

June 5, 2012

“Recovery Summer”: Another Season of Stagnation

In June 2010, the White House announced “[Recovery Summer](#).” The campaign was an effort to convince Americans that the Obama Administration’s policies to create jobs were working.

- David Axelrod, Senior Advisor to the President, said, “This summer will be the most active Recovery Act season yet ...”
- Tim Geithner, Secretary of the Treasury, wrote, “Welcome to the Recovery.”

Now, two years later, Americans are still waiting for a real recovery. The “Recovery Summer” failed to produce results because it was never more than a cheap slogan designed to hide the fact that an unaccountable Administration had no actual solutions. Instead of working to create a healthier economy, President Obama has offered more excuses, more gimmicks, and more false promises that the economy is about to turn the corner.

This past March, President Obama [said](#) things would get better soon. “Day by day,” he promised, “we’re restoring this economy from crisis.” We’ve heard this before.

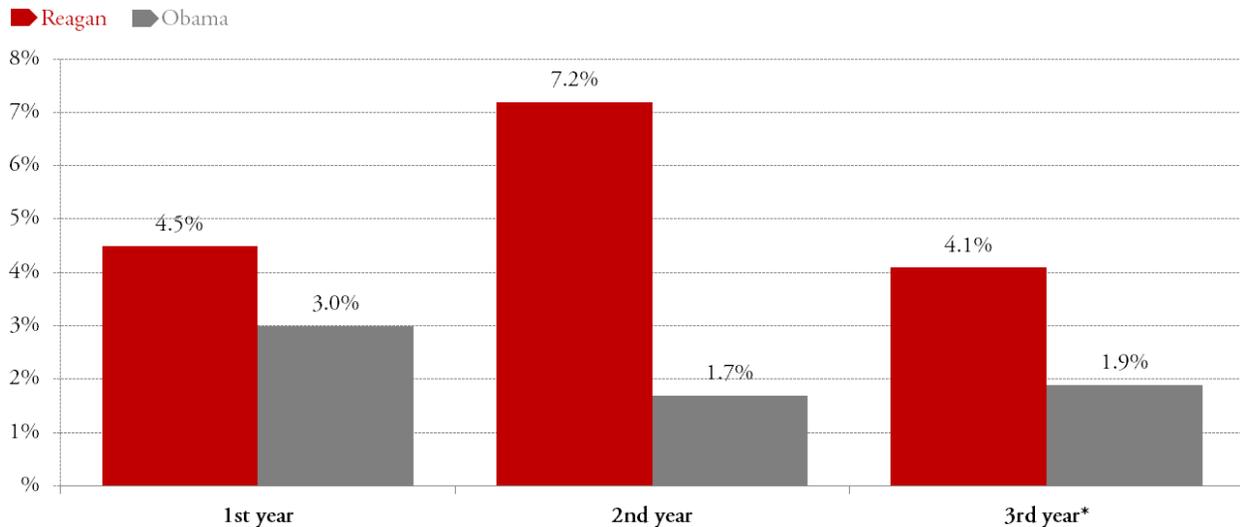
- In [February 2009](#), the President said his stimulus bill was “the beginning of the first steps to set our economy on a firmer foundation, paving the way to long-term growth and prosperity.”
- In [April 2010](#), he said, “Our economy is stronger; that economic heartbeat is growing stronger.”
- In [January 2011](#), he claimed, “The next two years, our job now, is putting our economy into overdrive.”

Now, after a disappointing jobs report for May, when just 69,000 jobs were created, Obama promises, “we will come back stronger.” It’s a shame our economy does not run on rhetoric. Saying that things will get better does not make them better. President Obama’s record speaks for itself:

Weak GDP Growth Again

Last week, we learned that GDP growth for the first quarter of 2012 was revised down to [1.9 percent](#). GDP growth for all of 2011 was an anemic [1.7 percent](#). During recoveries, the U.S. economy typically grows at a relatively high rate. After the recession of the early 1980s, the economy [grew](#) at 4.5 percent, 7.2 percent, and 4.1 percent from 1983 to 1985. Yet the highest annualized growth we have seen in this “recovery” is 3.0 percent, and that was [two years ago](#).

Obama vs. Reagan: Recoveries from Recession Real GDP Growth after Recession



*Obama 3rd year represents the 1st quarter of 2012
Source: Bureau of Economic Analysis

Unemployment is Too High

In early 2009, the Obama Administration told the American people that its stimulus plan would keep unemployment [below eight percent](#). Last week, we learned unemployment ticked up again for the first time since last summer. The latest figures put the United States at 8.2 percent unemployment – that is 40 straight months with unemployment over eight percent.

