

Economic crisis throws George Bush into a panic

by Kathleen Klenetsky

With just a few months to go before the first primary of the 1992 presidential elections, the collapse of the U.S. economy has sent the Bush White House into a panic. Faced with an endless stream of grim economic news—rising unemployment, steep declines in manufacturing output and housing starts, and the Nov. 17 stock market collapse—the President and his advisers are casting about wildly for some scheme that will enable them to hold off Judgment Day a little while longer.

Addressing the economic situation in a meeting with representatives of the housing industry Dec. 3, Bush vowed: “We’re not going to do anything dumb.” But aside from his penchant for doing nothing, anything that the President has tried, or is known to be considering trying, can fairly be classified as just that: dumb.

The latest sign of the Bush team’s desperation came Dec. 3, when, after weeks of rumors and leaks, John Sununu was finally forced to tender his resignation as White House chief of staff. Reportedly, Sununu was given his walking papers by the President’s eldest son and leading political adviser, George, over the weekend of Dec. 1.

Although the administration is putting out the line that Sununu had to be dumped because he was too “abrasive” and had alienated many of the constituencies vital to Bush’s reelection campaign, the sordid truth of the matter is that he was thrown overboard simply to give the *appearance* that the President is trying manfully to get his sinking ship back on course.

If Bush and his political advisers seriously believe that scapegoating Sununu will stave off disaster, they are in for a nasty surprise. No amount of personnel reshuffling will be able to stop what has turned into the worst economic depression in U.S. history, nor prevent Bush from out-Hoovering Herbert Hoover.

The short list of possible successors for Sununu’s job includes Transportation Secretary Samuel Skinner, a protégé of Illinois former Republican Gov. Jim Thompson; Defense Secretary Richard Cheney, who served as chief of staff in the Ford White House; and former New Jersey Gov. Tom Kean. Not one of them has evidenced the slightest hint of competence in economic matters, much less the ability to deal with a full-fledged economic rout, so the idea that replacing Sununu with one of them will mean a fundamental improvement in the administration’s economic policymaking (and the President’s political prospects) is pure fantasy.

Bush’s assertion, which he repeated in his Thanksgiving Day message, that he will wait until the State of the Union address in late January to unveil what he claims will be a “common-sense series of economic growth measures,” has angered many Republicans who are pressing him to do something immediately.

Democrat Harrison Wofford’s smashing defeat of former U.S. Attorney General (and Bush stand-in) Richard Thornburgh in Pennsylvania’s special Senate election in early November was the last straw for many Republicans. In the aftermath of the Thornburgh debacle, a palpable fear has swept through Republican Party ranks, reaching an especially acute level among Republican congressmen that they would be wiped out next election day. This fear has translated into a flood of public criticisms and contradictory suggestions directed at the President.

No end to disarray

Shortly before Thanksgiving, nearly half of the Republican members of Congress sent a letter to the President urging him to appoint Housing Secretary Jack Kemp as the administration’s economic and domestic “czar.” While praising

Bush's role in foreign policy, they expressed concern that, "On the domestic scene the American people see a stagnant economy and an uncertain future."

The vast majority of the letter-senders belong to the conservative wing of the Republican Party, people who were shocked when Bush, as part of the 1990 budget deal with congressional Democrats, reneged on his "no new taxes" pledge; they are now pressing him to come up with a package of tax cuts that, they foolishly hope, will shore up both the economy and their own political futures.

Bush responded to the letter with the kind of wild flip-flopping that is becoming a hallmark of his handling of the economic crisis. First asserting that he would have nothing to do with new tax cuts, aside from the capital gains proposal which he has been pushing since he became President, Bush then turned around and suddenly embraced a hodgepodge of tax cuts put forth by Rep. Newt Gingrich (R-Ga.).

