Kennedy-Daschle agenda limps along, one year later

by Jeffrey Steinberg

On Feb. 8, 1996, one year ago, Sen. Edward Kennedy (D-Mass.) delivered a speech at the Center for National Policy in Washington, D.C. in which he warned that the United States economy was entering a "Quiet Depression," that would only be reversed when the federal government adopted the kind of economic policies last seen during the Presidency of his late brother, John F. Kennedy. One week later, Senate Minority Leader Tom Daschle (D-S.D.) revealed that he was directing a "high-wage task force" studying specific legislative initiatives to reverse the growing "income gap" between America's wealthiest 10% and the vast majority of working citizens.

Over the next several months, Senators Kennedy and Daschle were joined by other prominent congressional Democrats, including Rep. Dick Gephardt (Mo.), Sen. Jeff Bingaman (N.M.), Rep. David Obey (Wisc.), and Rep. David Bonior (Mich.), in pushing a series of legislative proposals to restructure corporate tax codes, wage and benefit programs, and worker education projects. On more than one occasion, Clinton administration Labor Secretary Robert Reich joined those Congressional Democrats in pushing this economic agenda, with the tacit backing of the President.

One such proposal, entitled "Scrambling to Pay the Bills: Building Allies for America's Working Families," presented on Feb. 28, 1996 by Senator Bingaman, directly assaulted the recent decades' free market mania: "There are those who will say . . . that higher economic growth is not possible, and that we must simply leave the 'invisible hand' alone to do what it will do. . . . We reject that view categorically. . . . We believe that stagnant wages are traceable partly to inadequate long-term investment. This view holds that long-run wage increases can only be based on improvements in labor productivity, which in turn depends on both the degree and direction of America's investment/capital allocation activity."

All of these proposals and studies mirrored the work of another prominent Democrat, Lyndon LaRouche, who, in many written locations, including his 1992 Democratic Presidential campaign platform, spelled out a detailed blueprint for a U.S. and global economic recovery, based on a revival of American System policies, and a return to national banking. At the time of the Kennedy-Daschle initiatives, LaRouche characterized this policy initiative as the "battle for the soul of the Democratic Party."

Unfortunately, as the 1996 Presidential and Congressional elections took center stage, these ideas, rather than forming the backbone of the Democratic drive to defeat the GOP Conservative Revolution and take back control of the Congress, were muted.

Signs of life

Today, these ideas are still in place, but they remain in the background. The Democratic Party's agenda for the 105th Congress, like President Clinton's own agenda, spelled out in his inauguration speech on Jan. 20 and his Feb. 4 State of the Union address, are an ad hoc collection of measures, aimed at repairing some of the damage done by the President's disastrous Summer 1996 signing of the welfare reform bill, and his concessions to Republican budget-balancing fanaticism.

The spirit captured by Senator Kennedy, in his Feb. 8, 1996 speech, in which he proclaimed that "a rising tide must lift more boats," periodically bubbles to the surface, as it did on Jan. 9 of this year, when outgoing Labor Secretary Robert Reich delivered a speech to the Council on Excellence in Government, in which he described the growing income gap between the rich and the working majority as the "unfinished agenda." Reich invoked the American tradition of scientific and technological progress, telling the audience that "the remarkable thing about the first three decades after World War II, is that prosperity was widely shared. Most people in the top fifth of the income ladder saw their real incomes double, and so did most people in the bottom fifth. Broadly shared prosperity—the assumption that we were all in this together—highlighted and fortified something about the character of America that was the envy of the rest of the world." Reich highlighted three cornerstones of the American outlook during those postwar years: 1) the idea that, as corporations did better, their workers should share in the success through higher wages and better benefits; 2) social insurance against impoverishment; and, 3) the promise of good education. Reich concluded with a warning: "There should be no doubt that, unchecked, the disintegration of the social compact threatens the stability and the moral authority of this nation. It threatens to strip away much of what we love about America and render our country little more than an arid economic unit. And needlessly so. Because it is within our power to restore the culture of broadly-shared prosperity. But the bridge to America's future must first traverse the chasm of inequality."

