

Dem. institute says economy is the issue

by Suzanne Rose

A report released Aug. 8 by the Economic Policy Institute in Washington, D.C., entitled "Volatile Voters, Declining Living Standards and Non-College-Educated Whites," says that the key issue for voters in the 1996 elections is declining living standards, and that neither party is addressing this effectively. It rightly criticizes the Democratic Party for ceding ground to the "Republican" anti-government argument, so that it has no effective way to address the decline in living standards.

The report says that the support in the population for balancing the budget as a policy goal is soft, and that the public would be receptive to approaches which motivate the morality of government programs, as opposed to corporate and other interests which are "taking advantage of economic change to enrich themselves and break down the norms that previously enabled ordinary workers to prosper." It criticizes the "New Democrat" approach of the Democratic Leadership Council (DLC), which tries to convince voters that Democrats are no different than Republicans, which is a disaster as an election strategy, because it appeals mainly to yuppie suburbanites. It says that the Democrats have "imprisoned themselves, along with the Republicans and most of the economics profession, in an iron triangle of economic policy principles (a high-unemployment, high-interest-rate, slow-growth macropolicy; a commitment to a balanced budget; and free trade without labor and social standards) that effectively excludes any active attempt to improve the lot of the average American."

The report urges Democrats to build a political alternative that breaks out of this iron triangle, raises living standards, and consolidates support among lower income voters. A "new economic populism" is emerging as a strand of public thinking, it says, which provides "a compelling rationale for breaking out of the iron triangle and asserting the centrality of government action to raise living standards."

The weakness of the report is its reliance on polling to determine what course of action is feasible, and its assertion, in various places, that while living standards are declining, the economy is expanding, an obvious impossibility.

Continuing the economic debate

This report continues the debate which began in Democratic Party circles in January-February of this year, as re-

corded in a series of white papers issued by Democratic Party leaders including Sens. Edward Kennedy (Mass.), Tom Daschle (S.D.), Jeff Bingaman (N.M.), and Rep. Richard Gephardt (Mo.), that the leading issue to be addressed by the party in the elections would be the declining living standards of Americans since the 1970s, the growing income gap between the richest and the rest of the population (see p. 4), and the "shareholder" mentality which has dominated economic decision-making. One such paper, "Scrambling to Pay the Bills: Building Allies for America's Working Families," was released on Feb. 28, 1996. Senator Kennedy, in a speech in February to the Center on National Policy, said the 1996 elections should be fought out on the question of the growing income gap in America, and the fact that we are experiencing a "Quiet Depression."

But, when election strategist "Dirty Dick" Morris gained the upper hand in Clinton's re-election strategy, a drift away from this perspective could be perceived. Reports and commentary, such as the Council of Economic Advisers-authored Stiglitz Report, portrayed a robustly expanding economy under the Clinton administration (it claimed 9.4 million new jobs were created since January 1993), a false picture presented for election purposes (see *EIR*, Aug. 2, " 'Success Story' of U.S. Jobs Creation Is a Fraud").

The Economic Policy Institute researches and formulates policies respecting the living standards of working people. Its board includes consultant Stanley Greenberg, who steered Clinton's 1992 campaign, but was driven out of the White House by Morris in spring 1995. The EPI's material was used in the (losing) fight against the North American Free Trade Agreement. This year, it gave Labor Secretary Robert Reich and Congressional Democrats the "intellectual underpinnings" for increasing the minimum wage, a battle which was won.

Behind such reports as the Stiglitz Report can be seen the hands of Morris and other Republican moles, which create the setting in which President Clinton will be unable to effectively mobilize the Democratic Party base for economic recovery, and lay the foundation for such disasters as the bi-partisan support for the Republican welfare bill.

Worse, as Democratic Party Presidential pre-candidate Lyndon LaRouche has warned, the Democratic Party must mobilize to prepare the country to reverse the financial blow-out as a result of the failed policies of the last 30 years of turning our economy over to speculators, and it is in no position to do this as long as its economic policy and election strategy are dominated by the likes of Dick Morris. LaRouche also warned, in a series of election campaign prime-time television broadcasts, that focus on the economy was necessary to rally the constituencies of the Democratic Party to an election victory over the fascist economic policies of the Gingrich Republicans. Perhaps this debate will now break out anew.