



photo by Bob Mahoney
Rick Landt, whose family has farmed these fields for generations, worries that the land won't pay for his daughter's education.

RUDE AWAKENINGS

The Endangered American Dream

PART 1

By JIM NESBITT
c.1991 Newhouse News Service.

LOS ANGELES — From his downtown office on the 14th floor, Ken Bauer can see the dark ridge of the Santa Monica Mountains and the glitter of the Pacific Ocean, but only on those rare days when the smog clears.

He has a tile-roofed suburban home of stone and stucco, but a 54-mile commute each way. He has an executive-level job with a big corporation, but no promise that it won't disappear in the next round of layoffs.

Bauer, 42, weighs the good with the bad and feels satisfied with his piece of the American Dream. But he sees no way to fulfill what most Americans have come to view as a precious birthright — the promise of a better life for his children, just as his parents passed a better life on to him.

His two sons are in their early 20s. One flips burgers at McDonald's. The other punches drywall and runs wire for an electrician.

Neither of his sons went to college. Bauer can afford to send them, but they aren't interested. They believe their father's accomplishments are something they can never hope to duplicate.

"It looks pretty daunting," said David Bauer, 24, the electrician's helper. "I have no goals in terms of material things. A kid, a house, a car — I'm going to put that off."

"It's frustrating," said his father, a personnel manager for the Atlantic Richfield petroleum company. "It's become increasingly difficult for the younger generation."

Many Americans share this uneasy sense of diminished expectations, a sense that there is simply less to go around. From the suburbs of the Pacific Coast to the office towers of Atlanta, from the farming villages of Iowa to the marble halls of Congress, many wonder whether the American Dream is still alive.

It's an open question. America still enjoys the world's highest per capita income and a standard of living envied around the globe. But the nation isn't keeping pace with the challenge from rising industrial rivals like Japan and Germany.

Since 1987, America has ranked last among the world's industrial nations in share of gross national product invested in new factories and equipment, according to the Council on Competitiveness, a private business research group.

Last year, America was the only industrialized country where living standards actually fell, the council found.

Most economists expect these trends to continue for another 15 to 20 years, or until America's economy adapts to the new rules of the global marketplace and productivity again improves.

Until then, many of the comfortable assumptions of American middle-class life will be swept away.

Instead of a land of endless upward mobility, there is the unsettling likelihood that the next generation of Americans will have a less affluent lifestyle than the current one.



photo by Scott Anger
Dan Hampson has a \$40,000 job and a house in the suburbs, but the 100-mile commute between them cuts down on his time with his family.

EDITOR'S NOTE:

The American Dream was not just a dream, but what Americans had come to think of as our birthright. If you were an American and worked hard, you could expect to own your own house, your own car, send your children to college and have a comfortable retirement.

When reality hit, it hit slowly. Statistics show our real income stopped rising in the early 1970s. But we didn't pay attention until we couldn't afford to send our children to college, until they couldn't afford to buy a home, until the social services we expected from government were no longer there, until we were afraid of losing our jobs because our companies couldn't compete in the global marketplace.

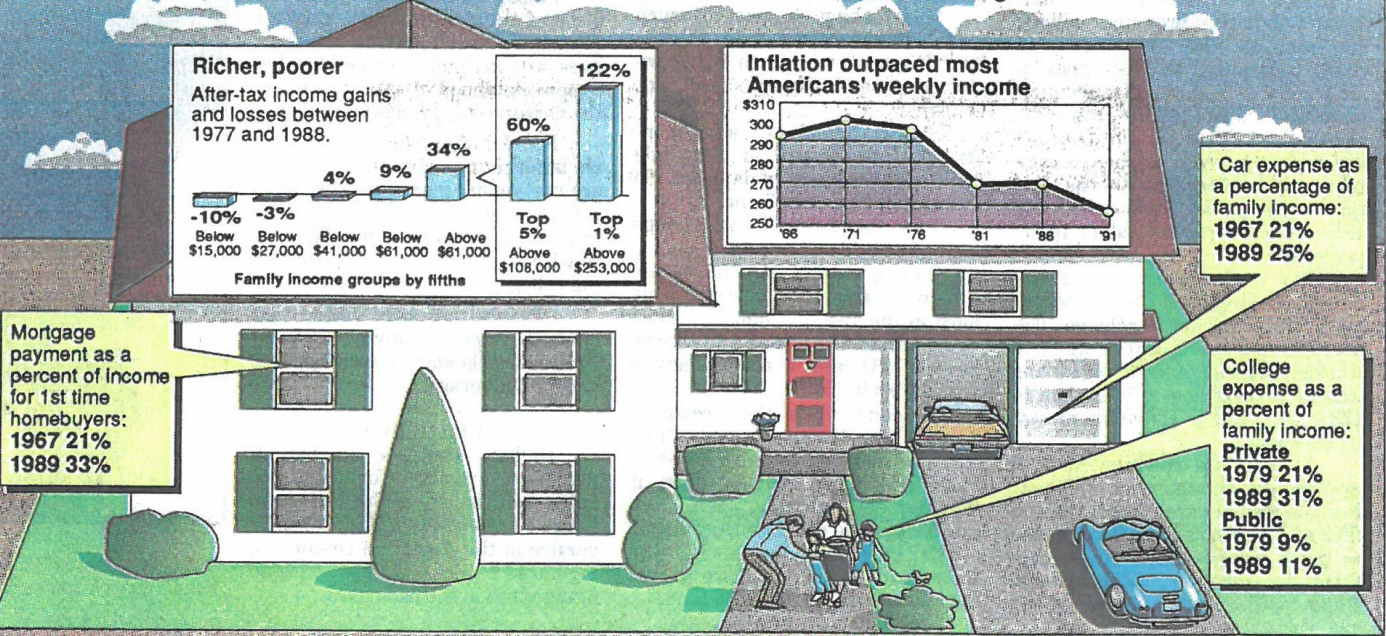
Suddenly, we were scared.

In a special report, Newhouse News Service examined the roots of our national anxiety and its implications for the future.

Deborah Howell
Editor and Washington bureau chief

Cost of the American Dream

The price of a middle-class lifestyle has risen steadily while most Americans' income has stagnated.



Sources: U.S. Census; Commerce Department; Congressional Budget Office; Economic Policy Institute; Motor Vehicle Manufacturers Association.

RUDE AWAKENINGS

The Endangered American Dream

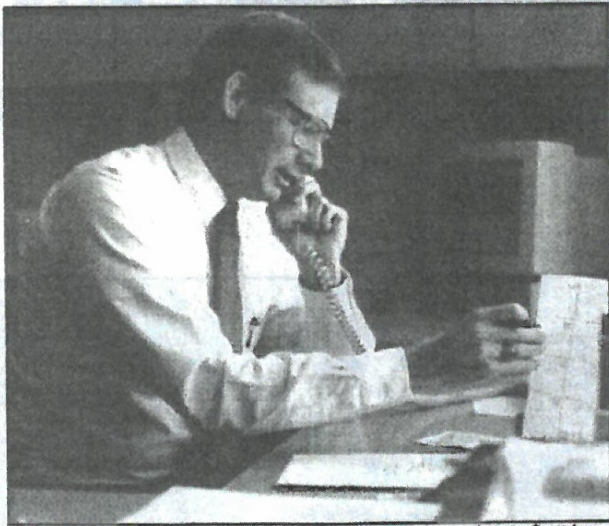


photo by Scott Anger

Ken Bauer sees little hope of passing a better life to his two sons as his parents passed a better life on to him.

David Bauer, 24, is an electrician's helper who doesn't believe a college degree would enable him to duplicate his father's success.

