

Too Low a Bar

By Paul Krugman

John Snow, the Treasury secretary, told The Times of London on Monday that he expected the U.S. economy to add two million jobs before the next election—that is, almost 200,000 per month. His forecast was higher than those of most independent analysts; nothing in the data suggests that jobs are being created at that rate. (New claims for unemployment insurance are running at slightly less than 400,000 a week, the number that corresponds to zero job growth. If jobs were being created as rapidly as Mr. Snow forecasts, the new claims number would be closer to 300,000.)

Still, Mr. Snow may get lucky, and the job market may pick up. But his prediction was a huge climb-down from administration predictions earlier this year, when the White House insisted that it expected the economy to add more than five million jobs by next November.

And even if Mr. Snow's forecast comes true, that won't vindicate the administration's economic policy. In fact, while private analysts are criticizing Mr. Snow for being overly optimistic, I think the stronger criticism is that he's trying to lower the bar: to define as success a performance that, even if it materializes, should really be considered a dismal failure.

Bear in mind that the payroll employment figure right now is down 2.6 million compared with what it was when George W. Bush took office. So Mr. Snow is predicting that his boss will be the first occupant of the White House since Herbert Hoover to end a term with fewer jobs available than when he started. This is what he calls success?

Bear in mind also that just increasing the number of jobs isn't good enough. If we want to improve the dismal prospects of job seekers—currently, 75 percent of those who lose jobs still haven't found new jobs when their unemployment benefits run out—the number of jobs must grow faster than the number of people who want to work. Indeed, because the working-age population of the United States is steadily growing, the economy must add about 130,000 jobs each month just to prevent the labor market from deteriorating.

Mr. Snow thinks the economy will, finally, start to do better than that—but it's not happening yet. In September, employment rose for the first time since January, but the increase was only 57,000 jobs. And to have kept up with the population growth since Mr. Bush took office, the economy would have to add not two million, but seven million jobs by next November.

Mr. Bush's employment policies would truly have been a success if he had left the job market no worse than he found it. In fact, even his own Treasury secretary thinks he'll fall five million or so jobs short of that mark.

I know, I know, the usual suspects will roll out the usual explanations. It is, of course, Bill Clinton's fault. (Just for the record, the average rate of job creation during the whole of the Clinton administration was about 225,000 jobs a month. Mr. Clinton presided over the creation of 11 million jobs during each of his two terms.) Or maybe Osama bin Laden did it.

But surely there must be a statute of limitations on these excuses. By the time of the election, Mr. Bush will have had almost four years to deal with the legacy of the technology bubble, and more than three years to deal with the economic fallout from 9/11.

And Congress has given him everything he has wanted in terms of economic policy, even though that has led to a frightening explosion in federal debt: in the current fiscal year the Bush tax cuts will account for almost \$300 billion of a deficit expected to top

\$500 billion. (If that \$300 billion had been used to employ workers directly—a new W.P.A., anyone?—it would have created six million jobs.)

Yet Mr. Bush's own Treasury secretary has, in effect, admitted that despite the administration's unimpeded efforts, and all that debt, the job market will still be in poor shape a year from now.

Mr. Bush's handlers have often managed to have small achievements hailed as triumphs by persuading people to set the bar very low. Now his officials are trying to convince the public that if, after several years of dismal performance, they can achieve one year of job creation at a rate below the average rate Bill Clinton achieved over eight years, this will constitute a great economic victory.