

NO WAY OUT: AMERICAN POLITICS IN 1992

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Will George Bush lose the Presidency in 1992? Only a few months ago, the very question seemed absurd. In March of 1991, shortly after the allied military victory in the Persian Gulf, a staggering 88 percent of the American public approved of Bush's performance as President. Among registered voters, 68 percent favored his reelection. Backed by such numbers, and the conviction that Republican dominance of the Presidency is now the norm in American politics, conventional wisdom held that Bush's reelection was an accomplished fact. The only issue was whether, and to what degree, his victory would leverage Republican gains in the Democratic Congress.

That conventional wisdom is now shaken. As the U.S. enters the 1992 electoral season, political discussion is dominated by Bush's free-fall in support, by turmoil within the Bush administration, and by the apparent opportunity these present for the Democrats to recapture the White House for the first time in nearly a generation. George Bush is, as Senator majority leader Robert Dole recently put it, "in rough shape right now." As we write in the late fall of 1991, his job approval ratings have dropped to 51 percent, the lowpoint of his Presidency. When asked to choose between Bush and the Democrats in 1992, registered voters are now more or less evenly split.

Lying at the heart of George Bush's problems is one simple fact: the American economy is not doing well. Of course, the

economy has not done well throughout the Bush presidency. Since he took office in January 1989, total economic growth has been a bare 0.7 percent. For the majority of Americans, this sorry record caps a decade of declining living standards. Since 1980, average hourly wages have fallen more than 10 percent. Median family income, even with the increased work effort reflected in "two-earner" households, has stagnated, and average income has actually fallen among families in the bottom half of the income distribution. Notwithstanding prominent promises of tax cuts, tax burdens have substantially increased for all but the wealthiest Americans. Across all income classes, personal debt has just as sharply increased. And a series of cuts in social services and supports, from federal aid to education to municipal police protection, has further straitened personal circumstance and coarsened the quality of life.

But as their string of 1980s Presidential victories attests, Republicans have recently been successful, at least at the Presidential level, in navigating such troubled economic waters. Key to that success has been the coincidence of economic cycles with political cycles. After taking the Presidency from Jimmy Carter in 1980, chiefly because the economy was actually shrinking in that election year, Ronald Reagan scored big in 1984 because the economy was rapidly recovering from the deep recession induced early in his first term. Bush was elected in 1988 near the end of that expansion, with annual growth still at an impressive 4.5 percent. And throughout, political fallout from

the fact that the benefits of the Reagan expansion were disproportionately captured by the rich was limited by the upward class skew of the active electorate.

Republican hopes in Bush's term were to engineer a political business cycle similar to that of Reagan's first term: a modest "correction" of the economy in 1990 would be followed by a strong restart in 1991. The correction proceeded on schedule, with a predictable fall in the President's approval ratings in late 1990. Preparations for the Gulf War provided a cushion during the worst period of this downturn. And when a quick military victory was followed by a modest economic recovery in the spring of 1991, Bush's popularity ratings seemed about to stabilize at stratospheric levels.

Almost as soon as it was announced, however, the 1991 recovery weakened, and has run steadily out of steam over the past six months. With virtually all economic news bleak -- massive layoffs even by profitable corporations, a spurt of new bankruptcies, weakened export earnings, virtually flat income growth -- consumer spending has declined, and popular confidence in the economy has now dropped lower than the depths of the early 1980s recession.

A decade ago, the Reagan administration responded to similar economic troubles in classic Keynesian fashion. A program featuring huge tax cuts and a massive increase in military spending drove the budget deep into deficit but ignited consumer spending. Three trillion dollars of deficit financing later, Bush

does not have that option. Interest payments on the national debt now exceed spending on national defense. After a succession of budget "deals," a deficit of more than \$350 billion is projected for this fiscal year. And looming are claims on the public purse -- among them the estimated \$1 trillion it will cost to salvage heavily bankrupted banking institutions -- that will, assuredly, be answered. In this context, a major program of additional deficit spending to stimulate the economy seems politically impossible. At the same time, however, income and effective demand are so flat that further reductions in interest rates, the chief stimulative policy pursued by the Bush administration, have all the effect of "pushing on a string." As we write, the administration, aiming to show its concern for popular fears about the economy and prodded by House Republicans, has embraced regressive tax cuts as a "new" growth package. A replay of early 1980s tax reform, the proposal would principally benefit Americans earning more than \$200,000 annually. Sure to be defeated in Congress, it will no doubt figure prominently in accusations, now sharpened by the Bush campaign, that the country's problems owe to a recalcitrant Democratic Congress. In the absence of anything more constructive to offer, such accusations, along with reminders of the quick victory in the Gulf, will likely be the centerpiece of Bush's reelection campaign.

Compounding Bush's problems are renewed divisions within his own party. For years, the Republicans have offered themselves as

the party of economic growth and social conservatism. They have benefitted electorally from the fact that the first was delivered -- at least during election years -- while the second was never very seriously pursued. With the economy stagnant and Cold War distractions receding, the social conservatives are again resurgent, and prepared to divide the Republicans from within on issues ranging from abortion to affirmative action.

