A Political Dead End?

I wonder sometimes what the rest of the world thinks about the volatility of American politics. Four years, as well as two years ago, President Bush and his Republican allies had incredibly low approval ratings and Americans sent more Democrats to Congress, statehouses, and legislatures, and, ultimately, a Democrat to the Whitehouse. Republicans were repudiated. Commentators wondered if the Republican Party had a future as it began fighting within itself over the source of voter disaffection.

Just two years later voters have returned a majority of Republicans to the House of Representatives as well as to many state legislatures and statehouses. It certainly might cross some people’s minds that we just cannot make up our minds or that we are a bit crazy, politically speaking.

But interestingly, polls of those independents who voted Republican in last week’s election indicate that support for Republicans and their core policies remains low. Voters were voicing dissatisfaction with the continuing pain and destruction associated with the Great Recession and the failure of those in power to effectively do something about it. So incumbents were turned out of office and Democrats, being in the majority, made up many of those incumbents.

This result is not likely to be very productive for the American people and economy nor bring any “change” to Washington DC. The surging Republicans did not receive a mandate to pursue their more extreme agenda items such as dismantling Social Security and Medicare, weakening environmental regulation, turning Wall Street
loose again to inflate another destructive bubble, or getting the government more involved in trying to dictate the most intimate aspects of our personal lives.

Nor can the Republicans deliver on their proposals to cut the federal deficit. They want to keep all of the Bush tax cuts in place and continue to aggressively prosecute the two wars that Bush started. Those were the sources of the Bush deficits even before the Great Recession hit. It is very unclear what it is the Republican will set out to cut in order to trim the deficit: Expenditures on highways and other vital infrastructure? Support for the military? Expenditures on helping us educate our kids? Support for the millions of unemployed? Food Stamps for families? Medical care for low income families? It seems unlikely that the aggressive pursuit of any of these will improve the Republicans’ standing with the majority of American voters.

The Republican congressional leadership seems to recognize the fact that there is little they can do about the issues that so many Americans are worried about: namely jobs and the federal deficit. Speaking candidly before their handlers told them to tone it down, that leadership made clear that their objective over the next two years is not to fix any of the nation’s economic problems but, rather, to embarrass the President and Democrats in Congress so that Republicans can claim the Whitehouse and both Houses of Congress in the 2012 elections. That is, the next two years will be used for unrelenting partisan attacks that represent an early opening of the 2012 presidential election campaign.

That will produce nothing but more paralysis, gridlock, and negative partisan bickering. It certainly does not represent responsible governing, but it is, unfortunately, all that we are likely to get.

Despite the official proclamation that the recession ended early this year and the economy is now growing, we certainly are not out of the economic woods yet. There are
more jobs losses coming in state and local government as stimulus money runs out and state and local budgets have to be balanced. The foreclosure avalanche is still growing and is likely to spread from residential homes to commercial real estate. Even those who do not risk losing their homes have seen the value of their assets, the most important of which for most people is their home, decline drastically. This makes them substantially poorer than they were two years ago and is likely to suppress household spending for some time to come. The ongoing housing mortgage crisis will also keep the construction industry from bouncing back. The stagnation and high unemployment rates will continue.

That will force deficits higher. As an International Monetary Fund report recently pointed out, most of the increases in government deficits here in the US as well as in other developed countries are tied to declines in tax revenues due to workers earning less, household buy less, and firms producing less. The deficits are not due to the explosive growth in new discretionary spending that can be quickly cut. If we cannot get households buying again and firms hiring so that that can produce more to meet the rising demand, we are not going to do anything significant about either jobs or the deficit.

That is why the bumper sticker political dialogue we are having about “cutting the deficit” by “shrinking government” or magically stimulating businesses to create more jobs to produce things no one is in a position to buy is just so much hot air that will get us no where.

If you thought this last political campaign was pointlessly nasty and unproductive, just watch the next two years!