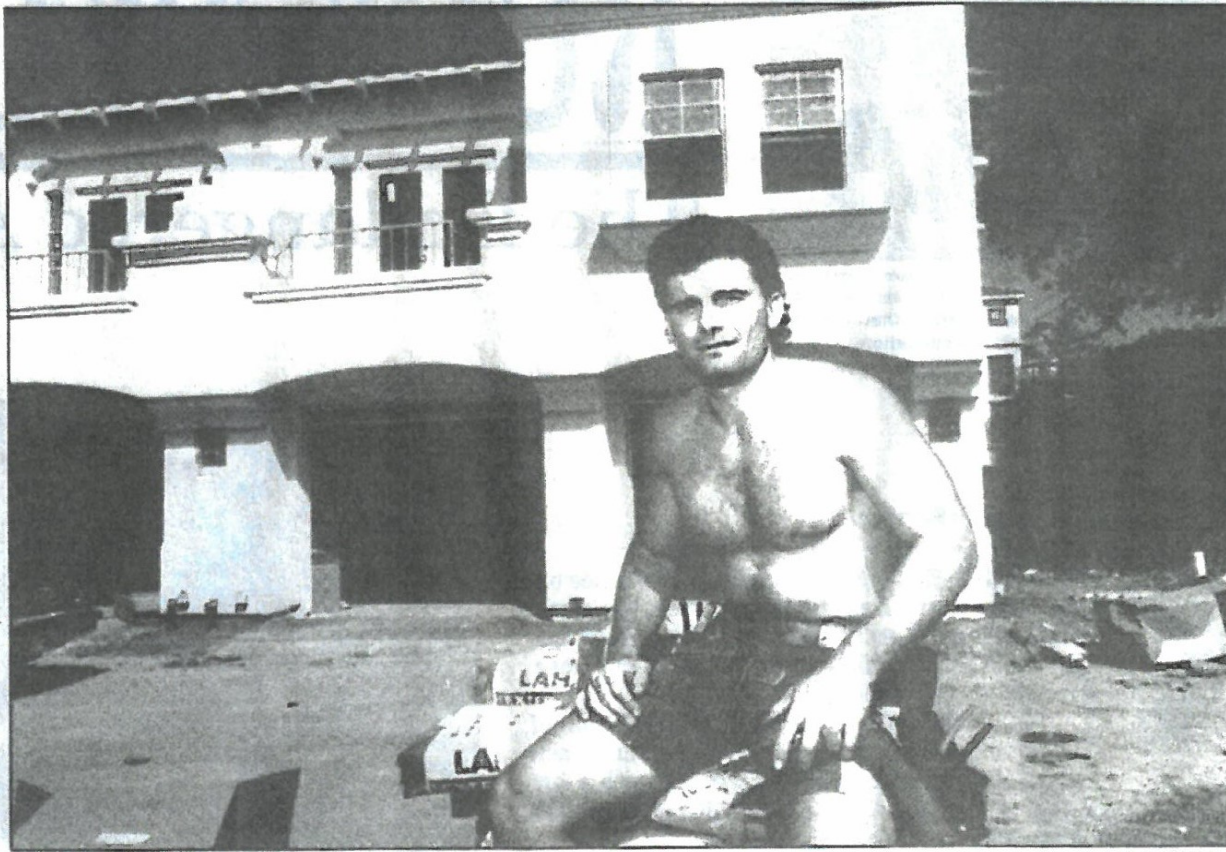


photo by Bill Nelson

"It won't get a whole lot better. Expectations are going to be disappointed," said David Rolley, an economist with the DRI/McGraw-Hill consulting firm in Lexington, Mass.

Experts say this economic hardship will tighten the tension in families and individuals, deepen cynicism about government and increase racial friction.

But at the same time, more Americans are inventing a new dream, one based on inner values instead of status symbols. The Mercedes, the gold card and the chase for the corporate vice presidency will be replaced by family, faith and the quest for inner fulfillment.

FEELING THE PINCH

The American Dream. The phrase seems timeless, but is relatively new. James Truslow Adams, an obscure 1930s novelist, coined it to describe his vision of an open society in which everyone could achieve their full potential. Like many things American, the phrase was turned into a sales pitch for a collection of material goods: a house, college for the kids, a comfortable retirement.

But the trappings of this dream now carry price tags that strain the reach of a middle-class paycheck.

First-time homebuyers face a mortgage bite that is 50 percent bigger than it was 25 years ago, according to the Economic Policy Institute, a Washington research group.

In 1967, the mortgage payment on a median-priced family home took 21 percent of the median income of those aged 25-29, the group most likely to be entering the housing market. By 1989, that figure had grown to 33 percent.

Today, 91 percent of the nation's renters can't scrape together enough money to buy the median-priced \$79,000 home, census figures show.

More Americans also are finding it tougher to provide a college education for their kids, thanks to rising tuition and tougher financial aid standards that cut off many middle-class families. In 1979, the average federal financial aid package covered 81 percent of the average tuition bill, according to the National Education Association. By 1989, that share had fallen to 60 percent.

The final expectation of the American Dream, a secure retirement, also is harder to achieve. The average employer's contribution for workers' pension and savings plans was 43 percent less in 1989 than in 1980, U.S. Labor Department statistics show.

All this has contributed to a growing gap between rich and poor. For the past several years, the top fifth of Americans have taken home as much money as the other four-fifths put together, Congressional Budget Office figures show.

What this means is a higher hurdle for lower-income people trying to move up to the middle class, and a more difficult time for middle-class families seeking to hold their own.

"IT'S JUST NOT ENOUGH"

Here among the arid hills of Southern California, the American Dream was packaged and sold to a generation of Americans climbing out of a depression and a world war, looking to enjoy the country's new-found prosperity.

Developers offered the mothers and fathers of the baby boom a vision of suburban life that would become the American ideal for decades thereafter: a yard for the kids, a big electric kitchen for mom, an easy spin to work for dad.

Today, that ideal seems like a faraway fantasy for many young families. Home is a cramped condo or apartment. Kids are in day care. Work and long hours on clogged freeways eat up the lives of both parents.

"I don't think the dream is dead. But we're all learning to live with less."

Dan Hampson, 26, policeman.

Dan Hampson, 26, is a motorcycle cop with the rangy grace of a former college defensive back. He has a \$40,000 job and a \$96,000 house. But he has to drive 100 miles a day round-trip between his job in Simi Valley, where he can't afford to buy a home, and Palmdale, where he can.

The daily haul extends an eight-hour day into 10, cutting down his time with his wife Jacque and their 2-year-old adopted Korean son, Shane. Usually the boy is asleep by the time he comes home.

"Everything is just so much more difficult now," said Jacque, 28. "The time we get to spend together as a family, it's just not enough."

She is trained as a legal transcriber, but wages in Palmdale don't match the cost of day care. So she stays home with Shane.

"Too many people, not enough high-paying jobs," he said.

Young couples like the Hampsons were a demographic group hit hard in the 1980s. Families headed by someone between 25 and 34 now have \$1,584 less in real dollars to spend than in 1979.

"I don't think the dream is dead," Dan Hampson said. "But we're all learning to live with less. More and more people, even if they're just renting, feel like they've got the dream if they've got a wife, kids, a job and a roof over their head. More and more people are becoming satisfied with that."

As Americans learn to live with less, they're finding other measurements of success, other dreams.

"Success won't be measured in monetary terms anymore," said Arne Kalleberg, chairman of the sociology department at the University of North Carolina at Chapel Hill. "People will be looking at family and leisure time and personal development as the new markers of success."

SHRINKING PAYCHECKS

Settling for less is a foreign notion to Americans who grew up in the years after World War II, a time of unprecedented and unchallenged growth. America was the only game on the globe and its people looked to move ever upward.

That game is over now. When you adjust the ordinary worker's wages for inflation over the last 20 years, weekly take-home pay actually has fallen — from \$295 in 1970 to \$257 last year, according to the Labor Department.

Working mothers, once a sign of liberation, became an economic necessity. In 1975, there were 13 million working mothers in this country. By 1989, that number had almost tripled to 33 million.

Even so, family income growth slowed dramatically. Between 1949 and 1969, it grew 97 percent. Between 1969 and 1989, it grew only 15 percent, from \$26,470 to \$34,213.

These economic pressures are straining the fabric of family life. Children today are twice as likely to suffer through a divorce as kids in the mid '60s. Suicide among teenagers also has doubled.

"I'm seeing this economic stress touch families all over," said Dr. Harold Eist, a family psychiatrist who practices in suburban Washington, D.C. "Parents have no time or patience for parenting. Stress levels go up enormously. It's a real concern for our society."

Facing a steeper price for their piece of the dream, many younger Americans aren't buying in. Their lives are in limbo, suspended between childhood expectations and the harshness of grown-up reality.

Fearful of making a mistake in an unforgiving environment, they are postponing marriage, staying in school longer and — a trend once difficult to imagine — moving back in with their parents after completing college.

"They're not sure where that upward track is anymore," said Fran Goldscheider, a sociologist at Brown University.

LIFE ON HOLD

Delilah Loud, a 35-year-old marketing executive for a Los Angeles television production company, remembers her family's version of the American Dream — a big house in Santa Barbara with an orange tree in the back yard.

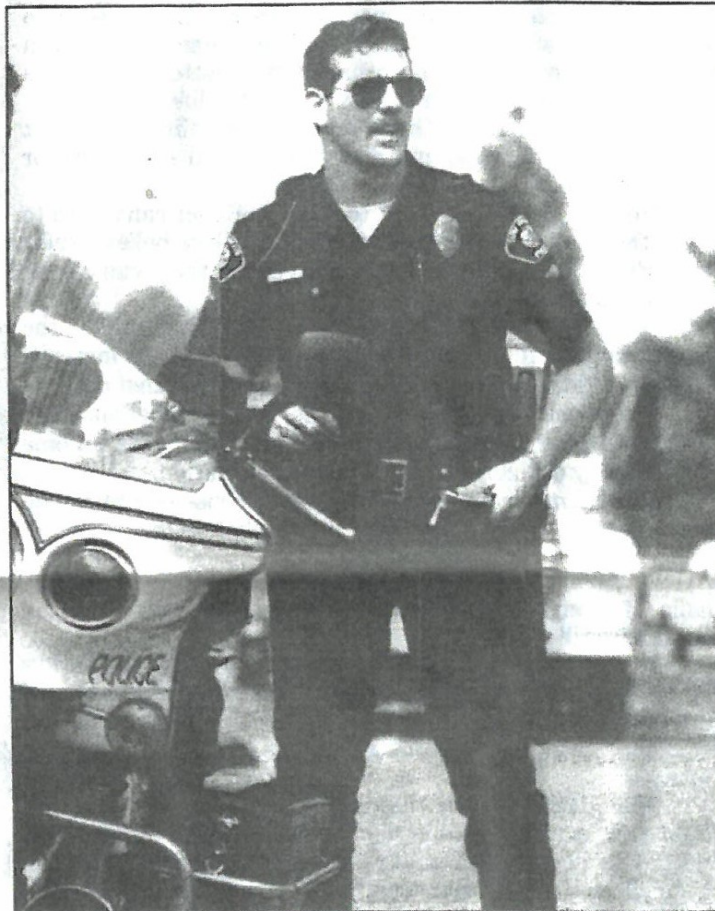


photo by Scott Anger

Dan Hampson, a 26-year-old motorcycle cop, says more Americans his age are learning to live with less.



photo by Phil Huber

Delilah Reyes, president of the U.S. Hispanic Chamber of Commerce, believes hard times will increase racial friction.

