
Capitol Hill

Greenspan grilled on real economy

Federal Reserve Chairman Alan Greenspan delivered his twice-a-year Humphrey Hawkins testimony on the state of the U.S. economy at the House Banking Committee on Feb. 17, and, not surprisingly, he opaquely announced that the Fed would likely continue to raise interest rates. What was most significant about the hearing, was the fact that several committee members raised the issue of the real economy, the income gap between rich and poor, the collapse of health care and education, and other issues that Greenspan chose to arrogantly ignore.

Highlights of the hearings included statements by Banking Committee members John LaFalce (D-N.Y.) and Bernard Sanders (I-Vt.).

What's the extent of underemployment?

LaFalce called on the Fed to provide Congress with more comprehensive statistics on the state of the economy, statistics that address the conditions of life for average Americans. "We have to penetrate these statistics," he said. "What does it mean when we talk about an unemployment rate? Well, first of all, I suppose we have to ask ourselves: How accurate are those unemployment figures? What's the extent of our underemployment? Are people making more real money?—is extremely important. Do they have to rely on two jobs or two incomes, or three or four incomes, in order to keep up?"

LaFalce continued, "I'd like to see Congress have hearings, not just on these statistics, but the true social health of the nation. We're in an era of unprecedented economy. Do we have better health care? For whom? You know, how is it that in an era of unprecedented economic growth, so they say, we have 45 million Americans without any health insurance whatsoever? What's the disconnect? . . . Does that mean that there's increased disparity within our society? What is the status of education? Are those in affluent areas getting better and better education and those in poor areas getting worse and worse education?"

He concluded his opening statement by saying, "It would be remiss on our part if we just used these hearings to regurgitate dry economic statistics without relating these statistics to the human condition, and whether or not there are better ways of life for not just those at the top rungs of society, but for all rungs of society, given the prosperity that we love to proclaim and boast about."

Representative Sanders added to LaFalce's comments.

"What matters is what's going on for the average person," he said. "And I know that the average person turns on the television every day and they hear that the economy is booming, we've never had it so good. But sometimes, those average working people have a little difficulty watching the television because they're out working longer hours for lower wages than they used to, and the statistics are pretty clear that between 1973 and 1998, real wages for the average American worker are today lower than used to be the case. It is not uncommon for the worker, whether it's in the State of Vermont or New York State or anyplace else, to have to work two jobs, three jobs. Mr. Greenspan, when you and I were a bit younger, what used to be understood is that one breadwinner in a family, before the great economic boom—often the man, that's what used to be the case—could go out and work 40 hours a week and bring in enough income to take care of the family. Well, you know what? In the State of Vermont and throughout this country, in the midst of this great booming economy, I do not see so many families where one breadwinner, working 40 hours a week, is earning enough money to take care of the families. What I see are wives out working as well as husbands. I see people working 50, 60 hours a week. I see people working two jobs and three jobs. So let me respectfully disagree with those people who say the economy is booming for all people."

The income gap

Sanders continued, "Now, is the economy booming for some people? It sure is. The wealthiest people in this country have never had it so good, and even magazines like *U.S. News* talk about the rich getting richer. We have today in the United States the largest gap between the rich and the poor of any nation in the industrialized world; . . . 20% of the kids in this country live in poverty. . . . I think we have got to, as a committee, as a nation, start dealing with the reality of the very unequal distribution of income and wealth in this country. Is it appropriate, my colleagues, that the wealthiest 1% of the population own more wealth than the bottom 95%? That one person owns more wealth than the bottom 40% of the families in this country?"

Citing a recent International Labor Organization report, Sanders said, "We now work longer hours than the workers of any other industrialized nation. In fact, we have a situation where the number of Americans working more than one job at a time increased 92% between 1973 and 1997. Americans who hold more than one job work an average of 48 hours a week, and 40% of them work 50 to 69 hours a week. Is this a booming economy? Why, if the economy is booming—why aren't people making more money and working fewer hours and having more time with their families? . . . I think the end result is that we need some fundamental changes in economic policy, make the economy work for the middle class and the working class, and not just the millionaires and billionaires."