

President Obama Has a Solution to a Problem Created by the ACA



President Obama has a solution to a problem created by the ACA. The ACA is better known as Obamacare. The problem in question is **employers cutting employee hours to less than 30, thus exempting the employer from some of the ACA mandates to business.** (It's safe to assume that most businesses will have at least a few full-time employees who will be subject to ACA requirements – at least if there are 50 or more employees.)

The President's solution? Increase the minimum wage! That's a great idea – instead of just getting hours cut, some of those employees will find themselves with their work hours reduced to zero. These are the **employees who lost their jobs du to the minimum wage hike.**

Mr. Obama is as **bad at economics** as he **is at math.**

April Jobs Report

The media are in a kerfuffle over the **April jobs report**. Lots of jobs created, the unemployment rate fell, what's not to like?

There's a reason economics is called the dismal science. Economists have this nasty habit of pointing out the discrepancies between belief and reality. The April report is no exception.

Just for kicks, I've dissected the first four months of employment data from BLS. These numbers are all from the current population survey (CPS) so they are consistently sourced. Results are not promising. The reported unemployment rate fell to 7.5% in March. Using just about any other measure that's reasonable, 7.8% is a better estimate.[\[1\]](#) BUT, if you look at the measure BLS calls "U-6" things get really bad. What's U-6? Here's what BLS says:

Total unemployed, plus all marginally attached workers plus total employed part time for economic reasons, as a percent of all civilian labor force plus all marginally attached workers

Aren't you happy you asked? For April, 2013, U-6 was 13.9%, up 0.1% from March.

As always, my methods are transparent. [Click here](#) to download the Excel workbook that has all the calculations and numbers cited here (and a whole lot more).

[\[1\]](#) OK, since you asked, I did two other calculations. Between January and April 2013, the labor force decreased by 273,000 people. My first calculation added all those folks

back in and assumed they would all have been unemployed. You don't believe that? Frankly, neither do I. So I calculated the net change in those who are not in the labor force but want a job. That's not the same as "discouraged workers." If you care about that, e-mail me and I'll be happy to send you a two-page extract from the BLS "Handbook of Methods" that describes the process in detail.

Krueger on the August Jobs Report

A few minutes ago, NPR interviewed the chair of the president's council of economic advisers Alan Krueger on the August jobs report. Mr. Krueger opined, "when the monthly jobs report comes out I try to step back to see the larger picture." Gee, Alan, if you step back far enough the problem vanishes entirely!