"I remember summer nights, sitting out in the back yard, looking up at the sky — and I hope to be able to do that again."

In 1973, all of America had a chance to share the Loud family's version of the American Dream, the subject of a 12-episode documentary on PBS titled "An American Family." She was a teen-ager then, constantly chatting on the phone, taking long rides on horseback, teaching dance classes.

Today, Delilah Loud is a gregarious woman with a big laugh, a skittish Boston bull terrier named Pete and a love for the outdoors. She has grave doubts about her dream of a home and yard of her own.

She and her fiance, Wes Haynes, bring in about \$90,000 a year. It's enough for her comfortable two-bedroom apartment, but not for a home anywhere near her neighborhood, where homes start at \$300,000 and climb rapidly toward \$1 million.

For a home they could afford, Loud and Haynes would have to endure a two- to three-hour commute across the city's tangle of congested freeways. So, like many other Americans edging toward middle age, they continue to rent. As recently as 1980, almost 60 percent of Americans between the ages of 30 and 34 owned their own home. That figure now has fallen to 52 percent.

"All we can do is hope we have a down payment when we turn 40," she said. "I think it's very depressing."

Delilah Loud doesn't feel as though she controls her own destiny.

"Survival — that's the dream now — economic survival," she said. "I don't think any of us feel like we're in the driver's seat. We feel like there's a certain elusiveness to our destinies, like we're riding in the passenger seat."

TURNING INWARD

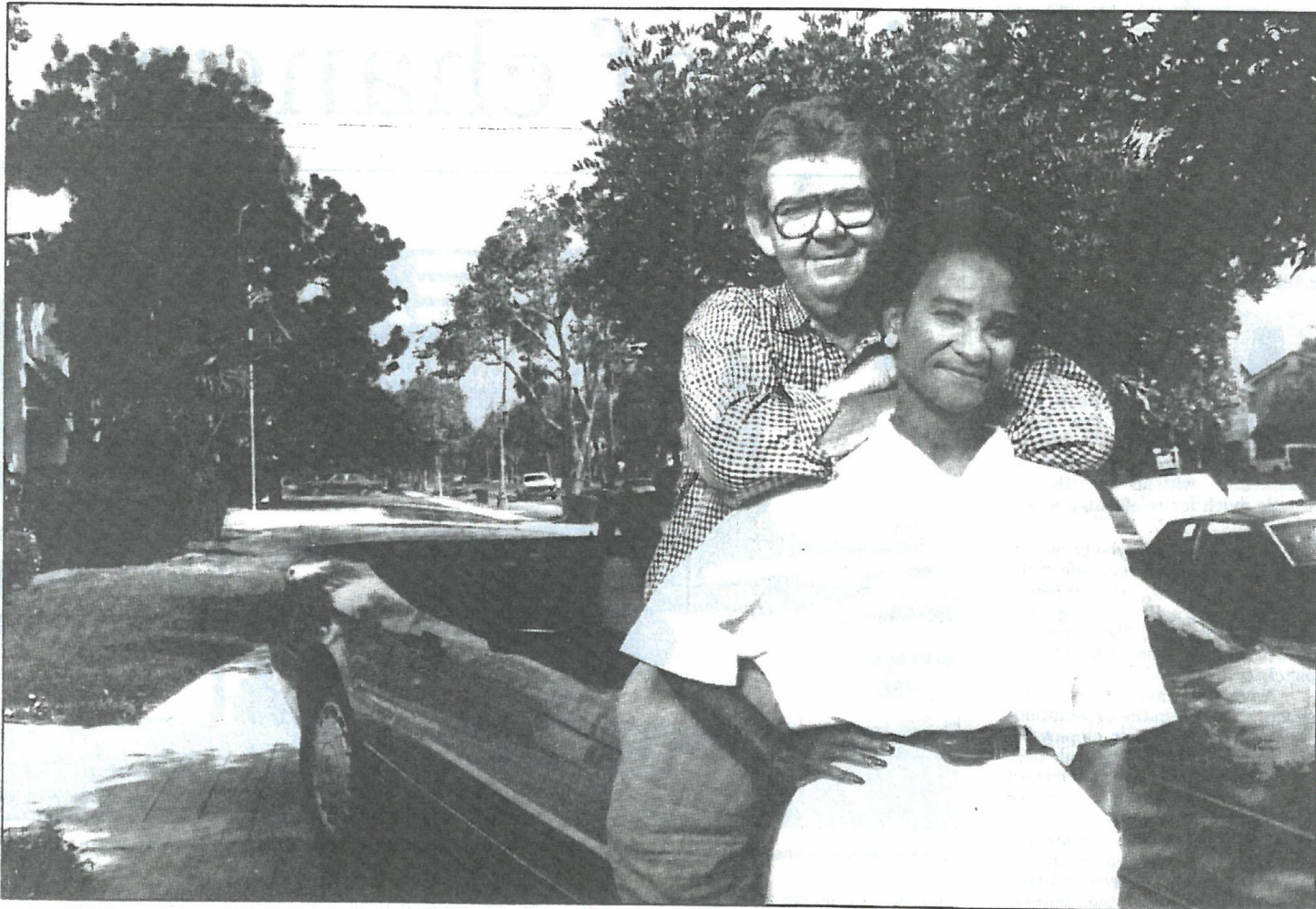
America was once the country of the New Deal, the New Frontier and the Great Society. In the 1960s, America was rich enough to declare war on poverty, fight a war in Vietnam and still put a man on the moon.

It was the era of Can Do. Now, America is in the era of Sorry, We're Broke.

The federal government will run up a \$362 billion deficit next year. Interest payments alone will top \$344 billion by 1995, passing defense and Social Security as the largest budget item.

Yet many Americans couldn't care less. Hardened by cynicism and deadened by apathy, the sons and daughters of Americans who revered JFK don't vote. Most Americans no longer go to the polls, and the young are least likely to turn out. They don't believe the system works. They think it strange that Americans once viewed government as their friend.

Through it all, Americans are generally satisfied with their lot as



Geri Hurley, shown here with husband Maury, says minorities can no longer depend on government for a better life.

photo by Bill Nation

individuals. Three out of four expressed general happiness in a 1990 poll by the National Opinion Research Center at the University of Chicago.

But they are pessimistic about their society as a whole. Routinely, only about one in four were satisfied with the institutions of government, labor, business or religion.

Americans have always celebrated rawboned individualism. There always has been an opportunistic bent in their souls, one that says, "I've got mine; you get your own."

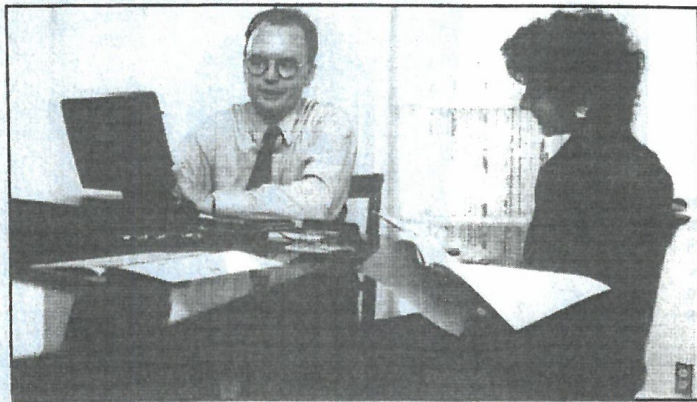
As economic conditions get tougher, experts believe many Americans will hunker down, concerned more with their own problems than those of their neighbor. The 1930s ideal of an open, classless society will give way to a divided hierarchy in which rich and poor will have even less in common.

"It's a gloomy picture," said Robert Reich, an economist at Harvard University. "If nothing changes, we will find ourselves in a two-tiered society, with an elite living in their own towns, governed by their own institutions, pooling their resources for libraries and parks, linked to the world but disconnected from their fellow citizens."



Yung Haw left Korea to find a better life for his kids in America, but daughter Julie no longer sees it as a land of opportunity.

photo by Scott Anger



John Lockhart and Wendy Basil found success through tough-minded entrepreneurship, but can't find time for the children they want someday.

photo by Scott Anger



Delilah Loud, whose family starred in the PBS documentary "An American Family," dreams of buying a house before she's 40.

photo by Scott Anger

The growing gap between classes is also expected to sharpen conflict along color lines, increasing friction among blacks and whites, Asians and Hispanics.

