



JOINT ECONOMIC COMMITTEE DEMOCRATS



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IS THAT ALL THERE IS? THE BUSH ECONOMIC RECORD FROM THE PERSPECTIVE OF WORKING FAMILIES

President Bush thinks his economic record is a good one, but public opinion polls indicate that most Americans do not agree with him. When it comes to the economic indicators that matter to most American families, the facts support the people not the President.

Unemployment and job growth. Unemployment remains higher than it was when President Bush took office in January 2001, and job creation has been lackluster. In particular,

- 688,000 more people are unemployed
- the unemployment rate is up 0.2 percentage point to 4.4 percent
- long-term unemployment (26 weeks or more) is 60 percent larger at 1.1 million
- job growth has averaged just 49,000 jobs per month—and just 31,000 per month in the private sector (monthly growth of 125,000 to 150,000 is necessary to absorb a growing labor force)
- 2.9 million manufacturing jobs have been lost

Job losses continued until August 2003 and did not regain their pre-recession level until February 2005—the most protracted jobs slump since the 1930s. Job growth since August 2003 has averaged just 159,000 jobs per month, whereas it was common to see job gains of 200,000 to 300,000 in the expansion of the 1990s. Over the past six months, monthly job growth has averaged just 138,000.

Wages and other measures of economic well-being. Most American families have seen their standard of living erode on President Bush's watch. American workers have seen their productivity grow at a very strong rate, but productivity and economic growth have not translated into higher real (inflation-adjusted) wages. Income gains have been concentrated at the top of the income distribution, while poverty and economic insecurity have increased. In particular, since President Bush took office,

- Real wages are up only 2.5 percent (0.4 percent per year) since January 2001, whereas productivity (output per hour) is up 18 percent (2.9 percent per year).
- Although total compensation (wages plus benefits) has risen more than wages, it too has lagged behind productivity. Moreover, compensation has been increased by rising employer costs for health insurance and restoring pension solvency, which are not new benefits for employees, while take home pay has been squeezed.

- The median usual weekly earnings of full-time wage and salary worker has declined by 0.9 percent after inflation.
- Median household income has declined by \$1,273 or 2.7 percent after inflation.
- 5.4 million more people live in poverty, for a total of 37 million people in poverty.
- 1.3 million more children live in poverty, for a total of 12.9 million children in poverty.
- 6.8 million more people lack health insurance, for a total of 46.6 million uninsured.
- 3.7 million fewer workers have an employer-sponsored retirement plan.

A legacy of deficits and debt. When President Bush took office, the federal budget was in surplus and the national debt was declining. Under President Bush, however,

- A \$128 billion federal budget surplus in FY 2001 turned into a \$248 billion deficit in FY 2006
- A \$5.6 trillion 10-year projected surplus from 2002 to 2011 has turned into a projected deficit of at least \$2.9 trillion.
- Federal debt issued to finance budget deficits rose by \$2.1 trillion

The legacy of deficits and debt created by Bush Administration fiscal policies will put a burden on the standard of living of future generations who will be left with the bills.

Conclusion. The broad economic indicators preferred by President Bush show that the economy has experienced a business cycle recovery from the 2001 recession, with strong productivity and rising output. However, most American workers have not seen the benefits of that recovery in their paychecks. Now, with the economy slowing before it has produced an improved standard of living for the typical American family, people have a right to ask of the Bush economic record, "Is that all there is?"

Sources: Bureau of Labor Statistics (jobs and unemployment, average hourly earnings, production, consumer prices: January 2001, October 2006); Bureau of the Census (poverty, income, and health insurance: 2000, 2005); Office of Management and Budget (deficits/surpluses: FY2002-2005, debt held by the public: 2001, 2005); Congressional Research Service: *Pension Sponsorship and Participation: Summary of Recent Trends* (pension participation).