



JOB CREATION FOR DUMMIES

"Were we directed from Washington when to sow, and when to reap, we should soon want bread." --Thomas Jefferson

Barack Obama outlined his Recovery.gov version 2.0 on Tuesday of this week, saying, "My economic team has been considering a full range of additional ideas to help accelerate the pace of private sector hiring. We held a jobs forum at the White House..."



Indeed, Obama held a much-publicized "jobs" confab last week, ostensibly to obtain ideas about how to create (and save?) more of them. This exercise in futility was fodder so he could feign having sought advice from some people who actually create jobs.

However, most of the 135 invitees were from federal, state and local government, academic institutions, labor unions and not-for-profits. Alas, he did toss in a few folks from the private sector where job creation actually occurs. He told them, "I'm confident that people like you ... can come up with some additional good ideas on how to create jobs."

Additional good ideas?

I suspect Obama was suggesting that some of his proposals thus far have been good ideas. Unfortunately, despite all the jobs Obama claims to have saved or created with his \$787 billion "stimulus" package, unemployment has increased from 7.6 percent when he took office, to 10 percent.

Setting aside the absurdity of his pet "saved or created" construct, it seems to me that if he had actually created jobs, unemployment would be somewhere under 7.6 percent. But Democrat math never adds up. Fact is, there has been a net loss of at least 3.4 million jobs under the "Obama recovery."

"We're not going to get anything useful out of [this summit]," concluded Peter Morici, from the University of Maryland's Smith School of Business. Obama and Treasury Secretary Tim Geithner "really don't know what to do."

That would be an understatement.

Investor's Business Daily analyzed cabinet posts of administrations over the last century and determined that prior to Obama, Kennedy and Carter had the lowest number of appointees from the private sector, about 30 percent in each administration.

As only 8 percent of Obama's key appointees are from the private sector, precious few of them have actually created or understand how to create real jobs.

Needless to say, there was widespread skepticism about his jobs summit, so Obama sent out his senior White House adviser, Valerie Jarrett, to do some pre-emptive Bush-blaming.

"We inherited an economic meltdown 10 months ago," claimed Jarrett. "[Obama] moved boldly to get us back on track with a variety of measures."

Oh really? Fact is, then-Senator Obama and his Democrat colleagues went to great lengths to [undermine the U.S. economy](#) for political expedience.

As for critics of Obama's socialist economic philosophy, Jarrett issued this challenge: "I would say to those critics, we welcome your ideas. We embrace

all good ideas and I think critics should stop saying what won't work and come forward with what will work."

Well, OK! As the owner of an Internet publishing company, and manager of several other business ventures, here are some good ideas that will work -- in fact, ideas that have proven to work.

First: Let's clear up a misconception: Government does not create jobs because it does not create wealth. Government is a consumer of wealth, not a producer.

As my colleague and noted economist [Thomas Sowell](#) writes: "What does it take to create a job? It takes wealth to pay someone who is hired, not to mention additional wealth to buy the material that person will use. But government creates no wealth. Ignoring that plain and simple fact enables politicians to claim to be able to do all sorts of miraculous things that they cannot do in fact. Without creating wealth, how can they create jobs? By taking wealth from others, whether through taxation, selling bonds or imposing mandates. However it is done, transferring wealth is not creating wealth. When government uses transferred wealth to hire people, it is essentially transferring jobs from the private sector, not adding to the net number of jobs in the economy."

And, as Heritage Foundation's Conn Carroll notes, "every dollar Congress 'injects' into the economy must first be taxed or borrowed out of the economy."

To add insult to injury, government is an extremely inefficient consumer of wealth, with up to *70 percent* of income-transfer program (a.k.a., welfare program) budgets going to bureaucratic overhead.

Second: Taxes do not create jobs. Taxes eliminate jobs.

Higher taxes to pay for more government welfare spending and debt, higher business taxes associated with CO₂ production and the like, and higher taxes all the way around to pay for programs like ObamaCare, will push the nation from recession to depression.

Take all of these tax-and-spend proposals off the table.

Ronald Reagan inherited a [deep recession](#) from the Carter administration. President Reagan cut taxes, and the resulting 25-year economic growth cycle produced 35 million new jobs and *increased* government revenues by almost 30 percent -- the largest peacetime economic expansion in history.