"The hunger and anxiousness to get a piece of the pie means you don't want to share with another group," said Delia Reyes, president of the U.S. Hispanic Chamber of Commerce.

There is also less faith in the ability of government to follow up on the landmark civil rights legislation of the 1960s. While more minorities have gained entrance to the middle class, Hispanics are twice as likely to live in poverty as whites; blacks three times as likely.

"We used to look to someone else to help us and think that was the federal government's job," said Geri Hurley, 46, a black mother of three in Los Angeles who teaches part-time. "Well, that isn't there anymore. We as a people are going to have to look to ourselves and find an inner strength to survive."

COSTS OF WINNING

The winners of tomorrow, Reich and other experts say, will be those with the high-tech skills and mobility to change with a fluid global economy.

John Lockhart and Wendy Basil, a husband and wife who run a public relations firm, already see themselves as successful players. In eight years, they've built an agency with \$1.5 million in billings, 15 em-

ployees and offices in Los Angeles and San Francisco.

A year ago, they bought a \$650,000 home near the Wilshire Country Club, two doors from the house shown in the opening credits of the old "Happy Days" sitcom.

"We are free agents and it's our era," said Basil, 34. "It takes guts to do what we do, it takes drive and ambition."

Said Lockhart: "The old corporate security blanket that protects you until you die is gone. People have to be much more autonomous... You have to sell yourself constantly."

Theirs is life on the economic edge, with daunting risks, huge financial rewards and tremendous independence. It is also life consumed by work, in which the family satisfactions they enjoyed as kids are tough to duplicate.

"We want to have kids, but we just haven't had time," said Lockhart, 32. "It's another complication in an already complicated life. I know that sounds cold."

THE DREAM REDEFINED

The American Dream is persistent and powerful. It is particularly strong among those who come from other lands.

Yung Haw brought his family to America in 1975. He left his post as an economist with the South Korean government to arrive in Los Angeles with a wife, three children and \$1,000 in his pocket. He wanted

to give his children a future — the education they couldn't get in Korea.

And here on the western edge of America, he pulled off his dream. He started out as a housepainter, working for others. He now owns his own business, working a crew of 10.

His daughter has a graduate degree, one son is a mechanical engineer, the other is studying for a degree in the same field.

"I left my life for my kids and my family," said Haw, 57. "It's very, very hard work — a very hard business. But I don't regret coming here. I think my kids will have it better than me."

His daughter isn't so sure.

"I see so many homeless, so many addicts, so many problems America has to deal with," said Haw's daughter, Julie, 26, a social worker. "I don't see it as a land of opportunity. Maybe it was, way back then."

Julie Haw is engaged and expects to land a good job, but her dream doesn't end with a wedding ring, a mortgage and a white picket fence.

In a land where material success is harder to attain, she speaks of inner values and spirituality as measures of a successful life.

"I really want satisfaction and happiness," said Julie Haw. "I want to be happy with what I'm doing."

The price of change

PART 2

By MARY KANE
c.1991 Newhouse News Service

ATLANTA — The first thing Tom Akins did after winning a promotion at First American Bank was dash to the computer, call up his resume and update it with his new title.

So much for celebrating a new job.

"I don't think anybody at any bank anywhere can feel safe right now," said Akins, 41. "When I changed careers 10 years ago and went into banking, there was an aura of stability. That aura has completely evaporated."

Americans have experienced a severe shake-up in the expectations they once had of their employers. Eastern Airlines, whose hub once gave Atlanta the nation's busiest airport, has shut down and thrown 7,000 people out of work.

IBM, a blue-chip corporation with a longtime policy of no layoffs, is shrinking its workforce by 10,000 through attrition, and the Japanese now own IBM's towering regional headquarters here.

These cutbacks are new to Atlanta. In the 1980s, it boasted one of the highest rates of job growth in the country. The suburbs multiplied even faster, some by more than 500 percent.

"When I moved here eight years ago, I saw more BMWs, Mercedes and Jaguars than I'd ever seen in my life," said Jerry Finegold, a 31-year-old stockbroker mingling with other young professionals at a bar in the city's trendy Buckhead neighborhood.

Finegold is optimistic that Atlanta's troubles are temporary, due to end as soon as the current recession does. But others see deeper, longer-lasting problems that extend nationwide, threatening what people have come to think of as the American Dream.

Outpaced by global competition, many U.S. companies are moving their operations overseas, looking for cheaper and better-skilled labor.

Stockholders have profited, but not necessarily workers. During the last decade, 1.2 million manufacturing jobs disappeared, according to the U.S. Labor Department.

And the takeover mania of the 1980s left many other firms with



Eastern Airlines, whose hub once gave Atlanta the nation's busiest airport, laid off 7,000 workers after going bankrupt.

photo by Bill Lisenby

huge debts that are now forcing a whole new round of corporate mergers and layoffs.

Atlanta's C&S-Sovran bank, overwhelmed with bad real estate loans after years of aggressive expansion, recently agreed to merge with NCNB Corp. The deal created the nation's fourth-largest bank, but with a steep human cost—6,000 people will lose their jobs.

Gone now is Americans' assurance that good work will be rewarded with job security. Gone too is the expectation that employers will provide such benefits as secure retirement and health insurance.

John Holloway spent 18 years as an executive helping build Holder Corp. into one of the nation's top 200 construction companies. He knew the commercial real estate market was getting tough, but still was surprised when the Atlanta company laid him off last January.

"I've been in the industry for 25 years," Holloway said, sitting in the living room of his home surrounded by pictures of his family. "I kept hoping the company would say I'd been with them so long, they'd stretch it out and keep me."

Holloway, 50, has been unable to find another permanent job. His wife, Harriet, sweeps up their two young daughters and takes them to another room as he recalls having to

stand in line for unemployment benefits.

Holloway's experience will be more typical of corporate life in the future, according to Harvard University economist Robert Reich.

"The large American corporation is a dinosaur and is rapidly disappearing," he said.

Reich predicts that the Organization Man of the 1950s, who frequently signed on to a single corporation for life, will be replaced by economic free agents who tackle a project for one firm and move on to another.

But free agency isn't an option for people without skills or education, people who never shared in the boom of the 1980s.

Of the 18 million new jobs created during that decade, 14 million

"The large American corporation is a dinosaur and is rapidly disappearing."

Robert Reich, Harvard University economist.

were in the low-paying retail trade and service industries, according to the Labor Department.

By the late 1980s, the share of the workforce earning poverty-level wages stood at 31 percent, up from 25 percent in 1979, U.S. Census figures show.

For people stuck in these jobs, the American Dream grows further and further out of reach.

During the 1980s, young men with only a high school education saw their average real wages fall 18 percent, according to Census data. The earnings gap between them and young men with college degrees tripled.

"For these people," said economist Gary Burtless, "I do think we're talking about a dream lost."

Yashica Meadows, 16, is a sophomore at Atlanta's Fulton High School. After class, she works at the Krystal hamburger restaurant, hoping to earn enough money to go to college. But she doubts her minimum-wage salary will be enough.

"It's going to be harder and harder," she said during her five-minute break. "You can work day in and day out and still not get ahead. But there's not much you can do about it."

CORPORATE INSECURITY

Beth Schumaker, banker Tom Akins' wife, is right on the firing

line of corporate cutbacks. An executive at BellSouth Corp., the largest of the Baby Bells created by the AT&T breakup, she is assigned to help some 3,000 employees take early retirement.

Schumaker, 40, realizes that when she finishes helping BellSouth downsize, she could be let go herself.

"I see people in my neighborhood who are skilled and out of work," she said in her typical non-nonsense manner. "I know it could happen to me."

People talk about downsizing as if it is something new. In fact, it was under way long before the recession started. Between 1985 and 1989, some 250,000 jobs disappeared from the finance, real estate and insurance industries, according to the Labor Department.

Over the last two decades, corporate job tenure has fallen by half, from an average of 20 years per employee to less than 10, said James Challenger, president of a nationwide employment consulting firm.

Barbara Davis had worked at Eastern Airlines as a flight attendant for 23 years when she turned on CNN one day to learn that the airline and her job were history.

"That shook me," she said. "I realized it can happen. It is happen-

ing. And I have to wonder who's next."

Akins and Schumaker also wonder. They recently paid off their credit cards and threw them in a drawer. When offers for new cards come in the mail, they accept them and throw them in the drawer, too. They figure that if they lose their jobs, they can live off the plastic until they find work.

"I've come to look at my home in a different way, too," said Akins, whose quick smile and easygoing manner contrast with his sense of economic anxiety. "It's a place to be comfortable and happy. I don't look at it as an investment anymore."

