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‘Recovery’ has failed to reach working families

By David Osterberg

Tax cuts have become a single-minded policy in Washington.

We have just seen passage of \$70 billion in cuts targeted to the wealthiest among us – average tax cuts of \$43,000 for millionaires, while middle-income households get enough to buy half a tank of gas. But we will all have to pay a share of the interest on the additional national debt needed to finance the cuts for the millionaires.

There appears to be no end to the cuts — another \$20 billion package is coming soon, plus billions more that would be lost from possible repeal of the estate tax for the very wealthiest Americans.

The defense offered for such egregiously unfair tax policies is that tax cuts for the rich create jobs. But the Bush cuts since 2001 have done virtually nothing for the U.S. economy. Had they helped, our current recovery would be much stronger. Instead, despite at least one major tax cut in each of the last four years, this recovery is weaker than any other recovery since World War II.

The first four years of this Bush presidency saw no net increase in jobs. We have seen some recent improvement, but the expansion has produced nothing like the job creation of the Clinton years or the best of the Reagan years. And despite four years of “recovery,” real wages (which take inflation into account) have stagnated. Corporate profits have recovered nicely, but workers have been left behind.

Iowa is a good example of this anemic “recovery.” In the 60 months since we entered the recession of 2001, Iowa created only 30,000 new jobs — less than one-fourth of the number created 60 months from the start of the previous (1990) recession. New jobs are less likely to have health insurance or pension benefits, creating financial insecurity for working families.

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Tax cuts also mean less money for student loans and essential services. Future productivity in America will suffer, and lower-income Americans will find it harder to catch up. To be stronger, we need investments in education, health and alternative energy.

These tax cuts to the already well-off cost us more than revenue to pay for services. They widen the gap between the haves and have-nots, a gap that has been growing as the bulk of the gains of economic growth accrue to the richest 5 percent, while working Americans face increasing economic insecurity. They break our connection to one another: We no longer feel we are in this together. Never before have we sent our sons and daughters to fight a war, a war costing billions, while giving tax cuts to the rich.

The American economy is in trouble, and the only economic policy offered by this administration to stem the loss of good jobs to globalization is a failed policy of tax cuts. These cuts in fact will reward the overpaid CEOs responsible for shipping jobs to China and outsourcing to India. How much longer can our nation survive such a strategy?

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