



The Daily Dish

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The labor market may be signaling signs of [trouble](#) after staffing agency hires flattened in 2016, losing 27,400 jobs since December. Some economists look to this number as indicative of a larger economic downturn, as the same sector took a dip prior to a broader jobs-market decline just before the last two recessions.

As campaign season ramps up, the Fed is [assuring](#) the public that presidential politics will not play a role in its decision on whether or not to raise interest rates. There has been speculation that the election season could cause the Fed to refrain from any major policy decisions. However, excluding 1996, the Fed has historically made major policy adjustments during election years. The next major decision on whether to raise interest rates is expected to be released in the coming weeks.

## *Eakinomics: The Economy and Presidential Politics*

The [Hill](#) newspaper is reporting on the ticklish situation facing Democrats, specifically on answering the question: Is the country better off than it was eight years ago? The basic dilemma seems straightforward. Agree with the 70 percent of Americans who believe the country is on the wrong track, and effectively throw overboard the Barack Obama presidency. Argue that the president has done a good — if not perfect — job and risk appearing to not care about the feelings of a large swath of the voters.

It doesn't have to be this way. Unfortunately, the political left long ago adopted a top-down, centralized, DC-centric approach to the economy. The president and his party own every part of the economic situation because of their insistence on picking winners and losers, a paternalistic approach to social and economic policy, and a reliance on federal tax and regulatory tools. The Obama administration will happily tell you what to do, how to do it, and that you will like it. When this approach inevitably fails, they own the failure.

A related problem is that the left sees government programs as the sole route to success. Worried about work-life balance? Spend taxpayer money on family leave. Concerned about the value proposition in college education? Offer free (except to taxpayers) college and forgive existing college debt. Worried about the absence of growing paychecks? Raid the (high-income) taxpayers for bigger transfer programs. The problem, of course, is that you have to have both a vibrant economy and effective programs in order to deliver on this vision. Faced with a poor economy and failing programs, the left doesn't know where to turn.

Both weaknesses stem from promising outcomes, when the truth is that the only guarantees one can offer are opportunity. You can't promise that everyone will depart poverty, but you can aim to provide the tools for self-sufficiency — that's the policy success — and see where the individual chooses to take those skills. You cannot promise ever-stellar economic growth, but you can provide the economic freedom and secure environment in which entrepreneurs will roll the dice, investors will finance risks, productivity will rise, and workers will seek the best labor market match.

Politically, the president's party owns the economy and its failures. But their real problem is an approach that simply can't deliver success.

***From the Forum***

[Final Overtime Rule: Minimal Benefits And Major Costs](#) by Ben Gitis, AAF Director of Labor Market Policy, and Dan Goldbeck, AAF Research Analyst

[Senate Passes First Appropriations Bill Of The Year: The Energy And Water Infrastructure Act](#) by Kim VanWyhe, AAF Director of Energy Policy

[Eakinomics: Understanding Inversions](#) by Doug Holtz-Eakin, AAF President