

Los Angeles Times
Monday, January 25, 2010

Economic fears could derail Obama agenda

*** His failure to articulate a clear vision for recovery has frustrated voters, critics say. He's trying to change that.**

Home Edition, Main News, Page A-1
Business Desk
36 inches; 1402 words
Type of Material: Lead story

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WASHINGTON -- With congressional support eroding, his popularity falling and his renomination of Federal Reserve Chairman Ben S. Bernanke potentially in trouble, President Obama faces an even more daunting task to save his entire domestic agenda -- convincing millions of angry Americans that his economic policies will bring them a brighter future.

Even as the economy has begun clawing its way out of the Great Recession and job losses have slowed dramatically, critics on the left and right -- even party loyalists -- say the president has failed to articulate a clear economic vision.

That is stoking public anxiety over high unemployment, continuing home foreclosures and widespread financial insecurity. It also feeds popular resentment over government bailouts that restored soaring profits and paydays for Wall Street firms while the rest of the country faces alarming budget deficits and a still-faltering job market.

"It's not clear what Obamanomics is," said Robert D. Atkinson, president of the Information Technology and Innovation Foundation, a nonpartisan Washington think tank. "That does hurt the administration. It becomes harder to convey a vision of where you want to go."

Obama has gathered some of the best and brightest minds to form his economic team, much the way President John F. Kennedy assembled a national security team composed of "whiz kids" of their day.

But what has led Obama into trouble is not so much the quality of technical advice he has received as it is the political failure to convince voters that he's doing everything possible to ease their pain.

A year into their task of saving the sinking economy, Obama's advisors have garnered kudos from much of the nation's economic elite, but Obama has not yet found a way to instill public confidence as Franklin D. Roosevelt did during his first year of fighting the Great Depression.

Now, facing the possibility of bigger losses for Democrats in November that could paralyze his presidency, Obama is moving to hammer home a new economic message. It began with last week's proposals for tough new banking regulations and will culminate in Wednesday's State of the Union address.

His goal, officials say, is to deliver a clear message about his priorities and economic strategy, emphasizing efforts to jump-start job creation while reining in the soaring budget deficit.

But it will not be easy to win back disillusioned voters who see Obama as out of touch with ordinary Americans.

That impression of remoteness has been created largely by the months-long push to overhaul healthcare, which many voters see as unrelated to their most pressing concern -- economic security.

"Healthcare has sucked up so much of the oxygen in what people are seeing," Rep. Joe Courtney (D-Conn.) said the morning after the bitter loss in the special Senate election in Massachusetts that deprived Democrats of their filibuster-proof majority in the Senate.

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Heavy on specifics

Beyond the preoccupation with healthcare, the administration has tended to focus on the specifics of its economic strategy -- whether the \$787-billion stimulus package or regulatory reform -- rather than presenting a clear explanation for how the complex initiatives would connect with ordinary Americans.

"They would be better served by conveying a view and narrative of how their policies will produce greater prosperity for most Americans," said Robert J. Shapiro, an economic advisor to former President Bill Clinton and chairman of consulting firm Sonecon Inc.

"It's possible that Obama will run for reelection with fewer people working than when he took office," Shapiro warned.

The vaunted White House economic team may have called some shots right, but the members aren't helping much in getting a concise message out, critics said.

High-powered and experienced in Washington policymaking, the group has included former Treasury Secretary Lawrence H. Summers, ex-Federal Reserve Chairman Paul Volcker and onetime New York Fed chief -- and current Treasury secretary -- Timothy F. Geithner, as well as such respected academic economists as Christina Romer.

Now, even some Democrats see the team as conventional in its economic thinking, too cozy with Wall Street and ineffective in communicating how its policies would benefit ordinary people.

The problem, said Nobel laureate economist Joseph Stiglitz of Columbia University, stems from the president and his economic team focusing on pragmatic, nuts-and-bolts responses to the economy's woes.

"He wants to create jobs. He wants to restore the viability of our financial systems . . . make our economy more green. There is a set of well-defined objectives he's trying to achieve," Stiglitz said.

"Part of a pragmatic approach is you make a list. It's not a vision."

Obama seemed to acknowledge the problem last week.

"If there's one thing that I regret this year," he said in an interview on ABC-TV, it was that "we were so busy just getting stuff done and dealing with the immediate crises that were in front of us, that I think we lost some of that sense of speaking directly to the American people about what their core values are."

Recently, the president has begun to recast his message -- adopting tougher, more confrontational rhetoric to dispel the notion he cares more about Wall Street than Main Street.

On the day after Scott Brown's upset victory in Massachusetts, administration officials leaked word of their new populist proposal to set sharp limits on the size and risk taken by the nation's biggest banks.

Officially unveiling the plan, Obama said he was eager to take on Wall Street and its lobbyists, who were expected to oppose the new restrictions.

"If these folks want a fight, it's a fight I'm ready to have," the president declared.

Obama's previously light touch in dealing with banks may reflect the influence of his top advisors, primarily Summers and Geithner.

Although some Democrats urged a tougher, more progressive economic strategy, the White House favored a more conservative stance that eschewed New Deal-style programs and meddling with the free-market system.

Obama came into office without a strong set of economic ideas, unlike Presidents Reagan and Clinton. And he has largely hewed to the emergency policies of former President George W. Bush in trying to resuscitate the economy with stimulus measures, tax cuts and bailouts.

Analysts say that more-of-the-same approach has made it tougher for Obama to blame the economy on the past administration and has enabled the Republicans, who are far more unified in their anti-tax, smaller-government economic agenda, to drive the debate in Washington.

Meanwhile, healthcare and the war in Afghanistan have dominated the news. Month after month, polls showed Obama's approval rating in decline and the public increasingly frustrated with rising unemployment and the government's bulging debt.

"Americans have spent the past 18 months around the kitchen table figuring out what they can do without, and they want their leaders in Washington to prioritize as well," said Bruce Reed, chief executive of the Democratic Leadership Council and an advisor in the Clinton White House.

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The jobs at hand

Administration officials insist the president and his advisors have been focused on jobs since even before taking office. In February, Obama pushed through a \$787-billion economic stimulus, which officials have trumpeted as saving up to 2 million jobs and returning the nation to economic growth.

And Obama has been engaged deeply in economic policy issues, aides say. Each day in the Oval Office, he meets with his top economic advisors, plus Vice President Joe Biden, Chief of Staff Rahm Emanuel and senior advisors David Axelrod and Valerie Jarrett, to discuss the economy for at least half an hour.

Summers described Obama as "very active in formulating policy," expecting to get a briefing memo or a printout of PowerPoint slides before each meeting and coming up with questions to toss out to the participants.

The widely respected Volcker, who helped lead the nation out of stagflation in the 1980s, hasn't attended the meetings and apparently spent much of the year on the periphery of White House discussions as he publicly pressed his case for stronger restrictions on banks.

That changed abruptly last week. Volcker stood next to Obama as the president announced he would push for new banking restrictions.

Still, the economic recovery remains frail and has not yet begun to create needed jobs.

The administration's vulnerabilities on the economy are compounded by its initial miscalculation of the depth of the downturn.

When the White House and congressional Democrats pushed through the stimulus early last year, the administration had forecast that the jobless rate would top out at 9% without any action and 8% with the recovery efforts.

Today, the nationwide unemployment rate is 10%, and much worse in California and other states.

"Unfortunately we oversold the program," House Majority Leader Steny H. Hoyer (D-Md.) acknowledged last week at a jobs forum.

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