



Saturday, October 27 2012

## **Vote and us**

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On November 6, Americans choose their President. They will also decide the future direction of the world in next four years.

Not an exaggeration.

Think what would have happened if the Democrat Al Gore had become the American President and not the Republican George W. Bush in 2001. Maybe “weapons of mass destruction” would not have been found and no war with Iraq!

### ***Issues over jobs***

There are sharp differences on issues of bread and butter: jobs in America. The debate spotlighted their differences. The Republican candidate Romney said if elected, he would declare China as currency manipulator. By dumping cheap goods on the American consumer, China is taking away jobs, so he would impose tariffs on Chinese goods.

The ideological differences are more fundamental.

The *Christian Science Monitor* refers to a new book, *The Gamble* on the US Presidential elections by John Slides. Slides notes: “The policy differences among the candidates – particularly with regard to the role of government – are stark and important.”

President Ronald Reagan is the guiding force of the conservative Republican platform. He famously remarked on assumption of office: “Government is not the solution to our problems; government is the problem.”

### ***Key Differences***

Democrats believe government can play a compensatory role, when private sector is hesitating. President Obama’s response to the recession was in terms of a huge stimulus plan of a US\$768 billion package. It included tax cuts and investments in education, infrastructure, energy research, health, and other programmes. He also bailed out the US auto industry. His future plans, if re-elected, include cuts in taxes for most Americans; repeal of Bush-era tax cuts for households making more than \$250,000 a year; and an increase in the effective tax rate paid by millionaires.

Romney is opposed to government spending. His opposition to auto bail out is well known. One of his first Presidential acts would include repealing Obama’s 2010 health plan; and 2010 Wall Street banking regulations which he claims is stifling economic growth. He would

make all Bush-era tax cuts permanent. He would further cut individual income tax rates; repeal estate tax and reduce corporate income tax rate.

### *Did fiscal stimulus work?*

With all best intentions, choice of investment projects is problematic. If politics enters, failures are ascribed to cronyism. Two energy projects were singled out. In 2009, a company by the name of Solyndra with the objective of manufacturing cylindrical solar panels received a US\$535 million government loan guarantee. But, fall in price of solar panels led to company's bankruptcy. Democrats were quick to point out to Romney's own decision: when as governor of Massachusetts, he funded solar-energy firms, including Konarka, which declared bankruptcy in June.

American society is based on rugged individualism. Big government took shape in the fight against the Great Depression of the 1930s. President Franklin Roosevelt set up the Social Security Administration in 1935 for welfare programmes. Today, it dominates government spending about 40%.

As a ratio of GDP, it is 24% of GDP. Romney wants to cut it to 20% by 2016. Until recently, he was a moderate Republican. Obama's health plan is patterned after Romney's own.

Romney is influenced by extreme conservatism.

Early last century, the Republican President Theodore Roosevelt had to face similar extreme conservatism in his own party. In a speech in Osawatimie, Kansas State in 1910, a frustrated President Roosevelt declared only a powerful federal government could ensure social justice.

Exactly 101 years later, in December 2011, Democrat Obama made a symbolic journey to Osawatimie and reiterated the message of the Republican President Roosevelt that government is a force of social justice.

### *At the crossroads*

In our region, where private sector is weak or at nascent stages, the concept of a supportive government role in terms of providing public infrastructure and energy and transport is not new. In America, public investment has to continue, if it has to lead the world.

Obama made it clear.

China will have to rely on low wage exports. To be on the cutting edge of development, America has to be ahead in high technology and rely on high-tech intensive exports. Public investment will be in education at all levels and research. They will create jobs.

This week, BBC recalled the words of historian Robert Dallek:

“Theodore Roosevelt talked about a Square Deal, Franklin Roosevelt a New Deal, Harry Truman a Fair Deal, Lyndon Johnson the Great Society, John Kennedy the New Frontier and Ronald Reagan the Reagan Revolution.”

Whose vision will prevail now: Romney's or Obama's?

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