Factcheck: Do “Economists” Actually Agree That Every Obama Policy Is Awesome?

No consensus

By David Harsanyi
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Since its inception, the Obama Administration has engaged in the deceptive routine of claiming “economists” or “every economist” or a “consensus” of economists were in lockstep agreement over whatever policy prescription the White House happens to be peddling at the moment.

It began with the stimulus, when President Obama misleadingly asserted that economists “from across the political spectrum agree that if we don’t act swiftly and boldly, we could see a much deeper economic downturn that could lead to double-digit unemployment and the American dream slipping further and further out of reach.” Swiftly and boldly, perhaps, but not in the same way. The libertarian Cato Institute found 200 economists, three of them Nobel laureates — James Buchanan, Edward Prescott and George Vernon Smith — who disagreed that all “economists” supported the president’s stimulus plan.

Then there’s Nobel laureate Thomas J. Sargent, who in 2010 took the White House to task for its incorrect assertions about economists’ views of the stimulus bill’s likely effects:

In early 2009, President Obama’s economic advisers seem to have understated the substantial professional uncertainty and disagreement about the wisdom of implementing a large fiscal stimulus. In early 2009, I recall President Obama as having said that while there was ample disagreement among economists about the appropriate monetary policy and regulatory responses to the financial crisis, there was widespread agreement in favor of a big fiscal stimulus among the vast majority of informed economists. His advisers surely knew that was not an accurate description of the full range of professional opinion. President Obama should have been told that there are respectable reasons for doubting that fiscal stimulus packages promote prosperity, and that there are serious economic researchers who remain unconvinced.

And after the stimulus failed to come close to achieving the benchmarks set by the president’s own Council of Economic Advisers, Obama attacked critics, ratcheting up the rhetoric and claiming that “every economist” –- yes, *every* – “from the left and the right, has said, because of the Recovery Act, what we’ve started to see is at least a couple of million jobs that have either been created or would have been lost.” The stimulus, Obama’s chief economist Jason Furman wrote on his blog, saved or created an average of 1.6 million jobs a year through the end of 2012. This data, like many contentions by economists, is nearly impossible to prove or disprove, and was assembled by the same partisan White House shop which trumpeted all those convenient, pie-in-the-sky forecasts about recovery that failed to come to fruition. There are probably as many opinions on how a stimulus should look as there are economists.

So as we geared up for the Democrats’ big push on a minimum wage hike, efforts hit a road bump when the Congressional Budget Office estimated that once a $10.10 wage was implemented in the second half of 2016, we would see a reduction in employment anywhere from 500,000 to 1 million workers. Further, only 19 percent of the $31 billion wage increases would accrue to families with earnings below the poverty threshold.

Naturally, Furman, who has consistently used CBO numbers to bolster arguments over the years, told reporters that this time the numbers were completely wrong, because the report “does not reflect the consensus view of economists who have said the minimum wage would have little to no impact on employment.”

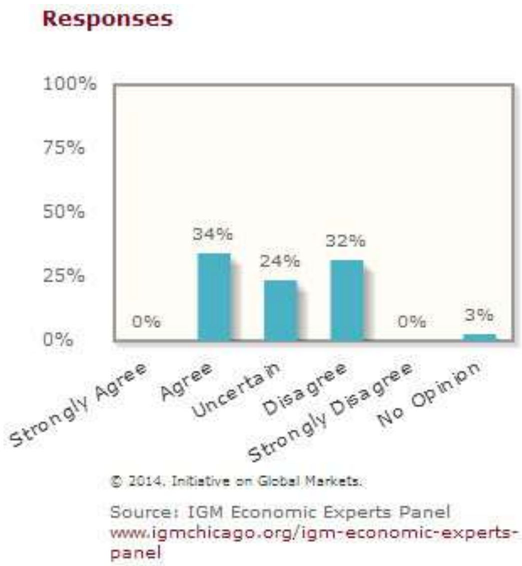
Is this true? For many years the broad consensus was that raising the cost of hiring low-skilled workers for employers would mean lower demand. Thomas Sowell put it like this:

One of the simplest and most fundamental economic principles is that people tend to buy more when the price is lower and less when the price is higher. Yet advocates of minimum wage laws seem to think that the government can raise the price of labor without reducing the amount of labor that will be hired.

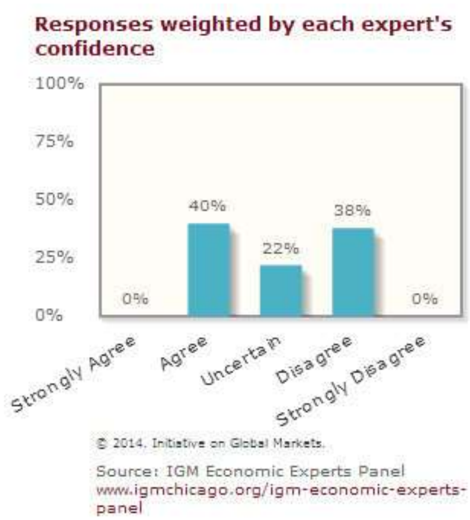
This seems to be the most basic of basic economics. Yet, in the past decade there have been competing studies that show an array of results. (One of the most-cited studies claiming that the minimum wage has little impact on employment has been pretty convincingly debunked.) Democrats will most often — very often — will refer you to a letter from the left-wing, union-funded Economic Policy Institute (EPI) that’s signed by 600 economists who support the wage hike. I’m not sure how much of these views are driven by partisan and ideological concerns rather than empirical outcomes, but I’ll let the social scientists argue over it. What does seem fair to say is there *is* a pretty strong agreement that the minimum wage is a blunt tool that does little to alleviate poverty.

And when the Initiative on Global Markets at the University of Chicago’s Booth School of Business queried a panel of 38 top economic experts on the subject not long ago, the results suggested anything but a consensus. About a third of respondents said a minimum wage hike would make it harder for low-skilled workers to find jobs, a third said it wouldn’t, and a quarter (always my favorite) said they weren’t sure.

Question A:
Raising the federal minimum wage to $9 per hour would make it noticeably harder for low-skilled workers to find employment.



When the economists were asked to answer the question according to confidence on a scale of 1 to 10, here's how the splits look.



The minimum wage debate splits economists in many way, but what it doesn't do is offer us any consensus that says Obama is right.