

REPUBLICAN BUDGET PHILOSOPHY

One of the great political paradoxes of all time has just raised its head out of the Washington swamp. It is that of Republican hatred of budget deficits versus the latest tax cut measure which adds as much as one-trillion dollars to the national debt.

Traditionally, Republican conservatives have always been in favor of balanced budgets, cutting spending and other measures to limit the scope of the federal government. And yet here we have Congress totally ignoring that history and proposing revenue cuts that they claim will be made up by increased growth in the economy leading to large revenue gains to balance out the deficit.

Very few economists will vouch for these conclusions that are based on 'trickle-down-economics'. This concept says that the gains made by corporate America by reducing their taxes will be passed down to the workers in the way of better pay and benefits - which leads to greater tax revenues from income taxes, and more jobs created.

We have to come to a realization that this concept has been tried and hasn't worked in the past and has almost always led to recession. It doesn't work for two basic reasons:

First, when corporate America gets added profit, they tend to distribute it to their shareholders, so as to improve the stock price. The CEO's salary and bonuses are probably tied to that stock price, so it is in their personal interest to push that rather than making the workers happy. It isn't going to go to worker's wages and benefits.

Second, it isn't going to provide any new jobs, and what improvements in productivity will be made through automation, which usually means less workers for more productivity. So the new jobs promised by trickle-down probably won't materialize.

With no new jobs and stagnant wages, there will be no improvement in the overall buying power of the general public, and the market for the products of these companies will not increase ... which means that no expansion of manufacturing capacity can occur. Thus we are saddled with a one-trillion-dollar increase in the national debt, and no improvement in the economy to pay it off.

This latest tax cut bill makes the wealthy class even wealthier, and eliminates many of the tax breaks that the middle-class has relied on for years. Most of the savings go to the corporate world and the upper 1%. The remaining 99% will see marginal decreases which go away in five years, while corporate rates are permanent.

Given this overall outlook, how can any thinking legislator so

callously pass this legislation?

It may boil down to socioeconomic theories originally proposed by Ayn Rand, who wrote the novels "Atlas Shrugged" and "The Fountainhead." Many of the baby-boomers will remember reading them in college.

That underlying philosophy has guided many legislators to this day ... smaller government, making the individual self-reliant, and elevating those with abilities to their fullest potential. This is the ultimate meritocracy. It wants to eliminate all social programs for the less fortunate and unemployed and have them rely on charities and religious organizations. It wants to revoke programs like Social Security and Medicare, maintaining that government should not get in the way of private enterprise and the right of the individual to set up their own retirement and maintain their own healthcare. In short, government should do only what the individual cannot possibly do for themselves. This is the evolution of Ayn Rand's philosophy that has permeated the thinking of leading Republican politicians of the day.

But their 'Randian' philosophy evokes a darker side to this trillion-dollar-deficit. I forget who said it, but someone made the statement that "the only way to cut spending by the government is to starve it to death." It would seem that this is exactly what will be happening in the next few years.

In a year or so, you'll hear Republicans revert back to their deficit hating ways, and complain that we now have to cut Social Security, Medicare, Medicaid, and every social program since the New Deal to avoid financial catastrophe ... conveniently forgetting that they caused the calamity in the first place. This is the end result that they have hungered for since Roosevelt instituted Social Security. It is what they have fought against since the 1930's and now the way is clear to attempt the full repeal of every social welfare program since then using this drastic methodology.

They've expanded the scope of their vision to include every social program that they can lay their hands on and most of the populace will be in the cross-hairs of an economic theory that has never worked in the past and won't work now.

Hunker down and "Hope for the best, prepare for the worst."