

## **Campaign Promises – The Post Modern Snake Oil**

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With the 2012 elections right around the corner, the presidential candidates are going on their cross country tours telling citizens of each state what they are going to do for them. A great way to get applause to be sure, but when you really think about it, this entire process is self-contradicting.

Let's look at a small scale example first. Imagine a country with two states: A and B. Now a politician goes to state A and promises to help the farmers of state A. Then the same politician goes to state B and promises to help the small businesses of state B. Well, by definition, "helping" the farmers or small businessmen of one state hinders the same business and farmers of the other state!

Don't believe me? Say that the politician "helps" the farmers of state A by giving them a tax cut of \$1,000. Well, why do the farmers of state B not get the same tax cut? This same logic applies if a similar tax cut is offered to small businesses of state B. Even if the politician does not intend to hurt someone by helping someone else, there is no way to confer any type of benefit to farmers/businessmen/anyone of one state without hurting the same people of another state.

Well, why not just give the farmers in both states the same tax cut? Great! I totally agree with this as the fewer taxes the better. However, giving the farmers in both the same tax cut negates any advantage for farmers of one state. To clarify, the whole idea of "helping" farmers of one state is to give them some benefit that not everyone else gets.

That way, the farmers/businessmen/etc. have a greater chance of surviving as a business than others that don't get this benefit. If everyone gets the benefit, it is the same as not giving the benefit at all. Actually, I take that back.

Giving the farmers in both states the same tax cut in both states doesn't give either set of farmers an advantage over each other, but it does give them a benefit over all the other businesses in either state. For instance, now all the restaurants in either state have to survive while paying an extra \$1,000 in taxes that farmers do not have to pay.

Again, if you were to cut taxes for every person/business in every state, that would be great, but that would not give anyone an advantage. On top of all this, realize that this

example is only for a single industry in a nation of two states. Now what happens when politicians try to “help” any particular industry/state in a country of 50 states with thousands of different industries?

Hopefully it is clear that even the most well-intentioned and non-corruptible politician is still going to be choosing, or at least affecting, winners and losers. There is a more insidious aspect to all of this though. Businesses can contribute to these politician’s campaigns!

Even if you do not attribute anything nefarious to these contributions, from a purely business/economic standpoint, businesses have made a calculation that the amount they contribute results in a net benefit for their business. Again, a small scale example.

Say that business A contributes \$5,000 (in reality this would likely be in the millions, but let’s keep the numbers small) to a politician. This business has done a calculation that this \$5,000 is money well spent because if the politician gets into office, business A will get a \$6,000 tax reduction. So getting this politician into office has actually resulted in a \$1,000 net profit for this business.

Now now, why am I taking such a cynical view of the election process? Surely businesses/individuals only donate to politicians based on the ideals of the candidate and without any consideration to what that politician can do for them individually, right? While I would submit that that is naïve, even if someone does not want to get into this game of “buying influence”, they are forced to if other businesses in their industry engage in this.

Yet another small example. Say that business A finds campaign contributions immoral and does not want to get involved. However, business B exists in the same state and is perfectly willing to donate \$10,000 to a politician to get a \$20,000 tax break in return. Now, if business A does not contribute anything to an opposing politician, business B now has a net \$10,000 advantage. Now “standing on principle” for business A may just result in them going out of business.

Even if A can stay in business after this first round of tax cuts to business B, there is always another election around the corner. So, if business A is never willing to play this game, each election could result in them losing more and more ground. This process will keep repeating itself until only businesses that are willing to play this political game can survive.

What if the candidate business B supports doesn’t win the election? Well, the fact is that regardless of whether politician 1, 2, 3 ... 1,000 wins, the fact is that SOMEONE has to win the election. The politician that does win needed money/support and they will be expected to pay their contributors back.

Now does this mean that all politics are corrupt? I would argue that any real world version does eventually become corrupt, but we can at least imagine a “utopian version” of a politician. In my mind, that would be a politician who runs on a platform of not doing ANYTHING to “help” a particular person/group, but just to enforce the rules in an objective manner (do you remember hearing any campaign speeches promising this?). Kind of like a referee in sports.

Can you imagine a referee applying for a referee position and saying that they have a favorite team that they will try to help win? Clearly that would be a conflict of interest of the highest order. The real kicker of this is, when it comes to referees for sports, whatever sport it is, the fact is, that it is still a GAME!

Isn't it twisted that we would think it was highly immoral to allow biased referees in a sporting event that has minimal “real world” consequences, yet we are perfectly willing to play this political game with our very livelihoods?

For a further discussion on government rules and how they affect the economy, check out Anti Social: Rebooting Capitalism and the American Dream, available at [www.rebootingamericandream.com](http://www.rebootingamericandream.com)!