



Creating Unemployment

How Congressional Budget Decisions
Are Putting Americans out of Work
and Increasing the Risk of a Second Recession

Scott Lilly October 2011

Introduction and summary

Most of the nearly 14 million people across our country who are currently unemployed can blame their situation on the inability of Congress and the White House to sufficiently cushion the economy from the financial crisis that began in 2007. But a growing number of unemployed Americans today are the victims of actions taken by the current Congress aimed deliberately at eliminating jobs.

Even worse, many of these jobs are ones that will have to be performed at some point in the next several years and taxpayers will eventually pay the bill. Delaying the work not only sucks jobs out of the weak economy but also in many instances costs the government more money and over time, and serves to increase rather than decrease the public debt. This report examines some of the job-elimination efforts by the current Congress and the growing impact this is having on individuals, families, and communities around the country.

Saving these jobs does not require us to ignore our country's long-term deficit problems. While nearly all economists believe we should decisively reduce the amount we are scheduled to borrow over the next decade, a large majority of those same economists believe that the spending cuts and revenue increases necessary to reduce the deficits should be agreed to now but not executed until there is substantial steam in the economic recovery. As Federal Reserve Chairman Ben Bernanke recently warned the Joint Economic Committee, it is important to "avoid fiscal actions that could impede the ongoing economic recovery, putting in place a credible plan for reducing future deficits over the longer term does not preclude attending to the implications of fiscal choices for the recovery in the near term."¹ That is advice that the new majority party in the House of Representatives has been unwilling to take.

To get a clear picture of the efforts by the current Congress to eliminate jobs requires only a visit to the House Appropriations Committee official web site and an examination of a table entitled "FY 2011 CONTINUING RESOLUTION REDUCTIONS."² The table lists a little more than 250 programs that the commit-

tee claims to have cut by a total of \$45 billion in fiscal year 2011, which ended in October. Not all of the claimed cuts actually reduced either spending or jobs; they claim, for example, to have cut \$6 billion from the Decennial Census despite the fact that virtually no one expected a Decennial Census in 2011. But there are significant job losses associated with most of the document. While many discussions of potential job losses from reductions in government spending seem abstract and theoretical, these cuts are clearly resulting in real pink slips being delivered to real people.

Indeed, the magnitude of the job cuts in the budget legislation adopted last spring—as demonstrated by the committee’s listing of 250 spending cuts—is so great that it is difficult to keep track of the human dimension. For that reason, I have focused on three program areas which were singled out by this Congress for particularly deep reductions:

- Federal support for local law enforcement
- Environmental cleanup of nuclear weapons production facilities
- The Federal Buildings Fund of the General Services Administration

Estimates of the number of jobs directly lost by these cuts run upwards to 60,000. The jobs losses that are a direct result of those actions will have a secondary impact on a wide array of businesses ranging from automobile producers to local restaurants and dry cleaning establishments, causing the disappearance of a significant number of additional jobs.

Similar stories could be told about many other budget cuts made in this bill—cuts that resulted in further job losses—but that would require many more pages and exhaust the patience of most readers. All of the various 250 program reductions in the FY 2011 continuing resolution probably eliminated more 370,000 jobs. The three areas selected for discussion in this paper are in my judgment neither the worst cuts made by the committee from a policy standpoint nor the best. But without a doubt they demonstrate the consequences of slashing government spending in a weak economy.³

The Center for American Progress is a nonpartisan research and educational institute dedicated to promoting a strong, just, and free America that ensures opportunity for all. We believe that Americans are bound together by a common commitment to these values and we aspire to ensure that our national policies reflect these values. We work to find progressive and pragmatic solutions to significant domestic and international problems and develop policy proposals that foster a government that is “of the people, by the people, and for the people.”

