



Ideology and the Economy

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Ideology is a belief system held together by a composition of ideas, assumptions, prejudices and inclinations that formulate thought and action. Indispensable in contouring ideology are one's view of human nature and assessment of reality. These "views", while often mitigated by circumstances, always in the end reveal themselves. President Bush and Senator Kerry are two extreme polars, within American politics, in the ideological map. An insightful example of the dissimilitude is their comprehension of the concept of liberty.

The President and the GOP hold a steadfast belief in liberty as an absence of constraint, which is the notions generalized widespread acceptance. It is natural, Providential and draws it's legitimacy from God. This concept of freedom is aligned with the interpretation given by the American Creed.

Senator Kerry and the Democratic leadership side ideologically with the Jean Jacques Rousseau –version of freedom. This conceptual variant is conventional, relativist and draws its legitimacy from contract theory. Supremacy is placed on the collective over the individual. An elite group "lead" and solve for the "general will."

In the realm of economic principles, President Bush and Senator Kerry evidence their wide contrast of ideological underpinnings. Politics is irreconcilably undivorcible from economics. And ideology is crucial in charting economic policy.

A consensus exists and an economy, when it is loaded less, functions better. The Reagan Revolution made believers, of many who doubted in the linkage between private property, markets, being free and the efficacy of such a system .An economy's main encumbrances are taxes, regulation, tariffs, and government spending. A candidate's attitude toward these four factors will have portentous repercussions.

Consistent with modern Republican ethos, President Bush firmly believes that government should take as little money as possible from people and firms, because they can do with their resources more than the government can. When taxes are lowered, empirical data has historically been consistent in proving that, the economy grows and, henceforth, government revenues also

grow. This displays a belief in individuals and their ability to make the right choices.

While Bush's war to lower taxes has demonstrated a level of ideological consistency, so has John Kerry. Espousing a much larger role for the government in his twenty year career as a senator, it constitutes a solid propensity to support having government take more money from workers and businesses to make choices for society as a whole. The Massachusetts Senator has supported tax increases, 98 times. Senator Kerry has also supported, specifically, raising gasoline taxes (11 times), and Social Security taxes (8 times) He has opposed tax relief for married couples (22 times) and increasing child tax credits (18 times). In fact, accumulatively, John Kerry has voted against proposed tax cuts on 126 different occasions. This undeviating belief in the power of the state to remedy society's problems, after first appropriating their resources, elucidates the ideological essence of the Democratic Candidate. This elitist approach to economic policy is not new, although it has been modified since many in politics realized the relationship between raising taxes and losing elections. The Kerry proposition to tax increase individuals making over \$200,000 fails to correlate the disincentive to produce and the macro-costs borne by all, particularly those seeking jobs. This increased taxation, will have a sombering, effect on the economy ,since most are small businesses' whose owners pay individual taxes through Subchapter S Corporations, and who produce 90% of today's new jobs.

Regulatory burden, another fetter to the economy, has been downgraded 75% by the current Administration. The cost of Federal mandates is calculated at \$15,000 per family yearly. The 75,000 pages of mandated Federal regulations would, by Senator Kerry's own admission, increase if a new administration were to reside at the White House.

Tariffs, the artificial pricing-up of imported goods, have an all injuring effect on the economy and society. First, inflation is induced given the irrelevancy between pricing, quality and availability made possible by the artificial foreign product price mark-up. Second, it hurts consumers directly by lessening their purchasing power. Industries that produce what people are no longer interested in buying are subsidized by society. Third, productivity is laxed, given the elimination of competition that serves to make every worker, entrepreneur and business executive more conscious of providing better services and products,at better prices. Enforcing free trade agreements with 12 nations and negotiating with 10 more to similarly trade without barriers, the Bush Administration espouses free and fair trade. The object of free and fair trade is, to both, offer a worldwide market for American goods and services and allow the entry of products at lower costs to benefit American consumers. Not all would agree on the remedy. Senator Kerry is one.

The candidate of the Democratic Party has expressed his hostility to free trade and made lucid his opposition to the pending Free Trade Agreement for

the Americas initiative and the Central American Free Trade Agreement. Again, the opposing ideologies render this issue a polemic question. The insulation of a few businesses and industries from the rigors of the public's demands and choices is reactionary. Progress requires that those sectors that no longer produce to the likes of those that purchase face their judgment. Senator Kerry, here again, would rather let the verdict lie, not with the people, but with government, who severely limit choices, that cost American society, at large, a hefty premium.

Government spending is the fourth economic drag. By competing for the country's wealth with the private sector, government lessens productive economic activity. Interest rates are another casualty of overzealous government expenditures. The less capital there is, the higher its cost. While the Bush Administration has significantly increased spending and would appear contradictory towards its conservative ideological premise, the obligatory response to terrorist aggression compelling the initiation of war abroad, and, domestically, establishing the apparatus to protect the nation, forced the President's hand in spending. The smartly-timed tax cuts, however, permitted economic expansion which counterbalanced the long-term detrimental effects of augmented government expenses.

The forced question is, would a Democratic president, given the underlining philosophical propensity of Democrats to have government tax and spend with greater folly, have been more prudent fiscally in time of war. It would likely appear not, and safe to guess quite the opposite. The Democratic Candidate's campaign pledge to increase the taxes on those who are producing the most jobs, will dampen economic expansion and allow the impact of a bloated government budget to do its damage.

The report card on Bush's economic agenda is as follows:

- In the last 12 months the economy grew 4.8 % (20 year record)
- Since late 2001, economic growth has averaged 3.4%
- Inflation and interest rates are historically low.
- Unemployment rate of 5.4 % (30 year record)
- 3.4 million payroll and non-payroll new jobs (Bureau of Labor Statistic's Household Survey.)
- A deficit of 3.6 % of the economy (consistent with 50 of the last 54 years)

- The lowest "misery" index in 39 years.

- Real after tax income up 4.4 %, (1 year) personal income up 5 % (1 year) and total compensation, since 2000, up 13 % (while consumer price increase less than half)
- 70% homeownership rate (highest in history)
- 50% stock ownership rate (highest in history)

Considering that there has been a recession, a major stock market crash, both inherited from the previous administration, an attack, 2 wars and a global oil-price shock, it is a remarkable feat for the economy to be so empirically stunning. 368 economists, among them 6 Nobel laureates and Edward Prescott, this year's recipient, strongly criticize the Kerry economic agenda, for the loads it would add to the economy and counsel against it. An alteration of the existing economic paradigm could have undesirable repercussions. Voters, in addition to leading economists, will also have their say.