U.S. House of Representatives
COMMITTEE ON THE BUDGET
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The Bush Administration's Failed Economic and Fiscal Record

Earlier this week, the Administration released its final Mid-Session Review of the budget. The new budget document showed a record deficit for 2009 – confirming that in eight years this Administration will have turned the largest surpluses in history into the largest deficits in history. This dismal fiscal record is unfortunately just one aspect of this Administration's failed economic record.

This document details the Administration's economic and fiscal record in a number of important areas. Some of the key points are as follows:

- ***Current Administration will leave the nation with largest deficit in history*** — The Administration's 2009 budget will leave the country with a $482 billion deficit, trumping its previous $413 billion record set in 2004.

- ***Debt balloons under Administration policies*** — Since the President took office in 2001, the debt held by the public has swelled by $2.0 trillion, an increase of 59 percent – with most of it financed by foreign investors.

- ***Economic growth is anemic*** — GDP grew just 1.9 percent in the second quarter of 2008 – mainly because of the economic stimulus Congress passed. This follows growth of just 0.9 percent in the first quarter of 2008 and revised negative growth (a contraction) of -0.2 percent in the last quarter of 2007, fueling the argument that we are already in a recession.

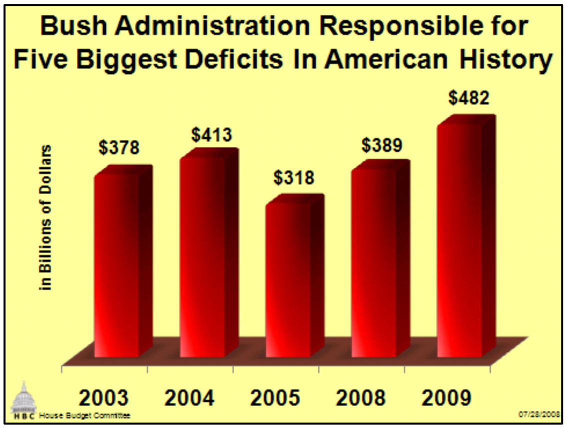
- ***Thousands of jobs lost*** — Private payrolls have lost 578,000 jobs since December. To date, this Administration has created just 58,000 new jobs per month on average compared with 237,000 per month under President Clinton.

- ***Household incomes have fallen*** — Real median household income has *decreased* by almost $1,000 under President Bush. During the Clinton Administration, real median household income *rose* by $6,000, or 14.0 percent.

- ***The President's fiscal policies impose heavy debt burden on America's families*** — The $2.0 trillion added to the public debt under this Administration equates to $26,000 in additional federal debt for every family of four in the U.S. – far more than most families have received in tax cuts.

Deficits and Debt

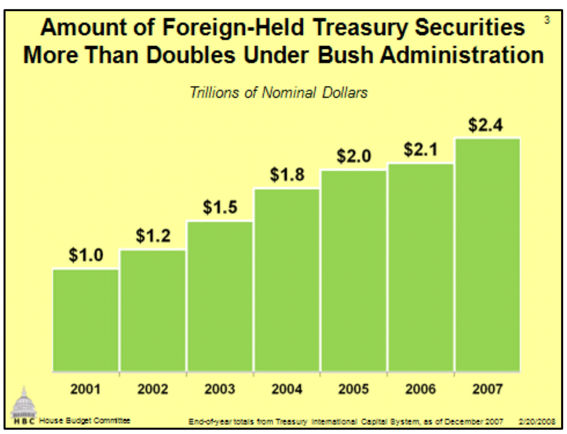
- ***Record surpluses squandered*** — This Administration inherited a \$5.6 trillion, ten-year projected surplus and transformed it into a \$3.2 trillion projected deficit – a swing in the wrong direction of nearly \$8.8 trillion.



- ***Biggest deficits in history*** — The White House's Mid-Session Review projects that this Administration's budget for 2009 will leave the country with a record \$482 billion deficit. In fact, all five of the largest deficits in our nation's history have occurred on this Administration's watch.

