



## Pelosi's Partisan Pick on Jobs Analysis

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House Minority Leader Nancy Pelosi cites research from two partisan groups to claim that the Republican health care bill would result in the loss of 1.8 million jobs by 2022. But a recent independent study put the expected job loss at 413,000 by that year.

George Washington University, which did the independent report, had the benefit of data from the Congressional Budget Office's review of the version of the GOP bill, the American Health Care Act, that passed the House — something the groups cited by Pelosi did not have.

During a press conference on June 9, Pelosi called the House Republican health care plan “a job loser.” “Estimated to be 1.8 million jobs lost,” she said. (Her remarks start around the 2-minute mark.)

When the *Washington Post's* Glenn Kessler queried Pelosi's office for backup, it pointed to analyses from the Center for American Progress and the Economic Policy Institute, both of which independently concluded the AHCA would result in 1.8 million fewer jobs by 2022, as compared with current law. Both organizations are left-leaning research groups.

Since Pelosi made her comment, George Washington University has published a detailed study on the on economic and employment consequences of the AHCA. The study, published by the Commonwealth Fund, forecast less than a quarter of the job loss due to the AHCA by 2022 than the studies cited by Pelosi (413,000 as opposed to 1.8 million).

It forecast a short-term *gain* of 864,000 jobs in 2018, but a longer-term net loss of 924,000 jobs by 2026.

Leighton Ku, director of the Center for Health Policy Research at GWU and lead author of the study, told us that unlike the studies from CAP and EPI, the GWU study had the benefit of data from the Congressional Budget Office's analysis of the AHCA that passed the House, which was released on May 24. The CAP and EPI studies were both published in March, two months before that CBO analysis was released (though the CBO released an analysis of an earlier version of the bill on March 13).

Pelosi didn't have the benefit of the GWU research when she made her comment on June 9. The GWU analysis wasn't made public until June 14.

Nonetheless, her leadership office is still citing only the higher figure from CAP.

A blog post from the Democratic leader's website posted on June 20 — a week after the GWU study was published — states that Republicans have put their efforts into “inflicting the ‘mean,’

‘cold-hearted’ monstrosity of Trumpcare on seniors and hard-working families, which would kill nearly 2 million jobs across America.” (The link goes to the CAP study.)

We reached out to Pelosi’s office, and spokeswoman Caroline Behringer said, “Two groups of PhD-level economists from respected institutions (EPI and CAP) came up with the same 1.8 million figure.” So Pelosi’s office is apparently sticking exclusively with the higher figures from CAP and EPI.

Ku doesn’t fault Pelosi for citing what were the best available statistics at the time she made her statement on June 9. But he thinks she ought to revise her talking point now that GWU has weighed in with its detailed analysis, particularly since the CAP study was based on earlier research by the GWU group.

Christian Weller, a senior fellow at the Center for American Progress and one of the two authors of the CAP study, told us via email that the CAP analysis was based on a Jan. 5 study by researchers at George Washington University of the effects of a generic repeal of the Affordable Care Act (in other words, without the details of the AHCA). CAP modified that GWU study by including details of the AHCA plan.

Ku, at GWU, said his team held off on its review of the economic and employment consequences of the AHCA until the CBO published its analysis of the final bill. “We now know the details (of the AHCA plan) and we have the CBO report, so we have some better estimates,” Ku said. Among the three reports, Ku said, “we think we did it in the most detailed and thoughtful way.”

Authors of all three reports caution that economic forecasts are just that, and that long-term projections are particularly speculative and uncertain. Different groups of economists are never going to come up with the same numbers in long-term forecasts, Ku said. The EPI study cautions, “Given all of this uncertainty, we present our findings as a *drag on potential job growth*, rather than as clear predictions of ‘jobs lost.’”

Ku said there may also be legitimate differences of opinion among economists about the best methodology to use for such forecasts. Indeed, Josh Bivens, author of the EPI study, told us the GWU estimates “seem to have the multipliers on tax and spending changes being closer together than what I think the best literature shows.”

Both Ku and Weller noted that while their reports made widely varying projections of job losses from the AHCA, in the big picture, all three studies reached the same conclusion that over the long term, the AHCA would result in large reductions in employment due to cuts in federal funding for health care, and that job losses would grow over time.

Right-leaning groups such as American Action Forum and libertarian groups such as the Cato Institute argue that all of those studies overestimate job losses from repealing the ACA because they ignore the economic benefit of reduced federal spending. Chris Edwards, director of tax policy studies at Cato, for example, told us that the studies all “seem to assume that if the government doesn’t spend money, the money is lost to the economy. But of course if government spends less, the money is retained in the private sector, and then individual consumers and businesses would spend it, thus creating jobs in the industries they choose.”

Ku said GWU did account for the economic benefit of tax cuts. That's why, he said, they estimated job growth in the first year. But the tax cuts generally go to wealthier people, he said, who are less likely than those with modest incomes to dump that money back into the economy. Over the long term, reductions in support for health insurance will result in fewer health care jobs. And, he said, those job losses will outweigh jobs gains from tax cuts in the long run.

Bivens said the EPI report generally reflects that "the tax cuts [in the AHCA] support jobs while the spending cuts drag on them." But he said the economy since the Great Recession has "unambiguously been constrained by too-slack demand." And, he said, the "demand stemming from spending cuts is a lot larger than the boost given by tax cuts," not only in dollar terms, but also because the tax cuts are primarily aimed at high-income households.

Said Weller: "The AHCA lowers the budget deficit as it cuts spending more than it cuts taxes. This still results in job losses, which means that the economic effect of cutting spending is greater than the economic effect of cutting taxes. This isn't surprising. The bill would take money away from people, who are most likely to spend it, and give it to people, who are a lot less likely to spend it. The result is a net job loss."

Weller thinks estimates of job losses due to the AHCA may actually be understated, in part because they do not account for job losses due to the negative impact the AHCA might have on people's health (because CBO estimated 23 million fewer people would be insured by 2026 than under current law).

Again, we would caution that all of these estimates are subject to a high degree of uncertainty. But Pelosi is using the higher estimates of job reduction from two partisan groups, not a more moderate projection of job loss from an independent voice.

We also caution that there will likely be new estimates for the Senate version of the Republican health care bill, which was just unveiled.