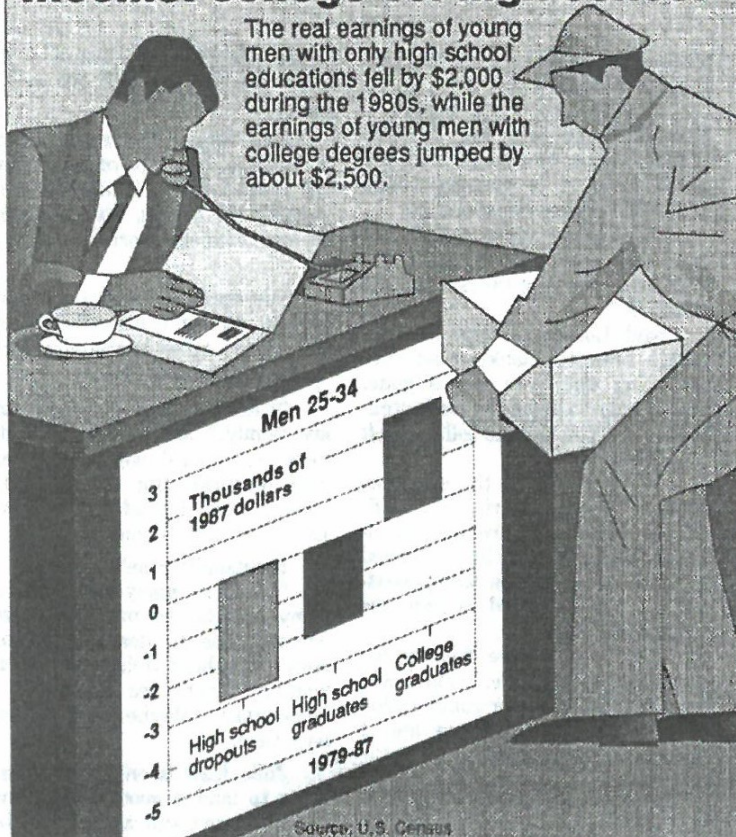
No wonder. While many people in fast-growing cities like Atlanta, Boston, New York and Los Angeles sold their homes at huge profits during the '80s, most Americans saw home values barely keep pace with inflation. According to a new Census report, the nation's median home value last year was \$79,100, up only 5 percent from 1980.

Commercial real estate is in much bigger trouble, its tumbling value dragging down the balance sheets of 1,200 banks and 900 savings and loans that have become insolvent since 1983.

There is no longer a single U.S. bank among the world's top 25. In

Income: college vs. high school

The real earnings of young men with only high school educations fell by \$2,000 during the 1980s, while the earnings of young men with college degrees jumped by about \$2,500.



Monica Seabery/ Newhouse News Service



photo by Bill Lisenby

Robble Lovelace, a devoted entrepreneur, believes Americans are "stupid" to trust their future to a company.



Tom and Louise Colquitt fear the corporate mergers that took her job will soon claim his retirement benefits.

photo by Bill Lisenby

1960, American banks dominated that list.

For nearly 30 years after World War II, the U.S. economy was the envy of the world. It was here that the computer chip was invented, at the height of the baby boom in 1959.

"You're stupid if you think a company is going to take care of you."

Robbie Lovelace, 34, entrepreneur.

A decade later, in a demonstration of technical superiority unmatched since, Americans landed a man on the moon. People the world over tuned in to watch, on television sets made by 26 U.S. electronics companies.

Things began to change in 1973 with the shock of the Arab oil embargo. Factories cut back. People began to drive smaller, more fuel-efficient foreign cars. And the nation's annual productivity growth fell from a postwar average of 3 percent to just 1 percent, where it has remained ever since.

"The year 1973 — that's when things peaked," said Ed Welniak, a Census income specialist.

Now, Zenith is the only U.S.-owned television manufacturer left. And until last year, no American company made VCRs.

"I've got an MBA," said Tom Akins. "I knew there were global forces at work that were impairing our economy. Like other people, I was concerned, but it never touched me. I believe it now. It's real to me."

GOING IT ALONE

Confronted by the tough reality of corporate life, more and more employees are striking out on their own. In the last five years, Challenger said, the number of people leaving big corporations to become entrepreneurs has doubled.

Akins and Schumaker both think about striking out on their own eventually, seeing it as a way to gain more control over their lives.

Robbie Lovelace, 34, never sought the security of the corporate world in the first place. He spent the '80s selling BMWs and Mercedes, then invested his earnings last year in a new nightclub, the Blue Iguana.

That venture proved unprofitable, but Lovelace is undaunted. He's opening another club this month in a cheaper building.

"It's just more experience," he said. "You learn from it."

In his blue Mercedes, gray tailored suit, black lizard boots and gold watch, Lovelace is the picture of entrepreneurial hustle.

"You're stupid if you think a company is going to take care of you," he said. "The only people who are going to be disillusioned are the ones who bought into that."

Tom Colquitt knows the feeling. He worked for most of his life at Hobart Manufacturing, a food machine manufacturer in Atlanta. Since he retired last year, the company has been bought by a different firm that is slashing health and retirement benefits for its current employees. Colquitt, 69, worries each day that "they're going to cut me completely off."

His wife, Louise, worked at First Federal Savings and Loan for 37 years. Fourteen months ago, First Federal was bought by another bank. The new owners said they wouldn't fire anyone, but 10 days later Louise, 60, was out of work.

"She can't find another job," Colquitt said. "Some weeks we don't have food on our table."

For the first time in their lives, the Colquitts applied for food stamps. They had too much income to qualify.

"It just burns me up," Colquitt said. "I had no inkling these things would ever happen."

PRODUCTIVITY DILEMMA

The hope is that as America's businesses get leaner and meaner,

they will be better able to compete in the global economy and better able to provide for America's workers.

Here in Atlanta, the example everyone points to is CNN. Only 11 years old, the upstart cable venture far out-earns the more established networks, turning a \$134 million profit last year.

CNN set the pace for a smart American company. It took a new idea and new technology, found a worldwide market and filled it. The network is now carried to 123 of the world's approximately 160 countries.

The downside to CNN's success is that its relatively small, non-union staff is paid substantially less than the other networks' unionized workforces. When the other networks were confronted with declining audiences and ad revenues, they cited CNN's shoestring budget as an influence in their decision to lay off thousands of employees.

"I see all these professionals with skills losing their jobs. I know it could happen to me."

Beth Schumaker, 40, Bell-South executive.

Economists say that until the nation's productivity improves — something most don't predict for the next 15 to 20 years — Americans' standard of living will remain stagnant.

The dilemma is that increasing productivity frequently means employing fewer workers.

Consider the steel industry. Its productivity has grown faster in recent years than at any time during the postwar era. But almost 250,000 workers who once enjoyed some of the highest wages in the world have seen their jobs permanently disappear.



photo by Aaron Goodman

Most of the jobs created in the 1980s were in low-paying retail trade and service industries.

"You can work day in and day out and still not get ahead. But there's not much you can do about it."

Yashica Meadows, 16, high school student.

RUDE AWAKENINGS

The Endangered American Dream



photo by Joe Stewardson

CNN set the pace for a smart American company, but its relatively small staff is paid less than older networks.

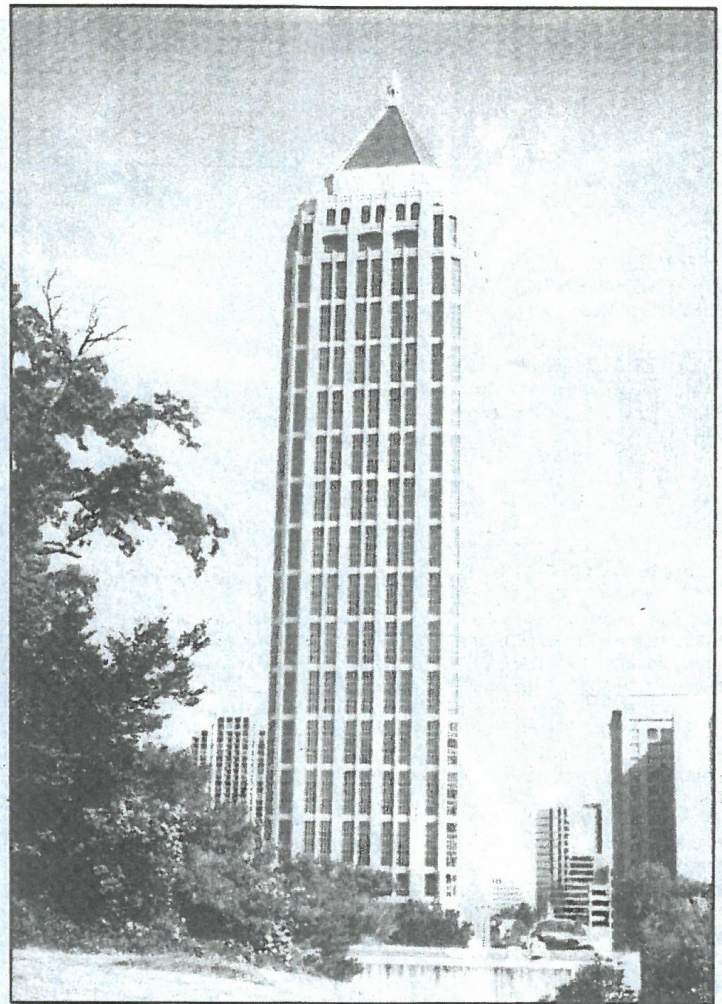


photo by Bill Lisenby

Computer giant IBM is reducing its workforce by 10,000, while its regional headquarters in Atlanta has been bought by the Japanese.