- ***Debt balloons under this Administration*** — Since this President took office, the debt held by the public has swelled by \$2.0 trillion, an increase of 59 percent. The current Administration has already accrued more debt than all of the presidential Administrations from Washington to Reagan combined.

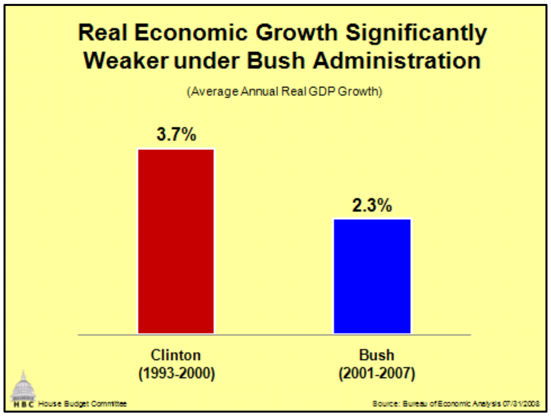
- ***Foreign investors increasingly finance our debts*** — Foreign-owned government debt has more than doubled during this Administration, increasing from \$1.0 trillion in January 2001 to \$2.4 trillion by the end of 2007.



- ***Interest on the debt crowds out other priorities*** — During 2009, interest on the national debt will be the fourth largest item in the budget, exceeded only by Social Security, defense, and Medicare. The government must service the debt before addressing other claims, thus crowding out other priorities.

Economic Performance

- ***Anemic economic growth*** — Today, real economic growth is threatening to stall and many economists believe we are already in a recession. GDP grew just 1.9 percent in the second quarter of 2008 – mainly because of the economic stimulus Congress passed. This follows growth of just 0.9 percent in the first quarter of 2008 and revised negative growth (a contraction) of -0.2 percent in the last quarter of 2007, fueling the argument that we are already in a recession.



- ***Even past growth is sluggish*** — The economy has grown at just 2.3 percent under this Administration, compared with 3.7 percent under President Clinton. Even during the recovery from the 2001 recession, the economy grew at just 2.6 percent, significantly below the 4.2 percent average growth rate experienced in post-war recoveries.

- ***Fed Chairman confirms bleak economic picture*** — Fed Chairman Benjamin Bernanke, in his semi-annual address to Congress (July 15, 2008), noted: "In particular, with the labor market softening and consumer price inflation elevated, real earnings have been stagnant so far this year; declining values of equities and houses have taken their toll on household balance sheets; credit conditions have tightened; and indicators of consumer sentiment have fallen sharply."

- ***Gasoline prices at an all-time high*** — Soaring energy prices are making it harder for American families to make ends meet. The price of oil, which sold for $25 per barrel in 2002, has quintupled and still tops $120 per barrel. This has translated into records at the pump, with the national average price hovering near $4.00 per gallon of regular gas.

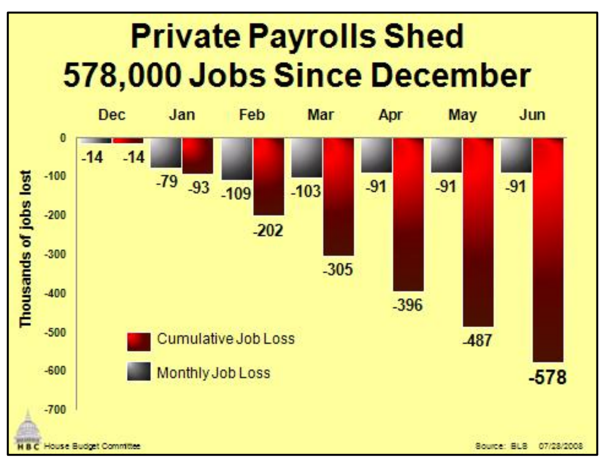
- ***Consumer confidence is low*** — These high gas prices and other weaknesses in the economy have pushed consumer confidence to the lowest levels since 1992.

