



Was Obama a good jobs president?

Paul Davidson and Roger Yu

January 19, 2017

Of the myriad ways to judge a U.S. presidency, one measure emerges as the bottom line for many Americans: jobs.

Much like a baseball player's runs batted in or a company's earnings, the number of jobs created during a president's tenure is the vital statistic etched in memory decades later. Bill Clinton? 23 million. Ronald Reagan? 16 million.

By that barometer, President Obama, who took office during the depths of the worst economic downturn since the Great Depression and departs Friday, achieved historic success. The economy has added 15.5 million jobs since employment bottomed in early 2010, and the 156,000 picked up in December marked the 75th straight month of payroll gains, an all-time record. The grand total for Obama's two terms, after figuring in the severe job losses of 2009: 10.5 million.

The unemployment rate has plunged to 4.7% from 10% in 2009. Wages are finally climbing in earnest.

"He was about as good a job creator as can be expected given the cards he was dealt," says Mark Zandi, chief economist of Moody's Analytics. Besides a devastating financial crisis, those cards included a recalcitrant Republican-dominated Congress for much of his term, a weak global economy and sharp federal budget cuts.

Some critics, however, point to the dimmer side of the employment picture. The share of Americans working or looking for jobs is near historic lows. About 10 million prime-age men aren't in the labor force -- a lingering casualty of the Great Recession. Wage increases were stagnant at about 2% for most of the 7 ½-year-old recovery.

"Several million people are not earning income, not producing," says Dan Mitchell, senior fellow at the conservative Cato Institute. "I don't think it's good for the economy and it's not good for those people."

Mitchell at least partly blames the substantial increase in the disability and food stamp rolls during and after the recession, which he says encouraged some Americans to remain idle.

"We've expanded the welfare state," he says.

But Lawrence Mishel, president of the left-leaning Economic Policy Institute, says such payments, along with extended unemployment insurance, provided laid-off Americans a lifeline and propped up consumer spending and the economy. And Zandi says most of the decline in labor force participation can be traced to retiring Baby Boomers.

Most economists say Obama's actions during and after the 2008-09 financial crisis and recession revived a teetering economy that was losing 800,000 jobs a month when he was sworn in and left nearly 9 million unemployed. Obama spearheaded the \$831 billion American Recovery and Reinvestment Act of 2009, otherwise known as the economic stimulus, a sprawling package that included infrastructure spending, tax credits, state and local aid and extended unemployment benefits.

The program added nearly 3 million jobs at its peak in 2010 and cut the unemployment rate by 1.5 percentage points, according to a 2015 study by Zandi and Princeton economist Alan Blinder.

"The key to turning around the job market was the Recovery Act," says Zandi, who also credits Federal Reserve bond purchases that lowered long-term interest rates, "We were looking into the abyss."

"I really don't buy the numbers," says Aparna Mathur, an economist at the conservative American Enterprise Institute. In light of the stimulus's size, "We really didn't see a big recovery in the labor market" which she says took nearly eight years return to pre-recession levels.

Obama also carried through the Troubled Asset Relief Program, also known as the bank bailout. It resuscitated the largest banks whose capital was depleted by the housing crash, spurring lending and economic activity and adding another 3 million or so jobs, Zandi and Blinder estimate.

Although Bush signed TARP into law, Obama is credited with using the funds to significantly expand the rescue of the auto industry -- a highly controversial move at the time -- saving hundreds of thousands of jobs.

The White House also pushed job-training programs that better coordinated efforts among industry, community colleges and state and local officials; supplied grants and other funds for apprenticeships; and established a national public-private network to promote innovation in manufacturing, among other programs.

After losing more than 2 million jobs in the recession -- which accelerated a decades-long trend -- manufacturers have added 822,000 jobs since early 2010.

"I think (Obama) did a very good job in laying a foundation for manufacturing in America," says Scott Paul, president of the Alliance for American Manufacturing.

At the same time, he says, the administration could have acted earlier in taking a tough stance toward China's currency manipulation and in challenging its dumping of products in the U.S. at below-market prices.

Meanwhile, Republicans branded Obama a job killer for imposing too many regulations and failing to cut corporate taxes. Often cited: The Affordable Care Act, or Obamacare, which prompted some employers to convert full-time employees to part-time or keep full-time staff below 50 to avoid the health coverage mandate.

Similarly, Mathur says, the Dodd-Frank financial reform restrained banks, particularly small players removed from the meltdown, curtailing growth.

Zandi, however, says that there's little evidence the health care law hurt payrolls and that it created thousands of jobs by expanding coverage to millions of Americans. Dodd-Frank, he argues, also generated legal and other jobs to comply with new requirements.

More broadly, critics blame Obama for pushing through environmental and other regulations and for not championing a corporate tax cut to attract more multinational companies. He proposed reducing the 35% federal rate, highest among advanced economies, to 28%, but his plan got bogged down, in part, over how to treat foreign earnings.

That criticism amounts to nonsense, Mishel says. If cuts in taxes and regulations "were so successful – given that we've been pursuing them since Reagan – why do we have stagnation seemingly for four decades?" he asked. "We don't remember the Bush years as prosperity years."

They're also quibbles, Mishell says, in the context of a dramatic labor market turnaround fueled by the stimulus. "To say that these efforts weren't very positive is ignore a wealth of evidence."