Third: Regulations do not create jobs. Regulations eliminate jobs by choking productivity and stemming wealth production, thus disabling job creation.

There is no corner of the U.S. economy that isn't currently regulated by the central government, and consequently, the cost of such regulation to business and consumers is staggering.

This week, as Obama administration officials were in Copenhagen selling out the U.S. economy to the cap-n-tax crowd, his EPA director, Lisa Jackson, declared back home that carbon dioxide -- the stuff we humans exhale when we breathe -- poses a danger to the environment. This means that new regulations on business and industry are on the way, the costs of which will ultimately be borne by consumers.

The CO₂ regulations, as I have argued previously, have everything to do with centralizing economic control and nothing to do with climate change, and Obama should be more concerned about the U.S. economic climate than bogus global climate change predictions.

To supplement economic recovery by deregulation, a thoughtful president might also push for tort reform. While all those dollars spent defending frivolous lawsuits might create more trial lawyers, they cost real Americans real jobs.

Fourth: Government spending does not create jobs. Government spending eliminates jobs.

According to Obama, "There are those who claim we have to choose between paying down our deficits on the one hand, and investing in job creation and

economic growth on the other -- but this is a false choice." He then went on to say, that we must "spend our way out of this recession."

Bull biscuits.

[Unprecedented deficit spending](#) for unsustainable entitlements, and accumulation of national debt, now at more than \$12 trillion, poses an enormous threat to our economic future. Obama's proposals will add \$13 trillion in deficit spending over the next 10 years.

There are only three ways to cut that debt: Raise taxes, inflate the dollar or cut government spending.

The first two will destroy any semblance of economic recovery. Only the latter will strengthen the U.S. economy and create jobs.

The president should hold the line on discretionary spending and enact spending caps enforced by a balanced budget amendment, as first proposed by Reagan and blocked by Democrats every time it comes up.

And for good measure, cut bloated salaries of government bureaucrats. The number of government "workers" making over \$100,000/year has increased 30 percent since the beginning of the current recession. There are more than 10,000 bureaucrats earning more than \$150,000. The average federal salary is 71,206 while the average private sector salary is \$40, 331, and that does not include generous government benefit and retirement plans.

At a time when private sector is scaling back salaries, I suggest Obama cut his \$400,000 salary in half, and cut all government salaries above the private sector average, by 5 to 30 percent on a "progressive" scale.

And speaking of cutting back, how about a ten year plan to cut the number of government employees in half.

Fifth: Protectionism does not create jobs. Protectionism hinders job growth.

Start by approving stalled trade agreements with Colombia, South Korea, and Panama. After all, 95 percent of consumers on our planet live outside the U.S. We need unfettered access to those markets. Even the Obama administration acknowledges that every percentage point increase in exports creates more than 250,000 jobs in the U.S.

In summary, what Obama can do to help me, and all private-sector employers, create new jobs is this: Get out of our way.

Of course, Obama and his ilk will consider none of my proposals because as all devoted socialists, they believe government is the solution, not the problem.

Meanwhile, Joe Biden, Obama's point man for jobs, has been making the rounds and spinning yarns about what his grandfather had to say about recessions and depressions.

"My grandpop used to have an expression. We're from Scranton. He said, 'Joey, when the guy in Dixon City' -- a small town above Scranton -- 'is out of work, it's an economic slowdown. When your brother-in-law is out of work, it's a recession. When you're out of work, it's a depression.'"

Biden's grandfather must've been Harry Truman. "When your neighbor is out of work, it is a recession. When you are out of work, it is a depression," said Truman back in 1958. In 1980, Reagan shrewdly amended that chestnut: "A recession is when your neighbor loses his job. A depression is when you lose yours. A recovery is when Jimmy Carter loses his."

So maybe Obama was smart for not inviting me to his jobs summit because I would have been screaming from the rooftop that a recovery is when Barack Obama loses *his* job. For that, in all likelihood, is the only proposal that will result in true job creation.

Footnote: On Obama's recovery.gov website, there is a link to "[report fraud, waste and abuse](#)." When understood in the [proper context of our Constitution](#),

all of Obama's proposals constitute fraud, waste and
abuse, so I recommend you report it!