



# HOUSE BUDGET COMMITTEE

## Democratic Caucus

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

B-71 Cannon HOB ■ Washington, DC 20515 ■ 202-226-7200 ■ [www.house.gov/budget\\_democrats](http://www.house.gov/budget_democrats)

October 26, 2004

### **As Consumer Confidence Declines Again, Report Card Gives Overall Bush Economic Policies A Failing Grade**

Dear Democratic Colleague:

On the same day that new data showed a further erosion in consumer confidence — the third monthly decline in a row — the House Budget Committee Democratic staff today released an “economic report card” detailing the Bush Administration’s overall economic record.

Today’s new consumer confidence data from the Conference Board show a decline in October of 4.0 percent. Over the last three months alone, the consumer confidence index has declined by 13.9 percent, and since January 2001 it has fallen 19.8 percent.

In all, the report card examines 19 economic indicators spanning four broad areas: the labor market, economic production, the international economy, as well as consumer confidence. For each indicator, the report examines the record since January 2001, the short-term trend, and the most recent data. In each of the four major areas, the data reveal the economic shortfalls of the Bush Administration.

Attached is the report card and a statement released this morning about its findings. Please do not hesitate to contact me or the House Budget Committee Democratic staff if you have any questions.

Sincerely,

/s

John M. Spratt, Jr.

Ranking Democratic Member

# Economic Report Card: A Failing Grade

<u>Indicator</u>	<u>Since January 2001</u>	<u>Short-Term Trend</u>	<u>Most Recent Data</u>
<b>Labor Market Indicators</b>			
Total number of jobs	The economy has lost 821,000 jobs since President Bush took office, the worst record of any president since the Great Depression.	Monthly job growth peaked in March at 353,000. Since then, job growth has dropped in almost every month, falling far short of the pace typical of an economic recovery.	In September, total employment grew by only 96,000, far less than the growth in the working-age population.
Total private-sector jobs	The economy has shed 1.634 million private-sector jobs during this administration, the worst record of any president since the Great Depression.	Monthly job growth peaked in March, and has petered out since.	There were only 59,000 private-sector jobs created in September.
Manufacturing jobs	The economy has lost 2.709 million manufacturing jobs since January 2001.	The number of manufacturing jobs has fallen in 38 of the 44 months of the Bush Administration.	Manufacturing jobs declined by an additional 18,000 in September.

<u>Indicator</u>	<u>Since January 2001</u>	<u>Short-Term Trend</u>	<u>Most Recent Data</u>
Unemployment rate	The unemployment rate has risen to 5.4 percent from 4.2 percent. The unemployment rate would be even higher if the share of the adult population in the active labor force had not dropped by 1.3 percentage points.	The unemployment rate hit 6.3 percent in June of 2003. It has fallen since in part because the share of the adult population in the labor force has fallen steadily under the Bush Administration.	The unemployment rate stayed at 5.4 percent, but only because another 221,000 workers dropped out of the labor force.
Number of unemployed	The number of unemployed has risen by 2.0 million, to a total of 8.0 million unemployed workers.	The number of unemployed has remained above 8.0 million since November of 2001.	This month's count of the unemployed was higher than any pre-Bush month back to April of 1994.
Number of long-term unemployed	The number of workers unemployed for six months or more has more than doubled, and stands at 1.747 million.	The number of long-term unemployed is higher than it was in January of 2003, and in any pre-Bush month back to March of 1994.	In September, the number of long-term unemployed rose by 83,000, to 1.747 million.
Help-wanted advertising	Help-wanted advertising fell and stayed low through virtually all of the Bush Administration, and now stands near its lowest level in four decades.	In the last year, the volume of help-wanted advertising has fluctuated around a historically low level.	In September, the volume of help-wanted advertising was flat, and stands at a level that, apart from April and May of 2003, is the lowest in 40 years.

<u>Indicator</u>	<u>Since January 2001</u>	<u>Short-Term Trend</u>	<u>Most Recent Data</u>
Real Average Hourly Earnings	Real average hourly earnings of private production or nonsupervisory workers are up just 2.7 percent in the almost four years since President Bush took office.	Real hourly earnings stopped growing at the end of 2001. Since December of that year, the real wage is up just one cent in constant 1982 dollars — well under one percent.	Real hourly earnings rose by five cents in September of 2004 — to a level one cent below that of September a year ago.
Real Average Weekly Earnings	Real average weekly earnings of private production or nonsupervisory workers are up just 1.6 percent in the almost four years since President Bush took office.	Real weekly earnings stopped growing at the end of 2001. Since December of that year, real weekly earnings are down by 33 cents in constant 1982 dollars — a decline of about 0.1 percent	Real weekly earnings were essentially unchanged in September of 2004, at a level below that of January and February of this year.

<b><u>Indicator</u></b>	<b><u>Since January 2001</u></b>	<b><u>Short-Term Trend</u></b>	<b><u>Most Recent Data</u></b>
<b>Production Indicators</b>			
Real GDP growth	Real GDP growth averaged 2.5 percent since the inauguration, the worst record since the early 1950s save for three other Republican Administrations.	Real GDP growth peaked in the third quarter of 2003 at 7.4 percent, driven by spending of one-time tax rebates. Growth has eased since.	Real GDP growth slowed to 3.3 percent in the second quarter of this year — barely enough to drive any new job creation.
Real business investment	Real business investment has fallen 2.2 percent since the President was inaugurated, the second worst record for any Administration since World War II (after President Ford).	As a percentage of GDP, real business investment has recovered about one-third of its drop since the beginning of the Bush Administration.	Real investment spending rose at a 12.1 percent annual rate in the second quarter, but remains below its inflation-adjusted level of the beginning of the Bush Administration.
Nondefense capital goods orders	New orders for investment goods have declined by 2.2 percent since January 2001.	New orders for nondefense capital goods began to grow again after mid-2003, but remain below their level of 2000.	New orders for investment goods fell 7.7 percent in September, and are below where they were three years ago.
Industrial production	The index of industrial production rose by only 2.1 percent since President Bush took office. Under President Clinton, it rose by 43.0 percent over two terms, 20.5 percent over the first term alone.	Industrial production plunged in 2001, and was flat over 2002 and much of 2003. It has grown since then, but has barely recovered its level of 2000.	In September, the index of industrial production increased only 0.1 percent, 1.8 percent at an annual rate.

