

YOU'RE DOING ONE HECKUFA JOB ON THE ECONOMY, BUSHIE!

Nick Gier, Professor Emeritus, University of Idaho

Note: BLS stands for Bureau of Labor Statistics

President Bush keeps telling us that the economy is growing, but "The Wall Street Journal" reported (3/27/06) that most of that productivity has gone into profits not wages. A "The New York Times" editorial explains: "Wages and salaries now make up the lowest proportion of the economy since 1947, while corporate profits have climbed to their highest since the 1960s" (8/29/06).

Worker productivity has gone up 18.4 percent, but wages are down, so any additional income has obviously gone to the rich, not the poor and middle class. The poverty rate has gone up 17 percent since 2000. Those in deep poverty—\$7,800 for a family of three—number the highest since 1975, when such surveys began.

During the 1950s and 1960s, median household incomes doubled, but since 1979, the lower classes have experienced no wage increase at all, while middle class income has increased by a mere \$200 per year. In stark contrast, the top 1 percent of Americans has enjoyed a 111.3 percent raise (Rocky Mt. News, 5/2/06). The Census Bureau reports that median family income for those 25-34 has dropped 5.9 percent during the Bush administration.

Bush also brags about the low unemployment rate, but there are many important qualifiers. The rate is actually 10 percent higher than when he took office, and the number unemployed longer than 26 weeks has climbed 57 percent (BLS, 7/7/06). Many have simply dropped out of the job market, because there are 1.7 percent fewer people working now than in April 2000.

Three million manufacturing jobs have been lost (BLS, 7/7/06) to new jobs in the service sector and other low paying positions, half of which are part-time and offer no benefits

(LA Times, 7/24/06). Bush has the worst job growth record since the Great Depression (BLS, 7/7/06). Excluding farming, 22.7 million jobs were created during the Clinton years, while only 2.3 million have come on line under Bush.

Entry level wages for college graduates have fallen 4 percent over the last five years—7.3 percent for men and 3.5 percent for women—the first decline in 30 years. Health coverage for this same group has fallen by 7 percent. Health insurance premiums have risen 71 percent over the same period, making it more likely that these young families will be faced with bankrupting medical bills. In 2005 1.3 million more Americans were without health coverage for a total of 46.5 million.

Apartment rents and house prices have climbed steeply. The American dream of owning your own home is now just that for many young Americans. The housing affordability index is at its lowest since 1987. With house values dropping and interest rates rising, recent home owners, who were seduced by no down payments and adjustable rate mortgages, may soon find that they owe much more on their mortgages than their homes are worth.

Americans have always had the lowest savings rate in the world. Now this rate has gone into the negative, which means that we are spending more than we earn. People under the age of 35 are spending a whopping 16 percent more than they take in. In 2005 Americans had the worst ratio of household and mortgage debt to disposable income in 25 years. We are also buying more goods from other countries than we are exporting. In 2005 the trade deficit reached \$726 billion, twice the size of 2001, due in large part to imports from China.

Because of Bush's tax breaks, the total national debt has increased \$3 trillion in 5 years, a 54 percent increase, beating Reagan's record of \$1.6 trillion in 8 years. China, Japan, and other countries also hold \$1.2 trillion of our national debt, and they could decide to unload those bonds at any time. Because of the declining value of the dollar, OPEC countries could also decide to price their oil in stronger euros instead of weaker dollars.

As economist Jayati Ghosh states: "The U. S. public merrily continues to spend its way through the rest of the world's savings," borrowing \$600 billion alone in 2005. The American grasshoppers' long summer of overconsumption will eventually end, and the world's ants, some of them putting away 30 percent of their income, will come out on top.

Europeans stood firmly with us after 9/11, assuming that the U. S. would seek a multilateral solution to terrorism, but now 71 percent of them believe that Bush is the greatest threat to world peace. Many Americans now have good reason to believe that Bush's domestic policies are undermining their financial security and their children's economic future.

Way to go, Bushie!