

# Sequester At A Glance: The Harm to Job Creation and Our Economic Recovery

As our economy continues to recover, Congress must remain focused on supporting sustained growth and job creation. Instead, the Republican leadership has refused to work with Democrats to find a solution to stop the sequester, putting thousands of jobs at risk and placing our economy in jeopardy. Economists agree – the irresponsible and reckless spending cuts of the sequester could hamper our economic recovery and stall the country’s long-term economic growth if it is not addressed. Here’s a closer look at how the sequester could harm our economy over the coming months:

## The Facts:

- Without sequestration, GDP growth could be about 0.6 percentage points faster in 2013 and the equivalent of about 750,000 more full-time jobs could be created or retained by the fourth quarter. [[Congressional Budget Office, 2/28](#)]
- Small Business Administration loan guarantees could be cut by up to \$902 million, constraining financing needed by small businesses to maintain and expand their operations and create jobs. [[White House](#)]
- The Economic Development Administration’s ability to leverage private sector resources to support projects that spur local job creation could be restricted, likely resulting in more than 1,000 fewer jobs created than expected and leaving more than \$47 million in private sector investment untapped. [[White House](#)]
- The International Trade Administration could be forced to reduce its support for America’s exporters, trimming assistance to U.S. businesses looking to increase their exports and expand operations into foreign markets.
  - In addition, ITA may not be able to place staff in critical international growth markets, an opportunity for many American businesses to increase their sales and create jobs at home. These staff would have been part of a key program working to promote and facilitate global investment in the U.S., supporting thousands of new jobs through Foreign Direct Investment. [[White House](#)]
- New poll by the Pew Research Center and The Washington Post finds that most say the budget sequester would have a major effect on the economy as well as on the U.S. military. [[People Press, 2/25](#)]

## Policy Experts and Economists:

Bank of America Chief Executive Brian Moynihan: “If they could get this fixed, the economy is poised to take off.” [[Wall Street Journal, 2/28](#)]

Federal Reserve Chairman Ben Bernanke: “Besides having adverse effects on jobs and incomes, a slower recovery would lead to less actual deficit reduction in the short run for any given set of fiscal actions.” [[Reuters, 2/28](#)]

Informational Technology and Innovation Foundation: “The most devastating, long-term effects from sequestration will be in innovation, and these could ultimately reduce U.S. GDP by over \$200 billion per year,” [[Christian Science Monitor, 2/27](#)]

Paul Kasriel, economist who publishes “The Econtrarian” blog: “Fewer air traffic controllers imply a reduction in flights, both passenger and freight, [and longer airport delays]. This ... will slow the wheels of commerce, i.e., slow real GDP growth.” [[Christian Science Monitor, 2/27](#)]

Bipartisan Policy Center: “gross domestic product will grow by 1.4 percent this year, compared to 2.0 percent if the sequester was not in place. The Bipartisan Policy Center estimates the sequester will lead to 1 million lost jobs in 2013 and 2014.” [[Reuters, 2/28](#)]

## Despite This Overwhelming Evidence, Republicans Continue to Ignore the Truth:

Speaker John Boehner (OH-8): “**I don't know whether it's going to hurt the economy** or not. I don't think anyone quite understands how the sequester is really going to work.” [[NBC's “Meet the Press,” 3/3](#)]

Rep. Mike Pompeo (KS-4): “The sequester is here, it's time, we've got to get these spending reductions in place... It's going to be a home run. We're doing what the American people asked the United States House of Representatives to do in 2010 when I came here. We're reducing the size and scope of the federal government. I think the American people will have tremendous respect. **I think the markets will respond very positively** when we, for the first time, say we have a spending reduction plan and we're actually going to follow through on it. So I'm very optimistic that on March 2 we'll all wake up and America will have tremendous respect for what its House of Representatives led and what its federal government was able to accomplish.” [[POLITICO, 2/13](#)]

Representative Kevin Brady (TX-8): “Time and again, economic studies have shown that countries that reduce their government deficits through spending cuts - rather than tax increases - can boost economic growth and job creation even in the short term.” [[National Review, 2/21](#)]