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Self-Demolition

By Richard W. Rahn

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Have you ever wondered why so many political, business and labor leaders engage in self-destructive acts as did former Gov. Eliot Spitzer - a k a Spitzeritis?

This last week, 27 members of Congress engaged in an act of self-demolition - 24 Republicans and three Democrats. All these members had signed a written pledge not to increase income taxes yet voted for a bill that would increase income taxes on about 325,000 small business owners.

No doubt those members who violated their solemn word will provide rationalizations for their duplicity, but the fact is 159 Republicans - most of whom also had signed the no-tax-increase pledge and were not suffering from Spitzeritis - had no trouble sticking by their promise and voted against what they considered a bad bill.

The pledge breakers seem to have forgotten what happened to the first President Bush when he broke his "read my lips, no new taxes" pledge. Breaking that pledge turned out not only to be fatal politically for the former president but also a major economic mistake by helping to cause the 1990-91 recession.

Many Republicans in Congress stay on their self-destructive Spitzeritis path by continuing to vote for wasteful spending, as demonstrated by their vote for the farm bill this past week, despite the nearly unanimous opposition of responsible public policy organizations and editorial boards clear across the political spectrum.

Unfortunately, the Democrats seem equally determined to self-destruct. They won control of Congress two years ago by promising to "restore fiscal responsibility" and "integrity." Instead, they have gone back to their old tax-and-spend habits and have done little to clean up Congress, including a failure to really stop or even curtail "earmarks." Great strategy - now they have an 11 percent approval rating as a result of their Spitzeritis. Self-destructive tendencies can also be readily observed in the business world. Jeffrey Immelt, chief executive officer of General Electric, also seems to have a bit of the self-destructive Spitzeritis gene. GE, for good reason, has been one of the world's most admired corporations, but its stock price is now roughly half of what it was seven years ago, in part due to some obvious destructive decisions.

GE owns NBC. The American public is split almost evenly between liberals and conservatives. ABC, CBS, NBC and CNN all lean to the left and hence largely split the liberal news audience between them. Rupert Murdoch, chairman and CEO of News Corp., understood this and positioned his new Fox News operation slightly to the right, and quickly grabbed the lion's share of the cable news audience.

GE, rather than try to compete with Fox by moving to the right (where there was only one competitor), went farther to the left, where there were three other major competitors, and, as would be expected, got trounced in the ratings.

It gets worse. GE's MSNBC cable channel provides considerable air time to far-left commentators, like Keith Olbermann, who consistently argue for more government spending, higher taxes and more regulation - which would seriously damage the U.S. economy, including GE's bottom line. As Vladimir Lenin said, "The capitalists will sell us the rope to hang them with."

Now, Mr. Immelt has announced he wants to sell GE's appliance division. GE has spent untold advertising dollars for more than 100 years so that every man, woman and child knows GE sells quality appliances, and now it wants to sell that operation at the bottom of the housing cycle - hmmm?

Many labor union leaders are equally self-destructive. Take the United Auto Workers, for example. Its current membership is down to less than one-third (about 465,000) of what it was in 1979. By ignoring economic realities (unlike a successful parasite), it has managed to severely damage its host companies (mainly the big three U.S. auto manufacturers) to the extent that it has destroyed a million jobs for its members and may be on the way to extinction.

If anything, union self-destructive actions continue to grow as they lobby against the Colombian free trade agreement (and others). Reality check: Most products from Colombia already come into the United States with little or no tariff. However, the Colombians place high tariffs on U.S. machinery, such as farm and construction equipment. Approval of the trade agreement would increase the demand for John Deere tractors and Caterpillar earthmovers made by U.S. unionized workers - yet the union leaders, suffering from Spitzeritis, are opposed.

Most of us have engaged in some foolish risk-taking, and perhaps mankind cannot advance without some of it. But when political, business and labor union leaders engage in repetitive acts that they well know are only likely to lead to outcomes that will harm many others, it becomes an illness, which I choose to define as Spitzeritis.

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