

Success...

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property and who shall do what work]. None of these decisions is made once and for all; they are revocable every day. The selective process never stops.” That fact challenges our author constantly.

No one picks winners all the time, though. In an appendix, Koch lists over 40 businesses exited by his firm. Included are tankers, drilling rigs, Canadian pipelines, service stations, and telecommunications. That is much exiting, and in most cases from profitable operations. But why quit a profitable business? Because profitability is not enough. Profitable investments can tie up precious capital otherwise available for better returns elsewhere, precluding creating “the greatest long-term value.”

Koch here reminds us that opportunity cost is the value of the best alternative that must be forgone to undertake any investment. So he counsels that “we must look forward rather than backward” when calculating that cost in the face of ever-negotiable dynamic conditions to beat.

Our author also says that individuals, nations, and organizations such as Koch Industries should seek their “comparative advantage” in a world of changing technology and markets, and so concentrate on producing goods and services in which each “has the greatest relative superiority” (my italics). This is the stuff of Econ 101, but it’s amazing how many high-ranking people in the business world seem to forget basic economic principles.

Relativity, teamwork, benchmarking, capital creation, capital maximization, improving talent or human capital, insighting-outlooking macro-micro profit centers, and, above all, ever achieving that rising value creation—all mark Koch’s MBM road to success.

Charles G. Koch defines “the science of liberty” as: “How societies can best achieve long-term peace, civility, and prosperity.” You can read his book for a lot of good tips on investing and managing; you can also read his book for a coherent philosophy combining great economic insights with the challenges of business.

- Charles Koch
The Freeman

It will not be long before the public finances reach a state of complete disorder. How could it be otherwise when the state is responsible for furnishing everything to everybody? The people will be crushed under the burden of taxes; loan after loan will be floated; after having drained the present, the state will devour the future.

- Frederic Bastiat, French Economist

Bad Policies...

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the outcomes of elections. But most voters are misinformed in the same way—according to the four biases. And with no cost to expressing those biases at the polls, rational irrationality results in voters consistently choosing bad policies.

- Excerpts The Freeman

Our Laws...

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would be run by the instincts and values of the humans in charge — not by bureaucratic micromanagement — and be held accountable for how they do. Government officials would have flexibility to meet public goals, also with accountability. Public choices would aspire to balance for the common good, not, generally, to appease someone’s rights.

Reviving the can-do spirit that made America great requires a legal overhaul of historic dimension. We must scrape away decades of accumulated legal sediment and replace it with coherent legal goals and authority mechanisms, designed to affirmatively protect individual freedom in daily choices. “A little rebellion now and then is a good thing,” Thomas Jefferson wrote to James Madison, “and as necessary in the political world as storms are in the physical” The goal is not to change our public goals. The goal is make it possible for free citizens to achieve them.

- Philip K. Howard,
Lawyer and Chair of Common Good

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Toy Shop...

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ventory that is suddenly illegal to sell. Clothes with a minuscule amount of lead content in buttons and fasteners, and bicycles, whose only lead content can be found in tires, are subject to recall. *Is there a danger that a youngster will lick the tires?* Also childrens books which contain no noxious materials beyond paper and ink will require testing to be approved lead-free.

Congress in its usual “no common sense” mode did *not* provide a phase-in exemption of in-stock merchandise and other consequences. Now, consumer groups that once championed the law are now back-peddling because of its strict enforcement. Public Citizen, Kids in Danger and the Naderite U.S. Public Interest Research Group have now appealed to the CPSC to “provide prompt *common sense* and exploit interpretations regarding exemptions” to the ruling.

Yes, *common sense*, that is what is missing in Congress and with the enforcement agencies. While currently debating a business “bailout” bill of some \$800 billion, the same Congress is passing laws such as this one to put many small vendors *out of business*. This is Congress at its worst.

- Wally Reemelin

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