The report projects that real Gross Domestic Product (GDP) will expand 4.2% in 2004, and 3.7% in 2005, as the US economy achieves its potential rate of expansion for the first time since 2000.

The expansion will, at last, end the “jobless recovery,” with job growth of 1.3% in 2004 and 1.7% in 2005, resulting in a slowly reduced unemployment rate.

Leading job growth sectors for the 2004-05 period will be Administration & Support (338,000 new jobs/quarter); Health Care & Social Assistance (295,000 new jobs/quarter); and Accommodations & Food (190,000 new jobs/quarter).

Leading job loss sectors for the 2001-2003 period were Durable Manufacturers (670,000 job loss/quarter); Non-durable manufacturers (292,500 job loss/quarter); and Administration & Support (144,300 job loss/quarter).

The average wage of new jobs created during the 2004-05 period is forecast to be $35,855, significantly lower than the $43,629 average wage of those jobs lost between 2001-03.

The annual wages lost in declining job sectors equaled $182 billion; advancing sector wages are expected to equal only $156 billion, a $26 billion annual shortfall in wages.

Thus, job gains will come in sectors whose wages average only 82% of those in the sectors hit hard by the recession.

However, in the economy as a whole, the 2004 expansion will see overall wage gains of $269 billion.

The manufacturing sector has been the hardest hit in terms of lost jobs and wages. Those jobs are not expected to return during the recovery. The non-durables sector is expected to continue to lose jobs throughout the 2004-05 period while expected job gains in durables manufacturing will be minimal.

The leading job generating sector, Administration & Support, is forecast to have an average wage of $26,178, followed by Health Care & Social Assistance at $37,410 and Accommodations & Food at $14,745.

The employment losses of the recession will be regained by the end of 2004, and 2005 will see an additional expansion of over 2 million jobs.

The jobs recovery will be broad-based, though the Southern states of Florida and Georgia, and the Mountain states of Nevada and Arizona will lead the nation.
However, the industrial Midwestern states will see the smallest gains, and will recover their job losses by the end of 2005, a year later than the nation as a whole. (See U.S. map of employment growth.)

Construction jobs will increase during the recovery period, but at a modest rate of 2%, largely because the housing industry experienced robust growth during the recession.