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### **The Big Question: Does the jobs bill push mean the stimulus failed?**

By Sydelle Moore and Tony Romm - 11/24/09 10:54 AM ET

Some of the nation's top political commentators, legislators and intellectuals offer some insight into the biggest question burning up the blogosphere today.

Today's question:

**Is the rush toward a jobs bill an [implicit admission](#) that February's \$787 billion economic stimulus failed?**

**Glenn Reynolds**, the [Instapundit blogger](#), said:

Admission or not, it's obvious that the stimulus has been a miserable failure, with unemployment much worse than the Obama Administration said we'd see *without* the stimulus, and much, much worse what they promised us we'd see if the stimulus passed. Arianna Huffington is calling unemployment Obama's Katrina, increasing pressure for action. But a "jobs bill" is likely to prove yet another expensive flop. Legislation doesn't create jobs. Investment creates jobs, and in the current political environment, you're crazy to invest unless the political fix is in.

Much of the unemployment problem stems from uncertainty created by the Administration and Congress, as they rush one poorly thought out gimmick after another through the system and create the sense that the only good investment is one that's government-approved. The best thing they could do is probably nothing, but since doing nothing offers no opportunities for political posturing and graft, I predict that we'll see another expensive yet ineffectual program instead.

**Craig Newmark**, founder of Craigslist, said:

The jobs bill reflects that the damage done in the prior eight years will take more work to repair. There are many good people in Washington and elsewhere, working very hard on that.

**Daniel J. Mitchell**, senior fellow at [The Cato Institute](#), said:

The so-called stimulus was a massive waste of tax dollars, but this should not be a surprise.

The [\\$787 billion spending spree](#) was based on the [discredited Keynesian theory](#) that did not work for Hoover and Roosevelt in the 1930s and did not work for Japan in the 1990s. It also did not work for Bush last year, so it is baffling that anybody would think it would work this year. Borrowing money out of the economy's right pocket and then having politicians put the same money in the economy's left pocket was the political equivalent of a perpetual motion machine. The only surprise was that the White

House was foolish enough to make specific claims of the good results that supposedly would flow from all the pork-barrel spending. In part, this is the absurd notion of claiming 600,000-plus “jobs saved or created” when total employment actually has fallen by more than 3 million. But the bigger mistake was claiming that the faux stimulus would keep the unemployment rate from rising above 8 percent and that failure to squander \$787 billion would cause the jobless rate to climb to 9 percent. The politicians got their wish, yet now the unemployment rate is above 10 percent. Brilliant.

**Dean Baker**, co-director of the [Center for Economic Policy Research](#), said:

There is little dispute among economists that the stimulus helped to boost growth and prevented the unemployment rate from rising even higher. This can be seen very clearly in the data. For example, consumption grew in the 2nd quarter even though wage income fell. This was obviously due to the increases in unemployment insurance and other benefits, as well as the Make Work Pay tax cuts. Everyone who has looked at the data recognizes the positive role that the stimulus played.

The reason why there is a need for a jobs bill is that the economy was hit harder than President Obama and most private forecasters anticipated. They can be blamed for not getting their forecast right (they are supposed to be good economists), but on the other hand, President Obama was not the person who let an \$8 trillion housing bubble grow unchecked, or insisted that its collapse would be no big deal when it started to deflate. (That person would be Federal Reserve Board Chairman Ben Bernanke).

Anyhow, the economy was worse than was generally recognized, as some of us did try to warn last winter. This means that much more stimulus was needed at the time. The story here is of a hugely overweight person who cut back their food intake by 300 calories a day. If this person had originally been consuming 3000 calories a day, then this reduction in food consumption will probably not be adequate to get their weight down. But the conclusion is not to go back to eating 3000 calories a day, but rather to cut food intake more.

The Republicans will try to take advantage of the Obama administration's forecasting mistake to claim stimulus doesn't work. However, if the public gives into this nonsense then we will all end up fat and unemployed.

**Bernie Quigley**, [Pundits Blog](#) contributor, said:

Yes. If you drove south from northern New Hampshire to North Carolina on I-95 as I have done this past weekend, you would see extensive work conspicuously done by women and men in lime green clothing here in the frozen north where almost no one lives. Every road has been resurfaced; the ledges have been torn off the high cliffs by the highways that just last year housed hawks and peregrine falcons, lines have been painted everywhere.

