



Written by [James Heiser](#) on February 23, 2010

Obama's Jobless Recovery

The New York Times is now reporting what many Americans have figured out already: The Obama “recovery”) is a jobless recovery, leaving millions of Americans lacking the one thing that concerned them the most.

According to an article by Peter Goodman ([“Millions of Unemployed Face Years Without Jobs”](#)):



Traditionally, three sectors have led the way out of recession: automobiles, home building and banking. But auto companies have been shrinking because strapped households have less buying power. Home building is limited by fears about a glut of foreclosed properties. Banking is expanding, but this seems largely a function of government support that is being withdrawn.

At the same time, the continued bite of the financial crisis has crimped the flow of money to small businesses and new ventures, which tend to be major sources of new jobs.

In short, what is needed is the traditional reliance on small business, and bailouts aimed at boosting the number of government (“public sector”) jobs, or funneling money into the very banks and multinational corporations that pillaged the economy, do very little to actually address the needs of the American people — who will be required to pay the bill for the bailouts. As Naomi Prins (author of *It Takes a Pillage*) [recently observed](#):

Thus far, President Obama’s financial reform strategy has reeked of political expediency — talk tough to Wall Street, act gentle, ride out the populist anti-banker tide, hope for the best, change nothing.

Time is running out for millions of Americans, and the vaunted “safety net” of unemployment checks cannot keep up with the continued deterioration of the American economy. Again, according to Goodman:

Yet the social safety net is already showing severe strains. Roughly 2.7 million jobless people will lose their unemployment check before the end of April unless Congress approves the Obama administration’s proposal to extend the payments, according to the Labor Department.

But extensions of unemployment simply increase the debt and stall for time waiting for jobs which show little sign of returning.



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According to Goodman, 6.3 million Americans have been unemployed for six months or longer — “the largest number since the government began keeping track in 1948. That is more than double the toll in the next-worst period, in the early 1980s.”

Government jobs and quick-fix, so-called “shovel ready” public works projects do not fix the long-term economic problems confronting the U.S. economy. What is needed is for government to stop hindering the process of Americans starting their own businesses.

[An article at MinnPost.com](#) addresses the heart of the problem:

Behind these moves lies a simple reality: The economy’s net job losses over the past year have stemmed less from people losing their positions than from a sharp slowdown in the usual pace of new hiring – both by start-ups and long-established firms. During the recession, the number of jobs in the United States shrank by more than 8.4 million. The nation now has fewer private sector jobs than it did a decade ago, even though the population has grown by more than 20 million.

With that gaping jobs deficit, Mr. Obama’s proposed incentives for bootstrap businesses are at best a partial fix. Many economists worry that the normal growth cycle may be too tepid to bring down the nation’s 9.7 percent unemployment rate this year. So the president is pursuing more government aid to households and state governments, to give the economy a demand-side boost. He’s also seeking to promote exports and to expand infrastructure spending.

Economists generally support this kind of multiprong strategy, but the basic goal is to get the economy’s natural job-creation forces working again. The hiring will need to come from all quarters, including giant corporations and the hair salon down the street. Yet year in, year out, a healthy share of it comes from entrepreneurs, an American resource that dates back to Robert Fulton’s steamboat....

So if start-ups are still starting and inventive minds are still inventing, what’s the problem? In a word: money. Economists and businesspeople say it’s one of the worst climates for entrepreneurs in decades. The slowdown in consumer spending is coupled with a credit crunch.

The answer to this crisis is not government-funded jobs. Americans need to return to real work, pursuing their vocations without being taxed to death. Apparently even the *New York Times* is now beginning to recognize the ‘facts on the ground’ that continue to elude the attention of the Obama administration: Until the current cycle of deficit spending and government giveaways is ended, the deterioration of the American economy will continue, and the possibility of prosperity will slip further away from another generation of citizens.



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