



Politicians can't fix jobs crisis - but companies can

By Paul R. La Monica @CNNMoney September 8, 2011

NEW YORK (CNNMoney) -- President Obama can't fix the jobs problem. Neither can Rick Perry, Mitt Romney, Michele Bachmann or any of the other Republicans who want Obama's job.

So while I'll be eagerly listening to Obama's jobs speech tonight, I'm not getting my hopes up for any plan that will meaningfully add to the nation's payrolls and bring down the unemployment rate.

How can Washington afford to do something really significant? The federal government is strapped for cash. Ditto for state and local municipalities. And the consumer.

But do you know who is in good fiscal shape? Many large businesses. It's really up to the companies that actually have cash on hand to finally start hiring more.

Or to paraphrase ursine fire safety expert Smokey: Only you can prevent a double-dip recession, Corporate America. Only you.

Don't get me wrong. The president, Congress, the Federal Reserve and others in Washington aren't exactly powerless. They can and should try something to help get the economy back on track.

But businesses -- not government agencies -- are the true engine of job creation.

Mike Lee, a Republican senator from Utah, said he is reserving judgment on Obama's plan until after he hears the speech tonight. He would prefer, however, if Washington stepped back and let the private market sort out the jobs problem.

"If you continue to look to government stimulus spending as the preferred alternative to get the economy going again, you are setting yourself up for disappointment," said Lee, who is also the author of the book "The Freedom Agenda." "If it was reasonable to expect that stimulus could work, you'd see the economy already moving places."

That's a fair argument. But an equally fair retort is that without the previous rounds of stimulus, the economy would now be in worse shape.

Obama's 3-year battle for jobs

Still, it's frustrating to see businesses continue to blame Washington for the weak economy. Even if lawmakers relaxed certain federal rules and did more to promote American-made goods, how much would that really help?

"I'm sympathetic to calls for regulatory relief and foreign trade deals. But the impact from that would be relatively minor and won't help in the short-term," said **Bill Conerly**, an economist in Portland, Ore., and senior fellow for the **National Center for Policy Analysis** think tank.

Focus on technology

So what could help? One business leader said the government must do more to support the areas of the economy that are still vibrant, such as the tech sector.

"The debate about jobs is actually kind of straightforward. There's literally a new economy emerging. Look at the massive trends in technology and the hyperconnected world we live in," said Lanham Napier, CEO of Rackspace Hosting, a cloud computing company based in San Antonio. "Everybody in America is competing with people in China, Mexico or somewhere else."

Napier, who was one of two dozen chief executives who took part in a CEO survey I conducted for CNNMoney back in May, said an increased emphasis on education and training for high-tech careers would lead to more jobs.

To its credit, Rackspace has actually been on a hiring binge for the past year. The company's headcount has increased from about 3,000 at the end of June 2010 to 3,700 at the end of this June. In the second quarter of 2011 alone, Rackspace added 220 employees.

But Napier said his firm is still facing a shortage of skilled workers in the United States.

"There needs to be more of a focus on innovation. We can't find enough Linux developers," he said. "Instead of building bridges, why don't we build the world's greatest wireless network? If I hear 'shovel ready' one more time, I'm going to go berserk."

Will patent reform really create 200,000 jobs?

Of course, Napier has a vested interest in more investment in technology. But he has a point.

Still, the government can't completely abandon manufacturing in favor of innovation.

Ryan McConaghy, director of the Economic Program at Third Way, a think tank in Washington, said investments in a so-called infrastructure bank that partners with private businesses could help boost jobs in the long-term too.

"The reality is that in the short-term, the problems in this economy are bigger than any presidency and any government," he said. "That's why there has to be a long-term outlook and framework."

Napier added that a simpler tax code could also help in the short-term. That sentiment was shared by McConaghy and Senator Lee. However, taxes don't appear to be the biggest problem facing businesses either.

Stop worrying and start hiring

At some point, businesses will need to invest in more workers regardless of what's going on in Washington. After all, it's not as if taxes have all of a sudden become a confusing morass.

It's also not the first time in the nation's history when we've been faced with partisan nastiness.

"We've lived with constant political uncertainty for well over two centuries. That's not what causes people with capital to not invest," Lee said.

He's right. But the bickering in Washington seems worse than usual. And it is not helping.

"The most vital thing Congress and the president can do is enact policies that facilitate business growth and remove the crisis of confidence that has been deterring companies from hiring," said Sal Iannuzzi, chief executive of New York-based online job site Monster Worldwide and another participant in the CNNMoney CEO survey.

Still, no matter what Obama says tonight, Corporate America has to tune out Washington and assume it's not going to get much help from the White House or Congress.

Napier agreed, adding that "at some point American business leaders will get sick of listening to political leaders and move on."

Yes, it's understandable why businesses are nervous about the sad state of the economy. I've been calling this the low and slow BBQ recovery for more than a year. But businesses can't use the reticent consumer as an excuse forever.

"It's just like a junior high school dance. The boys on one side and the girls on the other," **Conerly** said about businesses and consumers. "Each one would like to dance but is afraid of making the first move."

So go ahead, Corporate America. Make that move. Although your palms may be sweaty, there should be no real fear of rejection. If you start using some of that excess cash to hire people, you'll find that consumers will be more than happy to dance with you and buy more of your products again.