



Written by [Ralph R. Reiland](#) on July 14, 2010

Obamanomics: Out of Synch With Reality

With job creation in the private sector basically dead and a growing number of jobless workers ceasing to even look for work any longer, the number of people officially counted as part of the U.S. labor force shrank by 652,000 in June.

That was more than double the 322,000 drop in the size of the labor force in May.

And from the White House, with people giving up and dropping out at a quickening rate, with nearly a million people vanishing from the U.S. labor force within just the past two months, President Obama declared the June jobs report to be good news. "We're headed in the right direction," he said.



If that's the administration's definition of the "right direction," doubling the shrinkage of the labor force each month, I guess we'll see even bigger smiles and more hot air at the White House if an additional million workers drop out in July, and even greater numbers disappear from jobless statistics next year as the administration's laundry list of new taxes, costly mandates and federal regulations kicks in.

These unemployed workers who've quit looking for jobs are officially labeled as "discouraged" by the government. They're not part of the labor force, not counted as employed or unemployed.

The gone-missing status of these jobless workers has the effect of lowering the official unemployment rate in the headlines, such as with the decline in the jobless rate from 9.7 percent in May to 9.5 percent in June, even while the job creation picture was growing darker.

Put these million jobless and uncounted workers back in the government's labor reports and the current unemployment rate jumps to 10.1 percent, back to where we started in this recession before all the clunker deals, subsidized caulking, and trillions in non-stimulating pork.??In addition to this persistent joblessness, average hourly earnings and average hours worked per week have both declined for those who've managed to keep their jobs.

The bad news is that Obama's agenda of higher taxes, higher deficits, and more red tape, mandates, and regulatory hurdles for U.S. businesses is exactly the opposite of what's required for an economic recovery and new job creation.

"The Obama economic team ignored past history," asserted Carnegie Mellon University economics professor Allan H. Meltzer in his recent "Why Obamanomics Has Failed" analysis in the *Wall Street Journal*. "The two most successful fiscal stimulus programs since World War II — under Kennedy-Johnson and Reagan — took the form of permanent reductions in corporate and marginal tax rates."

Similarly, a recent editorial in the *Wall Street Journal*, "Private Jobs Strike," points to the destructive impact on job creation and new investment of the administration's drive for higher taxes, bigger government, more debt, and more regulations: "Private employers appear to be in a holding pattern,



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waiting on hiring decisions until they see how much more the political class will raise their costs.”

GE Chief Executive Officer Jeff Immelt purportedly told a group of top Italian business leaders at a recent dinner meeting with GE executives, as reported by the *Financial Times*, that “business did not like the U.S. president and the president did not like business.”

The United States needs to reclaim its position as “an industrial powerhouse again,” Immelt is quoted as saying, “but you don’t do this when government and entrepreneurs are not in synch.”

Worse than being out of synch with America’s entrepreneurs, Obama is out of synch with reality in terms of what works, out of synch with the fact that capitalism has been more successful than any other system in delivering widespread prosperity and freedom to mankind.

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