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Congress Defaults on Job Creation

By Kristen Friend, staff U.S. Supreme Court and Congress writer – July 14, 2011

Challenges continue to mount for lawmakers on Capitol Hill, with a bleak June jobs report adding heat to ongoing arguments over budget priorities and a looming deadline for action on the debt ceiling. Congress has serious issues to address in the face of rising unemployment, rising deficits and continued financial uncertainty for many middle and working class Americans.



Illustration 1: President Obama meets with (from left) Chief of Staff Bill Daley; Rob Nabors, Assistant to the President for Legislative Affairs; Bruce Reed, Chief of Staff to the Vice President; National Economic Council Director Gene Sperling; Jason Furman, Principal Deputy Director of the National Economic Council; Office of Management and Budget Director Jack Lew; Senior Advisor David Plouffe; and Treasury Secretary Timothy Geithner. - White House Photo by Pete Souza

“What do you think is the most important problem facing this country today?” The majority, 53 percent, chose the economy and jobs. The second-highest priority was again the national deficit/debt at 7 percent. [4]

The summer has failed to bring relief from a steady stream of bad economic news. The official unemployment rate has risen to 9.2 percent. [1] The private sector is not creating the jobs needed to offset cuts in public sector employment. The 18,000 new jobs created in June fall far short of the roughly 125,000 needed each month to cover natural growth as new individuals enter the workforce. [2]

Jobs were a major issue during the 2010 midterm elections. The party in power never does well in an election when the country faces high unemployment, and 2010 was no exception. In a New York Times/CBS News poll conducted in January, shortly after the ceremonial swearing in of the 112th Congress, 51 percent of respondents said that the economy and jobs was the most important problem facing the country. At 6 percent, the budget deficit and national debt came in as the second highest priority. [3]

Despite months of argument over budgets, spending, the national deficit and the debt ceiling, polls show very little shift in public opinion. A CBS News/New York Times poll conducted June 24 to June 28 asked the open-ended question,

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The media is expending a tremendous amount of energy speculating about the debt ceiling, job creation and potential cuts to domestic programs. Crisis is in the air. Congress has a clear mandate to act on jobs, but lawmakers seem distracted by other issues.

Of the 23 bills passed by the 112th Congress and signed into law, one can marginally be referred to as a jobs bill. Congress has been most prolific at naming public buildings. Five new laws concern the official designation of post office branches and courthouses. The Smithsonian Institute received attention with three laws naming citizens to its Board of Regents. [5]

Congress has also been busy with five continuing appropriations bills, the Airport and Airway Extension Acts (parts I, II and III), a Surface Transportation Extension Act, an extension of programs under the Small Business Act of 1958 and two extensions of the PATRIOT Act. [6] In a move broadly supported by both parties, Congress repealed new reporting requirements for businesses that had been included in the Patient Protection and Affordable Care Act. [7]

The jobs bill, also an extension of a law currently on the books, aims to provide continued investment in small businesses. The Small Business Additional Temporary Extension Act of 2011 reauthorized the SBA's Small Business Innovation Research (SBIR) and Small Business Technology Transfer (STTR) programs. The SBIR and STTR programs allow the Department of Defense to invest in research and development at small technology companies. The fund provides up to \$1 billion for investment in technologies that may benefit the DoD and the private sector. [8]

The House of Representatives has passed several ideologically driven measures that have very little chance of being introduced in the Senate, let alone passed and signed into law. One of the most famous, H.R.2 – Repealing the Job-Killing Health Care Law Act, was passed less than a month into the new session. [9] The House also tackled women's health with H.R.3, the No Taxpayer Funding for Abortion Act, despite the fact that the Hyde Amendment already prohibits federal funding of abortions. [10] Environmental legislation, most notably cap and trade, died last year. But the House did pass H.R.910, the Energy Tax Prevention Act of 2011, which declassifies greenhouse gasses as a pollutant and prohibits the EPA "from promulgating any regulation concerning, taking action relating to, or taking into consideration the emission of a greenhouse gas to address climate change." [11]

That is not to say that jobs legislation has not been introduced. Representative Keith Ellison (D-MN) sponsored H.R.2368, the Put America to Work Act of 2011. Ellison's bill would provide grants for job development in distressed communities. [12] Rep. John Conyers (D-MI), sponsored H.R.870, the Humphrey-Hawkins 21st Century Full Employment and Training Act to establish a National Full Employment Trust Fund. [13] In the Senate, Senators Rockefeller (D-WV) and Lautenberg (D-NJ) introduced S.936, the American Infrastructure Investment Fund Act of 2011, which would create a fund within the Department of Transportation to encourage private investment in transportation and infrastructure projects. [14]

President Obama said in his press conference on Monday that, "We're still going to have to have a

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strong jobs agenda.” [15] The president, however, has failed to outline a comprehensive jobs plan and is instead focusing on small measures that may stand a chance of getting through both chambers of Congress.

One such item is patent reform. The Senate passed a patent reform bill, The Patent Reform Act of 2011 (S.23) earlier in the year, and the House passed its version, the America Invents Act in late June. The House and Senate now need to merge the bills into one bill that will be voted on again by both chambers of Congress. The Patent Reform Act of 2011 modifies the patent approval process by replacing the current first-to-invent system with a first-to-file system. [16]

Having a patent helps businesses and innovators secure funding for new projects. The theory is that if patents can be obtained more easily, more money will be invested in new ideas, therefore creating jobs. Like all plans, patent reform has its detractors. Critics argue that the bill will make it easier for larger entities with greater resources to infringe on the ideas of small innovators. The changes could encourage foreign companies to challenge U.S. patents, potentially taking investment and jobs overseas. One lawmaker, U.S. Rep. Don Manzullo (R-Ill), goes so far as to say the America Invents Act is probably unconstitutional. [17]

In his Monday press conference, the president also urged Congress to act on trade agreements. According to supporters, free trade agreements promote an increase in U.S. exports, creating jobs to fill increased production needs. [18] Three trade agreements are pending in the House and Senate, with South Korea, Columbia and Panama. A sticking point in both chambers is disagreement over the Trade Adjustment Assistance program. The TAA program provides job training and health care aid to workers who lose their jobs because of trade agreements. Republicans would like to hold a separate vote on the TAA program while Democrats would prefer the program be included in trade agreement legislation.

Critics of trade agreements argue that such agreements may actually result in a net job loss. [19] While an increase in exports may create jobs in the US, an increase in the trade deficit with free trade partners could end up doing more harm than good. The positive effect of increased exports could be diminished by simultaneous increases in imports.

Despite wide gaps in political philosophy, lawmakers and lobbying groups on both sides agree that boosting employment will help address long-term deficit problems. A lower unemployment rate means more tax revenues and falling deficits. The ideologically opposed U.S. Chamber of Commerce and ALF-CIO held dueling press events on Monday encouraging Congress and the president to raise the debt ceiling and focus on jobs. Although they do not agree on much, both groups are concerned about the bleak jobs picture, and both even agreed that new infrastructure is a good way to add to payrolls. [20]

Poll after poll shows that Americans are tired of dealing with economic uncertainty. [21] Lawmakers have proven they can effectively target that frustration to vilify political rivals. For the 112th Congress, passing laws that address the challenges Americans face has proven more difficult.

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