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Primitive party animals

By Richard W. Rahn

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Since the 1976 presidential election, the Democrats have not received more than 50 percent of the popular vote. Most organisms, except for very primitive ones, usually modify their behavior after repeated failure in order to survive.

Much has been written about why the Democrats continue to fail in the polls. But as an economist, I have been particularly struck by how they have failed to learn sound economics, despite all the empirical economic and political evidence of what works and what doesn't.

Let's start with taxes. There is overwhelming evidence our present maximum tax rates on both labor and capital are so high they reduce economic growth, job creation and the general level of wellbeing for Americans.

Despite this, Democrat candidates from Walter Mondale to John Kerry keep proposing higher marginal tax rates on labor and capital. (Note: President Clinton was the exception. He said he would reduce tax rates but then turned around and increased them.) Higher tax rates are not only an economic loser but are also a political loser.

For many years, public opinion polls have shown most Americans do not want the rich to pay more in taxes. In fact, most Americans, including low-income Americans, say they do not think anyone should pay more than 20 percent of income in taxes. Polls also consistently show most Americans do not think we are undertaxed but think the government spends too much.

Most Americans dream of being rich by being entrepreneurs or winning the lottery, and they don't want it all taxed away. Democrats have let their left-wing ideology overwhelm the empirical evidence -- and then are surprised when they lose.

Politicians always have trouble with free trade. Most economists on both the left and right have understood free trade maximizes economic welfare by enabling consumers to get the best goods and services at the lowest prices.

Too many Republicans cater to some businesses that demand protection. Fortunately, most Republican politicians both understand and play homage to the principle of free trade, though they occasionally deviate from it in practice.

The Democrats, however, have allowed themselves to become hostage to union bosses who are most often protectionists. However, there are far more consumers who enjoy the low prices at the Wal-Mart's and the like than there are bosses and workers who might temporarily benefit from protectionism.

For years, Democrats have believed political success can be achieved by promising ever more government spending on everything. Too many Republicans have also bought this line, but still are slightly less addicted to big government.

The American people say they love those programs that benefit them, but are intuitively wise enough to know there is not an endless free lunch with government spending. This is why politicians who say they favor cutting government spending in general (but often not specifically) are more likely to be elected than those who promise almost unlimited spending.

Americans have looked at Europe and elsewhere and understand socialism and the welfare state never perform as advertised.

Democrats send a contradictory message on regulation. One moment they argue people ought to be free to do almost anything they want -- same-sex "marriage," pornography, etc. -- and the next moment arguing government needs to regulate everything they consume or produce.

Most Americans are keenly aware government overregulation reduces their economic well-being and their freedoms. They resent being told what trees they cannot cut down on their own property. They understand if employers are not allowed to fire underperformers, they will be more reluctant to hire anyone and, particularly, to take a chance on someone who may have messed up in the past. One thing that distinguishes America from Europe is that America is the home of almost endless second chances. Democrats have misread Americans and thus have managed to alienate people on both sides of government regulation issues.

Unlike 30 years ago, almost all Americans understand we need to change Social Security because we are living longer and having fewer children.

People may be uncertain as to the best corrective action, but they do understand Democrats' denial of the problem is devoid of reality.

In the days since the election, I have read and listened to an endless parade of Democrats describe what they did wrong -- not enough emphasis on morality or national security, communicating poorly, and on and on. Yet, most of the defeated either fail to understand or will not admit the whole of their economic message is bad economics and bad politics. A party cannot be in denial of the problems with taxes, government spending, regulation and Social Security and expect to have a majority of Americans vote for them.

People may not accept all the Republican solutions, but the Republicans, unlike the Democrats, show themselves to be more developed organisms by responding to the cues from their environment.

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