

What if all businessmen were as dedicated to free markets as the Kochs?

BY MARK TAPSCOTT, Editorial Page Editor

Among the biggest obstacles to restoring American freedom and prosperity is the fact too many corporate executives are all too happy to play footsie with government bureaucrats, usually in an attempt to gain a competitive advantage over competitors.

Consumers - and taxpayers - are always the biggest losers when Big Government and Big Business get in bed together.

One result is that instead of having to put consumers first, the corporations put the bureaucrats first. Prices go up, the quality of service goes down, and not infrequently corruption eventually results (See Enron and cap-and-trade, for example).

But there are honest leaders in the corporate world who go a different way. Charles and David Koch of the Wichita-based Koch Industries are among the preeminent examples of such men and women.

They've built one of the world's largest private corporations based on the principles of free markets and competition.

For more than 40 years, the Kochs have also been aggressive supporters of those principles in the public policy arena, a fact that always flusters critics of economic freedom.

Most recently, the Kochs have been portrayed by some as part of a sinister cabal funding the Tea Party movement - a movement they applaud for its dedication to constitutional principles.

In the interest of setting the record straight, I asked Dr. Richard Fink, who heads the Charles G. Koch Charitable Foundation and serves as an executive vice president of Koch Industries, Inc. about Koch's role in the tea parties.

He could have just given me the usual PR fluff in response, but instead Fink provided frank answers to questions about what the Kochs actually support and why.

American politics and the economy would be infinitely better off if everybody in the business community would follow the Koch way.

Q: Koch has spent millions supporting scholars and advocates of economic freedom. Why?

A: Because decades of the study of theory and history have shown that economic freedom and market-based policies create the most opportunity and prosperity.

This is especially true for the poor, who are far better off in free societies. Years of enquiry and research confirm that economic freedom fosters productivity and innovation.

These, in turn, lead to better environmental protection, health and quality of life. It's true that societies based on individual freedom and markets, guided by the rule of law, aren't perfect. But they far outperform all known alternatives.

Q: What has been Koch's role in furthering these ideals? Has it changed over time?

A: Our first focus was on discovering what makes societies thrive over time. To do this, we sponsored systematic interdisciplinary research into understanding the conditions that allow individuals, institutions and societies to best provide for the overwhelming majority of people.

A second focus was on understanding why successful organizations and societies often undermine their own prosperity by instituting

policies that undo what originally made them prosperous.

And why do some relatively poor societies enact policies that improve their position while others stagnate?

We've tried to help people understand and apply the lessons of history so they can respond to society's challenges with better, more productive policies.

We see investments in the sciences as a means to an end: to make the world a better place. That goal never changes.

Q: Do you think you've made much progress toward that goal?

A: We certainly have helped develop better knowledge. More professors, programs, policy institutions and citizens understand what makes societies prosper than ever before.

However, if you look at the past 10 years - with the expansion of government bureaucracy and spending and a debt burden that threatens to bankrupt us all - it's clear we are losing ground.

We are no longer generating greater prosperity for society as a whole. We will continue to lose ground until government policymakers understand and are committed to fiscally responsible and productive policies.

Q: You are an economist and former professor. No offense, but neither of those is known for driving results or implementing tangible solutions. How do you respond to that?

A: Great point. Many of us with university or think-tank backgrounds often struggle to successfully move from theory to practice. Bridging the gap between theoretically sound ideas and productive solutions is challenging.

That's why we need more people who have practical, problem-solving experience and understand the critical role of economic freedom. This is especially true for those in government.

Q: To really get things done - to pass policies or deal with crises - doesn't day-to-day governing require elected officials to compromise their idealistic commitments?

A: That's a slippery slope. Those who compromise in the name of pragmatism usually end up with the opposite of what they were trying to achieve.

The same is true for dogmatists who insist on theoretically "pure" policies. Such policies are rarely implemented, but when they are, they often undermine most of what their advocates were trying to achieve.

For example, after the fall of the former Soviet Union, well-meaning economists advocated the immediate deregulation of prices.

This was theoretically correct, but since the government still controlled the means of production, there was no real competition. Consequently, prices went through the roof and citizens were harmed.