On Jan. 21, during Senate Budget Committee hearings, Sen. Frank Lautenberg (D-N.J.) addressed Federal Reserve Board Chairman Alan Greenspan in similar terms: "Disturbing currents, I think, lie beneath this seemingly tranquil surface. . . . The benefits of this expansion are accruing primarily to those who are at the top of the income and economic ladder. And that development is very troubling to this senator and others." Lautenberg urged the Congress to return to a policy of appropriate public investment. "Since the dawn of civilization, government has made crucial investments in infrastructure, communications, education, research, and these are essential not only to a prosperous economy, but to the advancement of a society as a whole. And these are some of the forces that draw us together as a nation and define us as a people, and I cannot see how our economy can grow in the long term if we cut investments in education and infrastructure."

Historic irony

It is ironic that, at precisely the moment that Congressional Democrats and the Clinton administration have largely pulled back from their public advocacy of this vital economic policy agenda, the base of popular support for those ideas is growing—largely through the efforts of the LaRouche political movement, and the revitalized AFL-CIO, under its president, John Sweeney.

The convergence of these efforts has been most visible in Pennsylvania, where a recent AFL-CIO-organized rally drew together the largest number of people ever to gather at the steps of the State House in Harrisburg, to protest the murderous austerity policies of Gov. Tom Ridge. The LaRouche movement has been a driving force behind the campaign to impeach Ridge for his Nazi-like crimes against the poor and disadvantaged citizens of Pennsylvania, who have been cut off from health care in order to give the state treasury a surplus, that Ridge intends to use to grant tax breaks to the rich. On Jan. 29, Rep. Harold James, the chairman of the state legislature's Black Caucus, and two other state representatives held a press conference on two bills before the state legislature, one to reinstate the cutbacks in medical coverage, using the budget surplus, and another to impose a tax on stock transactions, that would generate billions of dollars in added revenue to create jobs and revitalize the state's collapsing infrastructure. The first of these, sponsored by Rep. Jon Myers, has won the enthusiastic endorsement of leading state Democrats and the hierarchy of the state AFL-CIO, while support is also growing for the transaction tax.

In over a dozen other states, the combined forces of the LaRouche Democrats and the labor movement delivered stinging defeats to Gingrichite Republican Congressional candidates last November; over 20 other GOP freshmen barely won re-election, often by less than 1% of the vote. These efforts came within 100,000 votes nationally of giving the Democatic Party a majority in the House of Representatives once again—despite the concerted efforts of top officials of the Democratic National Committee to ensure that the GOP retained control of the Congress.

With mounting evidence that the final crash of the global financial and monetary system is just around the corner, there is no doubt that the already mounting support for some economic recovery plan like LaRouche's American System revival, or the more tame Kennedy-Daschle-Bingaman initiatives of 1996, will grow by orders of magnitude.

Preparing for an 'economic Pearl Harbor'

In a recent interview with Cable News Network concerning the Clinton administration's 1995 emergency bailout of Mexico, Secretary of the Treasury Robert Rubin indicated that there is a recognition among some senior officials inside the Clinton administration, that a future crisis could require extraordinary executive actions. Rubin noted that, from the moment that the administration was made aware that the Mexican currency was in jeopardy, it took less than four hours to come up with the emergency bailout package, and put the plan into implementation. Rubin emphasized that it was the crisis circumstances that gave the President the leeway to act decisively. The fact that senior administration officials had thought about, and anticipated precisely such a crisis, made quick action possible. Rubin invoked President Franklin Delano Roosevelt as a leader who understood that great things could be accomplished under crisis conditions, that would have never been possible—given Congressional resistance—during tranquil times. Under national emergency, a President can do things that are "not politically feasible"; and, while it is unlikely that there will be another near-term military Pearl Harbor, an economic Pearl Harbor cannot be ruled out. Rubin stated that the circumstances of the 1940s are remarkably similar to the circumstances today. The key, he emphasized, is a team that is anticipating crises, and is prepared to put the frameworks in place—rapidly—to solve them.

Rubin's words may prove to be more prescient than he himself ever imagined.