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**Double Decoupling**

The rest of the world's major economies no longer depend on America's. Neither do America's own largest corporations.

By [Robert B. Reich](#)

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I'm spending my spare time these days debating supply-siders who are convinced that the record-breaking Dow proves the correctness of the Bush tax cuts.

Yes, the Dow did reach a record high last week. But the Commerce Department also reported that economic growth slowed to its weakest pace in four years. How can investors do so well while the real economy is doing so poorly? My supply-side friends don't have an answer, but I do.

It's because of two great decouplings that have occurred in recent years. First, the rest of the world's major economies have decoupled from the United States economy. China, India, Japan, and Europe are now such large markets they can grow briskly even as America slows.

Second, America's largest corporations have decoupled from the United States. Their overseas subsidiaries are booming even as their American operations stagnate. General Electric expects more than half its revenue this year to come from outside the United States for the first time. More than half of Boeing's new orders are from overseas. Ford is struggling in America but doing well in Europe.

In other words, the president's supply-side tax cuts are great for America's global investors, who have been investing their extra money around the world -- either in foreign companies or in global American-based ones.

But little or nothing is trickling down to average working Americans. Half of U.S. households do own some shares of stock, usually through their IRAs or 401-Ks. But the vast majority own less than \$5,000 worth. Their equity is in their homes, whose values have slumped. They're paying far more for health insurance and fuel. And their wages haven't kept up.

Bottom line: The Bush tax cuts have delivered for Wall Street but done zilch for America's Main Streets.

*Robert Reich is a Prospect co-founder. This column is adapted from Professor Reich's weekly commentary on American Public Radio's Marketplace. His website can be found [here](#) and his blog can be found [here](#).*

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