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The Middle Class Squeeze

► **Summary:** The Bush Administration and Congressional Republicans have pointed to recent monthly employment gains as evidence that their tax-cut economic policy is working. "It's a good sign when people are working and keeping more of their own money," the President recently said. But not everyone is seeing signs of this economic turnaround, with many Americans working fewer hours than before, losing ground on their real wages, and feeling squeezed between work and the rising cost of basic goods and services. The weekly 'Middle Class Squeeze' looks behind the monthly employment numbers to see why millions of Americans are forced to dig deeper into their pockets to make ends meet.

Jobs Squeeze: Jobs are starting to come back, but the increases are dismal compared to historical job growth data. **The percentage of Americans with a job today is the lowest since 1994.** During the first six months of 2004, employment grew by less than 1 percentage point, placing it in the bottom 50 out of the past 100 six-month periods. The President called June's 112,000 new jobs "steady growth," but we need 150,000 new jobs each month just to keep up with population growth. During the Clinton Administration, the economy added an average of 239,000 new jobs monthly.



The percentage of Americans who have a job is at a 10-year low.

Wage Squeeze: Conservative and liberal economists note that these new jobs are of lower quality than the millions that were lost. *USA Today* said that "jobs in lower-wage industries and regions are growing at a faster pace than higher-wage jobs." And although Vice President Cheney says that "incomes and wages have been rising," the Bureau of Labor Statistics disagrees: **employers are cutting back on hours, and wages are not keeping pace with inflation, meaning that paychecks are buying less than they used to.** Real earnings fell in June by more than 1 percent, which *The New York Times* reports is "the steepest decline since the depths of recession in mid-1991." Now, even Wall Street economists are worrying that weak job and wage growth could undermine the entire economic recovery.

Health Care Squeeze: The cost of health care is a top squeeze factor for middle class families. Health care costs are increasing five times faster than inflation, according to the National Coalition on Health Care, and **by 2006 the average family will pay more than \$14,000 for their health insurance premiums.** Little wonder a quarter of all middle class Americans were uninsured over the past two years: High costs are pricing too many families out of the insurance market.

Inflation Squeeze: Americans are paying more for gas, milk, and other necessities. Since last August, the annual rate of increase for average hourly earnings increased by less than 2 percent, while the consumer-price index rose by more than 3 percent. **Meanwhile, gas prices increased by closer to 20 percent in the last year, and tuition at four-year public colleges have increased by almost 30 percent since 2001.**

Americans know when they are being squeezed. Instead of struggling to convince people that they are prospering, the Administration should start working on behalf of America's middle class families.

Each week, the **Middle Class Squeeze** looks at different aspects of how Bush Administration and congressional policies are failing the middle class. For more information, please call 202-225-2095 or visit www.house.gov/georgemiller.

Feeling squeezed? Send us an email about it: middleclasssqueeze@mail.house.gov