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Presidential Election 2012: Seeing Through the Myths

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Remember the Atkins diet? At its peak, there were legions of dieters worshipping the Atkins god, singing praises of the promised land of slim waistlines and good health. Alas, the reality about the Atkins diet was far removed from its aura. Researchers later revealed its many hazards, and some even pronounced it downright dangerous.

Like the Atkins diet, we have our share of myths in politics. One that is particularly seductive in this rough economy is that the Republican Party is pro-business, and hence the party of wealth creation.

Historically, though, this myth has no basis in fact.

It was precisely at the end of eight years of the most recent Republican presidency that the country was brought down to its knees financially. How can you take a healthy budget surplus, and in just eight years, convert it into the most disastrous financial meltdown seen in over 70 years -- if indeed you were the party of wealth creation? (A blind worship to tax cuts even through a costly preemptive war was one factor.)

If the Republican Party were truly the party of wealth creation, why are two of the wealthiest demographic groups in the country -- Jewish Americans and Indian Americans -- firmly on the Democratic side? Why do Warren Buffett, Bill Gates, and a majority of billionaires prefer Democrats?

Could it be because these wealthy individuals see that what is good for the 99 percent is also good for the 1 percent, and not the other way around?

Take, for example, Republicans' overzealous emphasis on only tax cuts as the foundation of their economic policies. Tax incentives, the argument goes, helps businesses, and so they hire. But would companies hire if no one is buying? It stands to reason that companies don't make hiring decisions based so much on the tax structure, as they do on whether business is booming or not. To the extent there is a healthy demand for their product or service, companies will hire

-- tax incentives or not. Conversely, no amount of tax incentives will prompt companies to hire -- if there is no demand for what they are selling.

At best, the tax structure can serve as a catalyst or a drag, but in either case, it is far overshadowed by consumer demand -- the lifeblood of capitalism. And consumer demand is a function of the 99 percent, not the 1 percent. When the masses are well off, economies expand; when they are hurting, economies contract.

Not surprisingly a study by McGraw-Hill, a leading global financial information company, shows that markets have performed better in Democratic administrations. Since 1901, S&P 500 has averaged an annual growth of 12.1 percent in Democratic administrations versus just 5.1 percent during Republican ones. The same is true for corporate profits. Since 1932, the earnings per share of the S&P 500 climbed a median of 10.5 percent per year (Democrats) versus 8.9 percent (Republicans).

Like the Atkins diet, the myth that Republicans are the champions of business and the economy, stands in stark contrast with ground realities.

So does the myth that Democrats perpetuate the "freeloaders" -- the 47 percent who don't pay any personal income tax. Kyle Wingfield, the conservative columnist at the *Atlanta Journal-Constitution*, [admits](#), "Conservative policy created much of the 47 percent." He adds, "The child tax credit is a social-conservative initiative. The refundable Earned Income Tax Credit is largely based on the 'negative income tax' proposed almost 50 years ago by conservative economist Milton Friedman."

Undoubtedly there is waste and abuse in the welfare ranks that is of real concern; but a good portion of the 47 percent non-payers is the aged. Many more are the poor whose tax burden evens out to zero after claiming deductions. They are not deadbeats; they contribute through their work and their payroll taxes.

It is the freeloaders at the top end of the economy who may be a larger drag. According to the Cato Institute, the libertarian think-tank, [close to \\$100 billion](#) goes towards corporate welfare in terms of business subsidies. While Democrats and Republicans are both responsible for this affront to free enterprise, when coupled with the free-for-all deregulation championed by Republicans, it often helps line the pockets of the top brass of the companies. The street credo that Republicans are chums with such robber-barons of industry is not off the mark.

In reality, the more sinister income-redistribution may be the money taken from the middle-class for the "welfare" of executives drawing multimillion dollar salaries -- even as the companies they lead file for bankruptcy. This not only siphons away millions of dollars from circulation, but also hurts the buying power of the thousands who get laid off -- a double whammy on the economy.

Romney: a fiscal extremist

Romney made it through the wrangling Republican primaries because he seemed the most moderate in a party that has hunkered down in its hardcore shell.

That assessment of Romney as a moderate was befitting a few years back. Today, as candidate Romney, he has morphed into a peon for the far right. More importantly, on the issue that is center stage for this election -- the economy -- Romney is far from moderate. During the run-up to the primary elections, none other than Newt Gingrich pointed out that Romney is the kingpin amongst all the GOP contenders of the kind of fiscal policies that brought America to its knees at the end of George W. Bush's presidency.

The criticism of Romney's lack of ideas, solutions, and vision is mounting, and it is not just from liberals. In an article titled, ["So, Mitt, what do you really believe?"](#) *The Economist*, the reputable champion of free enterprise, writes about him, "A businessman without a credible plan to fix a problem stops being a credible businessman. So does a businessman who tells you one thing at breakfast and the opposite at supper. Indeed, all this underlies the main doubt: nobody knows who this strange man really is."

Obama's fault: That he is no God

What is the overarching and relentlessly repeated criticism of Obama? It boils down to this: that he failed to restore our country to good times like those seen in the Clinton years from the wreckage caused by the Bush years.

This would be perfectly legitimate criticism if Obama had been a passive president. Quite, the contrary, he acted extensively and boldly -- like no other president in recent history. Are we there yet? Of course not. I empathize with the worry and fear for our future that persists. But laying the blame on Obama for failing to be God and miraculously turning around, in less than four years, a historic mess unseen in 70 years would be a mistake.

Even as the myth machinery of the extreme right tries to portray Obama as a socialist czar bent on unraveling America, some of those who value true conservatism are fleeing the party. A grassroots organization called "Republicans for Obama" says, "Our current Republican leadership is unable to stand up to the most extreme elements in our party, no matter the circumstance. Meanwhile, President Obama has challenged his own party on numerous issues, including taxes, healthcare, and foreign policy."

There are no shortcuts to weight-loss. And reviving a broken economy of unprecedented proportions is far more improbable by someone who has little more than "tax cuts" in his arsenal.

