

Populist Libertarianism: The Economic Lesson of the Fall Elections
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President Bush finally, this fall, lived up to his promise to be a unifier. He single handedly united liberals, social conservatives and fiscal conservatives against him and in the process destroyed his party's majority. Most of the attention was focused on the role of opposition to the Iraq War as the driving force of the Democrats' victory and that may be so. But the returns also tell another story, an economic tale of voters rejecting big government (and the corruption it spawns) and globalization. In short, there was a strong tide of populist libertarianism that swept the polls.

Much of the public's perception of Washington has been formed by two factors. The bribery scandals that centered around Jack Abramoff and the burgeoning practice of earmarking (taking my money to buy votes in their districts). Combined with the record and persistent Federal deficit, these painted a picture of government out of control, foraging across the country like Sherman's army in Georgia, expropriating private property to feather their own nest of build public monuments in their constituencies. It's a picture the voters grew to hate.

The main cause of the problem of kleptocratic government, ironically, lies with those apostles of small government, the Republicans. In total control of a government they despise, and unable to shrink it to their satisfaction (cutting taxes didn't work), they decided to loot it. The Democrats, seeing a free pass, followed their lead. By election time, being from Washington was a real liability. Having supped with Jack Abramoff was a death sentence.

Conrad Burns in Montana felt the sting. He lost a Senate seat that was given to the Republicans when Moses came down from Mt. Sinai, and should have remained in their hands forever. Katherine Harris, whom many learned to hate in 2000, lost whatever slim chance she had for a Senate seat when she was tied not only to Abramoff, but also Duke Cunningham. And so it goes. But once on a roll, the voters couldn't stop, striking down all over the country referenda that would have increased the government's control over the lives of ordinary Americans.

I would not attempt to claim that this turn against Washington is a movement. Rather, it's a significant straw in a gathering wind. My guess is that over the next several elections, the Congress will include more people like Jeff Flake of Arizona, people who stand against big government, the squandering of the people's money.

The strain of economic populism in the election is more troubling to the Democrats, and it's a problem they may not overcome. The process of economic globalization has been going on for decades, but it picked up steam and was

abetted during the Clinton Administration. It was then that NAFTA was passed and the Group of Six grew to seven and then eight. Most economists will tell you that everyone is better off if free trade is the prevailing regime in the world economy. But free trade hurts manufacturing workers in countries like the United States because it diverts their jobs to lower cost areas. Without some alternative employment, they face economic privation.

In every race where trade was an issue, the winning candidate was on the side of resisting the globalization of the economy and protecting the American worker. Not unexpectedly, the issue was strongest in the industrial heartland. In Ohio, the Senate race pitted Democrat Sherrod Brown, an outspoken economic populist, against Senator Mike DeWine, an advocate of free trade. Brown won handily in the state hit hardest by the American role in the world economy. In Michigan and Indiana, similar results occurred. Even in Virginia, in a Senate race as low and mean as anyone can remember, Jim Webb used populist rhetoric to unseat George Allen.

The problem now for the Democrat governing majority is to balance its overt commitment to free trade with the growing faction of resisters in its ranks. The government has, for over a dozen years, committed this country to be a leading actor in an ever more integrated world economy, but has not provided the training and education needed to create substitute jobs for the ones lost. There are a bunch of new legislators coming to town determined to shut down the globalization process if they don't do it now.

We are marking the election of 2006 as significant because both houses of Congress changed hands. We view it as a telling referendum on our involvement in Iraq. But I think that, at some point in the not so distant future, we will look back and see this as a watershed event, the beginning of a change in the way government intervenes in the economy and in the lives of its citizens.