

PUTTING IT IN PERSPECTIVE

By David Winston



On Economy, Give Credit Where Credit's Due: to the GOP

Three days before the Nov. 7 elections, The New York Times ran an editorial, "The Economy Cools." It stated in part: "The latest information about the economy leaves no question that it has slowed down by just about every measure. ... Even the recent increase in compensation is generally believed to be a sign of coming layoffs. ... As for the recent improvement in the unemployment rate, sorry to say, it's an aberration. The job market won't turn up in any meaningful way when the overall direction of the economy is down."

A month after the elections, on Dec. 8, the Times wrote a news story titled "Long a Laggard, Wages Start to Outpace Prices." It said: "... [T]he buying power of American workers is now rising at the fastest rate since the economic boom of the late 1990s. ... The fall in unemployment to 4.4 percent and the recent surge in wages ... raise the prospect that the job market could be on the brink of another strong run, much like the one that lifted incomes in the late 1990s."

Wow, what a difference an election makes. For what literally has been years, Democrats and much of the media have painted the gloomiest of pictures when it came to the state of the American economy. Democratic leaders employed a simple strategy: Ignore economic reality, downplay job growth and stay on the attack, no matter how good the numbers are.

Incoming Speaker Nancy Pelosi (D-Calif.) on Sept. 22 said, "This administration has the

worst record of job creation since [President] Herbert Hoover. We have had the largest fiscal turnaround in our nation's history."

Incoming Senate Majority Leader Harry Reid (D-Nev.) said on Oct. 6, "While some investors may be reaping the rewards of a record high stock market, today's jobs numbers show workers are still hurting in the Bush economy."

And Democratic National Committee Chairman Howard Dean said on Nov. 3, "The Bush economy has failed the vast majority of Americans."

Faced with this kind of rhetoric day after day, all underscored by equally bleak economic stories on the evening news and in the morning papers, it's no wonder many Americans believed that we were on the verge of economic ruin and voted accordingly.

Of course, Republicans have to shoulder some of the blame for failing to communicate a positive economic message that resonated with voters. That may explain why President Bush and Republicans have gotten so little credit for what is, in reality, one of the great economic comebacks in history. And now, a month after the elections, the good news continues: According to Labor Department figures released Friday, another 138,000 jobs were created in November.

This more positive view of the economy, as expressed in Friday's Times article, has come a little late for Republicans, but just in time for the new Democratic-controlled Congress.

Was this the "change" Democrats promised us — same economy, different conclusion? And it raises the question: When will Democrats begin taking credit for what is inarguably a booming Republican economy?

My guess is that shortly after passage of a

higher minimum-wage bill — if not before — we'll hear Democrats sounding positively giddy about the near-miraculous improvement of the state of the American worker, the rebound of wages and the rescue of the middle class from the disastrous economic policies of President Bush and his Republican Congress. "Happy Days Are Here Again" will resound through the Capitol as the public is treated to an endless stream of anecdotal stories telling the tales of hard-working Americans brought back from the brink of financial disaster thanks to Democratic policies.

Republicans ought to know what's coming by now, and this time, they need to be ready. As the economy improves, which it is likely

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to do for reasons having nothing to do with Democratic "change," they must not allow the Democrats to frame the issue of the economy to their political advantage, as they have done for the past two years. The GOP mantra must become this: that under Republican policies, the economy was good, and it's getting better. Over the past 39 months, those policies have helped create more than 7 million jobs which, according to the White House, is "more jobs than [were created in] all the other major in-

dustrialized countries combined."

But as the minority party, Republicans must also challenge head-on the Democrats' embrace of higher taxes and their opposition to making the tax cuts permanent — the very tax cuts, they must argue, that turned the economy around.

They also can point to the fact that in fiscal 2005, federal government revenues of \$2,407 trillion reached an all-time high, cutting the deficit in half three years ahead of schedule. Moreover, fiscal 2006 revenues have risen by almost 12 percent.

Yet despite this quantitative evidence to the contrary, Democrats still seem to believe that the way to fund the federal government is to raise taxes and risk putting the brakes on a booming economy rather than increasing revenues by boosting economic growth.

Strategically, Democrats have a couple of options. They may decide to selectively raise taxes or simply play a waiting game. Because the Bush tax cuts will expire without Congressional action, but not until after the 2008 elections, they may delay tax cut legislation, try to take credit for any and all economic good news over the next year and hope to avoid leaving their fingerprints on what eventually will be major tax increases for most Americans.

That cynical strategy must be exposed for what it is: a reflection of a party afraid to tell the American people what it intends to do, which is to raise taxes.

If Republicans are to regain control of Congress, the battle of lower taxes versus higher taxes is a fight the GOP must win on the floor, in the media, and in the hearts and minds of voters. No one is going to do it for them.

David Winston is president of The Winston Group, a Republican polling firm.

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