4. Recession: no Carter recovery

Most private projections for the unemployment rate expect a postwar record of 11 percent by August, about the time when the Democratic Party will have to decide whether it can live with President Carter as nominee. An 11 percent national rate implies official unemployment of 15 percent or higher in major electoral-college vote states Carter won in 1976, including Pennsylvania, Ohio, Illinois, New Jersey, and Michigan.

Carter will suffer by an additional order of magnitude of intensity the drawback his opponent in 1976 faced; President Ford could say with some truth that the economy was at the beginning stages of a recovery, while Carter will face what appears to be a bottomless collapse. On all the criteria, Jimmy Carter cannot be elected in November.

What makes the situation worse is the public's intuition that Carter does not have a handle on events. In particular, the President's statement last week that the Administration's economic policy would begin to show results by summer is plainly nonsense. From the public's viewpoint, the successive debacles of Administration economic policy, including the Congressional rejection of the proposed Fiscal Year 1981 budget, the Congressional refusal of the proposed oil import fee, and the Senate's plan to eliminate the Administration's credit control authority, have not been individually dramatic. But the country's sense by convention time will be that Jimmy Carter has less command over economic policy than did Herbert Hoover.

Last March, when Federal Reserve Chairman Paul Volcker imposed stringent credit controls, including a 9 percent overall ceiling on bank lending, the Administration committed the sort of blunder that loses elections. As *EIR* demonstrated through analysis on the LaRouche-Riemann computer model of the American economy, the cost of Administration-directed investment programs in energy, defense, and basic industry was a 20 percent inflation rate. By the computer model's sophisticated measure of productivity, i.e., the increment of tangible surplus product yielded by an increment of employment, American productivity has fallen by a consistent 3 percent p.a. since 1976. This measure effectively factors out forms of activity which are globally nonproductive, but nonetheless show up in output-per-manhour data in a way that overstates productivity. During the first quarter of 1980, however, the 2.3 percent drop in manufacturing productivity indicates that the two measures may be coming into closer alignment.

The inflationary cost of economic expansion in the direction the Administration desired was the consequence, as *EIR* demonstrated in a comprehensive survey during April, of energy conservation. Administration economic policies oriented investment away from capital-and-energy-intensive sectors into labor-intensive sectors. However, the Administration's investment de-

Super Tuesday's vote: 'none of the above'

The results of Super Tuesday reveal that if Carter were nominated, he would lose the November election to Ronald Reagan. The primary reason is the state of the economy—on which voters don't trust Reagan either.

A CBS-New York Times poll reveals that many of those who voted for Carter in the primaries would not do so in November. In Ohio, the only 'big state' Carter won, 29 percent of his primary votes would disappear in the general election. In California, it is a staggering 41 percent.

Carter did very poorly in hard-hit working areas in all three states. The economy, say exit-polls, was the key issue on voters' minds. Few thought that any candidate would do well handling it. "Again and again," says the *Washington Star*, "they were choosing the lesser of the evils, voting against candidates rather than choosing someone they wanted. . . ."

The same dissatisfaction was seen in the 11 percent "uncommitted' in California, and more sharply, in the abysmally low turnout; less than 23 percent of New Jersey Democrats voted, and not much better for the GOP.