- ***Housing foreclosure rates at record levels*** — The housing crisis has affected nearly every state and neighborhood. Foreclosure rates have reached 2.5 percent of residential mortgages outstanding, and more households are threatened. As housing prices and local tax bases fall, local governments will be increasingly challenged to fund needed services.

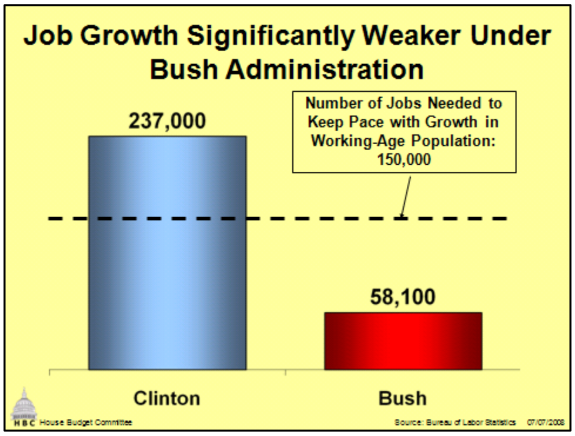
Jobs

- ***Thousands of jobs lost in 2008*** — Total payrolls (including government) have shed 438,000 jobs since the beginning of the year. Meanwhile, private payrolls have lost 578,000 jobs since December.

- ***Overall job creation weak under this Administration*** — The net job gain during this Administration is just 5.2 million jobs, compared with the creation of 22.3 million jobs over the same number of months



under the Clinton Administration.   That represents an average job growth during this Administration of just 58,000 jobs per month. That is the lowest monthly rate for any administration since Eisenhower, when the labor force was much smaller. The monthly job growth under this President is less than one-fourth the average of 237,000 jobs per month achieved during the previous Administration. Typically, about 150,000 total new jobs are needed each month to absorb new workers coming into the labor force, and months with 200,000 to 300,000 jobs created are common in a typical recovery.



- ***Job creation even weaker when we consider private payrolls*** — Just 3.5 million private-sector jobs have been added to the economy under this Administration. This yields just 40,000 new private-sector jobs per month, far less than the monthly rate of 217,000 new private-sector jobs (20.3 million in total) added under the previous Administration over the same number of months.

- ***Millions of manufacturing jobs lost*** — The manufacturing sector has been particularly hard hit, with a loss of 3.6 million jobs. Virtually all job creation has come from the health and government sectors. In 89 months in office, the President's policies have produced just 682,000 private sector, non-health jobs, compared to 18.0 million in the previous Administration over the same period.

- ***Worst jobs record since Hoover*** — In percentage terms, average annual job growth during this Administration is the lowest of any administration since Herbert Hoover.

- ***Heading the wrong way on unemployment*** — The current Administration's fiscal and economic policies have increased unemployment from 4.2 percent in 2001 to the current rate of 5.5 percent, adding nearly 2.5 million to the unemployment rolls. Conversely, the previous Administration's fiscal and economic policies lowered a 7.1 percent unemployment rate when it took office down to 4.2 percent by the time it left office. Furthermore, the current unemployment rate would be nearly twice as high – 10.6 percent – if it counted both part-time workers who want to work full-time and people who want a job but have not looked for work recently, according to the Bureau of Labor Statistics.

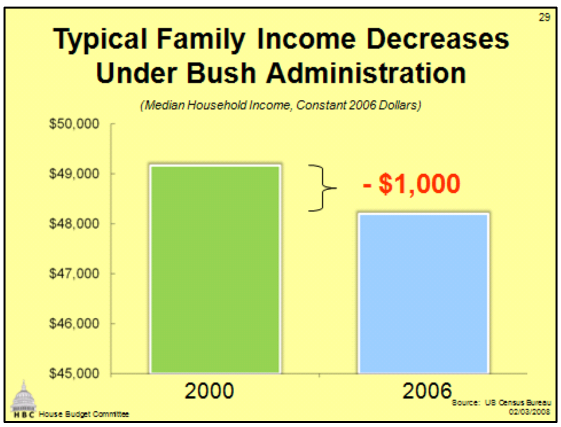
- ***Proportionally fewer workers now than 8 years ago*** — A smaller proportion of Americans are working today than at the end of the previous Administration. If the same proportion of Americans were in the labor force and searching for jobs today as in January 2001, the unemployment rate would be 6.7 percent.

