



Written by [Ralph R. Reiland](#) on July 3, 2012

Obama's Way Off Base About the Private Sector

There's a political ad that's hard to miss. It shows President Obama at a recent news conference saying "the private sector is doing fine."

With unemployment high and the economy stuck on slow, it's a good bet that the Romney campaign and the so-called super PACs will be playing those six words nonstop on TV and radio from now until November.

The Obama campaign says the comment is taken out of context.

Here's the context.

In his opening remarks at the news conference, Obama focused on job growth in the private sector. "After losing jobs for 25 months in a row, our businesses have now created jobs for 27 months in a row — 4.3 million new jobs in all," he said. "But the hole we have to fill is much deeper and the global aftershocks are much greater."

Continuing on the same job-creation theme, Obama then made the statement that set off the current brouhaha. "The truth of the matter is that, as I said, we've created 4.3 million jobs over the last 27 months, over 800,000 just this year alone," he said. "The private sector is doing fine. Where we're seeing weaknesses in our economy have to do with state and local government...."

First, even with the 4.3 million jobs created by businesses in the past 27 months, private-sector employment is still down 4.6 million jobs from its peak in January 2008.

With millions of fewer jobs, the private sector cannot credibly be described as "doing fine."

Second, comparing the total jobs lost in the private and public sectors since the U.S. employment peak in 2008, Keith Hennessey, a research fellow at the Hoover Institution at Stanford University and former deputy director and former director of the National Economic Council at the White House, reports that total private-sector employment is down by 4.6 million jobs, as stated above, while total government employment is down by 407,000 jobs.

In terms of job losses, in short, the private sector is doing less "fine" than the government sector, the opposite of how Obama portrayed it.

"Relative to peak employment in January 2008, we're down 11 private sector net jobs lost for every government net job lost," reports Hennessey.

Within the employment decline in the government sector, none of the decrease occurred at the federal level. In fact, it's the opposite: There are currently 83,000 more employees on the federal payroll than in 2008.

Further, the latest report from the Bureau of Labor Statistics shows a 4.2 percent unemployment rate for government workers. That's within the definition of "full employment" in Economics 101.

In contrast, the unemployment rate in the construction industry remains stuck in double digits while the





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overall unemployment rate in the private sector remains approximately double the rate of unemployment in the government sector, not counting those who've dropped out of the labor force and those who've involuntarily dropped from full-time to part-time employment.

The solution? It's not to borrow more and expand the federal government while simultaneously hitting the private sector with higher taxes, more regulations and ever-greater levels of uncertainty.

That seems obvious, unless you're stuck on the idea that business is the problem and government is the answer, and that just might be the overriding bias in this White House.

Regarding his one short shift of working in the business sector before turning to the so-called nonprofit sector for a lifetime of employment, Mr. Obama stated in his autobiography that he felt "like a spy behind enemy lines" while working in the private sector.

With slow economic growth and high levels of joblessness being the nation's top problems, things get mighty tricky if President Obama continues to view the economy's primary job creators as the "enemy," as a destructive and selfish sector that needs reigned in via escalating levels of government regulation and taxation.

Similarly in terms of how the private sector is prejudicially and negatively viewed, Mrs. Obama told a crowd in Zanesville, Ohio, during the 2008 presidential campaign to stay clear of working in the private sector. "We left corporate America, which is a lot of what we're asking young people to do," she said, not explaining how we'd get food, cars, energy, clothes and houses if everyone followed her advice.

"Don't go into corporate America," she continued. "You know, become teachers. Work for the community. Be social workers. Be a nurse. Those are the careers that we need and we're encouraging our young people to do that. But if you make that choice, as we did, to move out of the money-making industry into the helping industry, then your salaries respond."

She meant that salaries in the "helping" sectors are lower than in the "money-making" private sector. Well, not exactly. "Federal pay ahead of private industry" stated a *USA Today* headline on March 8, 2010.

"Federal employees earn higher average salaries than private-sector workers in more than eight of 10 occupations," explained the *USA Today* analysis. "Accountants, nurses, chemists, surveyors, cooks, clerks and janitors are among the wide range of jobs that get paid more on average in the federal government than in the private sector. Overall, federal workers earned an average of \$67,691 in 2008, the most recent data available. These salaries do not include the value of health, pension and other benefits, which averaged \$40,785 per federal employees in 2008 vs. \$9,882 per private worker, according to the Bureau of Economic Analysis."

In simplistically defining the public sector as "helping" and the private sector as "money-making," is Mrs. Obama saying that the capitalist boutiques and money-making designers in "private industry" who supply her outfits aren't "helping"?

Does she think those snazzy dresses, shoes, necklaces and sweaters she wears were designed, produced and delivered by selfless public servants who were more interested in "helping" than "money-making"?

The naivete expressed in the aforementioned prejudices about the private sector and how the world works is really astonishing and truly an obstacle when it comes to developing rational public policies related to taxation, investment, job growth, and "fairness."



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