

# ***PERSONALLY SPEAKING***

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## **HOW MANY MORE JOBS NEEDED TO GET OBAMA RE-ELECTED?**

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*Permission to quote is granted when the source is acknowledged.*

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Even his staunchest allies acknowledge that President Obama's re-election in 2012 turns critically on improvements on the jobs front. They know that without substantial improvement there will be no re-election.

Thus the essential question facing President Obama re-election team is how many more jobs are needed to reduce the jobless rate to a politically acceptable level?

Oddly enough, Ronald Reagan encountered strikingly similar economic conditions: a failing economy inherited from his predecessor that produced double-digit joblessness early in his first term. Further, in September 1983 -- one year prior to the 1984 re-election cycle -- the unemployment rate stood at 9.2 percent. One month later it had dropped to 8.8 percent. For Obama the September-October 2011 numbers are roughly the same: 9.1 and 9.0 percent.

In January 1984 the rate of unemployment fell to 8.0 percent, and by the following July it dropped to 7.5 percent. One month before the 1984 elections, it stood at 7.4 percent slipping to 7.2 percent in November.

The historical record and Reagan's re-election suggest that it is possible for Obama to repeat, but here's the kicker: during the 12-month period ending in November 1984 the number of employed persons increased by 3.2 million. In addition, given the increased size of U.S. population, the improvement in employment necessary to drive the jobless rate below 7.5 percent by November 2012 would have to be even greater than 3.2 million. How much greater depends in part on the number of persons presently not in the labor force who would enter the labor force if and when economic conditions improve.

Based on data from the Bureau of Labor Statistics, the following table shows the actual change in the jobless rate, the number of months to effect that change, and the corresponding increase in employment beginning in September-October 1983 when the rate of unemployment hovered around 9 percent.

<i>Change in jobless rate</i>	<i>Number of months to effect change</i>	<i>Corresponding increase in employment</i>
9.0 to 8.5	1-2	917,000
8.5 to 8.0	2	472,000
8.0 to 7.5	6	2,234,000
7.5. to 7.0	16	2,372,000
7.0 to 6.5	16-17	3,594,000
6.5. to 6.0	4	1,456,000
6.0 to 5.5	12-13	2,262,000
5.5 to 5.0	6-7	1,703,000
<b>TOTAL: Sep/Oct 83 to Mar 89</b>		<b>15,210,000</b>
<b>&lt; 5.0</b>	<b>88</b>	<b>12,800,000</b>

At the end of Reagan’s second term in 1988, the jobless rate stood at 5.5 percent, which at that time economists regarded as somewhat above the full-employment mark. Finally, by March 1989 with employment having risen by 15.2 million since 1983 the rate of unemployment dropped to a more politically acceptable 5.0 percent. With another recession intervening in the early 1990s, it took an additional 88 months and a 12.8 million increase in the number of persons employed to push the jobless rate below 5 percent.

While it is possible for Barack Obama to repeat in 2012, the harsh political reality is that he is no Ronald Reagan. President Reagan was notably business-friendly. Solyndra aside, President Obama is not.

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