



‘Engineered to last’ beyond its time?

By Jim Waters

Who says nostalgia isn’t a good enough reason to bail out a struggling automaker?

Those who understand sound economics – especially the time-tested principle of “creative destruction,” that’s who.

Unfortunately, that doesn’t include most of the state lawmakers in Frankfort, who consistently have it backwards when struggling operations like Ford Motor Company come looking for the PIN to the Automated Taxpayer Machine in the Capitol.

Gabby Bruno, Ford’s government affairs manager, soberly warned Louisville politicians of grave consequences unless the state pays off the company to *keep* jobs in the state. If not, Ford will pick up its marbles – two Louisville plants – and go home, or, more likely, to another state.

I’m scratchin’ my head. This company *lost* \$12.7 billion last year, and yet it paid millions of dollars in bonuses to executives, and then when the labor union complained, it gave *all* Ford workers a bonus. Yet a recent survey indicated less than half of Ford workers expressed confidence in the company’s long-term success.

But not one single lawmaker voted against House Bill 536, which rewards this company’s failure by authorizing tax incentives and other incentives, including the “withdrawal” of \$8 million from “surplus” funds for “training grants” to prop up Ford.

Curiously, Bruno criticized Kentucky’s economic-development policy for being “more focused on job creation or about profit,” as reported in the Courier-Journal.

Dumb me. All this time, I’ve thought that’s what economic development is all about.

She twisted the Louisville political-delegation’s arms to near fractures, saying, in essence: “If you don’t act now, we may be gone.” The legislators rolled over faster than an old Explorer.

There’s a better way.

The “creative-destruction” approach demands Ford ride on its own four wheels or end up on display in some automotive museum. Otherwise, what are the politicians going to do when Toyota comes calling?

Ford may have been the company that coined the phrase “engineered to last.” But it’s not companies with an entitlement mentality that thrive in a free-market economy based on competitive innovation. Rather, by limiting the heavy hand of government in the marketplace, the founders of our nation’s economy engineered the market to last.

I admit, “creative destruction” doesn’t sound overly appealing – especially if you work at Ford. If so, you probably think about this issue differently.

But if even you could quit looking at the trees for a moment and ascend to where you can view the historical “forest” of industrial production, you would have to admit: Companies come and go. Jobs are lost every day. And jobs are created every day, too. Workers attain new skills. Entrepreneurs creatively find – and fill – market needs. Innovators decipher how to build everything from cars to houses cheaper, faster and better.

They also give us choices. If government had intervened to soften the impact of the principle of “creative destruction” after Henry Ford built his first car, the company that an entrepreneurial genius built would have shut down while still making the Model A with black as the only color available.

Our nation has reaped unmatched prosperity *because* its government leaders have resisted the political urge to deny “creative destruction” of companies that no longer compete effectively without a government handout. In fact, by interfering with the entrepreneurial urge that drives entrepreneurs to create, compete and conquer competition, government threatens the market’s vigor.

If anyone understood that, Henry Ford – God rest his soul – did. That giant of American automakers would turn in his grave if he knew that the company he built with an entrepreneurial spirit of innovation and self-reliance now viewed government as its “partner,” as Bruno naively said.

By supporting handouts for a fading company, she and the state’s leading lawmakers demonstrate woefully inadequate knowledge of vital principles that drive our economy, all the while thinking that the market works better when it gets a little help from its “friends” in Frankfort or Washington.

Government is neither the friend of the market, nor does it help foster growth by taking advantage of hard-working taxpayers by treating fading companies as victims in need of rescue.

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