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Editorial

Job Creation Basics

President Obama recently noted that, by itself, government cannot replace the 8.2 million jobs lost over the past two years. What government can do, he said, is “help to create the conditions” for renewed hiring.

We couldn’t agree more. The question is whether Congress will do what is needed. The job situation is dire. But Republicans have apparently decided that grandstanding about the deficit is more important.

The economy added 162,000 jobs in March, a welcome gain after more than two years of nearly uninterrupted losses. But unemployment remained stuck at 9.7 percent. And without more government support, it is unlikely to fall much anytime soon.

Most of March’s job gains were temporary positions with the Census Bureau or in the private sector. The Census Bureau will keep hiring for a while, but the jobs will end by the fall. Private-sector temporary jobs won’t become permanent unless employers see steady economic growth, which is far from assured as stimulus spending fades later this year.

Perhaps most destabilizing, upcoming budget cuts by recession-battered states will lead to more job losses.

As states try to close their deficits with tax increases, consumers cut back on their spending,

which harms businesses and hiring. As states cut spending, there is less business for private-sector contractors and more layoffs of government employees. Already in March, state and local governments shed 9,000 jobs.

That is why it is so critical to extend unemployment benefits through the end of the year and get more aid to states. Jobless benefits are the most powerful way to bolster waning demand during times of high unemployment. State aid also flows quickly to contractors, employees and beneficiaries, whose spending then supports jobs.

The House recently passed a one-month extension of expiring federal unemployment benefits. Before the Senate left town for spring break, Tom Coburn, a Republican of Oklahoma, blocked the extension, saying that it should be paid for with other budget cuts.

The House and Senate have already passed bills with a more generous extension and increased aid to the states. But they have been slow to finalize legislation and there are worrying signs that Mr. Coburn's arguments are gaining ground throughout his caucus.

Make no mistake, the deficit is a serious problem that must be addressed in the medium term. The economy needs to be bolstered now.

Congress also must increase aid to small business. The Treasury should also redeploy bank bailout money for small business loans. And legislation is also needed to reinforce spending on infrastructure and clean energy, and create public jobs, especially summer youth jobs. Teen unemployment is currently 26 percent.

Mr. Obama is right that the government needs to do more to create the conditions for more hiring. But being right about the policy isn't enough. He needs to get the politics right.

Americans are nervous about the deficit, and so far the Republicans are carrying the debate.

The president needs to make the case to the public that without more emergency aid to jobless workers and hard-pressed states, unemployment will remain unacceptably high. And that will be bad news for all Americans.

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