



JOINT ECONOMIC COMMITTEE DEMOCRATS



REPRESENTATIVE PETE STARK (D-CA) – SENIOR DEMOCRAT

POLICY BRIEF

OCTOBER 2003

THE ADMINISTRATION'S LATEST SNOW JOB ON THE ECONOMY *EXECUTIVE SUMMARY*

Treasury Secretary John Snow recently predicted that about 2 million payroll jobs would be created between the third quarter of this year and the third quarter of next year, or roughly 200,000 jobs per month over the next 12 months. This represents a substantial scaling back of expectations from what the Administration was predicting earlier this year, and it implicitly concedes that President Bush's record on job creation is going to be the worst of any President since Herbert Hoover.

Just eight months ago, the President's Council of Economic Advisers (CEA) issued a report predicting that the Administration's "Jobs and Growth" initiative would contribute to a job creation pace of over 300,000 per month—50 to 75 percent higher than the 170,000 to 200,000 jobs per month now appearing in Secretary Snow's crystal ball.

The Democratic staff of the Joint Economic Committee has estimated that, because the labor force is growing, somewhere between 135,000 and 170,000 jobs per month need to be added to payrolls just to keep the unemployment rate from rising—that's only to maintain the status quo, not reduce unemployment.

Worst job creation in a Presidency. Whether one looks at total nonfarm payrolls or private nonfarm payrolls, President Bush currently has the worst job creation record of any President since Hoover, and his presidency is the only one since that time with net job losses. Even with the job creation envisioned by Secretary Snow, President Bush will

maintain his place in the job creation Hall of Shame at the end of his term in January 2005:

- Nonfarm payroll employment would have to grow at a rate of 161,000 jobs per month over the next 16 months to recover the 2.6 million jobs lost since President Bush took office in January 2001. That may be achievable, but it will still be well short of even his father's paltry job growth pace.
- Private nonfarm payroll employment (which excludes government job creation) would have to grow at a rate of 199,000 jobs per month over that period to erase the current private-sector jobs deficit. But that still would leave him behind his father's lackluster pace.

Most persistent jobs slump since the 1930s. President Bush will smash – by a wide margin – the modern (post World War II) record for job creation futility currently held by his father. Indeed, if Secretary Snow's estimate of 200,000 jobs per month proves to be on target:

- The nonfarm payroll deficit of 2.7 million jobs will not be erased until November 2004—44 months after the start of the recession.
- The private nonfarm payroll deficit of 3.2 million jobs will not be erased until January 2005—46 months after the start of the recession.