



Connecticut Employment Still on Shaky Ground by Douglas Hall, Ph.D.

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Employment numbers for September 2004 show Connecticut continues to ride an uncertain economic wave. Connecticut's recession (which began in July 2000, a full nine months *before* the national recession began) refuses to relinquish its grip on the state economy three years after the national recession officially ended in November 2001.

This short brief updates information in a recent Connecticut Voices for Children report, "The State of Working Connecticut, 2004" (www.ctkidslink.org/pub_detail_177.html) that found Connecticut still has not fully recovered from its recession.

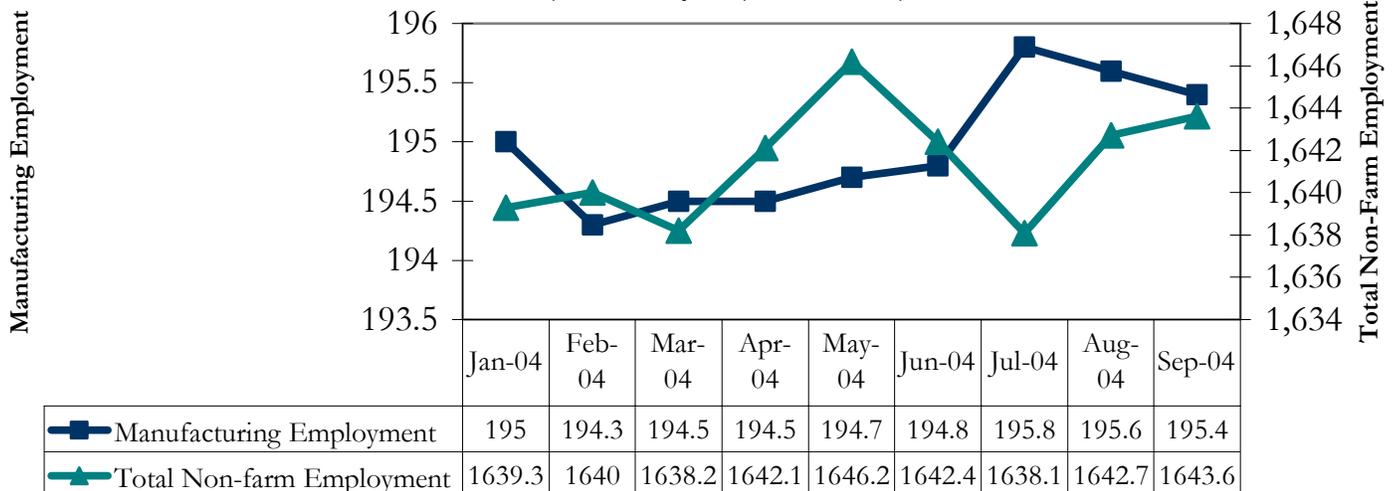
Connecticut enjoyed overall employment growth (+900 jobs) in September, despite losses in seven of ten employment sectors including the manufacturing sector (-200). The largest employment losses were in *leisure*

and *hospitality services* (-6,000 jobs), *government* (which includes *Native American tribal employment*) (-3,100), and *other services* (-1,200). The largest employment gains were in *educational and health services* (+6,100) and *trade, transportation and utilities* (+3,900).

This marked only the second time since July 2000 that Connecticut experienced overall employment growth in consecutive months.

The manufacturing sector was out of synch with the overall employment trends for the sixth time in the past eight months. In three of those months, overall employment was down while manufacturing employment was up. In the other three months, overall employment was up while manufacturing employment was down.

Connecticut Non-farm Employment, 2004 (Seasonally Adjusted, 000s)



In September 2004, unemployment in Connecticut increased to 4.7% (84,100 unemployed), compared to a national rate of 5.4%. Connecticut's unemployment rate in August 2004 was 4.6% (83,000 unemployed).

Importantly, job growth in the nation and in Connecticut have fallen far short of the job targets projected to result from the Bush administration's "Jobs and Growth" tax cuts. When the Administration proposed its 2003 tax cuts, it projected that stronger GDP growth would lead to an estimated 510,000 new jobs in the nation in 2003 and another 891,000 new jobs in 2004, on top of the 4.1 million jobs the economy was projected to create without the tax cuts.¹ This rate of job growth has not occurred. Instead, since June 2003, just 1.7 million jobs have been created, 2.9 million less than projected through September 2004.²

In Connecticut, projected job growth through September 2004 resulting from the federal tax cuts was 43,300 jobs.³ Actual job growth has been less than 5% of this number. To meet the Administration's projection in Connecticut by the end of the year, Connecticut would need to create 16,674 new jobs in each of the remaining months of 2004, far more than the 900 new jobs Connecticut grew in September 2004.

¹ See Council of Economic Advisors, *Strengthening America's Economy The President's Jobs and Growth Proposals*, http://www.jobwatch.org/creating/bkg/cea_on_bush_tax_cuts_20030204_macro_effects.pdf.

² See Economic Policy Institute's "Job Watch". *Job growth compared to growth projected by Bush Administration, June 2003 through September 2004*. <http://www.jobwatch.org/20041022jobgrowthcomparedtobushadmin.pdf>.

³ National employment projections were pro-rated for Connecticut by the Economic Policy Institute (EPI) based on Economy.com projections existing prior to introduction of the *Jobs and Growth* proposals. EPI, *Job growth compared to growth projected by Bush Administration, June 2003 through September 2004*. <http://www.jobwatch.org/20041022jobgrowthcomparedtobushadmin.pdf>.