When Motorola updated its plants three years ago with new, more advanced production lines, it discovered that most of its factory workers required remedial education classes to read at a seventh-grade level.

Motorola no longer hires people who lack basic skills, and doesn't plan to continue its remedial training program much longer.

"We can't be doing this for the rest of our life as a company," said Margot Brown, a Motorola spokesperson.

Economists worry that many Americans are being shut out of the job market of the future, unable to get the skills needed for a higher-tech workplace.

Despite companies' complaints that unskilled workers drag down American competitiveness, fewer than 1 percent of U.S. companies provide any kind of comprehensive job training, according to the American Society for Training and Development, a Washington group that advocates expanded worker education.

"Japan and Germany have spent enormous time and energy to train their workers," said Tony Carnevale, an economist with the group. "That's the huge missing piece in the American learning system."

LEFT BEHIND

High atop Atlanta's office towers, executives look down over the

city and hash out deals to cash in on the Olympic games to be held here in 1996. Officials say the games will generate \$1 billion in business for the city.

But in the run-down neighborhoods at the edge of downtown, people fear that the only homes they can afford will be torn down for a huge Olympic stadium. The city is studying a proposal to raze two housing projects where 2,700 people live.

"They forget all about the little people," said Howard Ferguson, 66, a retired heavy equipment operator who lives in the neighborhood.

In the bars and boutiques of nearby Underground Atlanta, business is booming. Tourists and conventioners crowd the shops; a clown twists balloons into funny shapes for an audience of children.

On the streets above, few people stop to notice Ronnie Fortson, begging change on Peachtree Street across from the Ritz-Carlton Hotel.

Fortson, 33, came to Atlanta a year ago from New Orleans. Without a high school diploma, he had trouble finding work there. Atlanta, he heard, "has two jobs for every man, if you want to work."

So far, Fortson hasn't found even one. Instead, he runs a bootleg shoeshine stand, dodging city officials who chase him along because he doesn't have a vendor's license.

He and his brother were begging passersby for donations so

Fortson could achieve his dream — the \$135 license that would allow him to shine shoes on the street.

"Things are kind of slow," Fortson said, watching potential customers walk past. "But I believe in working hard."

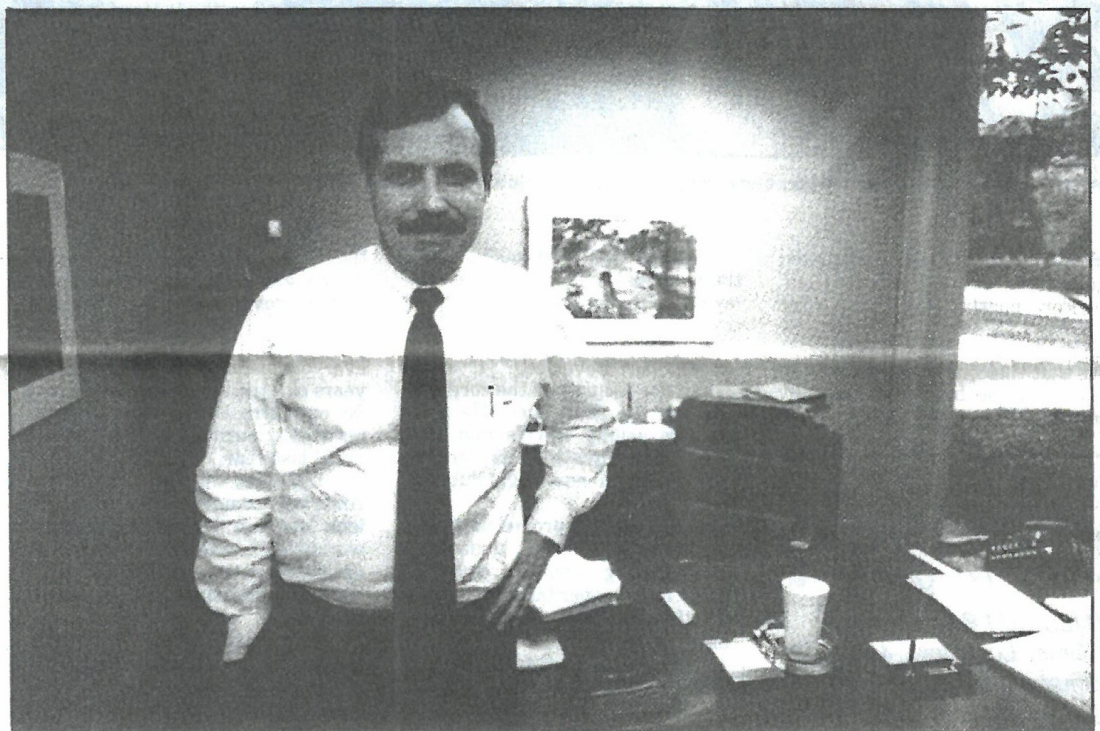
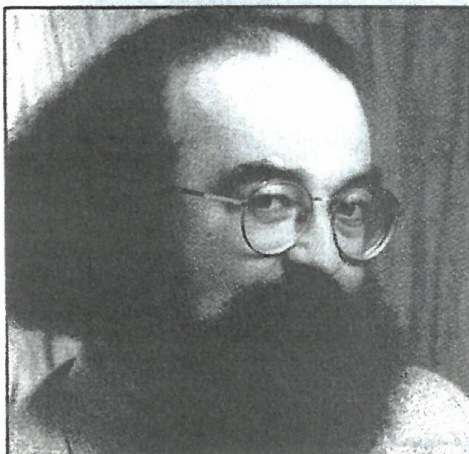


photo by Bill Lisenby

Tom Akins, a banker, collects unused credit cards in a drawer for the day when he expects to lose his job.

About the story



Jim Nesbitt

Rude Awakenings was reported by Jim Nesbitt, Mary Kane, Dave Wood and Miles Benson.

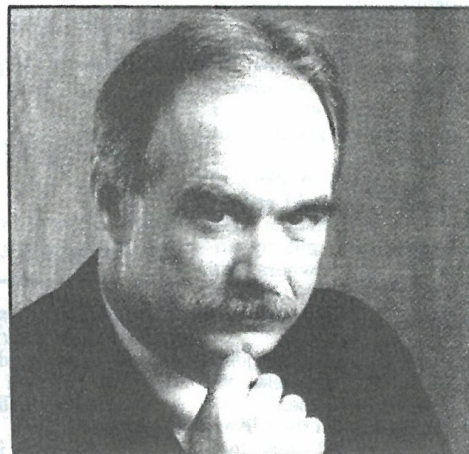
Nesbitt traveled to Los Angeles and Seattle, interviewing executives, entrepreneurs and laborers, suburbanites and city dwellers, immigrants and their children. Nesbitt, 35, is an honors graduate of the University of Tennessee. He came to Newhouse as a national correspondent in 1988 after working at the Orlando Senti-

nel and the Dallas Times-Herald.

Kane reported from Atlanta, once a symbol of Sun Belt success, to follow the shifting fortunes of companies like Eastern Airlines, IBM and CNN. Kane, 30, is an honors graduate of the University of Pittsburgh. She came to Newhouse this year from the Pittsburgh Press, to cover social trends. She has also worked for UPI and the Cincinnati Post.



Mary Kane



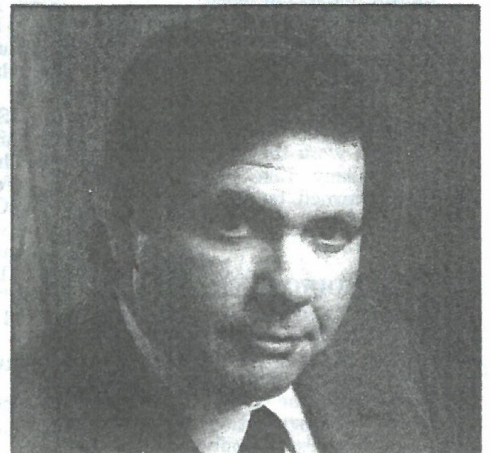
Dave Wood

Wood traveled to Iowa, where voters cast the nation's first presidential ballots, to report on voters' diminished faith in government to solve the nation's problems. Wood, 45, is Newhouse's national security writer. A graduate of Temple University, he has worked for the Los Angeles Times and Time Magazine as a foreign correspondent.

Benson reported on the political gridlock in

Washington, where he has covered Congress and the White House for Newhouse since 1969. A veteran of the Long Island Press, Benson, 52, is a former president of the Washington Press Club.

The series was edited by national editor David McCormick. Photos were coordinated by photo editor Toren Beasley. Graphics were by Monica Seaberry, who designed this reprint.



Miles Benson

Doing less with less

PART 3

By DAVID WOOD and MILES BENSON
c.1991 Newhouse News Service

MARSHALLTOWN, Iowa — From a cramped makeshift warehouse in the center of town, Jean Haslett staggers under a box loaded with groceries, food that has sprung from the vast farmlands stretching to the horizon. Corn, beans, beef, pork, oatmeal.

