

PERSONALLY SPEAKING

Special Issue

February 9, 2009

THE FAILED POLICIES OF THE PAST

Edward J. O'Boyle, Ph.D.

Mayo Research Institute

Copyright © February 9, 2009. All rights reserved.

The Obama administration and the Democratic leadership in Congress have used “the failed policies of the past” along with carefully selected data from the Bureau of Labor Statistics to rush through Congress a spending bill which will add upwards of \$900 billion to the public debt and \$36 billion, possibly more, to the interest paid on that debt every year until it is retired.

Clearly, there have been serious job losses in 2008 such that there are 4.2 million fewer persons employed at January 2009 than one year earlier and the unemployment rate over the past year has jumped from 4.9 percent to 7.6 percent. Setting aside 2008, there were 9.1 million more persons employed in 2007 than 2001 when George Bush took office and the jobless rate over these years slipped from 4.7 percent to 4.6 percent. If the Bush policies have failed, they failed only in the last year of his presidency. In all other years he must have been doing something right.

Consider also the following.

▶ Of the 142.1 millions persons employed last month, 2.2 million came from the pool of the unemployed in December and another 3.6 million from the ranks of persons not in the labor force. Thus a total of 5.8 million had jobs in January who were not working in December. The Bureau of Labor Statistics reported similar month-to-month changes throughout 2008 which underscores the dynamic nature of the American labor market where millions of persons are changing employment status from month to month as their way of coping with shifting economic conditions. Sadly this information which is relevant to the heated debate in Congress over the spending bill hardly ever sees the light of day.

▶ An estimated 379,000 additional women 55 years of age and over were employed in January 2009 than one year earlier. Among women 45 to 54 years old there was no statistically significant change over that one-year period.

▶ Over the same one-year period, 372,000 more men 55 and older were counted among the employed.

▶ Among the 11.6 million persons who were classified as unemployed in January, 917,000 quit their jobs and another 780,000 were new labor force entrants.

► Remove teenagers from the January labor force estimates and the jobless rate drops from 7.6 percent to 7.0 percent.

None of this is intended to make light of the current unemployment rate. **However, the 5.8 million persons who in the absence of any stimulus package had jobs in January even though they were not working in December far exceed the 1.3 million to 3.9 million jobs which the Congressional Budget Office estimates would be created by 2010 with the Obama-backed Senate spending bill of \$900 billion.** Further, Paul Volcker, the man Obama picked to head his Economic Recovery Advisory Board, chaired the Board of Governors of the Federal Reserve System when joblessness soared to 9.7 percent in 1982 and the prime rate of interest hit 20.5 percent in 1981. The failed-policies argument is feeble, the spending package is bloated, and the Volcker appointment is suspect.

Edward J. O'Boyle is Senior Research Associate with Mayo Research Institute. Since completing his doctorate in economics at Saint Louis University more than 35 years ago, Dr. O'Boyle has specialized in economic research and analysis increasingly from the perspective of the human person engaged in everyday activities both as a unique individual and as a community member. In January 2004 the Association for Social Economics conferred on Dr. O'Boyle its prestigious Thomas Divine Award for lifetime contributions to social economics and the social economy. He taught economics at a state university in Louisiana for 30 years prior to his retirement in 2007.

*Mayo Research Institute West Monroe, Louisiana
318-396-5779 edoboyle@earthlink.net
www.mayoresearch.org*