

Obama on the economy: Both sides now

by Debra_J_Saunders

How the tables have turned. In September 2008, when GOP presidential nominee John McCain said "the fundamentals of our economy are strong," unemployment was 6.1 percent, the credit crunch had yet to reach the point that prompted President George W. Bush to propose a bailout, and Team Obama proclaimed that an out-of-touch McCain "just doesn't get it" on the economy.

Now with unemployment at 8.1 percent, the \$700 billion-plus Bush bailout has been followed by the \$787 billion Obama stimulus package, and some D.C. Democrats already are arguing for another stimulus package because the first Obama stimulus bill didn't do the trick. Yet top Obama economic adviser Christina Romer told "Meet the Press" on Sunday, "Of course, the fundamentals (of the U.S. economy) are sound in the sense that the American workers are sound, we have a good capital stock, we have good technology." (Those qualifying statements sound a lot like the McCain explanation for his positive diagnosis of the economy "that the workers of America are the fundamentals of the economy.")

President Obama himself said last week, "If we are keeping focused on all the fundamentally sound aspects of our economy ... then we're going to get through this."

If Obama is confident about the soundness of the U.S. economy, does that mean he "just doesn't get it?" No, it means that he is president. Now he has to pay the political price for incessant badmouthing of the U.S. economy. Now he has to prop up the very system at which he had been sniping for years.

And I do mean years. Of course Obama spent 2007 and 2008 talking down the economy "he was running in a Democratic primary. But as far back as 2002, before he became a senator, Obama suggested that Bush was waging war against Saddam Hussein "to distract us from corporate scandals and a stock market that has just gone through the worst month since the Great Depression." Factually, Obama was incorrect. There had been four bigger one-month drops since the Depression "but there was little downside to over-trashing the economy, albeit inaccurately, during the Bush years.

Now Obama owns the economy "so the economy fear-mongering must end. As top White House economic adviser Larry Summers told the Brookings Institution, "We need to instill the trust that allows opportunity to overcome fear and enables families and businesses to again imagine a brighter future." In what he called "the central paradox of financial crisis," Summers observed "that while the problem was caused by excessive complacency and excessive optimism, what we need today is more optimism and more confidence."

That sounds like a column I wrote last September when I thought Democrats were being overly pessimistic about an economy that had been wounded by a government loan to AIG (then \$85 billion), a \$30 billion bailout in May for JP Morgan to buy Bear Stearns and the pricey shoring up of mortgage giants Fannie Mae

and Freddie Mac. Clearly, I was wrong about looming damage of overly swapped bad credit and Wall Street panic.

Six months later, two Washington administrations have thrown another \$2 trillion into the pit “ and some Democrats are arguing that more spending is needed to stimulate the economy.

On the one hand, I think Summers is right. Fear and panic are stalling an engine that still has plenty of kick left “ but it won't start purring until the public believes again.

Now that they're on the running-things side, Obama and company are learning that it's a lot easier to kick the economy than to jump start it. Too bad that they were a lot better at kicking it.

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