

The Joint Economic Committee

STATE OF THE UNION FACT SHEET

Senator Charles E. Schumer, Chairman
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President Bush's Dismal Economic Record

On Monday, January 28, President Bush will deliver his annual State of the Union address to Congress. As he has in the past, President Bush is likely to claim that the policies of his administration have helped strengthen the economy. But President Bush's claims are misleading. President Bush has turned a federal budget surplus into record deficits and is tied with his father for the worst job creation record of any President in 70 years. Under President Bush's failed economic policies, the unemployment rate is now increasing and the number of unemployed Americans is now 1.6 million greater than when he took office. At the same time, household income has declined for all but the wealthiest Americans after accounting for inflation, and America's middle class has been squeezed by rising energy, health care and education costs. If current economic trends lead to a recession, as many economists are currently predicting, President Bush will become the first President to preside over two recessions since the Nixon administration. Here's a close look at the impact President Bush's policies have had on the economy:

ON JOB GROWTH AND EMPLOYMENT

Job Growth Under President Bush Is Among the Worst of Any Administration in over 70 Years

- Only 6.0 million more jobs have been created since President Bush took office in January 2001, tying President Bush with his father for the worst job creation record of any President since Herbert Hoover.
- Since President Bush took office, the job creation rate has averaged only 0.6 percent per year.
- Within the private sector, manufacturing was particularly hard hit, with payrolls declining by 3.2 million jobs between January 2001 and December 2007.

Under President Bush, the Unemployment Rate is Rising;

More Than 1.6 Million More People have Joined the Ranks of the Unemployed Since He Took Office

- Although the unemployment rate has come down from its peak of 6.3 percent (reached in June 2003), the rate of 5.0 percent in December 2007 is still 0.8 percentage points higher than it was in January 2001 when President Bush took office.
- In December 2007, 7.7 million people were officially counted as unemployed—nearly 1.6 million more people than were unemployed when President Bush took office in January 2001.
- The percent of Americans unemployed for more than 26 weeks – the long-term unemployed – increased by nearly 50 percent from 11.3 percent of the total unemployed in January 2001 to 17.5 percent in December 2007.

ON INCOME GROWTH

Under Bush, Real Household Income Has Declined for All Except the Richest since 2000

- Average income in the bottom 80 percent of the distribution of household income has fallen since 2000 after adjusting for inflation.
 - Changes in income over the past year have been uniformly regressive, with the starkest contrast being between the top of the distribution's gain of 1.0 percent and the bottom fifth's decline of 4.5 percent.
- As a result of this pattern of losses at the bottom and gains at the top, income inequality is now greater than it was before President Bush took office.

Under Bush, Real Median Household Income is Down \$962

- After adjusting for inflation, the income of a typical household was down by almost \$1,000 during President Bush's first 6 years (2006 is the latest year for which we have data).

- Real (inflation-adjusted) median household income has fallen at an average annual rate of 0.3 percent since President Bush took office. Looking back as far as we have data, (to the Kennedy Administration), only two other administrations have had a decline in real median household income.

Under President Bush, The Number of Americans Living in Poverty Has Increased by 4.9 Million

- The official poverty rate in 2006 (the latest year for which we have data) was 12.3 percent, which translates into 36.5 million Americans living in poverty in 2006—4.9 million more than were living in poverty in 2000, the year before President Bush took office.
- President Bush’s Administration is one of only four to preside over an average annual rise in the poverty rate.

ON MIDDLE CLASS PROSPERITY

Since President Bush took Office, American Consumers Have Been Squeezed by Skyrocketing Energy, Health Care and Education Expenses

- **Rising energy costs:** Total energy costs have ballooned tremendously, increasing 64 percent in real terms (after inflation) during Bush’s tenure. Americans are facing these massive costs everyday at the pump, where a gallon of regular grade gasoline has increased nearly 68 percent in real terms, averaging \$3.08 in November 2007, up from \$1.52 in November 2000. Heating costs this winter increased 7.5 percent in real terms from the previous year alone. Winter heating costs have increased 52 percent in real terms since the winter of 2001-2002.
- **Health Care Costs:** In 2005, the average inflation-adjusted health care premium for family coverage in United States was \$11,078, a 39.7 percent increase from 2000. Over the same time period, the average premium for individual coverage increased by 32.6 percent or \$4,121.
- **Education Costs:** Inflation-adjusted tuition for four-year public colleges increased 36.3 percent between the 1999-2000 and 2005-2006 school years to \$5,526 per year.

ON FISCAL RESPONSIBILITY

Bush Turned Large Projected Surpluses into Large Deficits

- When President Bush took office in January 2001, the Congressional Budget Office (CBO) projected large and growing federal budget surpluses under existing laws and policies (the so-called baseline projection). Over the 10 years from 2002 to 2011 those surpluses were projected to accumulate to \$5.6 trillion.
- Instead of producing a surplus, in 2007 the budget produced a **deficit** of \$163 billion.

Bush Tax Cuts Will Be More Than 100 Times Larger for Millionaires than for Middle Income Households

- The total amount of 2001-2006 tax cuts for households with more than \$1 million of income was projected to be on average \$119,517 in 2007.
- The comparable figure for households with incomes of \$50,000 to \$75,000 is \$1,163.
- Millionaires can therefore expect an average tax cut 103 times larger than that of households with incomes \$50,000 and \$75,000, 176 times greater than the average tax cut for households with \$20,000 to \$50,000 of income and 72 times larger than that of households with \$75,000 to \$100,000 of income.

The Economic Cost of The Iraq War Is Staggering

- In total, the Iraq War will cost nearly \$37,000 for a family of four over the next decade. The direct and indirect costs of the Iraq War will be massive, especially if the Bush administration continues to keep large numbers of troops there. Even assuming significant force reductions, the total costs of the Iraq War are estimated to be \$2.8 trillion by 2017.