

Money matters

Money has been in the news of late. When it comes to who makes it, who spends it and who taxes it, the topic always reveals some interesting scenarios.

In case you have not been listening to cacophony that is conservative talk radio, the theme is pretty much that when it comes to handling money, the Republican party is way better qualified than anyone else. How many times have you heard the “we ought to run things like a business” chestnut?

Well, according to a report this week by Politico.com, perhaps the Republicans are doing just that with their own national committee, and that’s the problem. Says Politico: “Republican National Chairman Michael Steele is spending twice as much as his recent predecessors on private planes and paying more for limousines, catering and flowers – expenses that are infuriating the party’s major donors...An analysis of expenses found that compared with 2005, the last comparable year preceding a midterm election, the committee’s payments for charter flights doubled; the number of sedan contractors tripled, and meal expenses jumped from \$306,000 to \$599,000.”

“Michael Steele is an imperial chairman,” said one longtime Republican fundraiser. “He flies in private aircraft. He drives in private cars. He has private consultants that are paid ridiculous retainers. He fancies himself a presidential candidate and

wants all of the trappings and gets them by using other people’s money.”

Politico cites that when Steele took over the chairmanship, he inherited a \$23 million surplus. Since then, the former Maryland lieutenant governor has raised \$10 million less than the party collected in 2005 and has spent \$10 million more. By the end of 2009, the committee’s surplus had shrunk to \$8.4 million, according to campaign finance reports.

Just last week, RNC officials touted a January fundraising haul of more than \$10 million. But after hosting the sun-filled winter meeting in Hawaii, paying for the holiday party and taking care of other bills, the committee spent almost all of it. Consequently, the RNC added only \$1 million to the committee’s \$8.4 million in cash, the reports show.

Wow, I sure am glad the RNC is showing the rest of us how a business should be run. It’s downright inspirational!

Speaking of running things like a business, sometimes you have to be careful of what you wish for. Such is the case in the Niles, Michigan Public Schools. The superintendent convinced the Board of Education to privatize the district’s transportation.



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The claim was that the district would save \$400,000 per year. So, they axed 28 bus drivers and contracted out the service to a company that hired cheaper replacement drivers.

The result? According to Michigan Department of Education statistics, in 2009 the district’s transportation costs increased \$70,906.

Oh yeah, in 2008, the year before privatization, the district’s transportation costs had actually decreased \$122,583.

Hmmmm...let’s see about this. They privatized, wiped out a \$122 savings from the year before, spent another \$70 grand, and missed the projected savings by only \$470 grand. This is a business model that only makes sense to organized crime and Goldman Sachs.

Hey, don’t worry though. According to statistics presented by a Michigan School Funding Summit in January, in the 1970s, “...the portion of all the income in Michigan that went to taxes was about 2 percentage points higher than it is today – a reduction of about \$8 billion per year.”

“Why have I not seen any decrease in my taxes,” you ask? The easy answer is that it takes a long time for that \$8 billion per year to trickle down; all the way from the

70s in this case. According to conservative economic theory, though, this trickle down (or tinkle down, as the case may be) will inevitably find you. I know I’m going to be watching my mailbox every day until my tinkle down money comes or I die. Whichever comes first.

Finally, just to show that neither major political party has any reason to pontificate over money management, this from the Wall Street Journal’s Peggy Noonan: “When FDR followed the disaster that was Herbert Hoover, he took a new and different path. The government would now hold a new place in the daily American reality.

When Ronald Reagan followed the disaster that was Jimmy Carter, he took a new and different path. The federal government would be pushed back from its intrusions on Americans. But when Barack Obama took over after the disaster that was George W. Bush, he did not, in terms of the most pressing domestic issue after unemployment, take a new and different path. He spent, just like Mr. Bush, only even more.

It was as if he were saying, ‘You think Bush broke the bank? I’ll show you what a broken bank looks like.’ This isn’t a departure, it’s a doubling down.”

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