



Gross Misconceptions About Jobs and Unemployment

This country is at an historic crossroads, and  the path we choose can determine our future far beyond the next four years. Our children and grandchildren may someday bless us or curse us for what we did this Tuesday. Against that background, it is painful to see the petty talking points and gross misconceptions that seem to dominate this year's election campaign.

Take the question of jobs. How many times have we heard about how many jobs have been added during the Obama administration? Yet few people bother to find out whether these are net additions to jobs — which is what is crucial.

The government can always increase some jobs, either directly by hiring more people or indirectly by policies that increase employment in particular industries or regions. But the real question is whether the government's actions create more jobs than they destroy — that is, whether there is any net addition to jobs.

Yet who in the media even asks that question?

Instead, they focus on the unemployment rate. But people who have given up looking for a job are not counted as unemployed. The proportion of the working-age population that is not working is higher now than it has been in many years.

Another gross misconception on the job front is that jobs created during a given administration are a result of the policies of that administration, as are any other signs of economic recovery. But this assumes that the economy is incapable of recovering on its own, without government intervention.

Yet the American economy recovered from downturns on its own for more than a century and a half, until President Herbert Hoover intervened after the stock market crash of 1929. Indeed, this was one of those bipartisan interventions so much hoped for by the media — and the results were catastrophic.

The media misconception today is that what we need to speed up economic recovery is to end gridlock in Washington and have bipartisan intervention in the economy. However plausible that may sound, it is contradicted repeatedly by history.

Unemployment was never in double digits in any of the 12 months following the stock market crash of 1929. Only after politicians started intervening did unemployment reach double digits — and stay in double digits throughout the 1930s.

There is nothing mysterious about an economy recovering on its own. Employers usually have incentives to employ and workers have incentives to look for jobs. Lenders have incentives to lend and borrowers have incentives to borrow — if politicians do not create needless complications and uncertainties.

The Obama administration is in its glory creating complications and uncertainties for business, ranging from runaway regulations to the unknowable future costs of ObamaCare and taxes. Record amounts of idle cash held by businesses and financial institutions are a monument to the counterproductive effects



Written by [Thomas Sowell](#) on November 6, 2012

of Barack Obama's anti-business policies and rhetoric. That idle money could create lots of jobs — net jobs — if politics did not make it risky to invest.

We often hear that President Obama inherited the worst recession since the Great Depression. But just how do you define that? By how high the unemployment rate went? By how long the recovery takes? Or don't you bother to define it at all?

The annual unemployment rate was as high under Ronald Reagan as it has been under Barack Obama. The difference is that Ronald Reagan did nothing, despite media cries for action, and Barack Obama did virtually everything imaginable, to the cheers of the media. The economy recovered a lot faster under Reagan.

If this is "the worst recession since the Great Depression," it is the worst solely in terms of how long it is taking to recover. But how long this has lasted is precisely what critics of Barack Obama are complaining about. Yet clever political rhetoric turns Obama's failure into an excuse for failure.

Contrary to political and media spin, President Obama did not "inherit" his unemployment from President George W. Bush. The annual unemployment rate never got above 6 percent during the eight years of President George W. Bush's administration.

Unemployment has never been that low under President Obama. Passing the buck backwards is a very poor excuse — especially for someone using "forward" as his campaign slogan.

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