

Elephants & Donkeys by Kathleen Klenetsky

Dukakis and the 'Massachusetts miracle'

Michael Dukakis' victories in the May 3 Indiana and Ohio contests were offset by the prospects that his vaunted "Massachusetts miracle" was about to go up in smoke. The news came out that the state budget was careening out of control, and, though Dukakis insisted that nothing was amiss, his strategists and he were deeply troubled that the development could harm his presidential ambitions.

Dukakis has predicated his presidential bid on his alleged "managerial competence" as Massachusetts governor, and particularly the "economic miracle" the state has supposedly undergone as a result of his wisdom. If the Massachusetts economy continues to blow apart, Dukakis fears, he can kiss the presidency good-bye.

EIR has elsewhere reported on the millions in speculative real estate bucks that Dukakis's friends managed to make while he was governor, and they were serving as aides in the state house. Nothing very miraculous about that.

So, questions about the Massachusetts miracle, and what role Dukakis played in it, are not new. How deep the skepticism runs is evidenced in a recent Dukakis biography, which, though written by two reporters for the avidly pro-Dukakis *Boston Globe*, still reports on some of the criticisms of Dukakis and his "miracle."

Obviously intended as a puff piece, *Dukakis: An American Odyssey*, by Charles Kenney and Robert L. Turn-

er, (Boston: Houghton Mifflin, 260 pages, \$16.95), nonetheless contains some revealing information—for example, the relationship between defense spending and the state's economy. Dukakis has been highly critical of military spending, and has pledged to sharply reduce the Pentagon budget. Yet, as the book's authors point out, defense spending was the *sine qua non* of whatever growth Massachusetts achieved during Dukakis' tenure.

The authors cite a 1986 study by the Kennedy School of Government's Ronald Ferguson and Helen Ladd, which, while otherwise friendly to Dukakis, takes issue with his claim that it was he who revived the state's economy. "A plausible competing hypothesis," says the report, "is that rising defense-related activity along with other exogenous forces that sustained rising incomes in Massachusetts in the early 1980s account for the state's outstanding performance."

Another study, published by the liberal Economic Policy Institute, reached similar conclusions. It "praised Dukakis for working to improve the business climate and create jobs," they report, "but it claimed that the governor played only a limited role in the revival. The study attributed the growth to the expansion of high-technology industry, the concentration of prominent universities, and ballooning military spending.

"Even as Dukakis was criticizing President Reagan for increased defense spending," Turner and Kenney note, "Pentagon dollars were contributing to the prosperity of Massachusetts. Dukakis's own budget proposal recognized as much in March 1983: 'As the federal government implements its planned defense preparedness program, the economic impact on Massachusetts will be highly stimulative.'"

One can only conclude that Dukakis is not only lying about what helped get Massachusetts out of its decades-long economic sinkhole, but that his promised presidential policies would put it right back in. Indeed, the emerging crisis in the state can be traced in part to deep cuts in the military budget over the last two years.

Another important insight—and portent of the future—provided by Kenney and Turner, is Dukakis' handling of the state's fiscal crisis when he first took office in 1975. Though he ran as a liberal, he promptly imposed an austerity regime that made Republicans cringe. He called it his "meat cleaver" approach to budget problems.

He instituted a budget freeze, which deeply affected programs for children and the handicapped, and suspended cost-of-living increases for state employees and welfare recipients, even though the official rate of inflation was 14%. His fiscal 1976 budget called for removing 18,000 men and women from the general welfare rolls and laying off thousands of state workers. He also tried to institute a "workfare" program, which would have put welfare recipients to work in jobs of laid-off state and city employees at below minimum wage.

If Dukakis becomes President, Americans as a whole can expect the same treatment—especially since his Treasury Secretary would almost certainly be Felix Rohatyn, the "pain and agony" advocate who masterminded the mid-1970s "Big Mac" bankers' dictatorship in New York. As witnessed by the recent closing of the Williamsburg Bridge—victim of the delayed maintenance program mandated by Big Mac—Rohatyn's "rescue" of New York was as big a scam as Dukakis' "Massachusetts miracle"—and every bit as mythical as the Reagan recovery.