



HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

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October 8, 2004

Disappointing Jobs Report

Dear Democratic Colleague:

Today the Labor Department announced that the U.S. economy added only 96,000 jobs in September, well below the increase expected. The unemployment rate in September remained at 5.4 percent. Today's disappointing jobs report is a reminder that we are creating jobs, but not enough to accommodate the day-by-day growth in our adult population. As a result, people are dropping out of our active work force. Real wages have gone nowhere for three years. The vigor that economists would normally expect in an economic recovery — job growth of more than 250,000 per month and real output growth of over four percent until full employment comes back — just has not happened.

Consider the following:

- Total non-farm employment remains 0.8 million below the level when President Bush took office. (The numbers will be revised early next year, but not by enough to bring employment back to net zero.)
- And this doesn't take into account that there are probably about 6 million more adult Americans who have come of age in the last four years, or who otherwise have decided to join the work force. So if we take President Bush's pledge seriously, that he will not be satisfied until every American who wants a job finds work, then we are now between 6 and 7 million jobs short of what we would need just to have marched in place since four years ago.
- There are 1.6 million fewer private-sector jobs than at the beginning of the Bush Administration.
- The labor-force participation rate — the percentage of the adult population that is either working or looking for work — has fallen from its record level of four years ago by more than one full percentage point. The participation rate declined further last month.

- And because unemployment is also up, the employment - population ratio — that is, the percentage of the total adult population that is at work — is down from its 2000 record high by more than two percentage points.
- More than 400,000 persons want work but have given up looking for jobs because they are discouraged over labor-market conditions.
- The number of Americans working part-time involuntarily — either because they cannot find full-time work, or because their employers are on short shifts because of slack demand — is up by more than one million in the last four years.
- The number of long-term unemployed persons — those out of work, and looking for work, for 27 weeks or more — is up by more than one million from the low level of four years ago.
- The median length of time an individual worker is unemployed is up by more than a month over the last four years.

Still, what may be most troubling about this sluggish job market is that it comes after \$2.5 *trillion* of tax cuts (including interest) over this Administration's first ten-year budget horizon. Those tax cuts are now fully built into the consumer's budget; there will be no new economic stimulus from them. But for the Treasury, the money is gone. There are only deficits to try to pay for the retirement of the baby boom, national and homeland security, health care and education, and everything else that the American people expect and need from the federal government.

Under President Clinton, the economy created more than 11 million jobs in each four-year term — more than 22 million jobs in total. And at the same time, the budget moved from a record deficit to a record surplus.

Sincerely,

/s

John M. Spratt, Jr.

Ranking Democratic Member