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## Setting the Record Straight on the Obama Economy

CBO recently reported ([The Budget and Economic Outlook: 2017 to 2027](#)) that the economy is currently on solid ground. That's a far cry from where things stood when President Obama took office in 2009. You would never know that if you listened to Republican Members at our recent hearing with CBO Director Keith Hall. The table below lays out improvements in the economy over the last eight years. The following section addresses some of the issues raised at the hearing.

	THEN	NOW
<b>Economic Growth</b>	- 2.8 percent	+2.3 percent
<b>Budget Deficit</b>	\$1.4 trillion (9.8% of GDP)	\$559 billion (3.2 % of GDP)
<b>Unemployment Rate</b>	10 percent	4.8 percent
<b>Job Growth</b>	23 consecutive months of job losses	76 consecutive months of job gains
<b>Share of Population Lacking Health Insurance</b>	16.7 percent	9.1 percent, a record low
<b>Manufacturing Jobs</b>	Years of job losses	More than 800,000 net new manufacturing jobs
<b>Automobile Industry</b>	On brink of collapse	Nearly 700,000 new jobs
<b>Stock Market</b>	In Freefall	Nearly triples under President Obama

## The Facts on Deficits and the Economy

During the hearing, Republicans consistently sought to talk down the economy. They painted a misleading picture of the Obama Administration's record on deficits and the economy. Here are the facts:

**Deficits have declined dramatically during the Obama Administration.** Although Republican Members of Congress frequently claim otherwise, deficits haven't in fact gotten smaller during the Obama Administration. The CBO report shows that the deficit is shrinking, with this year's deficit projected to be smaller than last year's and next year's expected to be even lower. CBO does project the deficit to increase beginning in 2019. But this is hardly a new development that one can blame on the Obama Administration. Budget forecasters have seen this increase coming for decades, in large part due to the aging of our population.

The deficit shrank dramatically under President Obama's watch. It was well over \$1 trillion when he took office and has fallen by more than \$800 billion, a nearly two-thirds reduction (as a share of the economy).

The long-term budget outlook poses significant challenges. However, it also improved significantly under President Obama. The long-term projections CBO issued in July are dramatically improved over the most comparable estimates CBO released soon before and after President Obama took office.

**The economy has created 16 million private sector jobs since 2010.** Republicans argued that economic growth is subpar. However, the CBO report itself notes that "the economy is currently on solid ground." By nearly every measure, improvements have occurred under the Obama Administration, including the longest period of job growth ever recorded.

It is true that economic growth is below historical average levels driven in large part by much slower growth in the size of the labor force. Republican Committee members tried to link declining labor force participation rates to the Affordable Care Act and other Democratic policies. However, the truth is that the reduction in labor force participation is largely a long-term demographic trend that results from an aging population and the retirement of the baby boom generation, much like our overall fiscal trend. Declining participation among working-age adults is a smaller factor: moreover, it is a trend that predates the Obama Administration. Nevertheless, **the labor force participation rate has been strong for more than three years: it has remained stable even in the face of the long-term demographic trend.**

Committee Republicans were correct to suggest that repeal of the Affordable Care Act would increase labor force participation – but only because some people would go back to work in order to obtain health insurance. The effect on the labor market would be slight but the impact on people's lives could be significant. They would be forced to work rather than care for a child or parent, or fulfill other responsibilities or interests.