

Mr. Claire Shipman Is A Jackass

On August 10 White House press secretary Jay (“Mr. Claire Shipman”) Carney was challenged by *Wall Street Journal* reporter Laura Meckler to explain why the Obama administration believes that extending unemployment benefits will create jobs. Carney began his response by insulting Meckler: “Oh, uh, it is by, uh, I, I would expect a reporter from the *Wall Street Journal* would know this as part of the entrance exam...”

Carney then gave what he thought was a brilliant answer, saying, “...I mean it is, it is one of the most direct ways to infuse money directly into the economy because people who are unemployed and obviously aren’t earning a paycheck, uh, are gonna spend the money that they get. They’re not gonna save it, they’re gonna spend it. And unemployment insurance, that money goes directly back into the economy, dollar for dollar, virtually. So, it is, and, and when it goes back into the economy, it means that, uh, everywhere that those people, every place that, that, that money is spent has added business, and, and that creates growth and, uh, income for businesses that then lead them to making decisions about jobs, you know, more hiring. So, there’s, there is, there are few other ways that are, can more directly, uh, put money directly into the economy than providing unemployment insurance.”

Carney, who has apparently never read a book about basic economics, neglects one important factor: *the government cannot give money to an unemployed person without first taking it from an employed person* (or borrowing it from China.) Although it is true that giving an unemployed person \$400 to spend pleases the owners of the stores at which he spends that money, somewhere else in the United States there are store owners who have *lost* \$400 in sales because that money has been taken from a taxpayer. Carney may just as well argue that bank robbery should be encouraged because, after all, the bank robbers will spend the money they took from the banks and their spending will boost sales.

This is not to argue that the unemployed should not be given unemployment benefits, but the process certainly does *not* create jobs. If it did, the nation would be better off if everyone went on the dole.

Carney, like many Obama officials, has fallen for the broken window fallacy from Frédéric Bastiat’s 1850 essay, “Ce qu’on voit et ce qu’on ne voit pas” (“That Which Is Seen and That Which Is Unseen”). Bastiat asked why, if a hoodlum breaking a window creates employment for the glazier, is it not a good idea to break windows all over town to create even more employment? The modern version is the fool who, looking at the devastation caused by earthquakes in Haiti and Japan, declares, “Well, look at all the construction jobs that have been created!”

Granted, Carney has the unenviable job of defending Obama’s policies but, let’s be honest, the man is a jackass.

Don Fredrick
August 14, 2011

Recommended reading:

Economics in One Lesson

http://www.amazon.com/Economics-One-Lesson-Shortest-Understand/dp/0517548232/ref=sr_1_1?ie=UTF8&qid=1313348673&sr=8-1

Economic Sophisms

http://www.amazon.com/Economic-Sophisms-Frederic-Bastiat/dp/117328592X/ref=sr_1_1?s=books&ie=UTF8&qid=1313348713&sr=1-1

What You Don't Know About Economics Can Hurt You

http://www.amazon.com/What-Dont-Know-About-Economics/dp/0595137229/ref=sr_1_4?s=books&ie=UTF8&qid=1313348792&sr=1-4