Observers: Clinton seeks to right economic path

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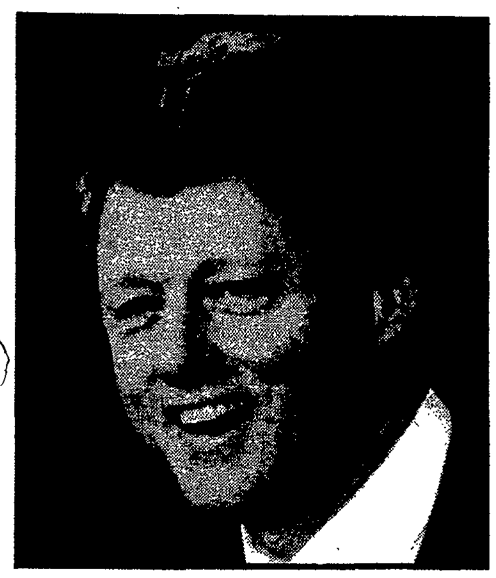

WASHINGTON — President Clinton's proposal to take the nation in a new economic direction follows two decades during which the nation has seen growth in unhealthy economic trends.

Primary among them has been the growing gap between the nation's rich and its poor.

James Sawyer, associate professor of political science at Jesuit-run Seattle University, blames the gap on the nation's "inability to adjust to the shift" in the U.S. economy from manufacturing to service and high-tech jobs.

Blue collar workers who lost good-paying union jobs when U.S. firms moved to developing countries where labor was cheap were not retrained properly, Sawyer told Catholic News Service Feb. 19.

He says vocational retraining efforts in the past two decades have been "piecemeal, helping people cope only momentarily and training them for high turnover jobs."

Sister Amata Miller, a Sister of the Immaculate Heart of Mary who is an economist, says the nation must return to an economic path "which generates employment and rising standards of living for all the people."

According to a study by the Congressional Budget Office, between 1967 and 1973 family incomes of the richest one-fifth of the U.S. population grew by 21 percent while the family incomes of the poorest one-fifth rose by 30 percent.

However, since 1973, the trend has been markedly different, according to both the Census Bureau and the Congressional Budget Office.

Between 1973-89, Congress' budget office reports, the average family cash income for the poorest one-fifth of U.S. families fell by 3.2 percent from an annual income of $6,061 to $5,866. During the same period, average family income rose by 17.1 percent from $66,364 to $77,716 for the wealthiest one-fifth of the nation's families.

To make the figures comparable despite inflation, they were all expressed in 1989 dollars.

In Sister Miller's view, reducing income inequities would require "a shift from conspicuous consumption to saving, changed incentives, leadership with a realistic world view and a new spirit of collaboration" between business, government, labor and the non-profit sector.

Sister Miller, who works for Network, a Washington-based Catholic social justice lobby, says that since the 1970s the nation's economy has been in a "silent depression" of stagnating wages and incomes for the majority, erosion of the industrial base and deterioration of the nation's physical infrastructure and educational system.

Sawyer says that in the past two decades the nation has seen "an enormous transfer of resources from the young to the old," resulting in large numbers of U.S. children living in poverty.

He said that neither Democrats nor Republicans have been willing to cut Social Security costs. "We fine-tuned the Social Security system in the early 1970s, just at the time when our economy was peaking. Just before the gravy train was about to slow down," said Sawyer.

Today he said eligible U.S. citizens get two to four times the amount of money they paid into Social Security during the years they were working.

Sawyer says 1973 marked the end of the post-World War II era. Productivity began to fall and slowed economic growth started to limit the job possibilities for those entering the labor force.

Workers without a college education found it harder to get adequate paying jobs, and a college education became more difficult to pay for, he said.

In the last two decades, Sawyer said, the price of a college education "has been rising at a higher rate than have medical care costs."

Sister Miller attributes the nation's current economic predicament to a complex mixture of internal and external shocks.

She cites:

- New competition from Europe and Asia that have eroded markets of U.S. manufacturers.
- Loyalties by U.S. consumers to imported cars and electronic products.
- Move by U.S. corporations to developing nations in search of cheap labor.
- Elimination of millions of U.S. manufacturing jobs resulting in economic hardship for families and communities.
- Entrance into the paid work force of the "baby boom" generation and large numbers of women who previously worked at home.
- Inflation induced by the Organization of Petroleum Exporting Countries, or OPEC, which generated massive shifts in capital and an international debt crisis.
- Escalation of U.S. federal budget deficits that made the United States dependent on international lenders and the world's largest debtor nation.

Sister Miller said in the 1980s "supply side tax cuts and borrowed money were spent on conspicuous consumption goods, on speculative corporate takeovers and on military hardware at inflated prices" rather than investiment in education or infrastructure to increasing productivity and standards of living.

She said new jobs produced in the 1980s were largely low-paying, service sector jobs without benefits or prospect for promotion.