The divisions within the party mean that Bush will almost certainly face challenges from the right wing of the Republican Party in his bid for the 1992 Presidential nomination. Among the likely challengers, for example, is David Duke, the ex-Nazi and white terrorist Ku Klux Klan leader, who recently captured the majority of the white vote in a riveting gubernatorial race in economically depressed Louisiana. Running as a Republican, Duke's policy positions, with the exception of his opposition to a proposed U.S.-Mexico free trade accord, were virtually indistinguishable from those of the President who quickly disavowed him.

While challenges from Duke or other rightists will not be enough to deny Bush the nomination, they will expose the real face of the Republican right in ways that will not help the Republican Party, and will limit Bush's maneuverability in positioning himself within it. Bush has, for example, often used racial divisions to his advantage -- as in his 1988 campaign, and his ensuing opposition to the civil rights bill that has only recently passed Congress. The degree to which he can exploit

those divisions in a primary race against an ex-Nazi, however, is limited.

If Bush will clearly suffer from such problems, however, the benefits to the Democrats are very uncertain. The history of challenges to incumbent presidents, and the precision with which American voters respond to economic signals, together suggest that even a modest economic recovery -- say, to 1 or 2 percent rates of annual growth -- will give Bush a near-landslide electoral advantage in November. The class skew in the active electorate will continue to benefit the Republicans. Racial issues can be played effectively in the general election, if not in the primaries. Moreover, popular disgust with government is at running at record levels, and the Democratic Congress is a central target of that disgust. In recent polls, even as only 25 percent of the electorate favor Bush's handling of the economy, only 15 percent principally blame the executive for its economic difficulties. An impressive 64 percent lay that blame on Congress.

More immediately, it is not clear what programmatic alternative the Democrats can offer to Bush, or how they will muster significant support for it. For the fundamental problems that now beset the Bush administration reflect quite general constraints on U.S. policy. The legacy of the fiscal Democratic challengers as well. Moreover, the Democratic Party has still not repaired the deep fractures in its elite and popular coalitional base that have produced losses in 5 of the

past 6 Presidential elections.

With New York Governor Mario Cuomo still unwilling to decide about the race, six Democratic candidates have entered the presidential sweepstakes, none of great national stature. Diverse in their agendas, they are united in proclaiming that the country can no longer "afford" Republican rule at the top, and that it is time to "wake up to economic realities" and to "take care of our own." With growing temerity, Democrats suggest that the time has come for the country to devise a more constructive alternative to economic decline than further attacks on working people and the poor. This pose is now being called "the new Democratic populism."

Populist or not, the rhetoric is refreshing. But the question is whether the Democrats can move beyond descriptions of current problems to present an electorally viable alternative to Bush-Reaganism. At the moment, it appears they cannot. Any constructive alternative -- even a minimal "public goods" program of infrastructural renewal, education, and health care of the sort that all Democratic hopefuls support -- will require substantial sums to finance. With the government in chronic deficit, this will almost certainly require increasing taxes on somebody. Since the incomes of the working classes are already falling, and their tax burdens are at record high levels, raising significant revenues will require new taxes on corporations and the rich. To be successful, however, such taxes must enjoy significant support from at least some significant fraction of

the American business community itself, and/or be mounted by a population confident in its ability to impose such conditions on American business. And neither condition obtains at present. In the late 1970s the Democrats lost most of the core elite support once supplied by multinational business. More than a decade later, that support has still not returned. With growing anti-free-trade sentiment within Democratic ranks, and ever declining commitments within that section of the business community to expanding America's own industrial base, that support is not likely to come back soon. Campaign contributions provide a crude but revealing measure of elite support for the two parties' presidential candidates. After months of activity, the six Democratic hopefuls, combined, have raised a bare \$2 million. In just one week this past October, even amid his growing difficulties, Bush netted \$5 million to begin his reelection campaign.

Nor, except under the most improbable of scenarios, can Democratic candidates look to substituting "people power" for this lack of elite support. Even if they managed to put together a coherent program, years of acquiescence in policies devastating to their own mass base have diminished popular support for the Democrats. Part of this is a specific problem of organizational decline in "naturally" Democratic organizations. Trade unions, farmer coops, community organizations, and social service agencies have suffered sharp and steady losses. A larger part is simply internal division and confusion among one-time Democratic

voters. Unwilling until recently even to suggest that "business as usual" was not the answer to America's problems, and deeply defensive about further alienating the business community, the Democrats find it difficult to piece together a popular coalition of poor and middle class voters along broad class lines. But without the solvent of class, a conjunction of tensions along racial and "social issue" lines with the sheer intensity of popular distrust of government and politics generally deny them the confidence of a truly mass party.

The 1992 election season thus offers an unexpected level of uncertainty. Still more fundamentally, however, it promises unease and tension. With the most obvious avenues of reform clogged by the fiscal wreckage of the last decade, the parties will seek less to relieve the damage done than to blame each other for causing it. With constructive debate about important issues forestalled, the campaign itself should quickly turn, as in 1988, to symbolic manipulations of an increasingly frustrated and frightened people.