

The new Congress and economic recovery

by Kathleen Klenetsky

When the 100th Congress of the United States convenes Jan. 6, it will face some of the biggest challenges in U.S. history. Chief among them is the fact that the U.S. economy is gripped by a depression far more serious than the one which devastated the country during the 1930s.

How the Democrats, who now control both houses of Congress, respond to the challenge—whether they insist on spending their time, as they have for the past several years, slashing the defense budget and taking the Soviet position on arms-control against President Reagan, or decide, instead, to live up to their legacy as the party of FDR and enact the measures necessary to reverse the economic collapse—will significantly influence what becomes of the United States over the coming few years.

The new Congress has already been given an unmistakable mandate to reverse the economic mess. As even many Democratic Party officials admit, the party's victory in the November elections, particularly in the Senate races, had a lot more to do with voters' outrage at the Reagan administration's big lie that there is a recovery going on, than it did with any outpouring of support for Democrats. How Democrats will react to that message is the key question on the table.

One encouraging factor is that many of the key committees will be chaired by Democrats of the "moderate-conservative" stripe, people whose economic orientation is more in the direction of FDR's than the Carter-Mondale no-growth ideology. This is especially true on the Senate side, where the "free enterprise" Republicans are giving way to people who believe that government does have a positive role to play in economic development. Sens. John Stennis (Miss.), who'll take over the powerful Appropriations Committee, Quentin Burdick (N.D.), incoming chair of the Public Works Committee, Bennett Johnston (La.) at Energy, Ernest Hollings (S.C.) at Commerce, and Lloyd Bentsen (Tex.) at Finance, fall into this category.

The most promising indication so far that at least some Democratic legislators may be moving in the right direction has come from Rep. Jim Wright, the incoming Speaker of the House. In a speech to the Democratic Leadership Council in Williamsburg, Virginia in early December, the Texas Democrat warned that the United States is losing its industrial

base so rapidly that it is reverting to the status of, as he put it, an undeveloped, colonial power. "Failure to deal with this crisis—to idle away precious time expecting it to correct itself—could doom future generations of Americans to a steadily declining standard of living and eventual status as poor inhabitants of a once rich land," Wright said. "I for one am not prepared to participate in the industrial and economic decline of this nation, nor to concede that our legacy must be confined to that of a service economy which produces little. . . . Defeatism is not our nature, and failure is not our destiny."

Wright has already stated that one of his main priorities will be to do away with the budget-reduction targets of the lunatic Gramm-Rudman-Hollings bill, which is definitely a step down the road toward economic sanity.

Wright's Williamsburg speech reflects the growing awareness in some influential political circles that the dramatic shift in the U.S. economy away from basic industry into the so-called service economy has resulted in disaster.

Concern over the erosion of the U.S. industrial base was at the heart of a report released recently by the congressional Joint Economic Committee. Called *The Growth in Poverty: 1979-85*, the study documents that over half the new jobs created in the United States since 1979 pay less than \$7,000 a year, and puts the blame for this hideous decline in wages squarely on the shift into the service economy.

Other leading Democrats are also sounding the need for sharp changes in economic policy. Sen. Lawton Chiles (D-Fla.), who will take over the chairmanship of the powerful Senate Budget Committee, intends to put "much, much more focus on growth initiatives" in the area of science, technology, and education, according to a spokesman.

Sen. Bentsen, incoming head of the Senate Finance Committee, has announced that he intends to put trade at the top of his legislative agenda—a commitment shared by most of his fellow Democrats. Key here will be whether the rabid protectionists gain control of the debate, or whether the real roots of America's declining competitiveness, namely, its failure to encourage its industrial sector through tax and credit incentives and greater emphasis on research and development, will be addressed.

Bentsen told UPI recently that he will press ahead with a trade bill that takes a "positive approach to trade." Managers of U.S. companies must adjust to increasing foreign competition by looking beyond quarterly horizons designed to satisfy stockholders and focus on long-term goals by investing in research and development, with a special emphasis on upgrading science and engineering education.

Even Sen. William Proxmire (D-Wisc.), who will once again chair the Senate Banking Committee, has announced that he wants to take a long, hard look at the securities industry, with a view toward clamping down on the takeover mania that has resulted in massive downsizing of productive capability, and layoffs of hundreds of thousands.