Townpeople have donated the food, and volunteers have packed it into dozens of bulging cartons. Some will go to the families of workers laid off at the Monfort meat packing plant, some to migrant workers temporarily marooned here without income. Haslett's carton is going to a poor young mother.

A century and a half ago, this prairie was homesteaded by pioneer families who pooled their labor in community harvesting and barn-raising. In Marshalltown today, people retain a strong, prideful determination to take care of their own.

Not a dime of government money blesses their home-grown relief project, which a group of neighbors started in 1983 when the federal government cut back on its food programs. This year, 49

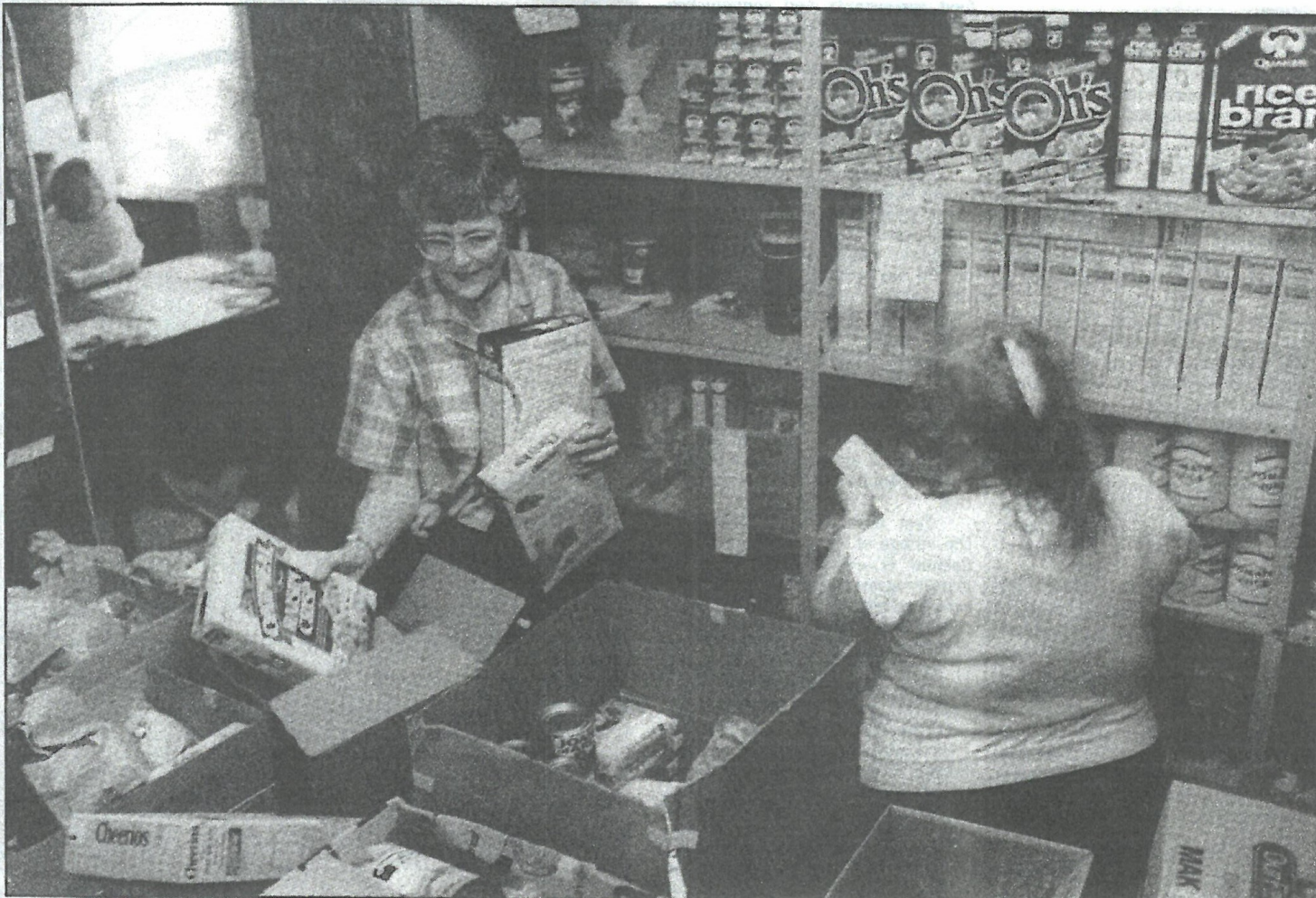


photo by Bob Mahoney



photo by Bob Mahoney

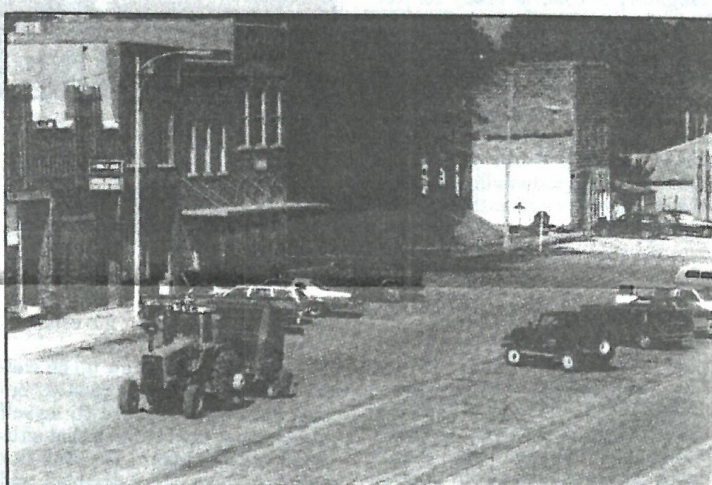


photo by Bob Mahoney

When the federal government cut back on its food programs, the people of Marshalltown created a home-grown relief effort.

Leonard Nielson, 85, says people have become too dependent on big government, but he and his wife depend on government-supported programs for the aged.

A sense of decline is palpable in the farming village of Garwin, where many family farms have been sold and their neat frame homes bulldozed into the soil.

Marshalltown volunteers will feed an average of 47 families a week.

It is one example of a growing trend among Americans who no longer expect government to do what needs to be done. Many are doing it themselves, as best they can.

But even as the autumn grain ripens in the lush fields and herds of fattened cattle head for market, there is a growing sense of unease.

"We're seeing more and more people coming in here who are working at low-skill, low-paying jobs, or they've been laid off," said Haslett. "This is a Band-Aid program, like trying to fill a hole in the dike. And it's going to get worse."

Similar concerns are echoing across the country. Americans find themselves struggling to maintain a standard of living they once took for granted. Government, too, appears to be running out of resources and ingenuity, and seems to be doing less at a time when its people need more.

At the Iowa Veterans Home on the outskirts of Marshalltown, Director Jack J. Dack is presiding over a reluctant downsizing effort. Last month, 30 staffers were let go. Despite a list of 115 aging veterans awaiting admission, he cannot afford to fill the beds of deceased residents.

"We're coming into a crisis," Dack said. "I think this country can do anything it sets its mind to — we've proven that in the past. But look at us today. We're fragmented into different pressure groups. Somehow we've got to come to more of a sense of community."

The American Dream was a term coined in the Great Depression to describe the national ideal of

"I don't think the people are in charge of this country anymore. The government is, and it's the enemy."

Donna Badger, 42, nursing coordinator.

an open society with equal opportunity, shared sacrifice and shared reward.

For many Americans that ideal is unfulfilled. Their dreams are trapped on the wrong side of a growing gap between rich and poor; their gut concern for the nation's future seems to have little impact on an unresponsive government bureaucracy.

Yet just as Marshalltown's volunteers are doggedly filling food baskets against a rising tide of need, many Americans harbor a deep-down conviction that the nation's problems still can be overcome, that American energy and ingenuity and community commitment have not disappeared, but remain to be tapped.

'UNHAPPY AND BEFUDDLED'

The United States remains the world's most powerful, productive and prosperous country; its standard of living and tradition of self-government are the envy of most of the world.

Yet a catalog of the nation's woes is unsettling. The incomes of most Americans have stagnated. A

third of American children live below the poverty line. And the United States continues to invest less of its wealth in new factories and equipment than any other industrialized nation.

As the federal government has gradually withdrawn funding for a variety of state and local programs, communities have been thrown back on their own resources — which differ vastly from one to another.

As a result, fewer Americans share equally in the benefits and burdens of citizenship — owning a home, paying taxes, access to smooth roads and good schools.

Thus while many Americans continue to view their government as a benefactor and are willing to participate, many others view it as a remote and corrupt overlord. When people vote — and a growing majority do not — many do so with the conviction that nothing much will change.

This disenchantment is evident even in Iowa, whose citizens traditionally cast the nation's first votes in the selection of presidential candidates.

Marshalltown's own congressman, Democrat David R. Nagle, said his constituents are "unhappy and befuddled." He said there is a general sense of hopelessness among voters who "don't think government can solve problems."

"We're in way over our heads. The country's in terrible trouble," said Kerry Severa, a 35-year-old captain with the Marshall County Fire Department.

Severa can't see a way that either government or any private effort can resolve the nation's problems. "It's scary," he said.

