



ECONOMIC ANALYSTS ... Some of the leading analysts on economic issues regarding the U.S. government and state governments spoke during a "The State of the World Economy: Analysis and Prospects" on Tuesday at UMKC. Attending the event were City Councilman Troy Nash, 3rd District At-Large, Warren Mosler, billionaire and AVM, L.P. founder, and L. Randall Wray and Matthew Forstater, both of the Center For Full Employment and Price Stability at the University of Missouri-Kansas City. Forstater is assistant professor of economics at UMKC and director of the Center For Full Employment. Wray is professor of economics and prior research associate for the center. -- CALL photo by Jerry Lockett

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Economy Will Continue To Affect Americans, Blacks More Than Others

By Tracy Allen

From Wall Street to the board rooms of corporate America, the U.S. economy is still in a fluctuation of uncertainty.

Despite what many have said that the worst is over, that isn't necessarily true says economic analyst and billionaire Warren Mosler.

Today's economy is still in a troubled state and Mosler along with economic analysts L. Randall Wray and Matthew Forstater believe that African Americans and minorities will continue to feel the brunt of the troubled economy.

In fact, the three, along with Kansas City Councilman Troy Nash, 3rd District At-Large, believe that unless times improve soon, blacks around the country are going to

experience worst times and possibly, disastrous moments, that could ruin some communities.

During a workshop, "The State of the World Economy: Analysis and Prospects" at UMKC Wednesday, Mosler warned those that despite what seems as a recovering times, Americans will still face layoffs for at least another year, and businesses such as banks and savings and loans can project more bankruptcies and foreclosures.

As for the African American community, it also means that those seeking employment nationally will continue to receive slim work opportunities.

Forstater, director of the Center for Full Employment and Price Stability at UMKC and an assistant professor of Economics, says because of the slim employment pickings and a rough economy, many in the urban community, particularly blacks, will become more restless and frustrated, which could lead to more problems such as crime, under-developed communities and a disenfranchised population.

Mosler also believes that the 6.8 plus unemployment rate nationally can easily be diminished if the federal government would quit focusing on chopping down a federal deficit and work toward putting more people back to work. That means federal spending increases despite a huge deficit.

According to Mosler, who is the founder and principal of III Associates and III Offshore Advisors, companies which have about \$1 billion in investor capitol, a federal deficit spending can actually work in the favor of Americans. Mosler believes that the more the federal government spends, the less trouble it places on state budgets which have already been squeezed for money.

Mosler, like Forstater, stated that providing public sector jobs for unemployed Americans will not only drastically decrease the national unemployment rate, but it will also eliminate many of the social problems that exist in American communities. Mosler believes that there is plenty of work available on the governmental level if the federal government would be willing to make opportunities available for those who need it most -- the poor and the under-employed, mostly minorities.

"It's hard to imagine how the U.S. economy is really going to recover in a meaningful way until the deficit gets to around a five percent GDP," Mosler said. "There's a couple of ways to get the deficit to a 5.0 GDP. There's a nice way and an ugly way. So far, (government) has been choosing the ugly way."

"The nice way is to have a big payroll tax cut or to get some government programs going and that will get the deficit up some," Mosler continued. "The ugly way is you do nothing and it gets there by itself through unemployment compensation and the fact that people aren't working, so they don't make a profit and they don't pay taxes, so you generate a deficit to get it up that way."

"The Congress is already fighting the small deficit we've got and that's only going to make matters worse. When you hear the fine rhetoric, 'well, we're sending our fine young men to Afghanistan and we're sending them on borrowed money,' with that kind of rhetoric it's obviously means there is going to be some type of tax increases and spending cuts, and many who will be effected will be the poor and the working poor."

Mosler believes the unemployment rate nationally could get as high as eight percent before the recession is over. He also believes that despite several cuts in interest rates, Americans will continue to be cautious in their spending which will continue to create a way thinking that could cause trouble for American businesses, who have already taken hits due to tight budgets.

Unfortunately, those who will continue to be hit the hardest, minorities and African Americans, who are already struggling with high unemployment, and have problems paying increasing taxes that are being placed on them by the state. Also, many state governments, Missouri and Kansas included, are cutting

service programs that were funded by state governments in order to meet massive deficits.

During times like these, the unemployment rate in American is always higher than the white population rate," said Forstater.

At the peak of this last expansion, the overall African American unemployment rate was just under 10 percent. If the economy had overall rate, that would be considered a recession."

"But in the African American community, a rate like that is considered unacceptable. We always have

seen the African American unemployment rate rise and a lot of that has to do with 'last hired, first fired' rule. But what everyone must understand is that the best of times isn't best for African Americans right now."

"What African Americans (like everyone else) need right now is jobs. There is a saying that Dr. Martin Luther King Jr. said: 'It's not training first and then a job later; it's job first and then training.' We need to get people to work or back to work. Once the (federal) government does that, then all the social ills we have will be gone," Forstater said.

Continued on page 4



PRESENTING PROCLAMATION AND KEY TO CITY ... Third District At-Large City Councilman Troy Nash presents a proclamation and a key to the City of Kansas City, Mo. to Warren Mosler, a prominent economist and economic expert. Mosler spoke during "The State of the World Economy: Analysis and Prospects" on Tuesday at UMKC. Attending the event were Councilman Troy Nash, L. Randall Wray and Matthew Forstater, both of the Center For Full Employment and Price Stability at the University of Missouri-Kansas City. -- CALL photo by Jerry Lockett