

# Our Views: The market and politics



## Advocate Columnists

- [Smiley Anders](#)
- [Pat Shingleton's Weather](#)
- [Ed Cullen's Attic Salt](#)

## Syndicated Columnists

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[Craig Crossman](#)

[E.J. Dionne, Jr.](#)

[Dr. Peter Gott](#)

[Carolyn Hax](#)

[Froma Harrup](#)

[Hints from Heloise](#)

[Jim Hoagland](#)

[James Kilpatrick](#)

[Jules Witcover](#)

[Michelle Malkin](#)

- Advocate Opinion page staff
- Published: Mar 3, 2011 - Page: 8B

## [Comments \(19\)](#)

In some quarters, Charles G. Koch is the new villain of American politics. His family fortune bankrolls libertarian causes and is a major funder of Republican candidates.

For liberals, he is an evil mastermind with a huge bank balance for anti-government causes, not to mention a GOP funder. But for some Republicans in the party establishment, he's almost equally as much trouble: Koch and other libertarians espouse free-market capitalism that is seen as extremist when it champions ideas such as legalizing

marijuana and keeping the government out of Americans' bedrooms, or opposing restrictions on Americans' freedoms in the Patriot Act.

If he's a big backer of Republicans —cheering on the union-busting Gov. Scott Walker of Wisconsin, for example — he's also an iron fist that does not fit neatly into the Republican glove.

Appropriately enough, The Wall Street Journal gave some space recently for the bumptious billionaire to get a few things off his chest.

We like his calls for serious attention to “necessary cuts in military and entitlement programs” — three-fourths of all federal spending. Democrats and Republicans have been responsible for America's growing debts, Koch said. But he also denounced some of the common sins of government — not least, the “crony capitalism” that seeks to use government spending to pick winners and losers in the economy.

That is one of the reasons that, while the libertarian Cato Institute applauded Gov. Bobby Jindal's stand against new state taxes, it faulted him as well. The institute added that Jindal would have been applauded even more had he not pushed for tax credits and exemptions for favored industries, whether movies or digital media — much less huge grants to companies smelting iron or gutting chickens.

“Too many businesses have successfully lobbied for special favors and treatment by seeking mandates for their products, subsidies (in the form of cash payments from the government), and regulations or tariffs to keep more efficient competitors at bay,” Koch said.

“Crony capitalism is much easier than competing in an open market,” Koch said. “But it erodes our overall standard of living and stifles entrepreneurs by rewarding the politically favored rather than those who provide what consumers want.”

Clearly, this is a free-market analysis that challenges just about every “incentive” program that the state government of Louisiana uses to attract new business, and to polish the images of the politicians “creating” jobs.

As Koch said, crony capitalism is a virus because its effects are felt throughout the economy. Lest he be accused of hypocrisy, he said his companies' far-flung interests require them to participate in the system even as he wants it to change. Louisiana's industry hunters argue that they are playing the hand that the system deals, that many companies don't talk to a state or a locality unless there is some sweetener — what can more honestly be called a bribe — on the table up front.

A purely libertarian approach to government is simply not possible, in our view.

The problem with libertarianism is not the power of its indictment of statism but the fact that most people are not billionaires. People without great wealth do not have the perfect freedom of action to avoid the emergencies of life. However much most of us believe in free markets, significant practical obstacles remain to the libertarian philosophy in action.

But when Koch talks about crony capitalism in such cutting terms, a billionaire has some standing to make traditional conservatives take notice.

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