Much of this work has been voted down again and again locally as work that did not need to be done, work that we did not want done; labor that we do not respect; work that we do not consider to be real work. Increasingly, the feds need to New Jersey-fy us so as to removeth chill of the cold, clear, northern night and the coyote's chant that sends the willies up their spines. But there is less than 2 percent unemployment up here in these parts. This money is a complete waste by nostalgicos channeling the Inner Roosevelt and longing for the days of Woody Guthrie and Big Bill Broonzy singing folkloric ditties in a box car heading across the western plains on the government's tab.

Commodities guru Jim Rogers, in comparing the Obama spending to that of the Chinese, points out that the Chinese are correctly spending infrastructure money by applying it where it is needed for the 130 million new workers recently arrived in the industrial centers. Here it is just tossed anywhere, as if out of an airplane, regardless of need. All patterns of population and economy today point west. When people

here in the Land of the Free move they tend to move today to Texas and Alaska. There has been no attempt to follow patterns of rising karma. And then when you get south to New York City, where employment is now most probably above 20% the roads and infrastructure are a mess and not a finger has been lifted. There appears to be no plan whatsoever as Rogers says.

**Justin Raimondo**, editorial director of [Antiwar.com](http://Antiwar.com), said:

I had to laugh as I read The Hill's account of the Democratic push – from the “Jobs Now Caucus,” no less – which wants the money left over from the “stimulus” to go to “jobs creation.” Wasn't that the alleged purpose of the original stimulus, which totaled out at \$838 billion? How quickly they forget!

An occasion for yet more mirth: “White House economists said in January that the jobless rate would peak at about 8 percent if the stimulus were to be enacted. Without the stimulus, the jobless rate would peak at about 9 percent, the White House economists said in the build-up to passing the measure.”

What planet are these people living on? As the White House blithers on about the “success” of the first boondoggle bill, everyone knows the real unemployment rate is closer to 17.5 percent – according to the government's own figures, as CNBC [reports](#). However, two sectors of the economy seem relatively immune from the devastation that followed the bursting of the Greenspan bubble: first, Wall Street, where massive infusions of freshly-printed dollars are raining down on the banks and the corporate elite, who will be getting big fat Christmas bonuses this year. And of course employment in the Washington, D.C. area is up because the ranks of government employees are swelling. As the Wall Street Journal recently [reported](#):

“College graduates are now looking toward government to start their careers, since there aren't a lot of other places to look. Unemployment for government employees is about half the rate of almost all private industry workers, and Washington, D.C., is a rare U.S. city that seems recession-proof.”

As the productive private sector sinks, the least productive sectors – empowered by their friends in Washington – rise in power, influence, and income. In the interest of truth in advertising, the “Jobs Now Caucus” needs to rename itself the “Jobs for My Cronies Now” caucus.

There is one and only one road to job creation: instead of trying to re-inflate the bubble by pumping billions into boondoggles, the massive mal-investment caused by prior government policies (and the Federal Reserve) needs to be eliminated. This means that no one is “too big to fail.” Once that is allowed to happen, the economy can begin to heal itself – as long as government regulators get out of the way and stay out of the way.

But of course that won't happen: what will happen is the massive piling on of debt, the destruction of the dollar, the flight to gold – and the flight of capital away from US shores, as our productivity plummets and the national income shrinks. Which is why I had yet another chuckle as I read the following from The Hill's reporting:

“An aide to House Majority Leader Steny Hoyer (D-Md.) said that the \$787 billion package did what it set out to do: stop the economic downturn from pulling the nation into another Great Depression. ‘Once we averted a depression, the Recovery Act started creating and saving jobs, and a jobs bill will build on that to get Americans back to work,’ said Katie Grant, a Hoyer spokeswoman.”

Don't count your chickens before they hatch, Katie: the idea that we have “averted” disaster may be a bit premature, and, this holiday season, more than a bit insensitive to the suffering of millions of Americans, who face unemployment, foreclosure on their homes, and some pretty Great Depression-like

hardship. The sort of hardship that is, of course, light years away from the world Katie and her Washington friends are living in.

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