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[Worsening Economy Gives Obama and Hillary a Chance to Copy Edwards' Populist](#)S
subscribe[Go to Original](#)**Responding to Recession**By Paul Krugman
The New York Times

Monday 14 January 2008

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issues

Suddenly, the economic consensus seems to be that the implosion of the housing market will indeed jolt the U.S. economy into a recession, and that it's quite possible that we're already in one. As a result, over the next few weeks we'll be hearing a lot about plans for economic stimulus.

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Since this is an election year, the debate over how to stimulate the economy is inevitably tied up with politics. And here's a modest suggestion for political reporters. Instead of trying to divine the candidates' character by scrutinizing their tone of voice and facial expressions, why not pay attention to what they say about economic policy?

In fact, recent statements by the candidates and their surrogates about the economy are quite revealing.

Take, for example, John McCain's admission that economics isn't his thing. "The issue of economics is something I've understood as well as I should," he says. "I've got Greenspan's book."

His self-deprecating humor is attractive, as always. But shouldn't we worry about a candidate who's so out of touch that he regards Mr. Bubble, the man who refused to regulate subprime lending and assured us that there was at most some "froth" in the housing market, as a source of sage advice?

Meanwhile, Rudy Giuliani wants us to go for broke, literally: his answer to the economy's short-run problems is a huge permanent tax cut, which he claims would pay for itself. It wouldn't.

About Mike Huckabee - well, what can you say about a candidate who talks populist while proposing to raise taxes on the middle class and cut them for the rich?

And then there's the curious case of Mitt Romney. I'm told that he actually does know a fair bit about economics, and he has some big-name Republican economists supporting his campaign. Fears of recession have offered him a chance to distinguish himself from the G.O.P. field, by offering an economic proposal that actually responded to the gathering economic storm.

I mean, even the Bush administration seems to be coming around to the view that lobbying for long-term tax cuts isn't enough, that the economy needs some immediate help. "Time is of the essence," declared Henry Paulson, the Treasury secretary, last week.

But Mr. Romney, who really needs to take chances at this point, apparently can't break the habit of telling Republicans only what he thinks they want to hear. He's still offering nothing but standard-issue G.O.P. platitudes about low taxes and a pro-business environment.

On the Democratic side, John Edwards, although never the front-runner, has been driving his party's agenda. He's done it again on economic stimulus: last month, before the economic consensus turned as bleak as it now has, he proposed a stimulus package including aid to unemployed workers, aid to cash-strapped state and local governments, public investment in alternative energy, and other measures.

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Last week Hillary Clinton offered a broadly similar but somewhat larger proposal. (It also includes aid to having trouble paying heating bills, which seems like a clever way to put cash in the hands of people like spend it.) The Edwards and Clinton proposals both contain provisions for bigger stimulus if the economy

And you have to say that Mrs. Clinton seems comfortable with and knowledgeable about economic pressure the Hillary-haters will find some reason that's a bad thing, but there's something to be said for people who know what they're talking about.

The Obama campaign's initial response to the latest wave of bad economic news was, I'm sorry to say, disreputable: Mr. Obama's top economic adviser claimed that the long-term tax-cut plan the candidate announced months ago is just what we need to keep the slump from "morphing into a drastic decline in consumer spending." Hmm: claiming that the candidate is all-seeing, and that a tax cut originally proposed for other reasons is recession-fighting measure - doesn't that sound familiar?

Anyway, on Sunday Mr. Obama came out with a real stimulus plan. As was the case with his health care plan which fell short of universal coverage, his stimulus proposal is similar to those of the other Democratic candidates, but tilted to the right.

For example, the Obama plan appears to contain none of the alternative energy initiatives that are in John Edwards and Clinton proposals, and emphasizes across-the-board tax cuts over both aid to the hardest-hit families and help for state and local governments. I know that Mr. Obama's supporters hate to hear this, but it really is less progressive than his rivals on matters of domestic policy.

In short, the stimulus debate offers a pretty good portrait of the men and women who would be president. They haven't said a word about their hairstyles.

