

Rich-Poor Gap Growing So Fast, It May Destabilize U.S. Economy

By Peter Grier

The Christian Science Monitor
WASHINGTON - The income gap between the rich and the rest of the US population has become so wide, and is growing so fast, that it might eventually threaten the stability of democratic capitalism itself.

Is that a liberal's talking point? Sure. But it's also a line from the recent public testimony of a champion of the free market: Federal Reserve Chairman Alan Greenspan.

America's powerful central banker hasn't suddenly lurched to the left of Democratic National Committee chief Howard Dean. His solution is better education today to create a flexible workforce for tomorrow - not confiscation of plutocrats' yachts.

But the fact that Mr. Greenspan speaks about this topic at all may show how much the growing concentration of national wealth at the top, combined with the uncertainties of increased globalization, worries economic policymakers as they peer into the future.

"He is the conventional wisdom," says Jared Bernstein, senior economist at the Economic Policy Institute, a liberal think tank. "When I'm arguing with people, I

say, 'Even Alan Greenspan....' "

Greenspan's comments at a Joint Economic Committee hearing last week were typical, for him. Asked a leading question by Sen. Jack Reed (D) of Rhode Island, he agreed that over the past two quarters hourly wages have shown few signs of accelerating. Overall employee compensation has gone up - but mostly due to a surge in bonuses and stock-option exercises.

The Fed chief then added that the 80 percent of the workforce represented by nonsupervisory workers has recently seen little, if any, income growth at all. The top 20 percent of supervisory, salaried, and other workers has.

The result of this, said Greenspan, is that the US now has a significant divergence in the fortunes of different groups in its labor market. "As I've often said, this is not the type of thing which a democratic society - a capitalist democratic society - can really accept without addressing," Greenspan told the congressional hearing.

The cause of this problem? Education, according to Greenspan. Specifically, high school education. US children test above world average levels at the

4th grade level, he noted. By the 12th grade, they do not. "We have to do something to prevent that from happening," said Greenspan.

So are liberals overjoyed by these words from a man who is the high priest of capitalism? Not really, or at least not entirely.

For one thing, some liberal analysts prefer to focus on the very tip of the income scale, not the top 20 percent. Recent Congressional Budget Office data show that the top 1 percent of the population received 11.4 percent of national after-tax income in 2002, points out Isaac Shapiro of the Center on Budget and Policy Priorities in a new study. That's up from a 7.5 percent share in 1979.

By contrast, the middle fifth of the population saw its share of national after-tax income fall over that same period of time, from 16.5 to 15.8. "Income is now more concentrated at the very top of the income spectrum than in all but six years since the mid-1930s," asserts Mr. Shapiro in his report.

For another, some Democratic analysts believe that Greenspan's emphasis on education as a cure ignores other causal factors of inequity. Data show an income gap widening among college graduates, says Mr. Bernstein. The qual-

ity of US high schools has nothing to do with that, he says. Instead it's partly a function of overall monetary and fiscal policies. "Greenspan takes a very long term view of the situation," says Bernstein.

On the other hand, some conservatives label the whole inequality debate a myth. The media's recent focus on the subject stems from its liberal bias and clever press management by Democrats, they say.

Inequality studies often ignore the wealth created by rising house prices, for instance - and homes represent the most substantial investment by many, if not most, Americans.

Nor do US workers necessarily perceive themselves on the losing end of a rigged capitalist game. A recent New York Times survey found that while 44 percent of respondents said they had a working-class childhood, only 35 percent said they were working class today, points out Bruce Bartlett, a senior fellow at the National Center for Policy Analysis. Eighteen percent said they grew up lower class, while only 7 percent said they remained in that societal segment.

When Democrats today raise

the inequality flag, they are simply trying to attack President Bush's tax cuts, albeit indirectly, says Mr. Bartlett. "A lot of this is driven by the estate-tax debate," he says.

And as Greenspan himself points out, by many measures the economy is doing well. Unemployment is down, GDP is up. Inflation still slumbers. Current standards of living are

unmatched.

"So you can look at the system and say it's got a lot of problems to it, and sure it does. It always has," Greenspan told the JEC last week. "But you can't get around the fact that this is the most extraordinarily successful economy in history."

