

[Return to: Opinions](#)

## State Of The People's Union

**Robert L. Borosage and Troy Peters****January 26, 2006**

*Robert L. Borosage is co-director and Troy Peters is policy fellow at the [Campaign For America's Future](#). To see a list of sources for the statistics referenced in this article, go to the [Institute for America's Future](#).*

**In his coming State of the Union address**, George W. Bush will tout the success of his economic policies, and call for making his tax cuts permanent. Most Americans may sensibly wonder just what country the president is living in.

In fact, the president's policies have helped produce an economy that works for the boardroom but not for the shop floor. Corporate profits, productivity, stocks and CEO salaries are all up.

But this economy isn't working for most Americans worrying over their kitchen tables about how to make ends meet. Incomes aren't keeping up with rising costs. Families are sinking deeper in debt. The cost of basics like health care, home heating and college are soaring out of sight. A secure retirement is increasingly a distant dream.

Americans have suffered five consecutive years of stagnant wages. For the first time on record, household income has decreased five years in a row, down by nearly \$2,000 since 1999. And that's despite relatively low unemployment and workers putting in more hours at the job.

All of the kitchen table concerns are getting worse. Health care costs are soaring at double-digit rates. Every year, companies drop health care plans or raise costs for employees. Four million fewer people have health care at work than in 2000.

Gas prices are soaring. The administration has shoveled billions in subsidies to oil companies wallowing in record profits, while simply defaulting on the need for a concerted drive for energy independence. Americans pay for this at the pump and in the home. Gasoline is up more than 40 cents per gallon since last year, while home heating oil is up almost 50 cents since last winter.

A college education, increasingly essential for entry into the American middle class, is getting harder to afford. College costs are out of control. Four-year private schools have seen a 30 percent rise in tuition costs since 2000, averaging more than \$42,000 a year, while public universities' costs have skyrocketed by 56 percent to an average cost of nearly \$11,000 per year. The maximum Pell grant, the basic federal grant program, has been frozen for four years in a row. Students and parents are forced to take on increasing levels of debt, yet the administration and Republican Congress are pushing through the largest cut in student loans ever—\$12.7 billion—which will add thousands of dollars to average student and parent interest payments.

For boomers, retirement security is a growing worry. Even companies like IBM are shedding normal pension plans—now only 6 percent of workers have a defined benefit pension at work. In switching to individual contribution plans, companies are slashing their contributions to retirement, effectively cutting workers' wages. Most American families now face retirement without the savings they need.

Not surprisingly, household debt has reached record heights. Last year, for the first time since 1933, American families spent more on average than they earned. Nationally personal outlays

### LATEST

- [State Of The People's Union](#) January 26, 2006
- [Senators In Need Of A Spine](#) January 26, 2006
- [Twice Victimized](#) January 26, 2006
- [Our Imperative In Asia](#) January 25, 2006
- [Bush: Back To The Bubble](#) January 25, 2006

### ARCHIVES

### SUBSCRIBE

Sign up for our free daily dispatch.  
[Privacy Policy](#)



exceeded disposable income by some \$20 billion. U.S. household indebtedness has risen by more than 35 percent in the last four years.

Bush's "successful" economic plan has left most Americans struggling with soaring costs, stagnant incomes and greater debt. And the administration's policies have done equal disservice to the country as a whole.

The president touts his tax cuts as vital to creating jobs. In fact, Bush has the worst record of job creation of any president since the Great Depression. His trade policies have accelerated the decline of decent-paying jobs in manufacturing. His refusal to raise the minimum wage and get any grip on immigration has pushed low-wage workers further behind.

The Bush tax cuts have generated records—in deficits, not job creation. Take away the jobs generated by increased government spending at the federal, state and local level and the private sector jobs generated by the military buildup, and the rest of the Bush economy has lost jobs over the course of the Bush years. Bush's tax cuts are generating more jobs in Shanghai than in Saginaw. If the country had used the money spent on Bush's top-end tax breaks on vital public investments—schools, roads, mass transit, energy efficiency, modern communications—we'd have generated more jobs here and lower deficits in the future.

Bush's trade policies have piled up record foreign debt, with Chinese bankers particularly happy to lend America money to buy the goods produced with jobs outsourced from the U.S. The United States is now the world's largest debtor; our trade deficits are largest in recorded history (nearly \$700 billion last year alone), and simply unsustainable.

Bush's top-end tax cuts and opposition to unions and a living wage has contributed to the worst inequality since the Gilded Age. One half of 1 percent of Americans—the handful of multimillionaires—made more money from the sale of stocks last year than the rest of the country combined. CEO salaries are now 431 times that of the average worker. And at the bottom, the 22 million households that make up the lowest 20 percent of wage earners on average see less than \$14,000 a year. In real terms, the poorest Americans make only \$600 more today than in 1972.

The worst jobs growth, the greatest fiscal deficits, the largest trade deficits, the worst foreign debt, the most extreme inequality, a middle class that is struggling and poverty and hunger that is spreading—this is the record the president will tout as a success? The president may fool himself, but he isn't likely to fool Americans who are dealing with the results of his folly.