

Center for American Progress



**The Road to Zero:  
Still Not There Yet, Private  
Sector Job Growth under  
President Bush**

**Gene Sperling**

**June 3, 2005**

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**Key Findings**

**Through May 2005 (52 months into the Bush Presidency) private sector jobs are down 24,000. *This morning's May jobs report showed that the economy once again failed to produce its first net private sector job under Bush.***

***Since Great Depression no other president who served at least 52 months has overseen a net loss in private sector jobs through this point.***

- On average, private employment grew at a 9.8 percent rate through 52 months of each presidency since the 1930s. Had private sector jobs grown at that rate during Bush's first 52 months in office employment would have been up 10.9 million, instead of down 24,000.

***Only in May 2005 (42 months after the end of the last recession) did the private sector recover the jobs lost during the last recession—the longest period since the 1930s.***

- 42 months is more than three times longer than the average time—12.7 months-- needed during the typical recovery since the 1930s.

***The Bush recovery is 8.6 million private sector jobs behind where it would be had the rate of job growth been the same as in a typical recovery dating back to the 1950s.***

- Private sector employment has grown at about 1.9 percent—about one sixth the average rate of 11.3 percent we saw through the 42 months following each recession since the 1930s and less than less than on fifth the average rate of growth following each recession dating back to the 1950s (9.8 percent).
- Even if private sector jobs has grown at the average rate following those recessions from the 1950s on, excluding the exceptionally strong recoveries from the two recessions following World War II, there would be an additional 8.6 million jobs today

***Real weekly and hourly wages have actually declined since the end of the recession.***

- Real average hourly earnings declined to \$16.00 in April 2005—below their \$16.07 mark at the end of the recession in November 2001. Real average weekly wages declined from \$543.14 at the end of recession to \$542.40 in April 2005 (wage statistics are adjusted to April 2005 dollars using CPI-W).

## **The Road to Zero: Still Not There Yet, Private Sector Job Growth under President Bush**

Gene Sperling, Center for American Progress

June 3, 2005

**Today's release of the May 2005 jobs data confirmed that the economy failed yet again to create its first net new private sector job since President Bush took office:** Despite the fact that job growth during the Bush presidency has been the weakest of any presidency since the 1930s, and that the job growth in the economic recovery is the weakest this long after any recession since the 1930s, the President frequently cites job growth as evidence that the economy is on the right track. Just this Tuesday he opened a press conference by arguing, "Our economy is strong...because we've added over 3.5 million jobs over the last two years." Even this favorite statistic is telling: it is 2.3 million jobs beneath the typical two-year job growth from 1993-2000.

One thing the White House fails to mention: the economy is yet to create its first net private sector job. While there have been an anemic 893,000 jobs created over the first 52 months of the Bush presidency, this is solely due to 917,000 job growth in the government sector offsetting the 24,000 jobs lost in the private sector.

While no President is responsible for everything good or bad that happens in the U.S. job market, these numbers certainly provide no evidence that the Administration's economic policies have been anything resembling positive or even neutral in terms of US job creation. Recognition of the weakness of this job growth in historical terms should be a cause for serious policy discussion as to the ineffectiveness of recent deficit-exploding policies and the failure to take seriously crucial policy imperatives such as reducing the spiraling costs of health care, and the need for investment in research and the potential of the current and future workforce.

### ***1. Through May 2005 (52 months into the Bush presidency) private sector jobs are down 24,000:***

- In January 2001, the number of Americans in private sector jobs was 111,622,000. As of May 2005, it was 24,000 lower at 111,598,000. February 2001, Bush's second month in office, has been the only month where private sector job growth has been net positive.
- Indeed, the weak overall job growth of 893,000 is entirely attributable to the 917,000 jobs created in the government sector since January 2001.

### ***2. Since Great Depression no other president who served at least 52 months has overseen a net loss in private sector jobs through this point:***

- Since the 1930s, the historical average private employment growth rate through 52 months of a presidency is 9.8 percent. Had private sector jobs grown at that rate during Bush's first 51 months in office employment would have been up 10.9 million, instead of down 24,000.
- Private sector job growth in the first 52 months of the Clinton presidency was 13.2 percent, generating 11.9 million private sector jobs.
- While President Eisenhower oversaw second the weakest stretch of private job growth in his first 52 months, this relatively low 4.8 percent increase generated 2.1 million private sector jobs at the time. Had our economy enjoyed such historically "weak" job growth we would have and additional 5.4 million private sector jobs today.

