

## Obama weighs job creation options

### Unemployment

By Edward Luce  
in Washington

The White House said yesterday that it was weighing dozens of policy options to create new jobs and ease the burden on America's 15.1m jobless but it ruled out talk of a second stimulus to further boost the US economy.

Most economists believe the US is moving out of recession. But unemployment is expected to hit double digits within the next few months and remain at that level throughout much of 2010. Last month, the economy shed another 263,000 jobs to hit a rate of 9.8 per cent – the worst since 1982. But Barack Obama, US president, who recently described the \$787bn (£535bn, £495bn) stimulus as a "tourniquet" to stop the economic bleeding, is not contemplating another stimulus, say officials.

"This is not a discussion of second fiscal stimulus," said Jen Psaki, the senior White House economic

spokesman. "The president and his economic team have continued to look at a wide number of policy options to create new jobs and ease the burden of those who cannot find employment but any notion that we are any farther along than preliminary discussions about new proposals is wildly inaccurate."

Officials are concerned that high joblessness could undercut Democratic prospects in next year's critical mid-term congressional elections. Polls show that a majority of US citizens list jobs as their top concern.

Among the programmes under consideration are a \$3,000 tax credit for employers who create jobs, an extension of existing unemployment benefits after they expire at the end of the year, and an extension of the \$8,000 tax credit for first-time homebuyers.

Most of these programmes began under the stimulus in February. Depending on how many are extended, the new measures could add between \$75bn and \$150bn to next year's budget, say economists. But they also stress

that most of the president's stimulus will be paid out only in the next budget year, which started at the beginning of October.

About a quarter of Mr Obama's stimulus, or \$164bn, has so far been paid out. About half, or almost \$400bn, will be paid out over the next 12 months in the build-up to mid-term elections. The final quarter will be disbursed in 2011.

In parallel with concerns over the political effects of stubbornly high rates of joblessness, there is also worry about the persistence of high budget deficits.

Mr Obama has repeatedly pledged to retain George W. Bush's tax cuts for those earning less than \$250,000 a year. Mr Bush's cuts are set to expire next year.

Mr Obama is also expected to push for an extension of the "make work pay" middle-class tax cut that accounted for about a third of the stimulus. "These promises were made at a different time and may not prove wise as the economy moves out of recession," said Maya MacGuineas, who heads the Committee for a Responsible Federal Budget, a non-partisan watchdog.

"Once the healthcare debate is over, then the debate over budget reform and taxes is probably going to dominate 2010."

According to the Congressional Budget Office, the ratio of US debt held by the public is set to rise to 82 per cent of gross domestic product by 2019 – levels not seen since the second world war. If unfunded liabilities are included, that number would exceed 100 per cent of GDP by 2012, according to the International Monetary Fund.

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