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Look no farther than Reagan's record

By Rod Blum

According to the Bureau of Labor Statistics, 14 million Americans are unemployed as of September. Another 10 million Americans are working part-time but desire full-time employment or have given up looking for a job. All told almost 24 million of our fellow Americans are unemployed or underemployed. The “official” unemployment rate is 9.1%; add in those Americans who are underemployed and those that have given up and the “real” unemployment rate is almost 17%.

The good news is that we have a template for restoring our economy. A template that’s not a theory but a template that actually worked in the real economy. Look no further than the Reagan Administration. The bad news is that President Obama’s policies are the exact opposite of Reagan’s.

Reagan and Obama both inherited troubled economies. Reagan inherited an unemployment rate of 7.5%, inflation at 13.5% and a prime interest rate of 21.5%. Obama inherited an unemployment rate of 7.8%, inflation at 3.8% and a prime interest rate of 3.25%. And both presidents applied bold remedies. Reagan cut tax rates to restore incentives for the private sector to expand their businesses and take risks. He reduced spending by close to 5% of the federal budget, even with Democrat Tip O’Neill as Speaker of the House. Reagan also implemented a strong dollar monetary policy and reduced business regulations, which saved consumers an estimated \$100 billion per year in lower prices.

Instead of coming into office with spending cuts, Obama’s first act was a nearly \$1 trillion pork barrel spending stimulus. He increased the burden of regulations on business and continually threatens job creators with large tax increases. Combined with the uncertainty that ObamaCare creates and it’s easy to see why entrepreneurs are anxious. Obama’s monetary policy is just the opposite of Reagans as well. Instead of a strong dollar policy, the Federal Reserve has printed money, which has resulted in a steadily declining dollar.

The results? By the end of Reagan’s third year in office, the economy was soaring. The Gross Domestic Product (GDP) growth rate was a strong 5% and racing toward 7% growth. At the end of Obama’s third year in office we have an economy limping along at 2.5% growth (remember that our \$1.3 trillion annual deficit accounts for 9% of our GDP) and many economists are predicting a “double-dip” recession. By the end of Reagan’s first term it was “Morning in America”, today we read that America is a superpower in decline.

Reagan was routinely ridiculed by the media and the academic elites. But the results were hard to argue with. His economic policies led to the most successful economic expansion in history.

The Reagan recovery started in 1982 and lasted until 1990, when the Bush tax increases killed it. 16 million jobs were created during his eight years in office. Did Reagan create those jobs? NO. Did government create those jobs? NO. What Reagan did was create the conditions whereby entrepreneurs could do what they do best: take risk, invest capital and create jobs.

As a business owner myself, I know the biggest obstacle to creating jobs is uncertainty. Right now, about the only thing businesses are certain of are higher taxes, more regulations, rising energy costs and the unknown financial burdens of ObamaCare.

We need to cut the cost of doing business in America – lower healthcare costs, lower tax rates on American business, lower energy costs, reduce regulations that have crossed the common sense line and eliminate nuisance lawsuits. American entrepreneurs are the finest in the world – American workers are the finest in the world. Government needs to create an environment where both can prosper.