unemployed to purchase health insurance; and
- And "other public jobs program[s] patterned after Depression-era programs."

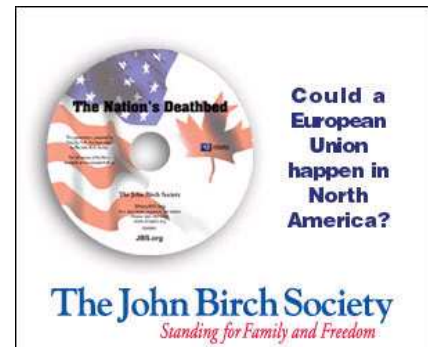
The Associated Press spoke recently with a variety of "experts" who came up with some more "ideas":

- Work-sharing — cutting back everyone's hours to keep everyone at least partly employed;
- Tax holidays — a payroll tax holiday that would give all companies a break from Social Security and Medicare payroll taxes;
- A New Jobs Corps — similar to the Roosevelt New Deal programs; and
- Direct aid to states and cities.

We shouldn't be surprised at the rehash of old failed strategies that served to deepen and lengthen the Great Depression, as nearly all of the economic "advisors" coming up with them have little or no real world private sector experience. *Investors Business Daily* provided remarkable insight into this by showing that "not a single White House in more than a century has had a smaller [percentage with prior private sector experience] than the current administration", with a "mark of less than 10%!"

"It is the height of hubris," the paper noted, "for an administration in which fewer than one in 10

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Of course, the GOP has jumped into the fray with its own set of "ideas" and "proposals," which consist largely of delaying the implementation of many of these same proposals.

House Minority Whip Eric Cantor told ABC News: "We're going to lay out some straightforward, common-sense solutions," such as:

- Halt any new federal rules or regulations that would have an economic cost or result in job loss;
- Promise to freeze tax increases;
- Spending caps;
- Waste-cutting initiatives;
- Reforms to the unemployment system; and
- New proposals on trade, community banks, and energy production.

If these sound like echoes, one shouldn't be surprised. In a moment of clarity, Cantor acknowledged that Republicans haven't lived up to their own standards with respect to fiscal discipline in the past, but said members of his party have learned from their mistakes: "I think Republicans have learned their lessons. We understand we could have done better when we were in power."

And so, where is our economy at the present moment? [Elizabeth Warren](#), Chair of the Congressional Oversight Panel, summarized the situation this way:

Today, one in five Americans is unemployed, underemployed or just plain out of work. One in nine families can't make the minimum payment on their credit cards. One in eight mortgages is in default or foreclosure. One in eight Americans is on food stamps. More than 120,000 families are filing for bankruptcy every month. The economic crisis has wiped more than \$5 trillion from pensions and savings, has left family balance sheets upside down, and threatens to put ten million homeowners out on the street.

What, then, is to be done? Is there a way out?

[Steve H. Hanke](#), a Professor of Applied Economics at Johns Hopkins University and a Senior Fellow at the Cato Institute, had this to say about the Great Depression, and the way out of the current Great Recession:

In consequence, the key enabler of both the Great Depression and the Panic of 2008-09 – namely the Federal Reserve – is scheduled to become America's systemic risk regulator. This is the world upside down. The Federal Reserve is [emphasis added] the systemic risk.

The true lesson to be drawn from business cycle history is that, if left to run their natural course, severe downturns are followed by rapid snapbacks. For example, during the 1921 recession, wholesale prices, industrial production, and manufacturing employment fell by 30% or more, reaching their low in mid-1921. But, absent government intervention, the economy recovered naturally, and by early 1922, it had fully recovered, from its mid-1921 low.

Texas Representative Ron Paul is right, after all: Abolish the "chief enabler." End the Fed.

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