

# Memo to Obama: “Create more jobs or resign”

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Abysmal. That’s the only way to describe Friday’s job’s report.

And, on top of that, the unemployment rate has been heading higher for the last 3 months. It’s now at 9.2 percent a full two years into the recovery. That’s unprecedented. Where are the jobs, that’s what everyone wants to know.

This is beyond disappointing. The stock market has regained most of the ground it lost since it touched bottom in March 2009, but the real economy is still stuck in the mud. Just look at the data. Here’s a clip from economist Tim Duy who sums it up perfectly:

“...the labor force fell, the participation rate fell, the employment to population ratio fell, the number of employed plummeted, and the number of unemployed climbed. Private nonfarm payrolls gains a paltry 57k, and the drag from government cutbacks pulled the overall jobs gain to just 18k. Far short of the numbers needed to even hold unemployment steady.” (“Grim”, Tim Duy, Fed Watch)

Get the picture? It’s all bad. And guess what? Those “18,000 new jobs” falls within the Labor Depts margin for error, so there could actually be “no new jobs”. Will that wake up Obama? Probably not.

How do you light a fire under Washington, that’s the question? Is Congress even aware that we’re undergoing a major jobs crisis or are they too busy bickering over tax cuts for fatcats or how much money they can divert from Social Security to Wall Street?

Look; the official rate of unemployment is over 9% and rising. The real rate is much higher.

The states are firing tens of thousands of teachers and public employees every month because they need to balance their budgets and they’re not taking in enough revenue. The stimulus is dwindling (which means that fiscal policy is actually contractionary in real terms) And the 10-year Treasury has dipped below 3 percent (as of Monday morning.) In other words, the bond market is signalling “recession”, even while the dope in the White House is doing his utmost to slice \$4 trillion off the deficits.

Does that make any sense?

Maybe if you’re Herbert Hoover, it does. But it makes no sense at all if you were elected with a mandate to “change” the way Washington operates and put the country back to work. Obama is just making a bad situation worse by gadding about in his golf togs blabbering about belt tightening. It’s enough to make you sick.

Just think of the message Obama is sending our trading partners. By refusing to spend more on stimulus, Obama is announcing to the world that his administration will do nothing to rebuild the middle class and shore up flagging global demand. They've got to love that in China! Instead, he wants to make increase the pain, by cutting off the bloodflow of Federal spending while households are still digging out from the losses they sustained after the housing bubble burst. That will just make it harder for people to patch their balance sheets and get back to normal. Doesn't Obama see that?

Do you know what it's going take to find jobs for all the people who want them? According to economist Gary Burtless from the Brookings Institution, "To bring the adult employment rate back to its pre-recession level, we would need to add about 11 million new jobs. At the pace of job growth we have seen since the start of the year, that task may take decades."

And here's more from the New York Times:

"The economy needs to add about 150,000 jobs a month just to keep up with normal population growth. The protracted stretch of weak-to-moderate job creation over the last two years has left many of the people who lost jobs during the recession increasingly desperate. There are now 14.1 million unemployed, with 6.3 million of them having searched for work for six months or longer. Including those who are working part time because they cannot find full-time work and those who have stopped looking, the broader unemployment rate is now 16.2 percent, its highest level since December 2010." ("Job Growth Falters Badly, Clouding Hope for Recovery", New York Times)

So, we're in trouble, right? Big trouble. Not only are we not creating jobs, the administration is not providing sufficient resources to the states so they can keep the people who ARE employed still working. It's madness.

Some of this can be attributed to supply disruptions in Japan or problems in Europe, but not very much. And, yes, the Fed should get some of the blame for fiddling the money supply with QE2, it's wacko bond buying program that sent gas and food prices through the roof. That slowed consumer spending enough to discourage business owners from hiring more workers. But QE2 is not the real problem. The real problem is that the recovery is running out of steam because the government is reducing its spending and consumers aren't in a position where they can make up the difference. So, it gets down to this: Either we get a second round of stimulus or unemployment is going to climb even higher and growth will continue to flag. It's one or the other.

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