

NATIONAL REVIEW

Disneyland's Republicans: Anaheim GOP Must Abandon Crony Capitalism

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It is understandable that many Republicans around the country may not have any interest in Anaheim, Calif., at all, unless they are planning a trip to Disneyland. Anaheim has a population of 350,000, making it barely even the largest city in Orange County (it ekes past Santa Ana by a few people) and only the fifth-largest in Southern California. It is essentially known for the famed theme park and a professional baseball team that 15 years ago decided to start calling itself the “Los Angeles Angels” despite being in a different county, let alone a different city.

But Anaheim has become a sort of perfect encapsulation of what I believe to be the single most important issue that will face conservatives in their efforts to win the hearts and minds of independent, Millennial, and minority voters in the years ahead: crony capitalism. The list of Anaheim's infractions over the last couple of decades would be comical if the price tags were not so high, but this boondoggle of projects, giveaways, and public waste is anything but funny. And while Anaheim may feel irrelevant to most center-right voters outside of California, the chances that your own city and county do not face issues of equal consequence are very low.

It would be easy to blame the Walt Disney Corporation for this mess, for indeed the company has asked for a lot from the public treasury, and it has received. Disney has also spent unfathomable amounts of money on puny city-council races, giving \$1.22 million to political-action committees for this purpose in the 2016 election alone. But the primary blame lies with those giving away the public funds.

“Disney really contributes very little [to Anaheim's economy] given the size of the company relative to the city,” the urbanist writer Joel Kotkin told *Governing*. “It's a problem when you have a gigantic company in a poor town and you can buy the politicians,” he added. “Disney has done a very good job of buying politicians.”

The efforts of Disney and its lobbyists to pursue waivers of certain tax policies, or subsidies from public tax dollars, may have worked to create connectivity with certain politicians, but it did not work to create goodwill with voters. It strikes many rank-and-file citizens as absurd when a city struggling with hundreds of millions of dollars in unfunded pension liabilities provides economic relief to a corporation that earns \$9 billion of profits on \$55 billion of revenues. Morally absurd. Economically absurd. And politically absurd.

This explains the success of the city's fearless current mayor, Tom Tait — a longtime conservative stalwart, property-rights advocate, and respected businessman who's held the position since 2010. Disney recently had to walk away from its \$267 million hotel subsidy to build a new four-star hotel. The pressure in the community, but more important the political chess-playing of Mayor Tait, forced Disney's hand. Taxpayers can celebrate, and Disney can now do what we have long figured for-profit companies are supposed to do in the course of their business — conduct cost/benefits analyses in pursuit of their own business interests, divorced from public welfare.

But Tait has reached his term limit. Anaheim's city-council elections in November will feature a race for a new mayor, where a well-heeled, subsidy-loving cronyist Republican is running against a Democrat and another Republican who lacks the financial resources to wage a big campaign, but who has tapped into the city's horror at corporate welfare. The default position of many Republicans is "one Republican can't win, and the Democrat is unacceptable, so we must support the well-heeled subsidy-loving cronyist Republican to secure this city council as Republican-led." The logic has an appeal to it, I understand, but I believe it is 180 degrees from the actual truth. When conservatives decide to accept a Republican whose ideological commitments go no further than the lobbyist standing in front of him with a checkbook, the result will be a generation of lost elections. We will know more in November, but I suspect Anaheim is already lost for two years, four years, or maybe even longer. The damage a "Republican" cabal of local electeds did from 2006 to 2016 is unthinkable to so many citizens of Orange County, and it ought to be unthinkable to those who value conservative dogma.

This article is unnecessary as a mere reiteration of the evils of crony capitalism, of government picking winners and losers, and of the sheer evil in an unholy trinity of corrupt local officials, paid lobbyists, and corporate interests. From Charles Koch to the Cato Institute to the Heritage Foundation to Fox News (back when the topic was Obama and Solyndra), conservatives have generally known the evils of crony capitalism and repudiated the coziness between specific business interests and elected bureaucracy. Adam Smith loathed this reality 250 years ago. Jay Cost has written masterfully of the plague in his masterpiece, *A Republic No More*. My argument is not merely for a restoration of a truly conservative view of government's relationship with business, one rooted in a friendly tax and regulatory environment, *for all*.

Rather, my argument is specifically for the *politics* of repudiating crony capitalism — both the positives that will come from principled repudiation, and the wailing and gnashing of teeth that awaits us if we don't get this right, now. Voters no longer buy the argument that "when politicians give special favors away to certain well-connected companies, the public benefits because of the new revenue these projects represent." The reason voters do not buy it is that it is ridiculous to think that companies in the business of building hotels will all of a sudden stop building hotels, or that theme-park businesses will not enhance their theme parks, without handouts from public treasury. The revenues politicians promise in exchange for these corrupt

alliances are revenues that would be coming anyways, because that is the business these businesses are engaged in. Voters can comprehend this logic without the influence of self-interested propagandist lobbyists. Voters have said “we won’t get fooled again,” when taxpayer handouts have time and time again not resulted in the bells and whistles companies on the public dole promised.

Underneath the surface of this discussion is not a philosophical fight over public-private partnerships, but rather corruption and greed hiding behind a Republican brand. Politicians receive continued financial support to support special corporate interests, and lobbyists receive success fees to drive home insidious handouts. From special zoning allocations to granted waivers to special tax subsidies, local elected officials are finding themselves in the role of doing their masters’ bidding. For the Left, that has more often than not meant giving the public-employee unions what they want, for years. The Right has been wise to hammer this point home, and the ability to paint the Left (again, accurately) as stooges of corrupt municipal unions resulted in tremendous electoral success in such states as Wisconsin, Michigan, and Illinois. Left-wing cities are currently falling over themselves to give the trillion-dollar-market-cap Amazon all the toys in China to come set up an office in their city. And guess what? Right-leaning cities want in on the action, too. This is shameful, and politically tone-deaf.

From Tesla’s unfathomable demands of federal, state, and local officials, to Amazon’s high-profile beauty-contest debacle, to Disney’s hotel subsidies, to small-town real-estate giveaways, one party has a chance brand itself as a party of opportunity, of freedom, and of truly free markets. The Republican rhetoric, ideology, and tradition are most in line with this view. When Republicans advocate a little “thumb on scale” here, and a little “public-private partnership” there, they dilute their brand, and they are doing so irreparably. They are missing a generational opportunity to communicate to Millennials, minorities, and independents that they are not a party of big business, of cronyism, and of special interests.

My advice to conservatives in Anaheim? If your crony-corrupt “Republican” candidates lose these November races, you just might actually win the war. We are never faced with a choice between a cronyist Republican and a Democrat. We always have the chance to play the long game. Right now, the long game that will protect or create Republican majorities, from Orange County, Calif., to the Eastern Seaboard, is to refuse to associate conservatism with cronyism. Voters are going to make the choice for us if we don’t do it first.