

Let's keep those Mainland folks laughing

Our legislators seem intent on keeping the Mainland laughing at us. No sooner is their laughter over the Van Cam and Snack 'n Nap legislation dying down than along comes the Gas Cap bill. The Gas Cap is not even in its grave before we have the Responsible Business Corporation Act.

Please God, let no Mainland news outfit notice this last one.

This act provides for a reduction in taxes for those corporations who “give back,” “care about the world,” and who consider “the interests of its employees, suppliers, consumers, and communities in which they do business.” And by having 20 percent of its board of directors advocating for the public interests and 20 percent advocating for its employees the company will signal its good intentions.

This kind of legislation shows an utter lack of understanding of how the economy works and how businesses operate. It demonstrates, above all, the abysmal level of economic education in our schools and in our homes.

The bill's sponsors appear to believe that the economy would run better on “good intentions.” I have news: Our economy does not run on good intentions; it runs on satisfying customers.

For example, let's say that after reviewing the myriad stores where you may buy a shirt, you finally decide to buy one from my store. We have each provided one another with a beneficial transaction. You have gained the best compromise in price, quality, and style that you have been able to find. I have sold the shirt at a price that is beneficial to me even though I have had to compete with all the other shirt vendors to do so.

It has been a fair exchange; you will be satisfied, or you will return the shirt, and I am satisfied. That does not mean you will feel that you should “give back to the community”— and neither will I.

However, one area of business where the “give back” could well operate is that of our quasi-governmental utilities, our government sanctioned monopolies and our highly regulated quasi-private sector companies where the consumers' only choice for such service is “take it or leave it,” and in some cases not even that.

The “give back” idea stems from the general belief in our educational establishments that if a business makes a profit, there has to be something unethical about it. It would not take too much thinking to realize that without profit there would be no economic growth and therefore, no growth in wages. In short, we would economically stagnate. And since there would be no incentives, we would be lucky only to stagnate.

Also implicit in this legislation is that the average business does not care about its employees and consumers. If you do not care about your employees, there are many

companies out there that will, and they will take your employees. You do not care about your consumers? You had better or soon they will go shop somewhere else. So, of course, well-run businesses care about their employees and consumers.

Another interesting matter is the way the bill's authors draw the distinction between for profit and non-profit businesses. They do not seem to realize that some of the most profitable businesses around are non-profits. There is nothing to prevent the operators of a charitable non-profit from taking very high salaries and perquisites and depleting what was meant for the intended beneficiaries.ⁱ Non-profits are not necessarily unprofitable for their operators.

How legislators have the gall to focus on the perceived shortcomings of business is beyond me. They should spend more time looking in the mirror.

Our elected officials allow thousand of homes to be built in West Oahu while not requiring any increase in highway capacity — except for the capacity of the potholes.

We now have the second highest state and local taxes in the nation and yet they pass the GE tax increase for a multi-billion rail line.

Our sewers are in total disarray, thereby putting our visitor industry at risk, and all they can think of is a Responsible Business Act.

Instead of a Responsible Business Act, we need a Responsible Government Act. Every House and Senate committee would have 20 percent government employees and 20 percent community stakeholders. In addition, government pensions would only be paid upon affirmation by voters that their elected officials have acted responsibly during their term in office.

We might have something here.

Cliff Slater is a regular columnist whose footnoted columns are at: www.lava.net/cslater

Footnote:

ⁱ <http://www.charitynavigator.org/index.cfm/bay/search.summary/orgid/6122.htm> Ocean Institute, Dana Point, California.