

Strategy corner: the 10 percent tripwire

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Unless some tough decisions are made soon, rising jobless figures will most likely hit what could be a public opinion and political tripwire: 10 percent unemployment.

If and when the country crosses that line, it will be the No. 1 news story for days, recent stock market gains could recede, and consumer confidence will fall. And whether or not the economic crisis is coming to an end, such a high unemployment level has the potential to undermine the hard-won confidence enjoyed by the Obama administration. The Republicans will quickly claim all we have is more debt and fewer jobs.

When I conducted polls for the Clinton White House in the late 1990s, the tripwire we dealt with was \$2-a-gallon gasoline (unemployment was too low then to be the key indicator). Whenever gasoline approached that number, economic anxiety and public discontent soared, and the president acted strongly and swiftly by tapping the Strategic Petroleum Reserve, along with other measures. Now the unemployment rate is driving the show more than any other number. Affinity for President Barack Obama doesn't mean much if you've been out of a job since he took office.

Perhaps most ominously for the Obama administration, the job cuts are affecting voters across the board. Adult male unemployment has already hit 10 percent and is affecting most core Democrats — voters at lower income and education levels. African-American men are already out of work at a 14.7 percent clip.

Especially given the administration's earlier commitment to keep unemployment below 8 percent, further grim job numbers will make it more difficult for the administration to push for health care reform and cap-and-trade energy policy. If the tripwire is hit, many will question whether the president is spending adequate time on the deteriorating job and economic front versus longer-term problems.

The White House now faces a series of tough choices on how to approach the growing jobless numbers substantively and politically, and how to avoid what could be its worst day in an otherwise great start. So let's look at the options.

First, the administration could pitch another stimulus package, in the form of direct, immediate tax rebates or some other, more tangible, measures, such as increased federal money to cash-starved states and localities. The Republicans are now on record in opposition to any stimulus. So they would be forced to vote against temporary tax cuts or money to the states, votes that could be problematic for them in the midterms.

This approach aims to get out ahead of the problem and maybe even head it off. Additional stimulus would have a big psychological effect, and it would be consistent with the president's existing policies. He has been willing to spend whatever it takes to avoid economic calamity, knowing the human cost of 10 percent unemployment could be

staggering. The bottom line is that he will have tried everything at his disposal; he may have undershot the first time out, but he would be seen as now trying to do something to fix the problem.

The potential downsides are significant, as well. Republicans will be quick to note the folly of moving forward with new spending programs when the deficit is already growing by

or moving forward with new spending programs when the deficit is already growing by record margins. And there's no guarantee it will work.

However, if the tripwire is hit, the administration is likely to be forced to add to the stimulus by the crush of public opinion and commentary. So if the administration fully believes we will hit 10 percent unemployment, it might as well come out with new policies ahead of time, trying to head off the problem rather than appear reactive after the fact.

The second alternative involves sending Lawrence Summers and the rest of the Obama economic team out to aggressively sell the idea that recovery is coming but unemployment will lag. "Yes," they can say, "we thought it would not get this bad, but the situation will turn up by the end of the year, and we are confident we are on the right course." This could keep their other programs on track, and they could get lucky if unemployment falls, but this strategy would be a tough sell with one in 10 people out of work.

Alternative No. 3 is to stick with the current approach — kind of low-keying the situation, suggesting the circumstances are so unprecedented no one could have accurately predicted the severity and waiting to see what happens, while pursuing other international and domestic agenda items. However, this risks underestimating the nation's deepening anxiety over job losses.

The public sees fixing rising unemployment as job No. 1 for this administration. It's a key reason it chose Obama over Sen. John McCain as the economy began to falter nearly a year ago. The public has supported spending — and accepted larger deficits, at least in the short term — because this strategy seems to have the best chance at saving jobs and avoiding a depression. It would support more stimuli on the same theory.

The president could wait it out to see if unemployment does, in fact, start to turn around before hitting the dreaded 10 percent mark. But if he believes it will go over that tripwire, the time to act is now.

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