



## It's the uncertainty, stupid

### The president's latest jobs plan is a rehash that won't work

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By Antony Davies

Einstein once said that insanity is doing the same thing over and over and expecting a different outcome. Given Barack Obama's latest jobs proposal, one has to wonder if our president is losing his mind.

Since 2008, the federal government and Federal Reserve have injected the equivalent of two Canadian economies into ours in the form of stimulus and have gotten precisely nothing for their efforts: Unemployment still hovers around 9 percent, workers are dropping out of the job market and the economy remains stagnant.

With the American Jobs Act, the president is pushing for another \$447 billion in spending to ... wait for it ... stimulate jobs!

Those of us who remember recent history know that the only thing this plan will do is to fatten the deficit.

In anticipation of this criticism, the president has declared war on "the rich" by requesting new taxes aimed at the Warren Buffets among us. The last time our government took on the rich, it targeted a handful of millionaires who were not "paying their fair share." The result was the alternative minimum tax. That ungodly creation has grown over the years to devour millions of households -- many of which are solidly middle class.

So, consider this a message from the sane to the president: Your jobs plan won't work.

Why? It calls for temporary tax cuts. Cutting payroll taxes might encourage firms to hire short-term, low-skilled workers but would do nothing to create longer-term, higher-value jobs.

Businesses have no incentive to tap into the pool of the long-term unemployed when they don't know how long the tax cut will last. If a business isn't interested in hiring without the tax cut, then the business won't be interested in keeping the worker after the tax cut expires. Few businesses go through the trouble of hiring someone they know they might have to dump a few months later.

Tax credits won't work either.

Tax credits for hiring long-term unemployed workers and veterans would encourage businesses to hire these people instead of hiring the short-term unemployed or non-veterans. But the tax credits wouldn't encourage businesses to hire for positions that they weren't going to fill anyway.

More than 6 million people have been unemployed for 27 weeks or longer -- and there's a lot to be said for getting them back on the job -- but this is an inadequate fix for a daunting problem.

There's another reason not to put too much faith in tax credits. A credit is only valuable if a business has profits to tax. A business that isn't earning a profit doesn't pay taxes, so a tax credit does that business no good. Tax credits are only valuable to firms that don't need them, and those firms were hiring anyway. Like the old adage that banks only lend to people who don't need money -- tax credits tend to help the firms that don't need help.

Bill Clinton's mantra was, "It's the economy stupid." Barack Obama's mantra needs to be, "It's the uncertainty stupid."

Since taking office, this president and his czars have been mass-producing uncertainty. From Obamacare's additional insurance requirements, to announcing new emissions standards and then postponing them, to overturning bankruptcy law (in an effort to appease the United Auto Workers), to "cash for clunkers" (an effort to appease the UAW's employers), to telling Boeing that it can't move from one state to another, the Obama White House has been a fire hose of uncertainty.

Businesses and the markets crave stability. They need to know that there will be continuity in the marketplace and that new, unforeseen regulations won't add to their costs.

Americans have had enough. It's time for the White House to admit that government can't create jobs. Entrepreneurs create jobs. If this president is to have any hope for a second term, he needs to leave the private sector alone so that it can get back to the business of doing what it does best -- creating wealth and employing Americans.

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