

The Political Forum

*A review of social and political trends and events
impacting the world's financial markets*

Mark L. Melcher
Publisher
melcher@thepoliticalforum.com

Stephen R. Soukup
Senior Editor
soukup@thepoliticalforum.com

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‘CAMPAIGN FINANCE REFORM’ IS A LOT OF HOT AIR

**Mark L. Melcher
Stephen R. Soukup**

The big Washington story right now appears to be "campaign financing reform." The reason for this is that the mainstream media, which decides which stories are the "big" ones, would rather talk about "reform" than talk about the reason that "reform" is a big story, which happens to be that the Clinton crowd includes a lot of crooks and shady characters. But that's another story.

The fact remains that campaign "reform" is a big story. So this week I thought I'd take a stab at explaining why I believe that the "reform" ideas being advanced today by both Republicans and Democrats won't have much impact on the corruption that is endemic in Washington.

I will begin by referring back to a recent piece of mine in which I argued that a "new paradigm" has emerged in American politics, replacing the old hawk vs. dove one, and the even older labor vs. capital one, both of which virtually disappeared with the fall of the Berlin Wall.

This new political paradigm, I said, was represented by the tension, first identified as a modern phenomenon by Max Weber in 1921, "between the authority of government bureaucrats, and their allies in some of the nation's most important boardrooms, and the classic American concept of individual freedom." I won't dwell on that piece, but I think the following quote from it will set the tone for this one.

Unions no longer have the clout to close down vast American enterprises for any serious length of time, as they once did. But government today has the power, vested in mountains of laws, regulations and court rulings, to destroy or badly cripple any business, or any industry, in the United States, large or small, whether it be a meat packing plant in Nebraska, a restaurant in Brooklyn, or the entire tobacco industry. No union boss in U.S. history has ever had this kind of pure, unadulterated muscle.

Subscriptions to The Political Forum are available by contacting:
The Political Forum

8563 Senedo Rd., Mt. Jackson, Virginia 22842
Tel 540-477-9762, Fax 540-477-3359, Email melcher@thepoliticalforum.com,
or visit us at www.thepoliticalforum.com

Government today also has the kind of power to kill, maim, malign and confiscate the property of individual citizens that the nation's founding fathers would have found astonishing, as was discovered, for example, by such a diverse lot as the Branch Davidians in Texas, a falsely accused "terrorist" in Atlanta, and dozens of ordinary farmers, who have been pilloried for filling in low spots in their own fields, which the EPA bureaucrats now call "wet lands." In short, "the scope and raw power of the tens of thousands of nameless, faceless bureaucrats in this nation is almost beyond comprehension.

The fight to keep this enormous power in check, and thus to preserve the individual freedoms identified in the Constitution, as well as America's traditional brand of free enterprise capitalism, would be, I argued, "what American politics will be about in the next century."

The reason I am quoting from this article this week is because I believe that it is impossible to understand the nature of the on-going fight over campaign financing reform unless one considers it within the context of this new paradigm.

Liberal political pundits don't view the issue in these terms. They see it as a battle between the "good guys," who want to ferret out political corruption by severely restricting the influence of the "bad guys (the so-called "special interests"), who give money to politicians and political parties in order to have their "interests" recognized.

To view the fight from this perspective is, I believe, to miss the point entirely. When viewed in the context of the new political paradigm, one sees that most of what the "evil" special interests are doing is nothing more than protecting themselves and their interests from the growing power of the federal leviathan.

Virtually every single "American Association of," or "National Association of," in the Washington-area phone book (and there are hundreds of them) traces its origins to some sort of legislation or regulation that gave the federal government added power over another group of individuals, whether they be truck stop owners, doctors, patients, natural gas producers, farmers, insurance companies, independent gas station operators, restaurants, the elderly, the halt and the lame, and liberal women.

There isn't a person or group of persons in America that isn't represented in Washington by at least one "special interest" lobbying organization, and most are represented, in one way or another, by hundreds. In fact, to fail to have one's interests actively represented here would be madness.

How long would virtually any small company, or small industry, in this nation survive if it didn't have an organization in Washington to help assure that it wasn't put out of business by some loony regulation from the EPA, OSHA, HUD, CPSC, FDA, the IRS or any one of hundreds of other regulatory bodies?

Given the stakes involved it shouldn't surprise anyone that the system is a breeding ground for corruption; or, to put it another way, that the line is becoming increasingly blurred between the time-honored, legitimate process of contributing money to politicians and to political campaigns

in order to assure that one's interests are considered fairly and the illegal act of contributing in order to assure that one's interests are favored over those of other petitioners.

Liberal "reformers" argue that everything would be fine if campaigns were financed by small contributors and out of the liberal piggy bank called "general revenues." Then, they say, no one could buy influence and government decisions would be made on the basis of the "common good." The problem with this is, of course, that the definition of "common good" would be decided by the same bureaucrats who have demonstrated an unfailing instinct to mandate one disastrous scheme after another.

As I said in that aforementioned piece, "being a bureaucrat in America today is never having to say you're sorry, for mandating air bags that kill children, for destroying families with pernicious welfare programs, for wrecking the educational and legal systems with crackpot experiments and the imposition of politically correct nonsense, and for thousands upon thousands of other asinine rules that are based on bad science, bad sociology, and bad economics, all hiding behind the hubristic mask of "we're here to help you."

One can only imagine what these "New Utopians" would do if the targets of their madcap, fad-led schemes were prevented from pooling their resources to fight back. Ordinary citizens are already at a clear disadvantage in this war, and losing battles almost daily.

