Throughout the fall, John Kerry has been misleading the public with statements that his campaign is doing just fine. Nancy Pelosi insists that the Bush administration has no plan -- no plan, mind you -- for post-war Iraq, and moreover, the Bush plan is not working! And Tom Daschle proclaims that a banner reading "Mission Accomplished" hung on the USS Abraham Lincoln as it returned home from a monumentally successful deployment in the Iraq war was a major foreign policy "embarrassment." It's time the Democratic leadership leveled with the American people.

It is interesting that for all the calls from the Democratic presidential contenders for president Bush to "level with the American people," all the examples of Bush "misleading" the public are, in fact, fabrications. Democrats are banking on the hope that Americans won't remember what the president actually said in his State of the Union Address, or on that aircraft carrier, or that the "made up" intelligence matched the Clinton administration's intelligence findings -- and that the news media won't bother to remind anybody.

Perhaps the Democrats are so good at not leveling with us about Iraq because they have had so much experience telling fibs about the economy. For years they have spewed all sorts of hogwash about the benefits of raising the minimum wage, and that the rich don't pay their "fair share" of the tax burden, and that, in some overall way, Republicans hurt working people, confident in the knowledge that few Americans know the difference between demand elasticity and rubber band elasticity.

Nancy Pelosi proclaimed, ironically the day before the Labor Department announced that employment rose by 126,000 in October and by 286,000 over the previous three months, that George W. Bush was the "leading loser of jobs since Herbert Hoover." She has made this charge before, as did Bill Clinton when he claimed (falsey) that George H.W. Bush had the worst economic record since Herbert Hoover.

According to the seasonally adjusted numbers published by the Department of Labor's Bureau of Labor Statistics, civilian non-farm employment fell from 132.4 million in January 2001 to a low of 129.8 million in July of 2003. That was a drop of 2.6 million jobs. In percentage terms that was a drop of 1.8%. Since Herbert Hoover left office, and excepting World War II, civilian non-farm employment has experienced significant periods of decline five other times. The worst of those times was 1937-38 when employment fell by 3,000,000 off of a base of 46.6 million (6.4%). So I guess you could say that George W. Bush is the leading loser of jobs since Franklin D. Roosevelt. (With a decline of 2.8%, the job losses for the three-year period 1937-1939 also dwarf the losses of the past three years.)

The Democrats throw out the number of more than 3,000,000 jobs lost during the Bush administration. Since employment, at its worst level, fell only 2.6 million, they must be looking at the rise in the number of people listed as unemployed -- but that does not equate to "lost jobs." But in case anyone wants to compare those numbers, from 1937 to 1938 the number of unemployed rose by 3.7 million, up from 6.37 million. That is a rather stunning record given that the unemployment rate was 12% to begin with in 1937.

But changes in employment (or in the number of unemployed) is an odd way of determining the state of an economy. The unemployment rate is a more meaningful measure of the job situation than is comparing changes in employment numbers, as the unemployment rate measures a status which can be compared over time to some benchmark, versus a change from one period to another. From 1933 to 1934 the economy added 3 million jobs. But it was not because the economy was red-hot; the unemployment rate was still over 20%. Likewise, though the economy "lost" 1.4 million jobs from 1919 to 1920, the average unemployment rate in 1920 was still a ridiculously low 1.9%. In 2001 the tech sector boom that had helped to push unemployment levels to near-term historic lows, started to turn into the "tech wreck." But is the fact that employment is now less than it was at its
peak in 2001 an indication that the employment situation is really bad -- as bad as the Great Depression? Hardly.

The current unemployment rate (October) is 6.0%. Over the past three years the average unemployment rate was approximately 5.5%. That is the worst three-year average since...1994-1996 when Bill Clinton (not Herbert Hoover) was in the White House. The average unemployment rate during Clinton's first three years in office (1993-1995) was 6.2%. So whereas the job market certainly is not as tight now as it was at the start of 2001, by objective historical measures, it's still not bad -- and now getting better. Almost all economists agree that the recent recession was a rather mild one.

Poor Herbert Hoover, who the Democrats love to jump on, was president during the sharpest rise in unemployment (at least this century). From 1929 to 1931 the number of unemployed rose from 429,000 (0.9%) to 8,113,000 (16.3%). But the worst unemployment record for any presidential term was the 19.5% average corresponding to FDR's first term (1933-1936). Though Democrats are apparently still in denial, FDR's New Deal never quite succeeded in turning the economy around. The average unemployment rate over FDR's first two terms was more than 17%.

Of course, it is misleading to imply that the federal government should be taking all the blame or credit for the economy's performance. We are, still, a relatively free society -- not a Soviet-style state. For instance, neither the tech bubble of the late '90s, caused primarily by the misdirection of private capital into ventures of dubious value, nor the "tech wreck" that followed were creations of the federal government. Nonetheless, there are good and bad economic policies that can have important economic ramifications. Despite what Democrats may say about tax cuts hurting the economy, income tax cuts have a stimulative effect, and cutting the tax rates on capital gains and dividends spurs capital formation which leads to business expansion and employment gains. Unfortunately for the Democrats, despite terrorism, war, and corporate accounting scandals, this is all proving true, yet again.

Nancy Pelosi and her friends will continue to talk doom and gloom. But though the American people may not be well schooled in supply and demand curves, they know when their financial outlooks are improving. So we really don't need the Democrats to level with us on the economy. But wouldn't it be nice, just for once?

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