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BUSH RECESSION, OBAMA RECOVERY

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President Obama and his supporters have not yet tired of blaming the economic mess that he faced when he first took office in January 2009 on President Bush and asserting that the Great Recession – the Bush Recession -- is the worst since the Great Depression. Let's look at the historical record.

Phase I of the Great Depression ran from September 1929 to March 1933. Phase II ran from May 1937 to June 1938. Total number of months in economic contraction: 56. It was not the New Deal that brought an end to the Great Depression. It was World War II.

The Great Recession ran from December 2007 to June 2009. Number of months in contraction: 18. Thus, measuring the severity of the contraction in terms of months, the Great Depression was three times longer than the Great Recession. Comparisons in terms of joblessness are not possible because the Bureau of Labor Statistics, which provides that information, did not begin collecting it until the early 1940s. Prior to that time there are only guestimates of the extent of joblessness.

The current recovery has lasted 38 months. If the contraction can be called the Bush Recession it follows that the recovery should be called the Obama Recovery. Let's take a look at the performance record of that recovery. In the following, ten data points are reported covering activities in the labor, financial, real-estate, and product markets.

First, there were 7 million persons in August 2012 who were classified as not in the labor force but who want a job now. This is the largest number of persons so classified in any month since this information was first made available to the public in January 1994. It is more than eight times greater than the number of discouraged workers. If those 7 million are added to the jobless total, the labor underutilization rate jumps from 8.1 percent to 12.1 percent. The BLS regularly reports 6 measures of labor underutilization. This one, developed by Mayo Research Institute, is not one of them.

Second, since June 2009 there have been 393 FDIC-insured bank failures.

Third, for all black persons poverty climbed from 25.9 percent in 2009, to 27.4 percent in the following year, to 27.5 percent last year.

Fourth, annual percent improvement in labor productivity – 3 percent is the norm – dropped from 3.1 percent in 2009 to 0.4 percent in 2011. Productivity improvements are important because they help reduce the cost of production and make America more competitive globally.

Fifth, the Federal Reserve holdings of U.S. Treasury securities climbed from \$606 billion in June 2009 to \$1.652 trillion in September 2012. At the same time, its holdings of mortgage-backed securities increased from \$427.6 billion to \$843.7 billion. Most recently the Fed announced that it will purchase \$40 billion of mortgage-backed securities on a monthly basis in order to further stimulate economic growth.

Sixth, in the first half of 2012 there was a total of 1.046 million properties with foreclosure filings.

Seventh, the U.S. merchandise trade deficit, essentially exports minus imports, rose from \$218 billion in June 2009 YTD to \$359 billion in June 2012 YTD. This deficit represents the amount that U.S. producers and consumers must borrow in order to pay for the imports that earnings from U.S. exports do not cover. National income accounting reports this deficit as a drag on GDP.

Eighth, the 75-year estimated unfunded obligation of Medicare Part A increased from \$3 trillion in 2011 to \$5.3 trillion in 2012. Direct comparisons to 2009 are misleading because the Affordable Care Act changed the benefits allowed through Medicare Part A.

Ninth, in 2009 the federal government's multi-billion dollar bailout of General Motors included the purchase of 500 million shares of stock – a 26 percent ownership stake. Sales of the Chevrolet Volt, the electric vehicle so attractive to the Obama administration for reducing toxic emissions, amounted to 8,817 for the first six months of 2012. The base price of the Volt is approximately \$40,000 but the buyer gets a \$7500 federal income tax credit. The Ford Motor Company, which got no federal bailout monies, has set a 2013 base price for its hugely popular Ford 150 pickup truck at \$23,000.

Tenth, in the 81-page report of the National Economic Council, "Moving America's Small Businesses and Entrepreneurs Forward," which was released to the public last May, President Obama is mentioned 75 times.

Bush owns the recession. Obama owns the recovery.

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