

EDITORIAL

Bleeding Red; Going Green

If the *Wall Street Journal* is, as its marketing campaign once proclaimed, “The Daily Diary of the American Dream,” so too is the Republican Party America’s business party. It was President Calvin Coolidge who said, “The business of America is business.”

When capitalism falters, the American dream falters, and in a case of guilt by association, the Republican Party falters too. So it is no coincidence that in the last three generations when capitalism has stumbled, the subsequent elections, 1932, 1976, and 2008, have meant success for the Democratic Party and doom for the GOP.

At the 1988 Republican National Convention in New Orleans then-Vice President George H. Bush accepted his party’s nomination with a speech that listed the economic accomplishments of the Reagan administration. The list was long, and halfway through it the Vice President seemed almost weary, at one point uttering, “You know the litany.”

Would that it was 1988 again, when a successful eight-year Republican administration washed away the sins of past administrations.

But it is 2008, and our capitalist system is no longer working — its elements, its inner mechanisms, its very definition grossly distorted over time. By not working we mean that after decades of drip-drip-drip government intervention and collusion with greedy financial schemers, a full bucket of troubles has finally sloshed over the American public. The federal government definitively tipped the bucket with its indiscriminate bailouts by company, by industry, and, perhaps yet to come, even by state.

The last 75 years of American political history is defined by two eras: the age of liberalism (1932 to 1980) from Roosevelt to the defeat of Jimmy Carter, and the age of conservatism (1980 to 2008) from Reagan to the defeat of John McCain. Ronald Reagan never would have been nominated by the Republican Party if it had been up to corporate America to choose their leader. Reagan was supported and nominated by populists, by Main Street America. The corporate elite came along for the ride, and with the election of George H. Bush in 1988 they would eventually hijack the conservative movement, and over the next two decades drain the life out of its philosophical underpinnings — including the very concept of capitalism.

Generation-long political eras usually don’t end in a pretty picture; they end with upheaval. In 1980, liberalism came crashing down with the ousting of several Democratic senatorial barons, including Birch Bayh, George McGovern and Frank Church. The carnage was awful. However, the liberal carnage of 1980 cannot compare to the carnage conservatives faced this fall as their own administration in response to the global financial crisis gave in to the “bailout mentality” of our financial institutions.

Worst of all was the message Treasury Secretary Henry Paulson sent with his bailout packages that suggested no core economic philosophy, or a philosophy being made up as

it went along. Government without guiding principles caused the American stock market to panic and plummet, and with good reason.

Was anyone home in Washington? And if they were home, did anyone still believe in Austrian economist Joseph Schumpeter's theory of "creative destruction" — letting companies that deserve to fail, fail?

Writing in his syndicated column last month, Charles Krauthammer described what may have been lost in the era of bailout frenzy:

We may one day go back to a market economy. Meanwhile, we need to face the two most important implications of our newly politicized economy: the vastly increased importance of lobbying and the massive market inefficiencies that political directives will introduce.

Lobbying used to be about advantages at the margin — a regulatory break here, a subsidy there. Now lobbying is about life and death. Your lending institution or industry gets a bailout — or it dies.

You used to go to New York for capital. Now Wall Street, broke, is coming to Washington. With unimaginably large sums of money being given out by Washington, the Obama administration, through no fault of its own, will be subject to the most intense, most frenzied lobbying in American history.

That will introduce one kind of economic distortion. The other kind will come from the political directives issued by newly empowered politicians."

Ah yes, politicians like Gov. Kulongoski, who supported by Democrats in every statewide office and a legislature safely dominated by Democrats, recently presented his budget for the 2009-11 legislative session, a budget replete with expensive, progressive political directives.

Kulongoski's budget slashes human services, eliminates health services, dramatically cuts support for thousands upon thousands of seniors and disabled, eviscerates alcohol and drug treatment programs, and cuts across all departments without prioritizing for the poor and indigent. Worse, the budget aims to raise taxes in this current economic crisis by \$2 billion. Why? So he can continue to distort Oregon's economy by picking and choosing favored industries, while over-regulating and discouraging most others. Oregon's budget is bleeding red and going green.

Call us bleeding heart liberals, but this budget looks like it was written by the Grinch. Though filled with red ink and predictions of more to come, the single driving agenda is to "go green" at any price, including human suffering.

In a word, it is shameful.

Why, we even find ourselves agreeing with our frequent opponent, Chuck Sheketoff, at the Oregon Center for Public Policy, a think tank that advocates for the low-income. He told the *Oregonian*, “We shouldn’t be giving wealthy organizations and corporations tax credits to build power plants that send wind power to California at a time when we’re taking away vital services like child care for working families.” Amen, brother.

The year or two ahead for Oregon will be hard, grim, ugly. Yet Gov. Grinch blithely pushes his pet eco-projects as though his constituents are not hungry, cold and hurting. But they are, and it could easily get worse before it gets better. Even Obama says so.

Capitalism with no soul is a destitute economic philosophy. Republicans have paid the price in the past and in this election cycle for their inability to defend their capitalist principles and enact them into law in such a way that regular citizens can clearly comprehend and reap the benefits.

But liberalism with no soul is fascism. Astonishingly, the proposed budget made the leap from soulless capitalism to what looks a lot like liberal fascism without batting an eye. For the past six years, Kulongoski and the public unions have grabbed the helm of state and steered hard toward authoritarian control of business and elimination of any opposition. And their propaganda minions at the state’s newspaper effuse about the benefits of green power, green buildings, green businesses, all the while knowing that the governor’s forced eco-agenda, his cap-and-trade plan, his renewable energy targets, all will take real green dollars from the most needy and vulnerable.

Isn’t one of government’s first orders of business to protect the most vulnerable by providing a safety net? Shouldn’t liberals be more concerned about this? With business, corporations, indeed with capitalism itself clearly on the ropes, wouldn’t this be the perfect time for liberals to finally reward the dependency class that has given them their power?

Maybe at the national level, but this is Oregon. Things look different here. Oregon may be the only state to try for massive tax increases in the midst of a deep recession, the only state to barrel ahead with absurd green utopian schemes while people are freezing because the state won’t let them burn wood.

If you voted Democrat in the hope that government would take care of you, prepare to get screwed. For that matter, prepare to get screwed no matter how you voted.

Oblivious to the red ink dripping from his budget, the governor is bent on securing his green legacy. Oregon’s so-called progressives see the chance not to do the most good for the most needy, but rather a chance to ram home their prized pet agendas.

In power for more than the past two decades, Oregon Democrats have been building momentum for many of these pet projects. Imagine their irritation when the bottom fell out of the budget just as they seized the necessary power to push them all through. This

budget makes clear that a little thing like a recession or depression is not going to stop them.

But like the Republicans who distorted their economic principles, there will be a price to pay for those Democrats who abandon their own. And Oregon, where the progressive agenda has had the longest time to develop and mature, may be the first place to see its popularity collapse, as their leaders put personal agendas before principles.

It's a fine mess we're in both nationally and here in Oregon — nearly impossible to understand and yet to be determined in both its depth and duration. But here's a prediction: At some point, and it may be soon, Oregon voters will turn their attention back to creating jobs and businesses. At some point they will remember that capitalism, flawed though it may be, still works better than any other system. At some point they will notice that the politicians have put themselves ahead of the people, never a good idea in any era.

Merry Christmas.

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