

# An Economist Supports George W. Bush

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**L**udwig von Mises put the political issue very clearly,

The flowering of human society depends on two factors: the intellectual power of outstanding men to conceive sound social and economic theories, and the ability of these or other men to make these ideologies palatable to the majority. (*Human Action*, 3rd Revised Edition, 1966, p. 864.)

We need both “outstanding men” with “sound social and economic theories,” and “other men” to make them “palatable to the majority.”

It is foolish to think that “the masses, the hosts of common men conceive any ideas, sound or unsound” (p. 864). These people vote (when they vote) on the basis of “feelings” and self-interest narrowly construed.

We can say there are roughly four groups of people eligible to vote. The largest group by far is the committed non-voter. Nearly half of those eligible do not vote, and in not voting they do our country a great service.

The second group is the casual voter, sometimes called the “swing voter,” “the independent voter,” and “the Reagan Democrat.” They say “I vote for the man, not the party,” meaning they haven’t got a clue as to what the Democrats and the Republicans stand for. They are easily swayed by new entitlement programs, and unless Republicans clearly present a positive reason (tax cuts) to vote for Republicans it’s predictable which way casual voters will swing on election day. Republicans, just like Democrats, must be populist to win, but in a different way.

The third and fourth groups, each constituting maybe fifteen to twenty percent of the eligible voters, are the “bases” of the Republican and Democratic Parties. This isn’t to say that the “base” buys-in to the whole agenda of each party. They buy-in enough to vote for the candidates of “their” party.

The Republican Party has emerged in this era as our country’s pro-Liberty party. This hasn’t always been the case, and there is no telling for how long this will remain the case. During the 1920s, under Presidents Harding and Coolidge, the Republican Party was committed to a pro-Liberty agenda. But after the 1928

election of President Hoover, the party under Hoover's leadership tragically went down the road to intervention. Often, the deciding factors within the Republican Party are the personalities involved. Perhaps not even a majority within the Republican Party are committed to sound social and economic policies.

While the commitment of the Republican Party to the cause of Liberty has been problematic, there has not been a doubt about the commitment of the Democratic Party since the Grover Cleveland faction was swept away by the prairie storm of left-wing populism during the 1890s. This is what has been so inevitable about creeping socialism in our country. For more than one hundred years now, they have continually been on the march. They have not had a problem with compromise and incrementalism. And defeat is viewed as a temporary setback.

It is our turn to go on the offensive. It is true that the Republican Revolution of 1994 fizzled out. But, it is also true that the Republican Congress made some real progress, and that this year—in spite of the pathetic track record of the Republican leadership—the stage has been set for a renewed offensive.

In 1996, when the Republican establishment supported Bob Dole, it was clear that Steve Forbes had put together a winning political agenda because Dole incorporated Forbes' positions: Tax reform that included a meaningful tax cut. Social Security privatization. Choice in education. Medical Savings Accounts. When Dole named Jack Kemp as his running mate and endorsed a meaningful tax-cut, there was a momentary lift in the polls. But then Dole reverted to his establishment self, defending his "rescue" of Social Security during the Reagan administration, and attacking Clinton's personal shortcomings.

This year, George W. Bush embraced almost all the major elements of the package proposed by Forbes in 1996 (although each is watered-down). Bush has credible political bona fides, Forbes does not. Bush was elected and re-elected governor of the second largest state in the nation, with proven ability to appeal both to the Republican base and to a great many voters who tend to vote for the Democrats. He was able to get substantive legislation through the state legislature, including the two largest tax cuts in the history of Texas.

Al Gore is supposed to win this election easily because the economy is doing so well. Yet, people do not attribute the prosperity exclusively to Clinton and Gore. They also credit the Republican Congress, the Federal Reserve and entrepreneurs. Bush, instead of being behind, looks to be either tied with Gore or slightly ahead. When taking the electoral college into account, Bush appears within reach of victory.

Of course, anything can happen. The Democrats will not give up easily. They realize that if Bush enacts the reforms he has outlined they will be on defense for several generations.

Once we start privatizing Social Security, will anything keep us from completing the job?

Once we denationalize the health care industry, restoring the doctor-patient relationship, and opening up the possibilities of pharmaceutical and medical

research, what can the Democrats offer?

Once we burst open the dam holding back choice and competition, variety and values from schooling, from the primary grades through to professional education, will the teachers unions be able to hold back the flood of change?

Once we open the minds and hearts of America to the unlimited opportunities to attain human happiness through freedom, in cooperation with others, and in harmony with nature, can there be any doubt that the entire world will join us in celebration?

Perhaps I am being as naive as Ludwig von Mises described the old liberals. Von Mises said the old liberals assumed that public opinion would support capitalism merely because it produced a higher standard of living for a steadily increasing number of people. The old liberals overlooked the power of anti-capitalistic propaganda. Marxism in a variety of forms, from its totalitarian varieties to democratic socialism, dominated the twentieth century.

This is where I derive my optimism. At this time, capitalism in advanced economies has already delivered a high standard of living (and continues to offer an even better future). Through property rights—land titles and stock ownership—the majority of people will have a *personal stake* in the capitalist system, and not merely a hypothetical claim to a better future.

Thus, the liberal impulse to freedom—based on an enlightened understanding of how a free society works—will combine with a conservative impulse of having something tangible to defend.

This is why privatization of Social Security, school choice, and the rest of the Republican agenda are so threatening to the status quo. The majority of Americans already own their homes and stocks (at least indirectly through mutual funds and pensions). The economic agenda of the Republican Party will surely enlarge this majority, and so enable even more Liberty-expanding legislation in the future.

This is why I enthusiastically support the proposed economic policies of George W. Bush.   Ω