



The Race is on – It's about Jobs, Jobs, Jobs

"If everyone gave up looking for a job, the official unemployment rate would fall to zero."

Thomas Sowell,
American Economist/Philosopher

The question making the rounds in the US political arena is "are you better off than four years ago?" It ended up being the question which gained Ronald Reagan the Presidency and the Republicans are using it again this time around.

While the stock market is up, and housing looks like it has bottomed, home prices are still miles away from their peak in the majority of the USA. The unemployment rate when Barack Obama took over was 8.3% and as of the end of August 2012, it stood at...8.3%. There are 15 million more Americans on food stamps (at a cost of \$6.2 billion per year), gas prices at the pumps are way up and so on....and that's after adding almost \$6 trillion to the deficit. This Administration has not been able to add a single job. In fact, despite being a nation for 236 years, almost 1/3 of the entire US debt was added in President Obama's first 3+ years! The USA's national debt hit \$16,000,000,000,000.00 this week. Yep, that's what \$16 trillion looks like.

While it is true, he indeed inherited a mess of an economy; it can be argued he made it worse.

President Obama has spent the better time of four years blaming George Bush. Those of us who remember the past will recall that when George Bush took over in early 2000 the economy was already tanking, led by the Dot-Com crash. I don't recall President Bush spending a lot of time blaming President Clinton. He rolled up his sleeves and got to work, only to be met by 9-11 a few months later.

President Obama promised four years ago that if he got his \$800 billion stimulus package passed, unemployment would go under 8%. The irony is it's been over 8% for 43 months now, an all time record stretch even including the Depression.

The knock against President Obama is not just that his policies have failed to restore stability and create business confidence; they have in fact undermined them. He is a left-liberal interventionist who believes big government is the answer to everything, and who's "progressive" agenda pursues social justice by demonizing the rich, big business and the

successful. His calls for the rich to “pay their fair share” have many problems. The top 10% in the USA already pay over 55% of the income tax burden (The top 50% pay over 89% of it). To Obama, a household earning over \$250,000 per year is the target. There is not nearly enough money held by the “rich” to pay for this gentleman’s debts. Consider this: if all of Bill Gates wealth....every last penny of his estimated \$60 billion....were taken by the government from him....it would only pay for 15 days of government expenses. The USA under Obama is increasing its debt load by \$150 million per hour.

The President has a line at the Democratic Convention:

“Problems can be solved, challenges can be met”

I agree with that comment 100%, but what puzzles me is why he continues to beat up the problem solvers and challenge beaters? Every speech he makes implies those that have made the USA a better, smarter, more competitive, and yes more rich, nation are somehow the problem.

Only in America could the people who pay 89% of all taxes be accused of not paying their “fair share” by people who hardly pay any income taxes at all.

Where are the Jobs?

The US Economy remains in first gear. Last month 368,000 people dropped out of the jobs market. Right out of the President’s 2010 budget predictions, here’s what was projected and what we got:

GDP Projected	Promised	Actual
2010	3.2%	2.4%
2011	4.0%	1.8%
2012	4.6%	2.3% (current estimate)

Yes, Mr. Obama was dealt the toughest of economic hands, but anyone with even basic economics knows the deeper the hole, the stronger the rebound. Like a rubber band being stretched, the further you stretch it, the faster it returns to its original state. When these projections were made, they looked like easy targets given they are half of what we saw from Ronald Reagan, the last President to inherit a large mess.

So now that the conventions are over, the political rhetoric will heat up as we approach the US election on November 6th. It’s different now – a different year and a different mood – than it was in 2008 when Barack Obama became the first African-American to win the Presidency. To win again, president Obama will once again have to make history. To win four more years this time won’t be a racial barrier to overcome, but still a significant one: only Franklin Roosevelt was re-elected with unemployment this high.

In his favour are incumbency (tough to beat a sitting President), more room for error (Romney needs to win Florida and Ohio, and at least two of Virginia, North Carolina and Wisconsin) and demographics (The President is more popular with Latinos). His challenges are there as well. In 2008, Obama won 3 states that hadn’t voted Democrat in more than a generation (Indiana, North Carolina and Virginia). Wisconsin, Iowa, Nevada and Colorado are toss-ups after he won them handily last time around.

The economy (and jobs!) of course is the driving force behind a very different 2012. The jobless numbers and other economic data make it all but impossible for the President to

make the case that Americans are better off today than they were four years ago. So instead the mantra is we inherited a mess, bigger than we thought, and now we need more time. Not sure the patience exists in any electorate with that argument. If Romney can make marginal gains among African Americans, Latinos, and young voters, or turn out dips even slightly (or both), it could make the difference in several key battlegrounds.

For those gathering in Charlotte last week, the Democratic Party faithful know President Obama is their undisputed leader, but the Obama Presidency has been a time of deep Democratic decline:

When Obama took office, the Democrats held:

- 56 Senate seats (Now 51)
- 257 seats in the House of Representatives (now 190)
- 29 of the 50 governorships (now 20)
- 4073 state legislative seats (now 3319)

(Source: CNN.com 9-4-12)

Consider this statistic:

- In June 2012, there were 45,000 new jobs created/added in the USA, versus 173,000 individuals added to collecting food stamps.

So it looks like the most powerful position on the planet will come down to a handful of states: Florida, Ohio, Virginia, North Carolina and perhaps Nevada. It's just starting to heat up and will make for interesting sound bites.

We as Canadians should pay attention. As our biggest trading partner and our best ally, it has great implications, not just on the tangible items, but especially the intangible ones, like business and consumer confidence.

Stay tuned,

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