CUTTING BACK

Until recently, Americans saw their government as the answer. But government is now cutting both frills and essential services.

In the tiny Maine town of Gorham, miles of country roads will go unsanded this winter. Stranded motorists calling to complain will have a hard time getting through to city hall; its receptionist has been let go.

In Illinois, half of the state's parole agents have been laid off, and parolees who fail to report in as required are no longer being automatically sent back to prisons, which are overcrowded anyway.

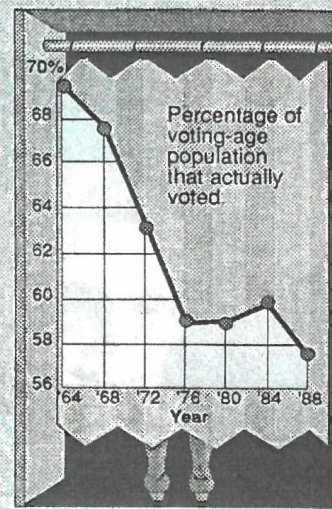
Nationwide, 20,000 state and city employees have been laid off this year. About 45,000 teachers were laid off before school let out last spring, and only about half are expected to find jobs this fall.

These cuts are not one-shot corrections in the current recession, experts say, but are likely to become a normal part of the political landscape of the 1990s as local, state and national governments struggle with rising costs, rising demand and uncertain tax revenues.

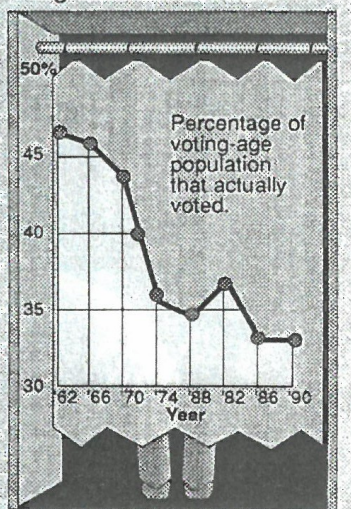
As states struggle to balance their budgets — a legal requirement in most cases — the federal government sinks deeper in debt.

Declining voter turnout

Presidential elections



Congressional elections



Source: U.S. Census

Monica Seaberry/Newhouse News Service

By 1995 the United States will be paying a record \$344 billion in interest alone, replacing defense as the government's single largest expenditure.

THE COST OF CHANGE

Even so, economists across the political spectrum believe that America has within itself the power to burst out of its apparent stagnation.

Their prescription: raise taxes to shift Americans' income away from consumer goods like cars and VCRs and toward investment in schools, technology and other areas that would create new jobs, boost productivity and create additional wealth.

The United States is "a very rich country that is getting richer," said economist Herbert Stein, adviser to Republican presidents since Richard Nixon.

Over the past 10 years or so, he says, the United States produced \$1 trillion in excess of what was needed merely to maintain its standard of living. "I believe we could have made better use" of that money, Stein told Congress recently.

America has the lowest total tax burden of all the major industrialized countries, at 32.6 percent of the national wealth produced each year. By contrast, Japanese pay 35 percent of their wealth, Britons 39 percent, Germans 42 percent.

But a shift from personal consumption to national investment would take enormous political leadership at a time when Americans' confidence in their officials is steadily sinking.

Only 15 percent of voters surveyed last year expressed confidence in Congress, a lower approval rating than when the University of Chicago began surveying voters' attitudes in 1973 at the height of Vietnam and Watergate. Last year, only 36 percent of eligible voters cast ballots in state and national elections.

Politicians counter that it is the voters themselves who must take more responsibility for the nation's problems. "We can curse the lack of leadership all we want, but let's face it: If the voters don't vote, the leaders won't move," Rep. Pat Schroeder, D-Colo., said in a recent speech.

And there are no easy solutions.

"Basically speaking, people want more programs and they want lower taxes," said Rep. Jim Leach, R-Iowa. "That means, if you comply, greater deficits."

Other officials condemn the rise of negative political campaigning, racial polarization and "wedge" issues designed to drive Americans apart.

"We used to all be Americans," said Evan Kemp Jr., the head of the Equal Employment Opportunity Commission. "Now we're African-Americans, Italian-Americans, Hispanic-Americans, etc. I think it is a bad situation."

AN UNEASY DEPENDENCE

Such rhetorical hand-wringing has long been a fixture of Washington. But today the sense of national decline is also appearing in rural towns where gritty pride and hard work once produced a steady if uneventful prosperity and contentment.

Marshalltown looms from the

cornfields of central Iowa like an oasis of prosperity. But a closer look reveals that many of the factories and stores are boarded up. The fast-food restaurants and convenience stores that line the approach to Marshalltown provide much of the town's new business, but they pay minimum wages for part-time work. The population has dropped from 27,000 to 25,000 over the past decade.

Marshalltown's city council, facing budget constraints, is downsizing itself from nine to six members. Kathy Dooley, the county's volunteer coordinator, finds fewer people are willing to donate their time to help the less fortunate.

"More women are working," she explained.

Lois Jacobs, who covers local government for the Marshalltown Times-Republican, says almost nobody is interested in what City Hall is up to. "We vote for them and we never check up to see what they're doing. People just don't pay attention."

Just outside Marshalltown in the village of Garwin, the sense of decline is everywhere. Garwin's grocery store, gas station and several other businesses have closed. A cat dozes undisturbed in the middle of dusty Main Street. On the edges of town, dozens of family farms have been sold and their neat frame homes bulldozed into the soil.

One struggling to survive is Rick Landt, a hefty grain and hog farmer who works the 600 acres that supported his family for generations. A couple of seasons of drought stunted his grain, and untimely investments caused his debt to soar. Landt worries that he won't have the money when his 2-year-old daughter, Nicole, is ready for college.

"All our money goes right back to paying off loans," he said. "We're just holding our own."

Inside the old Brass Rail Cafe, across Main from the grain elevator, most of the booths are empty. But each dawn a dwindling number of aging farmers still gather to swap friendly insults and folk wisdom over sausage sandwiches and mugs of coffee.

Leonard Nielson, 85, recalls a time when people didn't automatically look to government to meet their every need. He remembers that when Garwin needed a sewer system, "We didn't ask the government for help. We just all chipped in and bought the damn thing. Nowadays, people would never think of that; they're dependent on the government for everything."

But times do change: Nielson's invalid wife is cared for by a government-supported nurse, and the couple dines on the government-sponsored Meals on Wheels program.

There was a brief flash of anger at the Brass Rail when the Senate voted itself a \$23,000 pay raise this summer, but it soon sputtered out in apathy. "There's so many damn things wrong I just don't know where to start," said Berbell Aldrich, 69.

If they don't like the government, why don't they elect a new one?

The question elicits a long, gloomy silence until Merlyn Applegate, a 47-year-old grain farmer, frowns into his coffee and ventures: "I don't know that I can explain it.



photo by Bob Mahoney

Firefighter Kerry Severa sees no way the government can solve America's problems. "It's scary," he says.

We just sit back like sheep and let it happen."

There is as much griping in Marshall County as anywhere else in the country about "fat" government. But that sentiment is tempered by the knowledge that family and friends depend on government programs.

Donna Badger grew up on welfare after her father, a janitor, became disabled. "I swore to myself I'd never put my family in that situation," said Badger, 42. But her husband has become disabled and they rely on her pay as a nursing coordinator at the Veterans Home. And now the home is cutting back its employees as state and federal aid is reduced, and her job may be threatened.

"I don't want a tax increase, but I'd be willing if it would help," she said. Closing down wards at the home "isn't what our vets fought for."

"I don't think the people are in charge of this country anymore," she complained. "The government is, and it's the enemy."

TAKING CONTROL

But beneath the bitterness lies a deep reservoir of national pride and collective energy. It is evident out on the thousand acres of gently rolling land farmed by Leslie Nichols and his wife Pat. Sunburned and rangy at 52, Les commonly labors



photo by Bob Mahoney

Nicole Landt helps bring in the crop on her family's farm, where drought and debt have eaten into profits.

dawn to dusk, often muttering his favorite watchwords: "I can make it work."

The son of a poor local farmer, Les spent 10 years working the midnight shift at a local factory to save enough money to make a down payment on his own farm. During the day, he was raising corn and livestock.

"Pat and the children really suffered during those years, but my goal was to do better than my parents," he said over dinner one evening as the soothing chirr of cicadas swelled outside and the shadows lengthened into a peaceful dusk.

"We don't have money in the bank — it's either growing out there or running around. But we've made it work."

While raising a family, Les served on the local school board for nine years. He still serves on the board of the local Farmers Home Administration, a federal agency that hands out assistance to farm families.

"Today the government does a lot for people that we ought to be doing for ourselves," he said. "A lot of people want something for nothing; they think the government ought to take care of them. But if people aren't afraid of hard work, there are a lot of opportunities in this country."

"We do a lot of complaining, but there isn't anything anywhere that comes close to being this great of a country," he said. "We can make it work."



photo by Bob Mahoney

Leslie Nichols and his wife Pat believe Americans still have an abundance of opportunity — if they're willing to work.