

THE WINHAM PAPERS

4. The Real Problem with the Republican Party (2020)

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Review: I argued in the prior essay (#3) that the primary functions of democratic governments are: 1) to coordinate cooperative tasks like building bridges or protecting borders, and 2) to define and police fairness in that society. Since fairness can vary depending upon environments, we suggested that having two parties in the government that engaged in recurrent "push-pull" negotiations to define the boundaries of fairness was an effective way to ensure trust in the government. I also noted that cooperative societies are potentially unstable and when a fraction of the population greater than a "tipping point" value loses trust in that government, the best strategy for everyone is to start being selfish and not cooperative. Finally, I suggested that the two biggest threats historically to trust and the stability of cooperation have been tribalism and greed.

Regulated Capitalism: The United States has always been a capitalistic democracy. Capitalism is defined as an economic system in which the means of production are owned privately and are operated to ensure the owner's profit. One alternative is socialism in which the means of production are owned by the government and operated according to principles other than the maximization of any one individual's profit. By its very definition, capitalism results in competition within markets, and therefore establishes the potential for selfish behavior that the society may not consider fair. To ensure fairness, a democracy needs to regulate its capitalism. In most democracies, it is considered unfair to steal from someone else. Such societies have regulations against stealing. The push-pull negotiations of opposing parties in a democratic government often focus on how much and in what ways capitalism should be regulated.

Our history is full of adjustments in the definition of fairness. The Civil War was fought over the widespread practice of exploiting one race of people by another to maximize the latter's profit. This was finally recognized as terribly unfair. During the early 20th century, it was decided that the efforts of large fiscal monopolies to stifle competition were unfair, and the government was charged with breaking up many of these organizations. During the great depression, Franklin Roosevelt oversaw the creation of welfare systems paid for with progressive taxes that helped ameliorate what was perceived as the unfairness of financial inequalities. The logic was that while merit and effort certainly played big roles in capitalistic success, so did chance. To offset the bad luck of some, the more successful and wealthy individuals were asked to help their fellow citizens get through difficult periods. In these and many other cases, our democratic government has periodically re-defined what is fair by regulating capitalism. And in every case, the new regulations caused someone to lose profits they had previously enjoyed, whereas others gained some kind of profit that they had previously lacked. While the latter were generally happy, the former were not, and this has resulted in persistent pressure to roll back any kind of capitalistic regulation. Maintaining fairness will thus always elicit social tension in capitalistic democracies.

Freedom versus Regulation: The American Revolution was fought to achieve freedom from domination by Great Britain. Despite slogans used at the time such as "Freedom or Death!", our founders never intended to replace the existing social order with an anarchy in which nobody had any constraints on their behavior. On the contrary, they spent a lot of time constructing a set of

rules and regulations that limited possible behaviors. This starts with our Constitution and extends on to the laws which are passed by Congress and signed by the president. In most societies, there is also a body of customs that are not written into law but which citizens are expected to honor. This includes common courtesy and respect.

There is thus a trade-off between freedom and regulation. We can think of it as a slider control: moving the slider to favor more regulations will reduce individual freedoms: moving the slider to fewer regulations will increase individual freedoms. Is there an optimal location for the slider? At one extreme are theocracies and dictatorships where nearly everything is regulated, there are few remaining individual freedoms, and the criterion for the rules has little to do with fairness. At the other extreme are the libertarians who seek to minimize any regulations or customs that limit individual behaviors. I can think of only two reasons why someone would argue for this system. The first is that they trust that everyone will be fair to each other and no one will unfairly exploit someone else. This is dangerously naïve: anyone familiar with human history, and even their own experience, will realize that this is a false hope. The second reason is that the libertarian does not want to be constrained in the opportunities to unfairly exploit someone else. Given the potential unfairness at each of the extremes, it seems clear that the optimal location for the slider in a democratic society is somewhere between them. Negotiations over whether the slider should be moved a little higher or a little lower is what politics should be all about. United States currently has two major parties: the Democrats and the Republicans, who are supposed to, and usually have, undertaken the critical negotiations.

One other factor needs to be mentioned. If trust cannot be counted on to ensure adherence to current regulations and customs, some other enforcement is needed. Most societies therefore invoke punishments when rules and customs are violated. Violators of laws and regulations are usually punished with fines and jail time, and violators of current customs are punished with social approbation and isolation.

Republican Party Philosophy. Although the Republican Party once supported small farms and businesses, promoted higher education through land grants, and pioneered retirement programs with pensions for Union soldiers in the late 19th century, it gradually turned its major attention to the promotion of big business as key to the United States' prosperity. By the 1920s, big business was doing fine, but many were rife with corruption and the lower strata of society were not doing well at all. It could hardly be called fair. The Depression and the takeover by the Democrats led to a shift in the slider to more regulations, less freedom by big businesses to exploit their staff and customers, and the initiation of a taxation system that hit the rich hardest and use the funds to support people who needed help or medical support.

