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RAHN: Conflict-of-interest bugaboo

Media only mind when donors are conservatives

By Richard W. Rahn

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What is the most corrupting institution in society? Quite simply, it is government, because it controls and distributes more money to more people and institutions than any other single entity and it has the power to coerce and punish or reward that dwarfs what any private party might be capable of doing.

Now that we are in the midst of the political season, we are constantly being warned by the establishment media about the dangers of businesses donating to political candidates either directly or indirectly. In recent weeks, there have been at least two major hits in the New Yorker and New York magazine on businessmen [Charles \(/topics/charles-g-koch/\)](#) and [David Koch \(/topics/david-koch/\)](#) and their roles in supporting candidates who oppose the policies of President [Obama \(/topics/barack-obama/\)](#) and the Democrats, as well as for supporting free-market think tanks and grass-roots organizations. Yet, at the same time, the articles note that the brothers have given far more to cultural institutions and events than they have to their political causes. Through factual errors, exaggerations and insinuations, the [Koch \(/topics/koch-industries-inc/\)](#) brothers are portrayed as a great danger to the "progressives." Ah, if only it were more true.

Because the [Koch \(/topics/koch-industries-inc/\)](#) brothers happen to believe in free enterprise, lower taxes and less regulation, they are accused of self-dealing because those would help their businesses. Yes, it is true that lower tax rates on labor and capital would spur economic growth and job creation and just might make [Koch Industries Inc. \(/topics/koch-industries-inc/\)](#) and most other businesses more profitable. How terrible.

On the other hand, [George Soros \(/topics/george-soros/\)](#), who gives even more money to the Democrats and left-leaning causes, is treated as a benevolent hero. [Mr. Soros \(/topics/george-soros/\)](#) made his money in financial bets against the success of government policies (i.e. shorting currencies); he was betting on economic failure and, in one case at least, with inside information. The Kochs, by contrast, have companies that produce products that are useful to people, such as carpets and paper towels. The Kochs have a vested interest in the success of the American and world economy. Too bad [Mr. Soros \(/topics/george-soros/\)](#) cannot say the same.

The Kochs are knocked hard because they are skeptics about the effects of global warming, and some of the proposals to "stop global warming" would indeed hurt their businesses. It is also true that more environmental scientists say that global warming is a problem than not. But if you omit from your sample all of those environmental scientists who are on a government tab - salary or research grant - and those relatively few environmental scientists who are on the tab of an oil company or some other vested private industry, you are likely to have a much smaller ratio between those who agree versus those who disagree about global warming. If you are a professor at a state university and write a research paper showing that global warming is not a problem, how long do you think your government funding will remain?

The MSNBC TV network is the home of many commentators who advocate bigger government and strongly support the [Obama administration \(/topics/presidency-of-barack-obama/\)](#) and congressional Democrats. General Electric (GE) owns MSNBC but is in the process of selling it to Comcast, the cable company. GE is also one of

the nation's largest defense and civilian contractors and owes much of its sales and profits to those government contracts. Could there possibly be a conflict of interest?

Much has been written about how most universities no longer have significant political diversity among their professors. Almost all are in favor of more government spending. At the same time, federal government funding of the universities, and even the students, has been growing as a total share of higher education and, particularly, grant revenue. Does anyone see a conflict of interest?

The political class and the media decry the growth of lobbyists in Washington. Yet why is it so hard to understand that as government increasingly gives away more money and dispenses more favors, it attracts greater numbers looking for those benefits? Why do most major universities, including public, employ Washington lobbyists? Union leaders have been lobbying for "card check," which, in its essence, is an undemocratic way of increasing union membership. So, as everyone knows, the unions have been making major campaign contributions in order to buy votes for this foul proposal. Yet those members of Congress who take union money and then turn around and vote for card check will claim, with at least partially straight faces, there is no conflict of interest.

This past week, the government announced a record jump in the number of Americans living in poverty and being forced to take government assistance. Most knowledgeable people correctly understand that lower tax rates and fewer economic regulations result in faster economic growth and more well-paying jobs - and less poverty. The [Obama administration\(/topics/presidency-of-barack-obama/\)](#), despite claims of caring about the poor, has initiated a series of policies - higher taxes and more regulation - that guarantee a huge increase in those dependent on government. Who has a vested interest in more people being dependent? As the old saying goes, any politician who promises to tax Peter to give to Paul will always have the support of Paul.

Richard W. Rahn is a senior fellow at the Cato Institute and chairman of the Institute for Global Economic Growth.

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