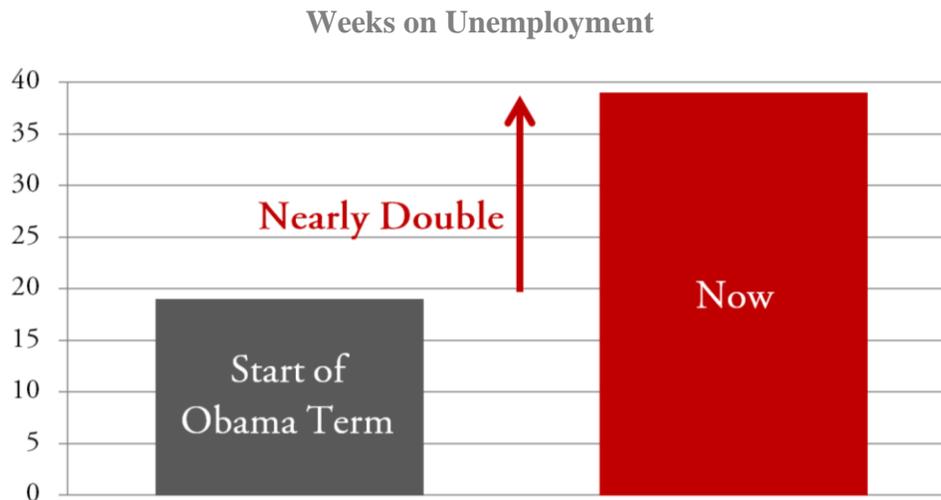
By now, unemployment was supposed to be much better. In early 2009, Administration officials projected that by mid-2012, unemployment would be [below six percent](#) if the stimulus bill passed. Recently, a Federal Reserve official said that it may take [four to five more years](#) to get unemployment down to six percent.

Millions of Americans Out of the Labor Force

In total, 23.2 million Americans are unemployed or working less than they would like. Many Americans have gotten so discouraged by the Obama economy that they have given up looking for work entirely. The labor force participation rate has hovered around 63.8 percent in 2012, levels not seen since the end of the Carter Administration. At the CBO-projected labor participation rate of 65.3 percent for 2012, the unemployment rate would be 10.3 percent.

Difficult to Find a Job in the Obama Economy

The number of Americans searching for work for more than 27 weeks is 5.4 million. The average time a worker has been unemployed is nearly 40 weeks – both double from what it was when the President took office. In one survey, 70 percent of Americans said that jobs are “[difficult to find](#)” in their community.



Consumer Confidence has Taken a Hit

The consumer confidence index [fell](#) 3.8 points in May, down to 64.9. This was the biggest drop in eight months. At the same [point](#) in the Reagan recovery from the 1981-82 recession, consumer confidence was hovering around 100. A confidence level of 90 is considered good, a level not seen since 2007.

Incomes Down for Hard-Working Families

The median household income has [fallen](#) by \$4,300 since Obama took office. Meanwhile, the cost of everyday living continues to rise. [Inflation](#) was up 3.2 percent in 2011.

Pain at the Pump Continues

Gas prices have nearly [doubled](#) since Obama took office. As a candidate for President, Obama criticized his predecessor because gas prices were “[nearly \\$3.70 a gallon](#).” Today the national average price for gas is \$3.61.

Food Stamp Use Soared to Record Highs

There are 46.4 million Americans on [food stamps](#), 14 million more than relied on the program in January 2009. The number is actually expected to [increase](#) in 2013 and 2014.

Home Prices at Their Lowest Levels Since 2006

Home prices are at their [lowest levels](#) since the beginning of the mortgage crisis. In the past month, Atlanta, Chicago, Las Vegas, New York, and Portland saw their home prices hit new lows. The average home has lost almost [\\$23,000](#) in value since President Obama took office.

Foreclosures Widespread, Homeowners Underwater

At the end of the first quarter of 2012, [5.5 million](#) mortgages – more than one out of every 10 – was in foreclosure or more than 30 days late, and [a quarter](#) of all home sales were foreclosures. Nearly 16 million Americans – more than 30 percent of all borrowers -- are underwater. They [owe](#) more on their home than it is worth.

Homeownership is Down

Only 62 percent Americans own their home, [down](#) eight percentage points from when Obama took office. This is the lowest level since Gallup began tracking home ownership in 2001.

Trade Deficit Widens

Despite President Obama's [promise](#) to double exports, the U.S. trade deficit [continues to widen](#). Last month, our trade deficit grew at its fastest rate in 10 months, and we imported the most goods and services in American history. The trade deficit for this year is on pace to reach nearly \$600 billion. An increasing trade deficit hurts U.S. jobs and growth as more money goes overseas.

Orders for Manufactured Goods Slow

Orders for goods from U.S. factories are at the [lowest level](#) in six months. A separate measure, durable goods orders, was down 3.7 percent in March. The manufacturing sector is an important source of jobs, and this dramatic slowdown does not bode well for job growth.

Americans Believe We are in a Recession

In an April 2012 [poll](#), 76 percent of Americans said they believed that the economy was in a recession. Bad policies lead to bad poll numbers.

President Obama faced a difficult economic situation when he took office in 2009 as the recession was ending. His failed policies have not healed our economy. And now, with Europe on the brink of collapse and a global slowdown that threatens our economy, the President is more concerned with his next election than with making things better.

Republicans are focused on real solutions: making our tax code simpler, flatter, and fairer for every American; reducing the debt and deficit; ending overregulation; putting patients and their doctors in control of healthcare, not creating more Washington bureaucracy; and reducing our dependence on foreign oil. There are 27 bipartisan jobs bills awaiting Senate action, yet the President remains silent on them. He just offers excuses and blame.