

New Stimulus Exactly What Economy Needs

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It's a shame that the Senate failed to pass President Obama's American Jobs Act. Congress should pass most of its provisions separately over the next couple weeks, because this is exactly what the economy needs.

In a recent Journal op-ed column, conservative economists Micha Gisser and Kenneth Brown argued that a new jobs bill would fail, just like the 2009 stimulus bill. But they didn't mention that the stimulus bill created 2.4 million jobs, according to Mark Zandi, the most respected non-partisan economic analyst in the country.

During 2008 and 2009 the American economy was losing up to 750,000 jobs a month! It wasn't until the effects of the stimulus hit that we began to see jobs being added again — and jobs have been added almost every month since then.

But the recovery hasn't been strong enough. So Zandi, along with most other economists, says we desperately need to enact a second stimulus bill, at least generally like the President's Jobs Act.

In opposing a strong jobs bill, Gisser, Brown and other conservatives refuse to learn from the history. In 1938 we were struggling back from the depths of the Great Depression when Congress failed to extend job-creating programs like the WPA that had begun to get people back to work. Conservatives argued back then, just like Gisser and Brown do now, that it was more important to give businessmen "confidence" and less "uncertainty." Then they'd start investing and creating new jobs.

But just the opposite happened — the economy took another nosedive. What the economy needed back then, just like it needs now, is people spending money — consumer demand. By not continuing programs like the WPA, people lost their jobs, had no money to spend, and the economy tanked again.

This is what Gisser and Brown are urging we do now.

In 1941 we were forced into war, and proved that government spending can create millions of jobs. Within a year or two, millions of unemployed Americans had jobs in war industries financed by government borrowing. We not only won the war, we went on to build the strongest economy the world had ever seen.

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We should learn from this history and not listen to ideologues like Gisser and Brown who ignore it.

We badly need additional government spending right now to create good jobs again so that people can spend money and businesses can start hiring.

If you want more proof, look at what is happening in England. The conservative government adopted an "austerity" program two years ago and started laying off thousands of public employees. This was supposed to give businesses "confidence" and get them to start hiring employees. Instead their economy has literally flat-lined and unemployment is rapidly rising.

The idea that business will start hiring if we remove "uncertainty" is right-wing nonsense. That's what conservatives said in 1938 and what they said in England two years ago. It never works.

Businesses hire new employees when they think they can sell the goods and services the new employees would provide — and not before.

Congress must pass one or more bills immediately that give ordinary people jobs and money to spend.

Specifically Congress should: extend the current payroll tax cut so working people will have a little more to spend; extend unemployment insurance so laid-off workers can continue to buy food and shelter; provide financial relief to state and local governments so they won't have to lay off even more teachers, police and firefighters — with all the loss of consumer spending that would mean; put people to work rebuilding our crumbling roads, bridges and schools; and give employers a modest tax incentive to add workers.

Congress should pass the items on this list as soon as possible, together if possible but separately if necessary.

Otherwise we face a double-dip recession and more national misery right around the corner. "Those who fail to learn from history are condemned to repeat it."