



## FACT SHEET

# THE BUSH RECESSION

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COMMITTEE

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### **Bush Administration Tries to Deflect Blame for Failure of Economic Policies by Falsely Claiming That Recession Began Before President Took Office**

Despite widespread agreement that the nation's economy went into recession in March 2001, two months after President Bush was sworn in, the President and other administration officials have repeatedly claimed that the country was already in recession when they took office. Their claims are clearly designed to absolve the President of responsibility for the economy's continuing weakness and for the millions of jobs that have been lost under the President's watch.

#### **Recession Actually Started Two Months After President Bush Took Office**

On many occasions, the Bush administration has claimed that the recession began before it took office. The following quotes represent just a few examples of the Bush administration's deliberate campaign to shift blame for the weak economy away from the President and his failed tax cut policies.

- As recently as July 19, at a fundraiser in Texas, President Bush stated, "two-and-a-half years ago, we inherited an economy in recession."
- In a June 4 interview in *National Journal*, former OMB Director Mitch Daniels was quoted as saying, "We had a recession. They know when it started – not on this President's watch."
- In a radio address on December 28, 2002, the President said, "In 2002, our economy...was pulling out of a recession that began before I took office."
- In remarks to Republican Governors on September 19, 2002, the President said, "I want you all to remember that when Dick Cheney and I got sworn in, the country was in a recession."

These quotes have one thing in common – they are all wrong. In reality, according to the National Bureau of Economic Research (NBER), the recession began in March 2001, two months after President Bush took office.<sup>1</sup> NBER is widely recognized by economists as the official arbiter of the start and finish of economic recessions. Although economic growth was not strong prior to

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<sup>1</sup> July 2003 Announcement of NBER's Business Cycle Dating Committee, <http://www.nber.org/cycles/july2003.pdf>

the President being sworn in, it is simply factually incorrect for the Bush administration to claim that the economy was already in recession at that point.

### **President Bush is on Track to Have the Worst Economic Record Since Herbert Hoover**

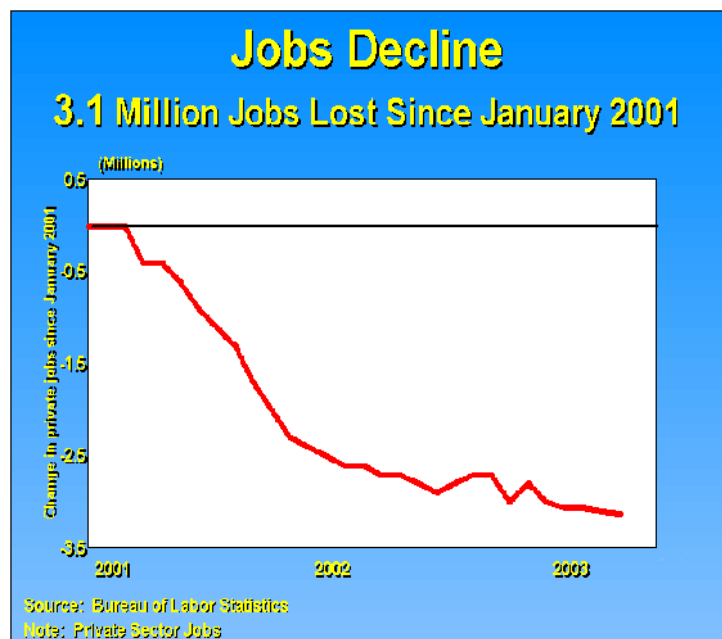
President Bush has assured the American people that the tax cut packages he promoted in 2001, 2002, and 2003 would generate strong economic growth and create jobs. The economic record of the last two and a half years indicates that the President's policies have failed to deliver on these assurances.

In fact, the President's tax cuts have been notably ineffective in giving lift to the economy. That is because his tax cuts have provided the bulk of their benefit in the form of permanent tax cuts for the wealthy, who are the least likely to increase spending in the short-run to help the economy. A better-designed fiscal policy would have targeted tax cuts toward middle- and lower-income taxpayers, provided more stimulus for the economy up-front, when it is needed, and cost much less over the long-term.

The long-term costs of the President's tax cuts will explode federal deficits and debt, which will raise interest rates, crowd out private sector investment, and slow long-term economic growth. The burgeoning federal debt will also severely weaken the nation's ability to meet the demands on Social Security and Medicare from the coming retirement of the baby boom generation.

Under the Bush administration, we are seeing the slowest economic growth of any administration in 50 years. Economic growth has averaged an anemic 1.6 percent since the President took office.

Disturbingly, 3.1 million private sector jobs have been lost since January 2001, and more than 300,000 jobs have been lost in five consecutive months of decline from January 2003 to June 2003. Between January 2001 and June 2003, the unemployment rate has climbed by 2.3 percentage points.



The Bush administration is on track to be the first administration in 70 years – since Herbert Hoover during the Great Depression – to experience a decline in private sector jobs over its term in office.