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President George Bush and the Gilded Age

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Something really strange has happened to the U.S. under the Bush Administration. With her ever bulging budget deficits and foreign debts, America's skewed income distribution is rapidly making the U.S. resemble Argentina or Mexico. The "Jobless Recovery" is not a political mirage, but a serious problem. America's GDP is increasing at an annual rate of about 4.0% this year. But, only those Wall Street "money gamers" and self-dealing "management aristocrats" of Corporate America are dizzy with their huge bonuses, padded salaries, and self-dealt stock options. The remaining hard working Americans cannot eat "GDP." The U.S. has widening income gap between a few "haves" and many "have-nots."

During the last economic recovery period of March 1991 to April 1993, a 10% increase in GDP increased manufacturing jobs and service jobs 3% and 5.9% respectively. However, for the present economic recovery since November 2001, a 10% increase in GDP is increasing manufacturing and service jobs only 0.7% and 0.9% respectively. Just to keep up with her population growth, the U.S. needs to create about 230,000 jobs a month. If the U.S. wants to employ the 3 million unemployed workers thrown out of work under the Bush Administration, the U.S. would have to create a lot more jobs monthly. Last month, however, the U.S. only created 115,000 jobs. President Bush has now abandoned his earlier declared promise of "creating 2.6 million jobs by the fall of 2004."

The unemployed rate of January this year was 5.6%, dipping only 0.1 percentage point. President Bush hailed it as the "unemployment declines for four months in a row." In reality, however, the U.S. has had four months of consecutive

decline in the unemployment rate because so many formerly "unemployed" became too discouraged to keep seeking jobs and were eliminated from the unemployment statistics. The U.S. has over 5 million part-time job holders who want full time jobs but cannot find them. In addition, the U.S. has 8 million persons who have had to settle for full time jobs paying far less than their previous jobs. The "jobless recovery" and the widening income gaps are aggravated by massive migrations of good paying manufacturing and service jobs abroad. Such migrations have been accelerated by President Bush's misguided tax cuts.

At Harvard Business School, thirty years ago, George Bush was a student of mine. I still vividly remember him. In my class, he declared that "people are poor because they are lazy." He was opposed to labor unions, social security, environmental protection, Medicare, and public schools. To him, the antitrust watch dog, the Federal Trade Commission, and the Securities Exchange Commission were unnecessary hindrances to "free market competition." To him, Franklin Roosevelt's New Deal was "socialism." Recently, President Bush's Federal Appeals Court Nominee, California's Supreme Court Justice Janice Brown, repeated the same broadside at her Senate hearing. She knew that her pronouncement would please President Bush and Karl Rove and their Senators. President Bush and his brain, Karl Rove, are leading a radical revolution of destroying all the democratic political, social, judiciary, and economic institutions that both Democrats and moderate Republicans had built together since Roosevelt's New Deal.

In June 2003, Bill Moyers said that "Karl Rove has modeled the Bush presidency on that of William McKinley (1897-1901) and

modeled himself on Mark Hanna, the man who virtually manufactured McKinley. Mark Hanna saw to it that Washington was ruled by business, railroads, and public utility corporations." President Bush's tax cuts have given over 93% of their benefits to large corporations and well-to-do households with over 250,000 dollars of annual income (about 10% of the U.S. households). Moreover, President Bush's tax cuts are abolishing taxes on such asset-based income as stock dividends and capital gains. He is opposed to taxing management aristocrats' self-dealt stock options (salary payment in kind). He is opposed to requiring the corporations to treat such stock options as their personnel expenses. More than anything else, management aristocrats' stock options are encouraging many corporations to abandon manufacturing-and-supply procurements at home and switching to imports from China and other lower-wage countries. He is phasing out estate taxes. All these measures are transforming the past "potbelly flower vase" shape of the U.S. income

distribution to the "bottom-heavy hour glass" shape.

This was the same kind of income distribution that the U.S. built during the McKinley-Gilded Age. There was no Securities Exchange Commission to check "creative accounting" and Enron-WorldCom like malfeasance of corporations. America had poor public schools and medical care. There was no minimum wage or labor standard. Both federal and state governments and courts were hostile to labor unions and civic groups protesting the "injustices" of the society. The natural environment was ravaged by railroads, mining, lumbering, and newly emerging oil and gas firms. Abortion was illegal. Women did not even have the vote. In the South, Christian fundamentalists were pressuring public schools to stop teaching Charles Darwin's evolution theories. During the McKinley-Gilded Age, America's democracy atrophied. And America embarked on her imperialistic expansions of colonising Cuba, Panama, and the Philippines.