

Paul Krugman: The real plumbers of Ohio **By Paul Krugman**

Monday, October 20, 2008 International
Herald Tribune

PRINCETON, New Jersey: Forty years ago, Richard Nixon made a remarkable marketing discovery. By exploiting America's divisions - divisions over Vietnam, divisions over cultural change and, above all, racial divisions - he was able to reinvent the Republican brand. The party of plutocrats was repackaged as the party of the "silent majority," the regular guys - white guys, it went without saying - who didn't like the social changes taking place.

It was a winning formula. And the great thing was that the new packaging didn't require any change in the product's actual contents - in fact, the Republican Party was able to keep winning elections even as its actual policies became more pro-plutocrat, and less favorable to working Americans, than ever.

John McCain's strategy, in this final stretch, is based on the belief that the old formula still has life in it.

Thus we have Sarah Palin expressing her joy at visiting the "pro-America" parts of the country - yep, we're all traitors here in central New Jersey. Meanwhile we've got McCain making Samuel J. Wurzelbacher, aka Joe the Plumber - who had confronted Barack Obama on the campaign trail, alleging that the Democratic candidate would raise his taxes - the centerpiece of his attack on Obama's economic proposals.

And when it turned out that the right's new icon has a few issues, like not being licensed and comparing Obama to Sammy Davis Jr., conservatives played victim: See how much those snooty elitists hate the common man?

But what's really happening to the plumbers of Ohio, and to working Americans in general?

First of all, they aren't making a lot of money. You may recall that in one of the early Democratic debates Charles Gibson of ABC suggested that \$200,000 a year was a middle-class income. Tell that to Ohio plumbers: According to the May 2007 occupational earnings report from the Bureau of Labor Statistics, the average annual income of "plumbers, pipefitters and steamfitters" in Ohio was \$47,930.

Second, their real incomes have stagnated or fallen, even in supposedly good years. The Bush administration assured Americans that the economy was booming in 2007 - but the average Ohio plumber's income in that 2007 report was only 15.5 percent higher than in the 2000 report, not enough to keep up with the 17.7 percent rise in consumer prices in the Midwest. As Ohio plumbers went, so went the nation: Median household

income, adjusted for inflation, was lower in 2007 than it had been in 2000.

Third, Ohio plumbers have been having growing trouble getting health insurance, especially if, like many craftsmen, they work for small firms. According to the Kaiser Family Foundation, in 2007 only 45 percent of companies with fewer than 10 employees offered health benefits, down from 57 percent in 2000.

And bear in mind that all these data pertain to 2007 - which was as good as it got in recent years. Now that the "Bush boom," such as it was, is over, we can see that it achieved a dismal distinction: For the first time on record, an economic expansion failed to raise most Americans' incomes above their previous peak.

Since then, of course, things have gone rapidly downhill, as millions of working Americans have lost their jobs and their homes. And all indicators suggest that things will get much worse in the months and years ahead.

So what does all this say about the candidates? Who's really standing up for Ohio's plumbers?

McCain claims that Obama's policies would lead to economic disaster. But President Bush's policies have already led to disaster - and whatever he may say, McCain proposes continuing Bush's policies in all essential respects, and he shares Bush's anti-government, anti-regulation philosophy.

What about the claim, based on Joe the Plumber's complaint, that ordinary working Americans would face higher taxes under Obama? Well, Obama proposes raising rates on only the top two income tax brackets - and the second-highest bracket for a head of household starts at an income, after deductions, of \$182,400 a year.

Maybe there are plumbers out there who earn that much, or who would end up suffering from Obama's proposed modest increases in taxes on dividends and capital gains - America is a big country, and there's probably a high-income plumber with a huge stock market portfolio out there somewhere. But the typical plumber would pay lower, not higher taxes under an Obama administration, and would have a much better chance of getting health insurance.

I don't want to suggest that everyone would be better off under the Obama tax plan. Joe the plumber would almost certainly be better off, but Richie the hedge fund manager would take a serious hit.

But that's the point. Whatever today's Republican Party is, it isn't the party of working Americans.