Republicans posit a two step alternative approach to cleaning up political fund raising problems. First, they propose that existing laws against corruption and influence pedaling be more aggressively enforced. This is a wonderful idea and it should be implemented immediately.

But, as a practical matter, one wonders what happens when the White House fights back by establishing large teams of lawyers and spin control experts with no other purpose than to prevent it? Appoint an Independent Counsel, you say? And what happens when someone like the fainéant and uninvolved Ken Starr ends up in the job? The answer, as the nation is learning, is nothing. Simply nothing.

The second step advocated by Republicans is to change the system to allow individuals and organizations to give as much as they wish to any politician or party, so long as the public is informed, quickly and in a manner that is easily understood, who is giving what to whom and how much.

This approach makes much more sense than artificially limiting the rights of citizens to join forces to have their voices heard in Washington. But it is flawed also, in that it reinforces and legitimizes the "you gotta pay to play" system, which is where the corruption originates.

The bottom line on all of this, I believe, is that executive branch corruption is likely to continue to escalate so long as it is the repository of so much raw power and authority.

The only certain avenue toward eliminating this corruption would be to truly curtail this power, by cutting purse strings and closing down whole bureaus, branches, agencies, offices and departments. It's that simple. As Lord Acton noted some 90 years ago, "power tends to corrupt, and absolute power tends to corrupt absolutely."

This, of course, isn't going to happen. Nor is the only other sensible approach, which would be for the legislative branch to become much more aggressive in overseeing the day to day activities of the bureaucracy.

The idea that corruption and abuse of power in the executive branch can be mitigated by the implementation of aggressive legislative branch checks is, of course, not a new one, even though it is not in any of "reform" plans being kicked around Washington today.

In fact, the question of how best to do this has occupied political scientists ever since the assassination of James Garfield in 1881 by a man named Charles J. Guiteau, who, the story goes, was angry because the president wouldn't appoint him to be consul to Paris.

Garfield's assassination sparked a nationwide outcry against what the *New York Evening Telegraph* called the "debased and debasing" practice of political patronage. Several decades of "reform" efforts followed, led by Woodrow Wilson, who was then a well known Princeton political science professor.

The result was the establishment of a federal bureaucracy of appointed officials. The theory was that because these individuals were not elected, and had relatively secure tenure, they would not have to fear reprisals for their decisions from a disgruntled electorate and could therefore make decisions unencumbered by either political forces or the temptation of bribery.

The drawback to this system was that it is inherently undemocratic. Yes, the dichotomy between bureaucrats and politics yielded administrative decisions unencumbered by the weight of elections. But it also created a class of unaccountable officials who were nonetheless responsible for the creation of a substantial amount of public policy. Another drawback was that this new bureaucracy grew like Topsy and amassed an enormous amount of power very quickly.

Thus it was that in 1921 Max Weber proposed that this new bureaucracy be "checked . . . within a framework of mutually limiting power structures," and, "subordinated to the control of individual leaders selected on the basis of nonbureaucratic principles and acting under such principles."

Weber warned that if this weren't done, the capitalist entrepreneur would be replaced by the state administrator and a monolithic power structure would be created that was as "oppressive as that of ancient Egypt and as economically stagnant as that of late imperial Rome."

Weber's warnings led to a new "reform" movement, the goal of which was to maintain the ability of bureaucrats to serve as impartial decision-makers, while at the same time subjugating them to the democratic values inherent in the republic.

The result of this was that over the decades there has arisen the current system of legislative oversight, whereby bureaucrats are, in theory at least, held accountable to legislative bodies, the members of which, in turn, are accountable directly to voters. Under this system, elected officials are suppose to exert influence over bureaucrats to ensure that the "common good"

pursued in administrative circles conforms in great part to the will of the people expressed through electoral politics.

In short, Weber's subordination of administrators "to the control of individual leaders selected on the basis of nonbureaucratic principles" was legitimated as an important constraint on the unaccountable bureaucracy, and in theory, is firmly imbedded in the American political system today.

The problem is, as I said earlier, that legislators have not lived up to their obligation to keep an eye on things. One consequence of this is an executive branch that is riddled with so much corruption that it can't even be contained within the nation's borders, but encompasses Russian and Chinese arms dealers, international dope peddlers, and impoverished Taiwanese nuns.

One reason that Congress doesn't do its part is that most legislators today aren't even aware that they should, having no foundation in history, government or economics. Another reason is that most have become extremely dependent on the bureaucrats to help them with "constitue ncy services," which is a nice term for helping individual voters deal with the vast labyrinth of red tape that confronts anyone attempting to deal with Washington today.

Finally, the most important reason why most congressman and senators are unconcerned about the concentration of power in the executive branch, and the reason why this subject is never mentioned when "reform" is discussed, is that most members of Congress are themselves happy participants in the protection racket that the concentration of power in the bureaucracy has spawned.

So, as I said earlier, the bottom line is that there is virtually no chance that the "reforms" being considered will do any good. For, in actuality, no one in Washington really wants them to: no one in the executive branch, no one in the legislative branch, no one in the Republican Party, no one in the Democratic Party.

Each would like to seize the opportunity to pass some sort of "reform" that would give it a new advantage in the great game. But at its heart, the on-going "reform" movement is simply a demonstration of what happens when one side (in this case the Clinton administration) gets its hand too far down into the cookie jar and spoils the fun for everyone. Rest assured that they'll sort it out.

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