

# CBO: Unemployment won't improve much by Election Day

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A report from the Congressional Budget Office indicates that the nation's unemployment rate will be nearly 9 percent by the time President Obama attempts to win re-election in 2012.

President Obama will face a nearly 9 percent unemployment rate well into his re-election bid next year, according to a new report that amounts to a warning flag for an incumbent who had banked on a vastly improved jobs situation by the time voters flock to the polls.

Projections released Wednesday by the nonpartisan Congressional Budget Office say the unemployment rate will hover around 8.5 percent during the final three months of 2012, meaning Obama will still be at the helm of a stagnant economy by the November 2012 election.

The 8.5 percent unemployment rate would be an improvement over the current 9.1 percent rate and the CBO does not expect another recession. However, Obama will be forced to overcome an unemployment rate that no president since Franklin D. Roosevelt has been able to shake during a re-election campaign.

"The United States is facing profound budgetary and economic challenges," the CBO report says. "With modest economic growth anticipated for the next few years, CBO expects employment to expand slowly."

Political analysts dispute whether the president can effectively point to modest growth when he makes his case to voters already skeptical of his economic acumen.

"Laying blame for the economy on Obama is neither economically true or politically effective," said Simon Rosenberg, founder and president of the left-leaning think tank NDN. "Republicans aren't going to be able to run on 'Obama failed' and [the president] can't say he totally succeeded. It creates a ground for robust debate."

But others say the level of joblessness may be too staggering for the president to overcome.

"I've always said that if unemployment is over 9 percent, Obama loses," Daniel Mitchell, a senior fellow at the Cato Institute, said. "If it's under 8 percent, there's no way he loses. If it's between 8 percent and 9 percent, it's anybody's guess."

Both Mitchell and Rosenberg, however, agreed that Republican policies under President George W. Bush would undercut arguments that Democrats and Obama were solely responsible for today's stagnant economic climate.

That didn't stop Republicans on Wednesday from pouncing on Obama.

"Where are the jobs?" asked House Speaker John Boehner, R-Ohio.

While the CBO report offered little encouragement on jobs, it did predict a slight decrease in the federal budget deficit to \$1.28 trillion this year.

According to the report, just one in 10 consumers are expecting real gains in their income in the year ahead, matching a "level of pessimism last seen in 1980."

And even that minor improvement could prove overly optimistic since the report was completed in July before the first-ever downgrade of the nation's credit rating and shaky stock market.

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