

February 2, 2009
KUFM / KGPR
T. M. Power

Being “Bi-Partisan” with Ancient Ideologies

So far President Obama is not having much luck changing the partisan character of Washington DC politics. The economic stimulus package recently passed by the House did not receive a single Republican vote.

The Republicans are holding out for a stimulus package built around tax cuts for businesses and wealth individuals, while Democrats insist that actual government spending and tax cuts for middle class Americans are the appropriate ways to stimulate an economy that continues to slide downward.

Both positions should sound familiar. Throughout Bush’s eight years his drumbeat was that cutting taxes on the most well-to-do segments of our population was the only way to promote prosperity. Obama and the Democrats campaigned against that “trickle down” economic policy on the grounds that it was a proven failure. After all, the economic recovery from the recession of 2001 was the slowest and weakest in modern times and the economy had already slipped into another recession early in 2008 that then cascaded into a full scale financial panic and what is promising to be the worst economic turndown since the Great Depression.

This economic failure has not fazed the Republicans. They continue to repeat the “cut taxes” refrain that worked so well for them beginning with Regan and energized their base during the Bush years. Proposing the same solution over and over again despite changing circumstances and continued failures clearly is a sign of ideological stagnation.

When it comes to halting the downward economic slide, it is unclear how Republicans imagine their tax cuts for businesses and wealthy individuals could work. Using tax cuts in this situation is like trying to push with a wet noodle. You cannot get any purchase. Businesses are not laying off workers by the millions because those businesses cannot afford to pay their taxes. They are laying off workers because no one is buying their products. Cutting business taxes will not magically bring customers back into stores. Similarly, giving more money to the same wealthy individuals who have been receiving million dollar bonuses as the economy collapses will not stimulate the economy any more than those million dollar bonuses did. A tiny percentage of people with more money than they know how to spend will not turn the automobile industry or construction industry around.

The ongoing cascade of workers being laid off has to be brought to a halt. That can only be done by actually putting people back to work, earning a paycheck that will be spent supporting their families, putting other people to work, etc. Even Obama's middle class tax cuts will have doubtful impacts since people are so uncertain about their jobs that they are saving money, not spending it, paying down past debt, hunkering down for a long economic winter.

This is not to say that there is no room for bi-partisan debate that would improve the Democrats' stimulus package. Republicans are correct that it is being loaded up with public spending programs of doubtful usefulness in dealing with the current economic crisis. Someone has to help Obama set up a screen that sifts out spending proposals that do not have a very quick impact, do not focus on job creation, and do not simultaneously contribute to solving other high priority public problems. We do not want

long-term spending programs that are likely to have their impact **after** economic recovery is well underway and only contribute to future inflationary pressure and federal deficits while pursuing frivolous special local interests. That sort of spending will only make it more difficult to tackle the really big problems that still confront us: reforming medical insurance, expanding childcare, energizing our schools, and coping with our energy problems and the threat of global warming.

That sort of practical screening of all spending proposals so that we get maximum benefit from the deficit dollars being spent is something to which pragmatic politicians on both sides of the aisle should be able to contribute.

But don't hold your breath. There are plenty of signs that the "old politics" that Obama has been attacking are alive and well in Washington DC. The Republicans recognize the sea change that has taken place in American's attitudes towards the proper role of government in guiding us to solutions to overwhelming problems. The slogans about government being part of the problem, not part of the solution, about the need to deregulate our economy to supposedly liberate its productive potential, and about how markets left to themselves will make us all rich and safe are now seen as the dangerous ideological fantasies they were.

We have heard little from the architects of the deregulation that sabotaged our financial system. Some, like Alan Greenspan, have muttered a few brief self-critical words suggesting that they would have to rethink their faith that self-interest was the only regulation that markets need to operate productively. But in general, Republicans do not really know where to turn except to their worn out old ideological slogans.

Unfortunately, many Democrats, giggling with glee over the transfer of power away from a disgraced Bush Administration, are not taking the high road either. Instead of laying out new directions and policies for the American people, the Democrats in Congress seem to be enjoying corralling as many of the spoils of political victory as possible and shipping them back home to supporters and constituents.

It is time for Obama to step in, crack the whip, and impose some discipline as he tries to focus our attention back on the possibilities of which he spoke so eloquently during the campaign and energize us for the long and challenging path ahead. The current undisciplined spending free-for-all in Congress is an embarrassing and dangerous diversion.