

Creating jobs is Washington Job No. 1

December 18, 2009

Americans need jobs, and Washington should do what it can to create them. But that's no easy task for the government, especially when it's mired in deficits and debt. As the economy awakens from the Great [Recession](#), the public should be realistic about what officials can do to cure lingering [unemployment](#) - the painful hangover from the nation's binge on bad debt and credit.

The economy is recovering. Jobs are still vanishing, but the loss has slowed from 598,000 in January to 11,000 in November. Still, the 15.4 million people actively looking for work - including the 100,900 on Long Island - don't want to hear: "Take two aspirin and call me in the morning."

So, after spending well over a trillion dollars to rescue banks and automakers, stave off foreclosures and resuscitate a humbled economy, how can Washington get people back to work?

President [Barack Obama](#) was on the right track early this month when he asked [Congress](#) to target small business and weatherization, and to aid the jobless by extending unemployment compensation and health insurance subsidies. Those approaches would hit the bull's-eye for Long Island's small-business-heavy economy.

More dollars to shore up the nation's infrastructure are also a crucial element, though the payoff in jobs would be slow to arrive unless state officials moved more quickly than usual to put the money to work.

Much dicier is [Obama's](#) call for additional federal aid for state and local governments. The logic is sound: Creating jobs while states and municipalities shed jobs could leave the nation treading water. And some governments would use the money wisely.

But not all. When [New York](#) got \$6.75 billion from Washington earlier this year, rather than cut spending and use the federal stimulus to cushion the blow while learning to live within its means, Albany raised taxes and fees and spent more. Much more. Now the state is precariously close to being unable to pay its bills.

Washington shouldn't enable that sort of irresponsibility again. It's not the best use of scarce dollars. Aiding small businesses - which account for 95 percent of Long Island's private sector jobs - is a better approach.

Business owners dearly love tax cuts, but stimulus dollars shouldn't be doled out in indiscriminate tax breaks either. Without an uptick in the demand for products and services, lower taxes won't be

reason enough for companies to hire. Tax cuts should be tightly targeted, for instance temporarily eliminating capital gains taxes on small-business investment, and increasing write-offs for businesses that actually expand.

Seeding access to credit is more important. Small businesses need loans to invest and grow, and sometimes even to fill orders and meet payroll. That money is too hard to get.

Obama has been jawboning bankers to make more loans. But it was risky lending and wild speculation that plunged the economy into crisis. It's prudent for banks to build cash reserves and to insist that the loans they make are sound. Unfortunately, it appears many banks have become too cautious, leaving creditworthy small businesses starved for cash.

Two ideas being considered are temporarily increasing federal loan guarantees and making [Small Business Administration](#) loans more readily available by eliminating fees. Each would help.

Washington also should use some of its scarce dollars to increase demand for goods and services. Putting money into the pockets of the jobless would do that. Congress is moving to extend unemployment benefits and the federal subsidy that helps the jobless retain their health insurance. Expanding incentives for people to weatherize their homes would also drive demand.

Long Island is positioned to benefit quickly from a federal boost for weatherization. When it comes to retrofitting existing structures to make them more energy efficient, the Town of [Babylon](#) is ahead of the curve. Using an innovative approach to financing the average \$8,200 upfront cost, 309 homes in Babylon have been retrofitted or had energy audits, the first step in the process.

Now seven Long Island towns have joined Babylon in a consortium to expand the effort, which would create up to 2,600 jobs for qualified contractors and suppliers, lower utility bills and move us toward a greener future. The consortium is competing for federal money to ramp up the effort. It could do even more if additional federal dollars become available. Congress should make sure that happens.

Beyond the pain that double-digit unemployment visits on struggling families, there is another good reason for the federal government to create jobs: improving its own bottom line.

More people working in a healthy, growing economy would mean more people paying taxes rather than tapping costly services. That's what it will take for Washington to begin the important job of reining in record deficits and trimming the \$12-trillion national debt, now growing by an astounding \$3.85 billion a day.

Washington needs to wring every drop of impact from every dollar used to create jobs, for one simple reason: America needs the work.