<u>Indicator</u>	<u>Since January 2001</u>	<u>Short-Term Trend</u>	<u>Most Recent Data</u>
Capacity utilization	Utilization has fallen to 77.2 percent of capacity from 80.1 percent in January 2001.	Capacity utilization has recovered somewhat since mid-2003, but remains well below the level of the beginning of this Administration.	Capacity utilization was virtually unchanged in October, and was lower than in June of 2001. Before this Administration, the latest level lower than October of 2004 was in September of 1983.
Private nonresidential construction	Construction of new plants, office buildings, and other facilities has dropped 15.4 percent since the beginning of this Administration.	After falling sharply for two years, nonresidential construction stabilized in August 2002. It has barely begun to recover in 2004, gaining back about one-fourth of its losses.	Nonresidential construction grew by only 0.8 percent in September, and is lower than it was in June of 2002.

<u>Indicator</u>	<u>Since January 2001</u>	<u>Short-Term Trend</u>	<u>Most Recent Data</u>
<b>Confidence Indicators</b>			
Consumer confidence index	The Conference Board's index of consumer confidence has fallen 19.8 percent since January 2001.	Consumer confidence has recovered slightly from its trough in 2003, but is below its level of September of 2002.	Confidence decreased 4.0 percent in October, its third decline in a row.
Consumer sentiment index	The University of Michigan's index of consumer sentiment has declined 7.6 percent since President Bush took office.	The sentiment index has recovered slightly from its low point of 2003, but is still below its level of June 2002.	In October, the sentiment index plunged 7.1 percent, its third straight decline.

<u>Indicator</u>	<u>Since January 2001</u>	<u>Short-Term Trend</u>	<u>Most Recent Data</u>
<b>International Indicators</b>			
Trade deficit	The trade gap in to goods and services has increased by \$200 billion per year under this Administration, going from just over \$30 billion per month at the first beginning of 2001 to over \$50 billion now. The annual trade deficit was \$363 billion in 2001, but \$497 billion in 2003 (the latest annual figure available).	The trade deficit has been on a deteriorating trend since mid-2001.	The trade deficit in July (the latest available) was over \$50 billion, and except for the even larger figure in June was the biggest on record.
U.S. foreign debt	The U.S. net international investment position showed a net debt of \$2.7 trillion at the end of 2003 (the latest figure available), substantially worse than the \$1.6 trillion figure for 2000.	The negative investment balance broke the \$2 trillion mark in 2001, and has been worsening ever since.	The U.S. net foreign debt will have deteriorated from \$2.7 trillion at the end of 2003 to as much as \$3.3 trillion by the end of 2004, based on the size of the trade deficit.



## **News from U.S. Rep. John Spratt (D-SC)**

Assistant to the Democratic Leader

Ranking Member, Committee on the Budget

US House of Representatives – Washington, DC

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Contact: Chuck Fant, 202-225-5501

### **As Consumer Confidence Declines Again, Report Card Gives Overall Bush Economic Policies A Failing Grade**

WASHINGTON — On the same day that new data showed a further erosion in consumer confidence — the third monthly decline in a row — the House Budget Committee Democratic staff released a comprehensive “economic report card” (attached) detailing the Bush Administration’s overall economic record.

Today’s new consumer confidence data from the Conference Board show a decline in October of 4.0 percent. Over the last three months alone, the consumer confidence index has declined by 13.9 percent, and since January 2001 it has fallen 19.8 percent. The economic report card also includes confidence data from the University of Michigan, which also has declined since January 2001.

In all, the report card examines 19 economic indicators spanning four broad areas: the labor market, economic production, the international economy, as well as consumer confidence. For each indicator, the report examines the record since January 2001, the short-term trend, and the most recent data. In each of the four major areas, the data reveal the economic shortfalls of the Bush Administration.

In the area of the labor market, this Administration has overseen a net loss of 1.6 million private-sector jobs, the worst record of any president since Hoover. In the manufacturing sector, the economy has lost 2.7 million jobs since January 2001. Meanwhile, unemployment has risen from 4.2 percent when the President took office to 5.4 percent currently, and the number of workers unemployed for six months or longer has more than doubled.

In terms of economic production, the report card indicates that real GDP growth has averaged just 2.5 percent since President Bush’s inauguration — a level below that of every Democratic president since the 1950s — while real business investment and orders for non-defense capital goods each have declined by 2.2 percent. Capacity utilization has also decreased since January 2001.

On the international front, the trade deficit in goods and services has increased by \$200 billion per year under this Administration. In 2003, the trade deficit reached \$497 billion and U.S. foreign debt has increased dramatically.

U.S. Rep. John Spratt (D-SC), Ranking Democrat on the Budget Committee, summed up the staff study as follows: "This Administration has four deficits: a budget deficit, a trade deficit, and a job deficit, plus a leadership deficit in dealing with these problems. On its watch, a ten-year budget surplus of \$5.6 trillion has become a ten-year deficit of over \$3 trillion. Despite the stimulus that deficits of this size should impart, the economy still has over 1.6 million fewer private-sector jobs than when President Bush took office."

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