Although billed as a help to middle-class families, Gingrich's tax proposal would restore a whopping \$65 per year to a family making \$35,000, and over \$11,000 per year to those raking in over \$200,000. It has about as much merit as Bush's appeal to Americans to get the economy moving by spending more money on consumer goods, and then, in a silly fit of doing by example, spending \$50 in a widely publicized shopping spree with his wife over Thanksgiving weekend.

Desperate measures

Bush's impetuous embrace of the Gingrich proposal seemed to be motivated by several considerations. First, it was an attempt to placate the conservative wing of the Republican Party, at a time when Bush needs all the political help he can get.

Second, Bush was attempting to answer presidential challenges from American Nazi David Duke—who announced Dec. 4 that he will run in a number of primaries, mostly in Southern states, in 1992—and from Patrick Buchanan, the conservative columnist and former Nixon and Reagan staffer who is expected to announce his presidential candidacy shortly.

Both Duke and Buchanan are mounting essentially populist campaigns centered on bread-and-butter issues; Buchanan in particular has been putting great stress in his recent columns on the importance of new tax cuts. Bush's advisers fear that between the two of them, Duke and Buchanan could siphon off significant votes from the President during the primaries. Buchanan, who is likely to run against Bush in the New Hampshire primary, has the backing of the influential *Manchester Union-Leader* newspaper, and could potentially put a big dent in the President's reelection machine.

Third, Bush felt compelled to jump onto the tax-cut wagon that is now wending its way through Washington.

Although Congress is in recess until well into January, several important committees have scheduled hearings on the economy in general, and the tax issue in particular, prior

to Christmas. These are expected to provide a forum for both Gingrich's proposal, as well as for several Democratic tax packages, including one drafted by Rep. Dan Rostenkowski (D-Ill.), whose House Ways and Means Committee was scheduled to hold at least four days of hearings on taxes and the economy beginning Dec. 5.

Bush's entry into the tax fray carries big political risks. Conservative Republicans, Gingrich among them, adamantly oppose any increase in the top personal tax rate, while the major Democratic proposals, including Rostenkowski's, are centered on such an increase. To get a tax-cut package through Congress, Bush will almost certainly have to accept an increase in the top rate, thereby re-alienating the very group he hoped to win over by backing the Gingrich plan.

Bush has already drawn sharp criticism from Senate Minority Leader Robert Dole (R-Kan.) for his endorsement of the Gingrich proposal. Dole, who was Bush's leading challenger in the 1988 Republican presidential elections, told Associated Press Nov. 29 that "the President probably went too far in enthusiastically supporting" the Gingrich package.

Dole warned the President that he is in "rough shape" politically, and that instead of waiting until his State of the Union address to lay out a program for dealing with the economy, he should call Democratic and Republican congressional leaders to the White House to get a consensus on an economic program. "With Congress out of town" for its holiday recess, "this is a real opportunity for Bush because he is a single voice in Washington," said Dole. "He's got six weeks to demonstrate leadership."

Meanwhile, in another stab at regaining the political initiative before the 1992 presidential election race officially begins, Bush and his advisers are considering a \$50 billion cut in the defense budget over the next five years.

The plan is for Bush to announce this dramatic "peace dividend" in his State of the Union address, coupled with a proposal for amending the 1990 budget agreement to make it more flexible. Presumably, Bush wants to be able to throw out a few sops to various layers of the population whose votes he needs to get reelected, but can't do so under the rigidities of the current budget agreement.

Another 'thyroid storm?'

But making minor adjustments in the tax code or new defense cuts, while possibly having a temporary political appeal, will do nothing fundamental to stem the hemorrhaging economy, as will soon become apparent. That raises an extremely important question: Will Bush, at the point when he realizes he is incapable of reversing the economic downslide, suffer another "thyroid storm" and try to solve his political troubles by thrusting the U.S. into another military intervention, as with Iraq? Judging by the administration's latest propaganda campaigns on several "hot spots," ranging from Libya to Haiti, the potential for such dangerous lunacy definitely exists.