

White House jobs forecast met with doubts by critics

Democrats and economists criticize the White House's prediction of 2.6 million new jobs by 2004's end

By Robert Manor
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CHICAGO — Declaring that the nation's jobless recovery will soon end, the White House predicted Monday that the economy would create 2.6 million new jobs by the end of the year, a forecast that Democrats and some economists criticized as overly optimistic.

The annual Economic Report of the President predicted that the nation's economy would see substantial improvement by the end of this year, with overall growth of about 4 percent — a number in line with many independent forecasts.

But the most controversial aspect of the report, prepared by President Bush's Council of Economic Advisers, was the new job estimate. Last year's report predicted that 1.7 million jobs would be created in 2003. Instead, the nation lost 53,000 jobs. In Bush's three years in office, 2.2 million jobs have disappeared.

Since the Great Depression, it has never taken this long for the economy to begin creating jobs after emerging from a recession. After the last recession ended in 1991, it took 14 months for employment to begin expanding.

Current problems with the economy have gone on nearly twice as long, 26 months. Job creation has been even slower, and many out-of-work Americans have exhausted their unemployment benefits.

"After months and months of disappointing job creation, it's clear that the administration's policies are still not working for ordinary Americans," said Senate Minority Leader Tom Daschle, D-S.D.

Daschle noted that unemployment figures released last week indicate 8.3 million people still are out of a job.

On the campaign trail, Sen. John Kerry of Massachusetts, the front-runner for the Democratic presidential nomination, said Bush had the worst jobs record since Herbert Hoover. The view of the economy presented in the new report, he added, was probably

"prepared by the same people who brought us the intelligence on Iraq."

"I don't think we need a new report about jobs in America," Kerry told a campaign rally in Roanoke, Va. "I think we need a new president who is going to create jobs in America and put America back to work."

In the report, which the president is required to deliver annually to Congress, Bush and his advisers defended the administration's economic stewardship. They noted that the economy has been able to overcome a series of shocks, starting with the bursting of the stock market bubble in early

traveled to a state in which Democratic presidential candidates just competed in a primary.

Most economists said they expect more jobs to be created in 2004 as the recovery gains steam. But many also cautioned that the White House's prediction is aggressive, noting that only 112,000 jobs were created in January.

Economists had expected 150,000 new jobs in Friday's Labor Department report for January. Most have said the economy should be creating 200,000 to 300,000 a month to sustain the recovery.

In a normal year, Bush's hope for 2.6 million new jobs would be realistic and probably could be achieved, said Douglas Porter, senior economist with BMO Nesbitt Burns, an investment firm affiliated with the parent company of Chicago's Harris Bank.

"Unfortunately, this recovery has been marked most notably by persistent weakness in the labor market," Porter said. "I suspect that will continue to be a hallmark of the recovery."

Porter said he expects about 2 million jobs to be created by year's end.

Paul Kasriel, chief economist at Chicago's Northern Trust Co., was more pessimistic.

"I doubt that we will see that many new jobs created this year," he said of the White House prediction. "I think it will be 1.5 million, which is better than a poke in the eye."

But he added, "Even that is iffy."

Lee Price, research director of the liberal Economic Policy Institute, said expansion of the labor market is suppressed, in part because many people are putting in unpaid overtime. With the economy still on shaky ground, he said, employers have held off hiring and are asking their employees to be more productive.

"Some of it is salaried people working longer hours," Price said, "and some of it is people working harder."

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2000, followed by the 2001 terrorist attacks, two wars and numerous corporate scandals.

"As 2004 begins, America's economy is strong and getting stronger," Bush said in the report's preface. "The unemployment rate has fallen from its peak of 6.3 percent last June to 5.7 percent in December, and employment is beginning to rise as new jobs are created, especially in small business."

Later, at an appearance in Springfield, Mo., Bush defended his stewardship of the economy, saying his tax cuts are helping fuel the current recovery and warning that Democrats who want to roll back those cuts would really be raising taxes on families and small businesses.

"I hope people come away from this discussion with this great sense of optimism about the future of our country," Bush told several hundred workers and residents at a plant that makes car and boat engines.

Officially, Bush is still not focusing on the presidential campaign, according to his aides. But Monday's event marked the third time he has

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