

MEMORANDUM

November 23, 2004

To: Natalie Datlof, Director, Cultural Center
From: John E. Ullmann



Herewith my proposal for a paper for the Clinton Presidential Conference in November 2005:

The Clinton Administration and the New Economy: Great Hopes and a False Dawn

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ABSTRACT

In 1992, the Clinton Administration inherited a very large and rising international indebtedness of which the goods deficit – the excess of imports over exports – was the main component. It was accompanied by a sustained and still continuing eclipse of American manufacturing, as its jobs were effectively exported, together with related investment and product development. A principal cause had been the preemption by the military sector during the Cold War of science and technology, both in its objectives and human resources. The Administration of President George H.W. Bush had largely neglected the resultant conversion problems or left them to unfettered market forces that had failed to provide answers. The Clinton campaign of 1992 proposed public remedies of which infrastructure renewal was a central element, including such long advocated projects as a high-speed rail system for the United States and other energy-related initiatives. These plans would have created new opportunities for troubled yet essential industries, as well as advancing the security interests of the country, but they had to be sharply curtailed or eliminated after the 1994 elections brought a radical conservative ascendancy to Congress to which any such efforts were anathema. Instead, a so-called New Economy was to bring relief, in which information processing and “services” would take the place of manufacturing and related infrastructure renewal. These were not new concepts and their basis had long been criticized, but now they also coincided with the stock market bubble in which New Economy securities were bid up to unsustainable levels. After 2000, these problems were followed by the recession and unemployment surge, the eventual outsourcing even of the New Economy jobs, further deterioration of the environment and infrastructure and a huge rise in the foreign debt.