

## Rep. Michele Bachmann claims report says the president's policies will drive up unemployment

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In a show of GOP unity for convention week, Rep. Michele Bachmann made her case on Fox News for a Mitt Romney presidency.

She also got in her digs at the other guy.

Under President Barack Obama, she said, you should expect unemployment to rise.

"A report just came out that if we continue with President Obama's policies, we're looking at over 9 percent unemployment next year in the fourth quarter," [Bachmann told host Sean Hannity](#) in the Aug. 27, 2012, interview in Tampa.

The unemployment rate was [8.3 percent](#) in July, so that would mark a serious reversal.

We decided to track down the report.

### The fiscal cliff

The former presidential candidate from Minnesota said she was referring to a report from the Congressional Budget Office, the nonpartisan agency with expert staff that generates projections about how laws affect the federal budget and economy. We reached out to her office for more detail, but didn't hear back.

So we checked out CBO's most recent such [report](#), an update to the country's economic outlook for the decade. It did include a projection that unemployment could reach 9.1 percent in the fourth quarter next year ([Table 2-1](#)).

But that projection was not based on continuing "President Obama's policies." Rather, it was CBO's look at what would happen if current laws are left unchanged -- which is not what Obama advocates.

"The policies that Rep. Bachmann refers to as 'President Obama's policies' are in fact what would result if the Congress fails to reach an agreement with the president on how to continue economic stimulus policies which he strongly favors," said Gary Burtless, an economist with the Brookings Institution. (As we've [noted before](#), Burtless contributed \$750 to Obama's campaign in 2011. However, in 2008 he provided advice on aspects of labor policy to the

presidential campaign of Sen. John McCain, R-Ariz., and he has worked as a government economist and served on federal advisory panels under presidents of both parties.)

If the president and Congress can't resolve their standoff, what results is referred to alternately as [the "fiscal cliff" or "taxmageddon."](#) Congress set some of the conditions for the cliff last year in their deal to increase the debt ceiling — the [Budget Control Act](#). It specified that if Congress couldn't find \$1.2 trillion in budget cuts, automatic cuts would hit across the board, including defense programs. (Bachmann [voted against the act](#); she opposed raising the debt ceiling and called the deal a "temporary fix.")

So right now, current law would, for instance, impose those stiff automatic spending cuts and let major tax cuts expire. (Obama would renew the tax cuts for those earning under \$250,000 and doesn't want to see automatic cuts.) The deficit would shrink an estimated \$641 billion in the next fiscal year. That would most likely lead to a recession, driving down GDP and pushing up unemployment, the CBO calculated.

That's right: Bachmann's talking about what would happen if the *deficit shrinks*.

It's worth noting Obama plays a role in the standoff, even if he doesn't endorse its result.

"He could be blamed, of course, for refusing to negotiate unless Republicans raise taxes, thereby making the cliff more likely," said Michael Tanner, a senior fellow at the libertarian Cato Institute. "I suppose the flip side applies as well, though."

If lawmakers and the president work out a deal that keeps the tax cuts and avoids automatic spending cuts, among other things, CBO calculates that the unemployment rate will drop to 8 percent ([Table 2-2](#)) — not rise.

Neither of those scenarios perfectly reflects Obama's policy goals. But the second one, with its unemployment rate drop, is closest.

## **Our ruling**

Bachmann said, "a report just came out that if we continue with President Obama's policies, we're looking at over 9 percent unemployment next year in the fourth quarter." But that jobless rate is based a projection of "current law," which would only happen as a result of a standoff between Congress and the president, not Obama's own policy priorities. Unemployment would rise in the face of immediate deficit reduction — something that more closely resembles Bachmann's preference than the president's.

The 9 percent unemployment figure is mentioned in the CBO study, but it is inaccurate for Bachmann to say it is under Obama's policies. We rate the claim False.