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Class of '05 Live: Excerpts From This Season's Commencement Addresses

Brian Williams
NBC News Anchor

Bates College, Lewiston, Maine

The world has changed so much since you arrived within these walls. As much as we would like to hold you all and cradle you in our collective arms and guarantee your safe passage into that American ideal of job and family and prosperity and happiness, that no longer, sadly, comes with the diploma you will receive today. But I'm not altogether sure it ever did.

The Class of 1938 saw their world transformed in a way they could not have known, and many of them strapped on rifles and headed to Europe and the Pacific. Your equipment will be your minds, your smarts, your talents, your love of country. You are the products of greatness. Things will be asked of you, and lives may depend on you. And you are ready. We are ready to watch you lead.

In our society, which is now so full of noise, listen only to the voices you've come to trust. In our world, which is so full of uncertainty, remember who you are and what you stand for and keep steering straight. In our nation, founded on the ideals of freedom and liberty, step up and say so if and when we go astray.

Arnold Palmer
Golf legend

Wake Forest University,
Winston-Salem, N.C.

All too often in my primary field of endeavor - sports - the headlines go to the players who defy authority and misbehave on and off the field, players who

showboat and show up others.

Instead, those who should be recognized more often are the fine athletes who are also fine citizens and role models for the youngsters following in their footsteps.

One of professional football's finest players who is just retiring from the game is a prime example of this. Emmitt Smith, the brilliant running back of the Dallas Cowboys, left the University of Florida early to pursue his pro career, but he promised his mother he'd go back to school in the off-seasons and earn his degree.

He fulfilled that promise years ago and here's what he had to say at the time: "If I can reach just a few kids and let them know that education is a wonderful and necessary thing in today's workplace, then I have been successful."

Anna Quindlen
Social critic and writer

Barnard College, New York

There are no fragile flowers seated before me today. We are smart and sure and strong enough to overcome the condescending notion that opposing viewpoints are too much for us to bear - in politics, in journalism, in business, in the academy.

Open your mouths. Speak your piece. Fear not.

You understood this message in your marrow even four years ago. You had to have some essential bravery to even choose Barnard. It is not the easy choice; many of you have had to explain yourselves - the university, the city, the single-sex institution. At its core it must

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Letters to the Editor

Keeping Flouride in Water Is Critical

To the Editor:

Important information we feel the community should be aware of: Our city is planning to discontinue flouridation in our water system.

Based on extensive research, the American Dental Association and the United States Public Health Service has found that flouridation is the single most effective public health measure to prevent tooth decay and to improve oral health over a lifetime. Recent data continue to demonstrate that decay rates are higher for individuals who reside in non-flouridated communities than those who reside in flouridated communities. Studies show that flouride can reduce the amount of cavities children get in their baby teeth by as much as 60 percent, and in permanent adult teeth by 35 percent. Increasing numbers of adults are retaining their teeth throughout their lifetimes due to the benefits they receive from water flouridation.

Community water flouridation remains the safest, most cost-effective, and equitable method of reducing tooth decay. The cost of flouridation is just 75 cents per person per year in an average community. For more information and proven facts, log onto www.ada.org/public/topics/flouride/facts/benefits.asp.

It is critical for the children and adults in our community to keep the flouride in our water.

Dr. Scott D. Clement
St. Ignace

rest have been employees and have only a dim view of what it takes to run a business. Although, the City has done a great job in the past 30 years with the Little Bear center, boardwalk, boat launch, marina, and the steel lighthouse. Pete Heckman and the present and past councils have done a good job in these great additions to the city. So how do we build off what we have to enrich the community around us?

The Little Bear Center: The Recreation Director job should be eliminated and meshed with a person who can market the ice time and other usage for more income for this center. Soon the city will have to kick it money to hold up the cost of Little Bear if it is not marketed properly. So far it hasn't been.