Republicans have continued to oppose most of these New Deal changes. They argue that successful capitalism requires "free markets", that regulations "hurt" business, and that welfare programs undermine the motivation by workers to succeed by merit instead of handouts. They resent the taxes which take some of the money they have earned and re-distribute it to those in need. They believe that privately owned services are more effective and economical than government sponsored ones. In support of their positions, they have advanced theories such as supply-side economics, which claims that low taxes on the rich encourage the rich to invest in productivity and the resulting profits trickle down to the poor.

The alternation between Republican and Democratic administrations and Congresses during the

last 100 years provides some tests of the Republican positions. In fact, as can be seen by reading many reviews on these issues, most of the Republican positions are unsupported. The higher taxes during the Clinton presidency resulted in a much higher prosperity than the low taxes of the George W. Bush presidency. The same periods confirmed the advantages of having reasonable regulations that keep business owners from gouging customers, exploiting their workers, causing threats to health by pollution, and in some cases actually selling fraudulent products. It is no coincidence that the administrations of Hoover, Regan, and George W Bush, all of whom relaxed regulations on investors and banks, each suffered a major stock market crash toward the end of their tenure. In each case, the unregulated environments allowed parties to build up unsupported debt and take risky chances, often with other people's money. Trusting a "free market" to do the right thing does not have a very good record. Next, the general consensus among economists is that supply-side economics does not work. The rich do not take the money that they would have lost to taxes and invested in productivity or their workers. Finally, comparisons between countries make clear that government sponsored welfare programs can be much cheaper and more efficient than privately owned ones.

Still, for four decades after World War II, the push-pull negotiations between the conservative Republicans and the liberal Democrats to adjust the slider seemed to stay within reasonable bounds. In part, this was due to a shared commitment by both parties to protect the integrity of the country as a whole despite any differences. Both could be fiercely nationalistic when the country was threatened, and invariably teamed up to deal with any danger. But then things changed....

It's the money, Stupid! There were two major periods when changes became clear: the first was the presidency of Ronald Reagan, and the second was the presidency of Donald Trump. In both cases, a lot of subtle shifts occurred in the decades before their presidencies and it was only when they became Presidents that the cumulative shifts coalesced and became obvious. Regan was the first president to try to impose the Republican agenda listed above on the US economy. He severely cut taxes on the rich and slashed government welfare efforts for the poor involving housing, unemployment, unions, and the minimum wage. He was a strong proponent of supply-side economics, and of the notion that the poor had only themselves to blame for the messes they were in. While his support for business did help pull the United States out of the severe recession that he inherited, the unemployment rate basically went back to what it had been before the recession, the middle class did not gain in mean income, and national productivity did not really recover until 15 years later. Overall, the only lasting effects of Reaganomics were a significant increase in the discrepancy between the rich and the poor, and a more widespread acceptance of the belief that anyone, (but particularly white men), has the inalienable right to make as much money as they could get away with. And the biggest hurdles to achieving that goal were regulations.

As we noted in our prior essay, **greed** is one of the two key threats to the stability of a cooperative democracy. It is particularly dangerous because increases in greed have a built-in feedback factor: as more people around you get away with greed, you may be tempted to do the same because you want to get rich too, or if enough people are being greedy, you may feel you have to do the same just to keep up. Once a cooperative society has a high enough fraction of greedy citizens to pass the tipping point, it becomes very difficult to stop the subsequent slide to an all-selfish society. Once Reagan sanctified greed, hordes of selfish people began working to undermine or eliminate as many regulations and limiting customs as possible. Big companies saw their opportunity and began pouring millions of dollars into the lobbyists in Washington and into the campaigns of sympathetic Republican candidates. Rich financiers like the Koch brothers invested large amounts

of personal money in promoting conservative candidates at state and local levels to start a grassroots attack on regulation. The newspaper mogul Rupert Murdoch created Fox News to brainwash the public into believing regulations on businesses were immoral and a barrier to their also getting rich.

With the promotion of greed and the demands for deregulation already well underway, the Republican Party then began employing the second critical threat to cooperative democracies, tribalism. They probably did not do this in an attempt to destroy our nation, but they did do it in an attempt to attract new voters who traditionally voted Democratic. Tribalism, like greed, is a recurrent if not inherent tendency in human beings. It probably had a useful function when human populations were sparse and broken up into small "tribes" that competed for territories or limited resources. History is full of tribal conflicts whether the tribes were ethnically defined or based on religions or nationalities. And like greed, tribalism begets more tribalism: people harassed because of their affiliations or ancestry will typically fight back against the aggressor tribe, generating another feedback loop.

