

Election 2012: The Economy

Michael Sean Winters | Oct. 8, 2012 Distinctly Catholic

Here is a truth that neither candidate will cop to: There are many factors that will affect the rate of growth of the economy over the next four years ? and ten years ? and the name of the person sitting in the Oval Office is not the principal factor, maybe not even one of the top three factors.

We all look back admiringly on the economic growth experienced during the 1990s. The Democrats like to say that it was Bill Clinton's election in 1992, and his deficit reduction efforts in 1993, that led to the explosive growth rates. Republicans like to say it was the GOP takeover of the House in 1994 that forced Clinton to balance the budget and, consequently, lay the groundwork for the economic growth rates. In fact, of course, it was mostly the internet and the increases in productivity that the internet provided that accounted for the economic good times during the Clinton years.

Nor will either party talk about the fact that the explosive growth rates of the 1990s, while good for the government budget, and decent for the average worker, really benefited the wealthiest of the wealthy as the financialization of the economy proceeded without any significant pushback from Clinton. Indeed, the switch from standard pensions to 401(k)s, the decline of unions, and the stagnation of median wages, none of these did much to help the middle class, although they each, in different ways, contributed to the bottom line of major corporations. And, Clinton's decision to lower the capital gains tax rate was one of the worst economic decisions in recent decades.

In short, the decisions government make may affect the economy at the margins, but whether the economy experiences a boom or a bust in the next four years is largely tied to other factors. Will there be some new invention, say a breakthrough in fuel cell technology, that drastically increases productivity or lowers costs throughout the economy the way the internet did? Will a discrete event in the Eurozone, over which the U.S. has very limited influence, start a chain reaction that plunges the worldwide economy into a tailspin? Candidate Romney talks tough about cracking down on China's trade policies, as has every candidate, but once in office, they realize that tough talk with China will be counter-productive, and even the verbiage goes away. Could an environmental catastrophe disrupt a major part of the U.S. economy, a nuclear meltdown, or a burst oil pipeline? There was a time when we all thought that interdependence would lead to a more peaceful world and globalization was as cool as a cucumber, but now we recognize there are downsides to these phenomena.

It is reasonably safe to assume that neither a re-elected Mr. Obama nor a newly elected President Romney will confront the central social problem resulting from current economic conditions: Rising income inequality. Mr. Obama talks about opening opportunities to more people, and that is a good thing, but it is not the kind of thing that is going to significantly challenge the economic oligarchy of wealth and privilege that have been directing more and more wealth to the financial class. Mr. Romney has campaigned on simplifying the tax code, which is also a good thing, but certainly he is not going to adopt the kind of tax rates that would address the economic imbalances, unprecedented in modern history, that characterize the U.S. ? and only the U.S. ? economy.

There are, to be sure, differences between the two candidates when it comes to the economy, not least on the role of government in the economy. Here the differences are moral as well as fiscal, better to say, moral because

fiscal. I do not doubt that President Obama's policies will continue to protect those programs that help the poor and the middle class and that Mr. Romney's policies will help the very well-to-do. Neither candidate will confront the central fact of growing income inequality, but their policies will affect the margins, and a lot of people struggle at the margins. Helping them, or harming them, is consequential.

[In this morning's Post](#) [1], E.J. Dionne talks about the moral consequences of the differing budgetary proposals from the candidates and offers the hope that the next debate will not be drowning in "independent studies" but, instead, frame the moral choices we face as a nation. I second the hope, but am not going to hold my breath either. Mr. Obama's approach to government is essentially technocratic. Mr. Romney is more like Obama in this regard than any other. I would like to hear these words from Obama:

[The capitalist] need to learn the long-forgotten truth that wealth is stewardship, that profit-making is not the basic justification of business enterprise, and that there are such things as fair profits, fair interest and fair prices. Above and before all, he must cultivate and strengthen within his mind the truth which many of his class have begun to grasp for the first time during the present war [World War I]; namely, that the laborer is a human being, not merely an instrument of production; and that the laborer's right to a decent livelihood is the first moral charge upon industry. The employer has the right to get a reasonable living out of his business, but he has no right to interest on his investment until his employees have obtained at least living wages. This is the human and Christian, in contrast to the purely commercial and pagan, ethics of industry.

Those are the words of the U.S. bishops in their statement on Social Reconstruction issued in 1919. Much has changed about the nature of the economy in the intervening years, but nothing has changed about the ethics of industry. Alas, any candidate who spoke as forcefully as our bishops did would be hooted out of the political arena as a fire-breathing socialist. Indeed, it would be hard indeed to find many bishops today who would give the kind of full-throttled voice to the moral requirements of economic decision making that their predecessors did. But, that does not change the moral equation. It is merely a sad statement about the want of moral courage we find today.

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