The Swope family and other far-thinking individuals have went out on a limb and spent a lot of their own monies to bring the *Roseway* to St. Ignace. The City should only charge for dockage for the *Roseway* what the *Maple* paid for in the past. The City needs to capitalize on our rich maritime heritage. This, I believe, is the key to prosperity. In the past, when I had mentioned to council members or to the mayor to buy the *Chief Wawatam*, lift it onto dry land, and make a shop/museum complex out of it, I was laughed at. It would have been a good and fitting start; too bad it's been scrapped as junk. Some people discount the Mackinac Tall Ships Company's plans. This idea of building replicas of the Mackinaw boats and other boats that were the workhorses of our past is one of the best ideas to come along, and should be encouraged and nurtured. This fits in perfectly with the *Roseway*. Our Marina and the Port of St. Ignace as a provisioning place for people going to the North Channel and the Straits could be marketed better to all the boat shows in a 500 mile radius in the Midwest and Canada. The Coast Guard Ship *Maple* that has been tied up in St. Ignace should be bought and sunk off an easterly shore to encourage more divers who come here every year. Most times, with the westerly winds, it is too rough to dive on our other wrecks. St. Martin's Bay would be an excellent place to sink a ship to attract people to stay in St. Ignace and dive. An area near the Chief dock should have a low dock to encourage kayak outfitting and tours. Can and would cruise ships tie up here if we had a pier? There are more than four huge cruise ships that could come here, bringing hundreds of people per ship, for a day to shop in this quaint village. Other than a cement walkway and three cluster piers in the lake to tie up to, we would just need to give them water and electric. Just like in Alaska. The Chief dock would work out nicely now that the city owns it.

Our ties with the lake are so strong here we would be fools not to build on this theme, "The Port of St. Ignace." So how do you pay for this when the city is broke? The city only needs to be the driving force behind these initiatives, as it has in working with Mr. Shaffer and his boats. So who's to do this? One person, a marketing director, should work as a coordinator with the Downtown Development Authority, the Chamber of Commerce, and the Visitors Bureau to achieve this. These fine groups and their members are the people who need to do this, and the City should raise a special assessment tax and raise the motel room tax to be the revenue source to fund this massive venture. If the largest benefit to this is fuller motels and shops, that's where the start-up money needs to come from, and grants need to be written. St. Ignace needs marketing for the Marina and Little Bear, kayaking, *Roseway*, small ship building, a shipwreck, shipwreck museum, cruise ships, and the buying of the artifacts of the Fort DeBaude Museum to display at Father Marquette Museum; these are a start toward prosperity in this economically stagnant area. We who live here have blinders on the breathtaking beauty of the lakes. Vacationers across the Midwest do not know of this beautiful gem we call St. Ignace. It's time to let them in on the secret.

Rick Weiss

St. Ignace

Chamber of Commerce Is Important

To the Editor:

I would bet that the majority of St. Ignace doesn't realize the amount of time and effort our local Chamber of Commerce spends promoting our town.

The Red Hat Convention, two weeks ago, is just one example of their work. More than 150 ladies descended on St. Ignace, staying in our motels, eating at our restaurants, and shopping in our stores. During their convention, they attended a wine-tasting party with a beautiful display of desserts. Saturday was a full day at the Little Bear, which was decorated to represent a city park and walkway. This area was encircled by local and state businesses showing their products. The evening was also busy, with a "pajama party" evening boat cruise. The weekend ended with a "Red Hat" fashion show.

All of this was put together by our Chamber of Commerce. Please let our city officials and business owners know how important their service is.

Jeanne Litzner

St. Ignace

Let's Build on Port of St. Ignace Theme

To the Editor:

In reading the June 9 paper, St. Ignace City council minutes, it is easy to dismiss the comments by both Elizabeth Brown and Marianne Huskey as outsiders with ideas. Both of these women have recently invested their own money and effort in this city, and should be commended for doing that. Nice looking stores, ladies.

Investing in St. Ignace, in my opinion, is a very risky matter at this time, even though I am developing a 50-unit housing subdivision on South Airport Road. I don't expect a return on investment for years.

So what do we do to become more like a tourist destination, like Mackinaw City, so that people will actually come here and spend their money? Asking the City Council for action seems redundant to me. They don't get it. There is only one business owner on the council, and all the

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The quotation under the flag of *The St. Ignace News* on Page 1 is from the 10 triads written by Dr. Fred Newton Scott, creator and teacher of the first continuous course in journalism in the United States at the University of Michigan in 1890. The 10 triads are chiseled on the parapet of the Detroit News Building at 615 Lafayette Boulevard, Detroit. They were headed "Ideals of the Press" or "The Newspaper in a Free Society," and serve as a reminder of what a free press means to us.