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Killing Jobs

Posted By [John Stossel](#) On July 21, 2010 @ 7:54 am In [Fox News Appearances](#), [Free Market](#), [Libertarianism](#), [Unemployment](#) | [55 Comments](#)

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Yesterday, Congress voted 60 to 40 to extend unemployment benefits through November.

Unemployment benefits are popular with the public, so I understand why even Republicans say they support this handout "if it's paid for." But this is not good policy.

Unemployment checks lead people to delay seeking work. I'm told that it's cruel to say that, but it's just true. When you subsidize something, you get more of it. As CATO's Michael Tanner [points out](#) ^[1]:

The extension of unemployment benefits lengthen the average stretch of unemployment by three weeks or more...

*roughly a third of those unemployed in the United States find work [within a week of] when their benefits expire, [according to a study](#) ^[2]... in *Industrial and Labor Relations Review*.*

Also, government benefits crowd out private charity. America used to have hundreds of "mutual aid societies." Neighbors helped neighbors. That worked much better than government checks. The neighbors knew who needed a helping hand vs. who needed a kick in the butt. Government handouts undermined such private charity. Mutual Aid societies disappeared.

A [2005 study in the Journal of Public Economics](#) ^[3] found that: "Church spending

fell by 30% in response to the New Deal, and that government relief spending can explain virtually all of the decline in charitable church activity observed between 1933 and 1939."

The [most free and prosperous places in the world](#) ^[4], like Singapore and Hong Kong, offer no unemployment insurance. Yet they are great places to find work. [Singapore's unemployment rate is just 2.2%](#) ^[5].

A "safety net" is supposed to catch someone when he is falling, not two years after he falls. By 99 weeks -- the current length of unemployment benefits -- it is time for him to stand up.

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[1] points out: http://www.cato.org/pub_display.php?pub_id=11915

[2] according to a study: <http://www.jstor.org/pss/3590941>

[3] 2005 study in the Journal of Public Economics: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=723301

[4] most free and prosperous places in the world: <http://www.heritage.org/index/>

[5] Singapore's unemployment rate is just 2.2%: <http://www.singstat.gov.sg/>

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