

COMMENTARY

Getting under, unemployed back to work key to economic recovery

Private sector creating jobs is the right stimulus for the economy and the protection of the American dream.

The best way to reverse an economic recession is to create jobs from and for the private sector. Government leaders don't understand (or possibly want) this, which is precisely why our economy is far from becoming stable.

Conventional thinking attributes the loss of existing jobs to the rise in unemployment. Realistically, it's a drop in job creation—not a rise in job losses—that account for the majority of unemployment increases during recessions, according to an August report by James Sherk in

The Heritage Foundation's Backgrounder publication.

President Barack Obama's advisers predicted that unemployment would rise to 9 percent by 2010 if Congress did not pass the stimulus bill and that with the stimulus bill unemployment would remain at 8 percent. After spending \$787 billion of American taxpayer money through the February 2009 stimulus (which is in addition to the \$152 billion stimulus from February 2008), unemployment surpassed the predicted 9 percent cap within a matter of months.

The economic impact of those under and unemployed must be understood for what it is. When

people suffer a loss in income they naturally scale back their spending. This impacts businesses, which then scale back their business operations by downsizing, which creates more job loss.

With prolonged under and unemployment, payment defaults on credit cards, automobiles and homes increase, as do bankruptcies. Lenders then make the issue of credit even more stringent, further choking the economy. With this present economy even less money is circulated with either purchases or investments impacting everyone with no bottom in sight.

Programs funded through payroll deductions such as Unemployment Insurance, Medicare and Social Security also suffer. The taxable revenues businesses otherwise generate are reduced, sales tax revenues are reduced and all this means less revenue for the government who has authorized a total of \$939 billion in stimulus, to be paid by the very people who are under and unemployed. The American Dream is quickly being replaced with the privilege of being slaves to the self-exalted government and this must be stopped.

The government, for instance, reported unemployment at 9.8 percent through September. The reality is nearly double. According to writer Sherk, using the broader measure of U-6 that includes those unemployed, plus all marginally attached workers, plus total employed part-time for economic reasons the accurate figure is 15.8 percent. That translates to 24.7 million individuals. Since then unemployment has edged even higher.

These unemployed individuals will lay off their housekeeper, gar-



Pam Christian

dener, pool maintenance help, reduce dining out and going to movies and anything else they can do without. The result is that many more people are impacted.

Obama's 'Investment'

Calling his stimulus bills and proposed budget an "invest-

ment" plan,

President Obama cleverly implies that it is not a spending plan, but a plan that will create economic growth. This is based on the faulty assumption that only government is able and responsible enough to invest at this time.

Private investors have a personal stake in the outcome of their investments. But when politicians play entrepreneur with taxpayer money, that link does not exist; instead, the risk and reward is measured in terms of political outcomes, according to Karen A. Campbell, Ph.D. in her May Heritage Foundation article, "Killing the Entrepreneurial Spirit: Government is Not a Good Investor."

Politicians invest other people's money which is much easier to spend, and is not managed adequately to assure the highest return on the investment.

This results in wasted resources. Contrast the success of the U.S. Postal Service, Social Security or Medicare to private enterprise and it's clear which produces the greatest return.

What creates jobs are employers with profitable businesses, innovating and creating wealth. The present economy, the credit crunch and current tax codes grossly limit entrepreneurs who want to start new businesses. Private sector job creation must rise for the unemploy-

ment rate to fall. Under and unemployment must decline for people to choose to spend.

Congress' role

Congress needs to jumpstart the restoration of jobs by reducing the risk for investors, venture capitalists entrepreneurs and business owners. President Obama should make good on his campaign promise to eliminate the capital gains tax on startup companies, which would encourage more venture capital investment and new business. Banks that received bail out money should be required to make low interest rate loans to businesses and entrepreneurs.

Congress needs to restrain spending to alleviate the threat of higher interest rates and higher inflation, which would also help restore the trust of the American people and relieve the fear of the future that is keeping a choke-hold on spending. Congress should also commit to raise no taxes and impose no new burdens on businesses at least until the economy is approaching full employment. State governments need to do what they can to stimulate new businesses and jobs, which should include eliminating the self-employment tax.

Presented with a more certain path forward, businesses will regain their optimism for the future, and will resume making the investments they need in order to expand and to compete in the global marketplace. This will create jobs and promote a climate for increased spending and the economy will be in recovery.

Christian is a broadcaster, national speaker and writer who uses her past experience of extended unemployed to help those suffering the same. For more information on her ministry, visit www.wydk.org and www.squidoo.com/WhatYouDontKnow.

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