To really solve problems, we must remain principled and pursue solutions that are well thought out and can be implemented. We call this principled entrepreneurship.

The best approach is to stay true to our constitutional principles of liberty and personal responsibility while insisting on practical policy solutions.

Q: Are you saying that policymakers, even if they have noble goals in mind, are hurting society by trying to help it in ways that you say would compromise economic freedom?

A: Unfortunately, many of the "new" or "progressive" policies being promoted here in the U.S. are old ideas that have failed throughout history.

Because policymakers of both parties have strong short-term incentives (getting re-elected), they tend to create programs that undermine long-term prosperity.

That is why discussions of economic freedom and fiscal discipline are essential. Citizens must hold their lawmakers accountable for upholding the constitutional principles that helped our nation become productive and prosperous.

Q: So how do you feel about the Tea Parties and other activist groups weighing in on policy matters these days?

A: It is a very positive development that so many citizens have chosen to express their concerns about government growth and over-spending.

They are drawing attention to issues that are critical to the future of our country. Too many societies have allowed government burdens to drag down their standards of living, especially for their poorest citizens.

Citizens must become much more active and involved if our trend toward economic ruin is to be reversed. It's truly a bipartisan problem.

Our nation needs more people defending our constitutional principles in an effective and civil manner. Free societies depend on such dedicated efforts.

Q: What about the accusations that you are driving these activities – that they're corporate-sponsored 'astro-turf' rather than real grassroots movements?

A: That's nonsense. It's clear from the very personal and passionate expressions of concern at these events that they haven't been scripted or orchestrated.

Tea parties reflect a spontaneous recognition by people that if they do not act, the government will bankrupt their families and their country. They're absolutely right about that.

Now, if our work over the past 30 or 40 years has helped stimulate some of those citizens who are becoming more active, that's great, but it's a far cry from pulling strings.

What we have done is support the Americans for Prosperity Foundation, which has been active in various forms for nearly 30 years.

David Koch has been a steadfast supporter of that foundation, though Koch-related funding of AFP and the foundation has amounted to a small percentage of their overall funding in recent years. That's a testament to their broad appeal.

AFP and its state chapters have begun collaborating with tea party groups, and we're in favor of any group willing to constructively address irresponsible government policies.

Q: But how do you answer those who cite your support for AFP or others as evidence that you're just out to derail today's progressive agenda or the current administration's proposals?

A: There is nothing progressive about bankrupting our nation, and we believe proposals that are going to undermine our nation's future need to be derailed.

Reasonable people can differ on many things, but it defies common sense to think that our government's rate of growth is a positive thing.

It has spent and incurred liabilities exceeding the net worth of the entire nation. The past decade has clearly demonstrated that this is not a Democrat versus Republican issue.

For more than 40 years, our consistent, non-partisan commitment has been to further the study and discussion of economic freedom and our constitutional republic.

We have always pointed out the dangers of veering away from the principles that lead to prosperity. At the same time, we have always commended policy-makers from any party who

uphold our constitutional principles and support fiscal responsibility.

Q: So back to AFP and other advocacy groups... There seems to be tension among organizations that presumably share similar goals.

For example, there's a lot of discussion about AFP and FreedomWorks – much of it focused on what role Koch does or doesn't play. What's up with that?

A: We applaud anyone willing to advance economic freedom and opportunity in an effective and civil manner. We don't – and can't – support every group out there.

We've never funded FreedomWorks, but to the extent they productively advance a free and prosperous society we certainly wish them well.

Our nation is facing serious challenges and has important policy decisions to make. We'll continue to encourage robust, respectful and intellectually honest discussions of key policy matters.

We certainly hope people stay focused on the substance of these issues, so that our country can make as much progress as possible.

Q: So we shouldn't expect to see Koch shy away from its education and policy efforts anytime soon?

A: Charles and David Koch have dedicated themselves to this, and I hope to continue for as long as I'm effective.

What we need most is for more citizens to speak out about how government spending is strangling our economy. That's the best way to get more policymakers focused on the serious problems that spending and unfunded liabilities are creating for us all.

We will continue to advocate for economic freedom and do what we can to help promote market-based policy solutions as the best way to help our country thrive.

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