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## Death-Wish Democrats

By Richard W. Rahn

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### *Vacillating on the Bush tax cuts is political suicide*

Rarely do you see a political party in the process of what appears to be a deliberate attempt to commit suicide while shooting a hostage. In this case, the hostage is the U.S. economy, and the political party is the Democrats. If someone tells you something will soon be done but always postpones getting it done, at what point do you no longer believe him?

The Democrats have been in control of both houses of Congress for the past four years and for the past two have controlled the White House as well. They have been telling us there will be no tax increases on the American middle class - a pledge they quickly broke with a number of small tax increases in a variety of bills.

As everyone knows, all Americans are going to suffer the biggest tax increase ever if Congress does not vote to renew the George W. Bush tax-rate cuts by the end of December. For almost two years, there has been the promise of tax-cut extensions for at least those making \$200,000 or less. But the Democratic Congress has not renewed or extended them despite having large majorities in each house. We are now told Congress will make these changes in a "lame-duck" session after the election. Is there any reason to believe this - when Congress has fibbed for two years?

The Democrats keep saying the deficits were all Mr. Bush's fault. According to the Constitution, the government cannot spend money or tax without the approval of Congress - Congress can tie any president's arms. During the past 30 years, the Democratic Party was in control of both houses of Congress for 12 years, the Republican Party was in control for 11 years, and control was split, with one party controlling the Senate and the other party the House for seven years. The average deficit when the Democrats were in control was 4.4 percent of gross domestic product (GDP), 3.9 percent when control was split and only 1 percent when the Republicans were in charge.

**Congress Control and Deficit  
(1981-2010)**

Party in control of Congress	Number of years of control	Average deficit as a percent of GDP
Democrats – both houses	12	-4.4
Republicans – both houses	11	-1.0
Houses split between parties	7	-3.9

The Republicans, despite their vastly superior record over the Democrats when it comes to taxing and spending, still have been too much of a big-government party for my taste. That said, if I were a Republican running for office this year, I would take the accompanying chart and spread it all over my campaign literature.

For the first time, Congress has not even passed a budget. The open question remains: Is the current Congress the worst in American history?

There is not one American individual or business owner who operates in the United States who knows what tax rate he will face as of Jan. 1. Worse yet, the question will not be answered until probably less than 30 days from the end of this year. How can any business plan employment and capital spending levels under such needless uncertainty? Most will just postpone hiring and expansion decisions until after the beginning of the year, if they can. Members of Congress tell us they are concerned about unemployment, but their very actions - or inactions - are causing more unemployment.

If you own stocks or bonds, you may be faced with substantially higher capital gains taxes on the sale of those securities next year. Many prudent people will take their gains this year and just sit on their proceeds until the tax situation is clarified - another government-induced downer for investment and employment.

The death tax rate dropped to zero this year - and will jump to 55 percent as of Jan. 1 unless Congress takes action. Many members of Congress say they are going to reimpose the death tax for people who died this year. At what rate - 55 percent, 45 percent? Can you imagine the mental and financial anguish of those families who lost a loved one this year and now do not know what tax liability they face? To say the current Congress (at least the Democratic majority) is financially irresponsible and cruel is too kind.

The Republicans recently have come up with their new "pledge" to the American people. It is filled with nice-sounding words about their commitment to the Constitution and limited government - less taxing and spending. Many of them may even attempt to abide by the "pledge," but the fact remains many will cave when it comes to real spending reduction.

The Republicans have the facts on their side about which party taxes and spends less. The Democrats have successfully been blaming Mr. Bush for the big spending increases and deficits of the last two years of his administration while conveniently forgetting they were in charge of Congress - taxing, spending and deficits. The Republicans need to make people aware that the last budget they were responsible for (2007) had a deficit of just 1.2 percent of GDP. The supersized deficits of the past few years - approaching 10 percent of GDP - happened only after the Democrats took control of Congress. The Democrats have a death wish - the Republicans should help them along in their desire for defeat by making the American people aware of the real deficit facts

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