Table 1

<b>Historical Private Sector Job Growth Through 52 Months of a Presidency</b>		
<u>Presidency</u>	<u>Private Sector Jobs Created</u>	<u>Rate of Private Employment Growth</u>
<b>Truman</b> (May 1945-Aug 1949)	2,378,000	6.7%
<b>Eisenhower</b> (Feb 1953-May 1957)	2,085,000	4.8%
<b>Johnson</b> (Dec 1963-Mar 1968)	7,683,000	16.0%
<b>Nixon</b> (Feb 1969-May 1973)	5,600,000	9.8%
<b>Reagan</b> (Feb 1981-May 1985)	6,147,000	8.2%
<b>Clinton</b> (Feb 1993-May 1997)	11,971,000	13.2%
<i>Average</i>	5,977,000	9.8%
<b>Bush</b> (Feb 2001-May 2005)	<b>-24,000</b>	<b>-0.02%</b>
<b>Bush</b> (Feb 2001-May 2005)*	<b>10,945,000*</b>	<b>9.8%</b>
*This statistic shows what private sector job growth would have been had it grown at the typical rate of 9.8 percent during the first 52 months of the Bush presidency.		

**3. Only in May 2005 (42 months after the end of the last recession) did the private sector recover the jobs lost during the last recession—the longest period since the 1930s:**

- Through May 2005, 42 months after the end of the last recession in November 2001, private sector employment was still stuck at 111,598,000—just 33,000 jobs ahead of the 111,565,000 we had the month the recession began in March 2001.
- 42 months is more than three times longer than the average time needed to recover private sector jobs after the last nine recessions.

Table 2

<b>Months After Recession Taken to Recover Private Sector Jobs</b>	
<u>Recession Ending</u>	<u>No. Months to Recover</u>
<b>October 1945</b>	8
<b>October 1949</b>	10
<b>May 1954</b>	14
<b>April 1958</b>	13
<b>February 1961</b>	10
<b>November 1970</b>	12
<b>March 1975</b>	11
<b>November 1982</b>	11
<b>March 1991</b>	25
<i>Average</i>	12.7
<b>November 2001</b>	<b>43?</b>

**4. The Bush recovery is 8.6 million private sector jobs behind where it would be had the rate of job growth been the same as in a typical recovery dating back to the 1950s:**

- During this recovery, private sector employment growth has been 1.9 percent. That is about one sixth the rate of growth in the typical 42 months following each recession since the 1930s (11.3 percent) and less than on fifth the average rate of growth following each recession dating back to the 1950s (9.8 percent).
- Even if private sector jobs had grown at the average rate following those recessions from the 1950s on, excluding the exceptionally strong recoveries from the two recessions following World War II, there would be an additional 8.6 million jobs today.
- While job growth during a recovery must accede the growth in the working age population—so that the economy can accommodate both those laid off during the recession and those new workers entering the labor market—in the last 42 months private employment growth exceeded population growth only 8 times.

Table 3

<b>Private Sector Job Growth Through 42 Months after the End of a Recession</b>		
<u>Recession Ending</u>	<u>Private Sector Jobs Created</u>	<u>Rate of Private Employment Growth</u>
<b>October 1945</b>	5,538,000	16.9%
<b>October 1949</b>	6,682,000	18.1%
<b>May 1954</b>	2,652,000	6.3%
<b>April 1958</b>	2,558,000	5.9%
<b>February 1961</b>	3,919,000	8.7%
<b>November 1970</b>	6,747,000	11.7%
<b>March 1975</b>	9,904,000	16.0%
<b>November 1982</b>	9,640,000	13.2%
<b>March 1991</b>	5,764,000	6.4%
<i>Average</i>	5,933,000	<b>11.3%</b>
<i>Average Since 1950s</i>	5,883,000	<b>9.8%</b>
<b>November 2001</b>	<b>2,047,000</b>	<b>1.9%</b>
<b>November 2001*</b>	<b>10,688,000*</b>	<b>9.8%</b>
* This statistic shows what private sector job growth would have been had it grown at the typical rate following each recession since the 1950s (9.8 percent) during the recovery from the recession ending in November 2001.		

**5. Real weekly and hourly wages have actually declined since the end of the recession:**

- Real average hourly earnings declined to \$16.00 in April 2005—below their \$16.07 mark at the end of the recession in November 2001.
- Real weekly earnings also slid during the recovery. In April they sat at \$542.40, down from \$543.14 at the recession’s end. [All wage statistics are adjusted to April 2005 dollars using CPI-W]

# Center for American Progress



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**Center for American Progress**  
**1333 H Street, N.W., 10th Floor**  
**Washington, D.C. 20005**  
**(202) 682-1611**  
**[www.americanprogress.org](http://www.americanprogress.org)**