Compensation

- ***Compensation trails productivity*** — Productivity has grown at a 2.5 percent annual rate since the end of 2000, but has not been accompanied – as it usually has been historically – by growth in the compensation of American workers. In fact, real compensation (wages plus benefits) has increased at about a third the rate of productivity since the end of 2000, with most of the growth coming from higher costs for benefits, not from wage increases.

- ***Fewer hours worked undermine slim gains in wages*** — Inflation-adjusted hourly wages have risen a total of just 1.6 percent since the current President took office – and have fallen 2.2 percent since January 2007. Average hours worked has dropped 1.5 percent over the same span. By comparison, real hourly wages rose 7.2 percent during the Clinton Administration.

- ***Weekly wages barely rise*** — Over the course of this Administration, inflation-adjusted weekly wages have risen just 0.1 percent. In contrast, inflation-adjusted weekly wages increased by 6.2 percent.



- ***Household incomes have fallen*** — Median annual household income has *decreased* by almost $1,000, or by 2.0 percent, after accounting for inflation over the course of this Administration. During the previous Administration, median annual household income *increased* by $6,000, or 14.0 percent, after accounting for inflation.

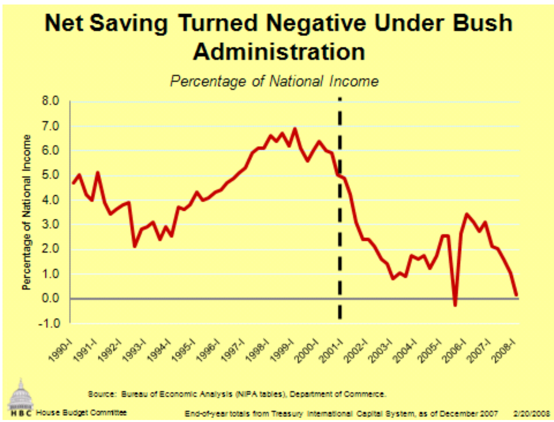
- ***Health insurance coverage wanes*** — In 2006, 47.0 million Americans were making do without health insurance, an increase of 8.6 million since 2000.

- ***Poverty on the rise*** — While real income has declined for most households, our most vulnerable citizens have fared the worst: in 2006, 36.5 million Americans were living below the poverty line – an increase of 5.4 million since 2000.

Saving and Investment

- ***Current Administration's fiscal policies impose heavy debt burden on America's families*** — The $2.0 trillion added to the public debt during this Administration equates to $26,000 in additional federal debt for every family of four in the United States. This is far more than most families have received in tax cuts, because the Administration's tax cuts have disproportionately benefitted those with the very highest incomes.

- ***National saving has declined*** — Net national saving has averaged just 2.0 percent of national income since 2000 (compared to 4.9 percent under the Clinton Administration). Net saving was 0.1 percent of national income at the start of 2008 and was actually negative in the middle of 2005. Before this, net national saving had not turned negative since the Great Depression.



- ***Americans' net worth falls*** — Household net worth, whether measured in nominal or inflation-adjusted terms, has fallen in the last two consecutive quarters, which it has not done since the 2001 recession. Real net worth has grown only 10.5 percent under this Administration as a whole, compared to 50.1 percent under the previous Administration.

- ***Meager investment under this Administration*** — Since the economy last peaked in early 2001, the average annual rate of growth for real nonresidential fixed investment has been only 2.8 percent, compared with 9.9 percent under the Clinton Administration, and is just under half of the 3.5 percent average annual increase in previous post-war business cycles.