Several circumstances allowed the Republicans to leverage extant tribalism to attract former Democratic voters. The federal government, particularly Democratic administrations, undertook major efforts during the second half of the 20th century to eliminate Jim Crow and promote integration in the American South. A liberal Supreme Court also contributed. Southern whites who oppose these changes easily found common cause with the minimal government /no regulations stance of the Republican party, which welcomed them with open arms. As noted earlier, the discrepancy in wealth between rich and poor had continued to grow steadily throughout the end of the 20th century and into the 21st. To a large degree, these changes were due to successful implementation of Republican policies. But it also had to do with outsourcing of labor to foreign countries and rapid changes in technology. While the rich were relatively happy, the poor were increasingly unhappy and even angry. The Republican Party appealed to their tribalism by suggesting possible scapegoats for their misery. These included any kind of immigrant who could be accused of competing for jobs with the poor. Muslims, Latin Americans, and Asians were all sufficiently different from poor whites to trigger tribalistic feelings. Poor whites who had lost jobs due to outsourcing and technological change also resented well educated people who had mastered the technologies and still had jobs. This allowed the Republican Party to blame the "elites" thus creating another tribal friction. Finally, given the spread of secular culture in the United States in recent decades, evangelicals and many Catholics felt threatened. The Republican Party without affiliating with any particular religion took a supportive stand against abortion thus encouraging certain religious groups to affiliate with the Republican tribe. Since many of these groups felt constrained by regulations that honored religious diversity and would not let them promote their particular religion as aggressively as they had in the past, they also found common ground with Republicans in the desire to roll back constraining regulations and customs. Financial and religious Republicans could thus commiserate with each other in longing for the past when both had a greater influence in society.

Building on the prior efforts by the Party, Donald Trump ran for President, playing both the greed and tribal cards in explicit and aggressive ways. In addition to exploiting the strong feelings that were already widespread, he concentrated on building a cult of personality using his skills learned on television. Whereas prior Republican candidates only skirted the laws and regulations while adhering to customs of civility, Trump derided many of the limiting customs as well as all the regulations. He thus pushed the nation as close to an all-selfish society as has ever happened in our

history.

What has happened to the Republican Congress members who were once willing to pursue push-pull negotiations with Democrats to keep the country united? The majority have been replaced or have themselves shifted away from cooperation to pursuing political power at whatever cost. Although both parties have engaged in gerrymandering, Republicans have recently taken this to a new extreme. They have also pursued a variety of mechanisms to limit or deny enfranchisement of opposition voters, contested any election that went against them, and flooded the media with falsehoods. Some may actually believe their policies are correct and the others are wrong. But when you peel back the verbiage, the only policies they are really pursuing are the elimination of regulations and the maximization of profits. Economic growth is seen as the ultimate goal of all their policies, but unregulated growth invariably benefits the rich at the expense of the poor, leads to pollution and corruption, and in many cases causes the economic system to be unstable and crash. As has been said before, power is money, and money is power. When you cannot figure out why some current Republican politician proposes some new action, look to who will benefit financially. Particularly in the US Senate, most members are very well off financially and are affiliated with outside businesses. And in the Trump administration, there was a steady rotation of individuals between the government and the pool of lobbyists working in Washington. Trump even favored those lobbyists and business leaders who had the clearest conflicts of interest with their jobs. There could not be a more glaring indication of the pervasiveness of greed as a driving force. In short, by introducing greed and tribalism to gain power, the Republican Party has broken the social contract that made them a part of a cooperative democratic society.

A Return to Regulated Capitalism.? We hope this has made the case clear why the optimum position for the slider is somewhere between libertarian anarchy, which always enables dangerous cheating, and strict authoritarianism, where nobody gets to choose what they do. Despite critics claims to the contrary, regulated capitalism is not the same as socialism. Regulated capitalism is based on private ownership and the accumulation of profits. However, the search for profits must be fair to other people without gouging, cheating, taking risks that could undermine the entire economy, causing pollution that poisons the rest of society, or introducing tribalistic biases. It can also be argued that since chance will always play an important part in financial success, it is most fair to everyone to have some sort of buffer in which the unsuccessful get a second chance through help from the successful. The position of the slider with respect to welfare will always be contested, at least by those who pay more into the system. However, that is precisely the kind of issue that is best decided by push-pull negotiations, and not by one party taking over all power. The Republican Party has lost sight of where it really belongs in a democratic society. Perhaps the best solution is to replace it with a new conservative party that values cooperation and continued integrity of the nation.

This still leaves the problem that there is a large fraction of the American population that no longer trusts government and has been persuaded that greedy and tribal behaviors are not bad things. Pushing the fraction of greedy people back past the tipping point will not be easy. However, the fact that more than half of the voters favored the more cooperative stance of the Democrats in the 2020 election suggests that there is a good starting point. Cooperation has evolved out of relative anarchy in the past. Let us hope that it can be done again.