

April 22, 2003

Jobs, Jobs, Jobs

By PAUL KRUGMAN

Did you know that President Bush's economic plan will create 1.4 million jobs? Oh, and did I mention that the plan will create 1.4 million jobs? And don't forget, the plan will create 1.4 million jobs.

Republican politicians are obviously under instructions to push that job number. On the Sunday talk shows some of them said "1.4 million jobs" so often that it sounded like an embarrassing nervous tic.

Of course, there's no reason to take that number seriously. Basically, the job-creation estimate came from the same place where Joseph McCarthy learned that there were 57 card-carrying Communists in the State Department. Still, let's pretend that the Bush administration really thinks that its \$726 billion tax-cut plan will create 1.4 million jobs. At what price would those jobs be created?

By price I don't just mean the budget cost; I also mean the cost of sacrificing other potential pro-employment policies on the altar of tax cuts. Once you take those sacrifices into account, it becomes clear that the Bush plan is actually a job-destroying package.

Not that the budget cost is minor. The average American worker earns only about \$40,000 per year; why does the administration, even on its own estimates, need to offer \$500,000 in tax cuts for each job created? If it's all about jobs, wouldn't it be far cheaper just to have the government hire people? Franklin Roosevelt's Works Progress Administration put the unemployed to work doing all kinds of useful things; why not do something similar now? (Hint: this would be a good time to do something serious, finally, about port security.)

The answer is that we can't have a modern version of the W.P.A. because, um . . . because tax cuts are essential to promote long-run economic growth. Yes, that must be it. Just look at a new study by the Congressional Budget Office, now headed by an economist handpicked by the Bush administration. It concludes that the Bush plan may have either a positive or a negative effect on long-run growth, but that in any case the effect will be small. Wait, that's not the answer we wanted. Quick, find another expert!

Meanwhile, the United States is in effect about to run a W.P.A. program in reverse. That is, as a nation we're about to reduce spending on basic needs like education, health care and infrastructure by at least \$100 billion, maybe more. And these spending cuts — the result of the fiscal crisis of the states — amount to a job destruction program bigger than any likely positive effects of the Bush tax cut.

Until recently it has been hard to get people excited about the states' worst fiscal crisis since the Great Depression. For about two years state governments were able to use fancy financial footwork to put off the full effects, and the public probably regarded warnings about looming catastrophe as exaggerated. But now, as Timothy Egan reported yesterday in *The New York Times*, states are "withdrawing health care for the poor and mentally ill. They are also dismissing state troopers, closing parks and schools, dropping bus routes, eliminating college scholarships and slashing a host of other services." Not to mention unscrewing every third light bulb in Missouri government offices. (Honest.)

Aside from their cruelty and their adverse effect on the quality of life, these cuts will be a major drag on the national economy. So if the administration really cared about jobs, it would provide an emergency package of aid to state governments — not to pay for new spending, but simply to maintain basic services. How about \$78 billion — the same sum just allocated for the Iraq war?

Oh, never mind. Anything that would distract from the tax-cut message is out of the question. In fact, rather than compromise on its goal of maximum long-run tax cuts for the wealthy, the administration now says that it's willing to phase tax cuts in gradually — making them even less effective as an economic stimulus.

So when you take the policy consequences into account, it's clear that the administration's tax-cut obsession isn't just busting the budget; it's also indirectly destroying jobs by preventing any rational response to a weak economy. In its determination to stay on message, the administration is also determined not to do anything that would actually help ordinary families.

But did I mention that the Bush tax plan will create 1.4 million jobs?