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Worsening Economy Gives Obama and Hillary a Chance to Copy Edwards' Populist Ideas

By William Greider
The Nation

Friday 11 January 2008

There's an opportunity to sharpen the economic debate and ward off media labeling in the presidential race - but it needs to be done fast.

When Goldman Sachs announces recession and the Federal Reserve chairman on the same day promises ready-to-go interest rate cuts, you can take it to the bank: the recession is official. The 2008 campaign's refreshing spirit - the chorus of "change, change, change" - is joined by a more traditional theme. "Jobs, jobs." Suddenly, everyone wants to sound like a Keynesian liberal, ready to prime the pump with federal spending.

My advice to Barack Obama: look through the John Edwards file - he got there first - and borrow freely sound ideas for economic stimulus. Then double or triple Edwards' numbers to show your sincerity. Do that Hillary Clinton is already out of the box with a plan the New York Times describes as the first from any Democratic candidates.

Wrong. John Edwards was out front with aggressive anti-recession proposals in early December. Act rapidly, said, don't wait for the official announcement. First, Congress should put up at least \$25 billion to stimulate creation and be ready to spend another \$75 billion as things get worse. Spend the money on "clean energy, infrastructure, the housing crisis, reform of unemployment insurance, aid programs to help families get through hard times and other wounds. Get the money out to the folks who will spend it right now and to public works projects that can create new jobs quickly.

Nothing fancy in the Edwards package, just the old-fashioned, meat-and-potato politics that used to reward Democrats the party of working people. In the scale of what's happening to the economy, I think his proposal too modest. Bill Gross, the insightful managing director of PIMCO, the major bond-investment house, has called for virtually doubling the federal deficit in order to pump hundreds of billions into new economic activity. When the holders are more alarmed about the economy than political leaders, you know something is backwards in politics.

Edwards, alas, probably restrained the size of his stimulus package to convince the media gatekeepers he was not wacky and thus win some coverage for his forward thinking. No such luck. Edwards has his own

shortcomings, but he has been victimized by the shallow political culture that empties meaning from pres campaigns. The press early on consigned him to the "populist" stereotype and largely ignored the serious of his agenda.

This is the curse that leads to enervating, brain-dead presidential cycles. Substance bores political re Most of them do not understand economics or even know much about how government actually works. C ignorance, they prefer to play the role of theater critics and imagine that readers are desperate to hear th subjective and utterly unreliable reviews of the sideshow.

Actually, it's worse than that, as we witnessed again in New Hampshire and Iowa. Reporters read the | slavishly rely on them - then go out and gather connect-the-dots tidbits that appear to confirm the poll re When polls are wrong, reporters are wrong. And shameless in their denials of culpability.

If reporters were to give up the arrogant role of reviewers, they would have to do real work - the unfas task of reporting on what candidates actually say. Then the diligent would subject the substance, not sty critical analysis and reactions from many quarters. This drudgery would seem humbling to the "boys on tl Most of them, anyway, are incompetent to do such work.

Barack Obama has a soaring message and charismatic authenticity, but he is vulnerable to mindless r judgments for almost an opposite reason. Despite his compelling rhetoric and character, Obama has left unsaid (or maybe we just haven't heard what he did say). If Obama loses contests here or there, I expec stereotype will be assigned by the reviewers to explain the results - Senator Lite. A nice enough guy but substance, not ready for prime time.

From what I know about the man, that is a cruel distortion of his depth and temperament, but he does fill in some blanks. The recession gives Obama a ripe opportunity to protect himself from media labeling, changing character. First, produce the concrete policy proposals demanded by competitive campaign ritu speak more loftily and ambitiously about the American economy and what Obama envisions for the more future. What might it look like then years hence? How does he hope to get there? These are reasonable he has not yet addressed, but can answer in broad strokes. Or maybe he already has addressed them a media thought it sounded boring.

William Greider is the author of, most recently, The Soul of Capitalism (Simon & Schuster).

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