

THE GLOBE AND MAIL

Events seem to be breaking Obama's way

Lincoln needed the Civil War; Roosevelt needed the Depression; Obama needed an economic crisis



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A mere three months ago, many analysts believed this brutal recession would descend into depression and that the hundreds of billions that the Obama administration was spending to rescue banks and the economy wouldn't be enough.

Yet last week, the Treasury Department cleared 10 large banks to return their TARP (Troubled Asset Relief Program) funds, deeming them able to stand on their own without government help.

It now looks as though taxpayers will actually make money on the bank bailout. Already the Treasury Department has raked in about \$1.8-billion in interest payments.

Gallup reported Friday that investor confidence surged from -20 (rating: pessimistic) in April to -1 (rating: neutral) in May. There are other strong indications that the recession is ending, although unemployment may continue to rise through the rest of the year.

Overseas, the Pakistani government appears to finally be making progress against the Taliban, while al-Qaeda leaders are reportedly in search of safer hideouts in Somalia and Yemen.

And Mr. Obama's speech of reconciliation to the Muslim world is being credited with helping influence the Lebanon election, in which moderates defeated anti-American hardliners (though it had less impact on the Iranian vote). All that's left is to cure cancer, which Barack Obama may leave to his second term.

As spring turns to summer, events appear to be breaking the President's way to a phenomenal degree. Some observers believe that's because the administration is making its own luck.

"Obama and his administration have been extremely effective at communicating credibility," said Cliff Young, senior vice-president of U.S. pollster Ipsos Public Affairs. "He emits this degree of authority, in a good way, that makes people feel good."

Stephen Hess, an emeritus scholar at the Brookings Institution, a liberal Washington think tank, believes the real luck for Mr. Obama was having the economy obligingly descend into crisis during the presidential election – thus assuring Mr. Obama's victory – and then completely collapse right after.

"You have to have the right circumstances to be a great leader," Mr. Hess said, "and the circumstance usually is very bad news."

Lincoln needed the Civil War; Roosevelt needed the Depression; Mr. Obama needed an economic crisis.

“He's been given the opportunity to be a great president,” Mr. Hess believes. “He's also been given an opportunity to be a disaster. But that's not in his DNA.”

Mr. Young believes that, in consequence, Mr. Obama has enough political capital to push through landmark health-care reform, launch a cap-and-trade system to reduce greenhouse gas emissions, introduce a tough new regulatory regime for the financial services sector, and other aspects of the administration's ambitious agenda.

But Chris Edwards, an analyst at the Cato Institute, a libertarian Washington think tank, believes the Obama administration is aggregating aggravation.

“A number of his big plans are in trouble,” he believes. He is skeptical Congress will pass cap-and-trade, and as for health care, “there's trouble all across the board.”

What does get passed could come back to haunt the administration, as voters recoil against irresponsible deficits and/or higher taxes that result.

Mr. Edwards acknowledges, however, that Mr. Obama “is more popular than his policies,” and could continue to enjoy broad popular support even if he fails to implement much of his agenda.

The late Nathan Cohen, who virtually invented modern theatre criticism in Canada, once said he asked three questions of every production: What are they trying to do? How well are they doing it? Was it worth doing in the first place?

We know the answer to the first question. We won't know the answer to the third question, whether the Obama agenda strengthened or weakened America, for years to come.

But we can answer the second question. Despite the reservations of critics, and whether by accident or design, this administration remains popular and on track. And Mr. Hess believes that bodes well for Mr. Obama's prospects. “He's going to take advantage of the opportunities he's been given,” he says. “That is the real consequence of fortuitous circumstances.”