

POLICY BRIEF

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2003: Time to Give Freedom a Chance

As state and local governments struggle with budget deficits, it is important to bear in mind that our problems will not be solved by higher taxes to support already too large governments. This is a trap that has been laid over the decades by those who turn to government to fix every problem society might face. Spending goes up as fast or faster than incomes rise in the good economic times as governments step in to subsidize questionable developments, ladle money on failing schools with no demands for results, start new programs, and generally try to assuage every special interest group--except those who see expanding government as the problem, not the solution. (Allegheny County's holding the line on taxes is notable and commendable.)

When budget crises come, it is all too easy for elected officials to raise taxes rather than make the hard choices of serious spending cuts. It will be argued that virtually every program and every dollar of expenditures are vital to the government's or school district's well being. Which of course is a lot of twaddle. Unless and until state and local governments have determined which activities are truly core functions of government, outsourced or competitively bid non-core functions, sold off valuable assets that would be better left in private hands and insisted on accountability and performance from all departments, programs and employees, the taxpayers should not be asked to shoulder a greater load.

It is time to break the trend toward ever more burdensome government. It is time to return to smaller, less intrusive government. That means lower, not higher, tax burdens. It also means less onerous regulations on business and freer markets for entrepreneurs. At the state level, it surely means giving Pennsylvania's workers a Right to Work law so that paying dues or joining a union is not a condition of employment. It means getting rid of prevailing wage laws that raise the cost of public works and effectively freeze non-union contractors out of the bidding on those projects.

Locally, Pittsburgh's twin problems of expensive, poorly performing schools and high City taxes are crippling the City and its future. The shiny new stadiums and glitzy new Convention Center are not the hoped for salvation of the City. And despite the presence of several major corporate headquarters, large universities, and enormous medical centers, the City's economy languishes. People and smaller businesses that don't need to

be in the City are heading out of town to escape the tax burdens, poor public service and failing schools.

So instead of talking about more taxes it is time to jettison the outmoded thinking that prevails and try some radical reforms. The City must embrace privatization, downsizing and asset sales with gusto. It must demonstrate that it will no longer turn reflexively to taxpayers for more help every time there is a budget problem.

And rather than going through yet another useless exercise to tweak the Pittsburgh schools, the school district must move to create real choice options for its students. It would also be a great boon for the City to adopt the “No Excuses” approach to education. This approach has been very successful in inner city schools across the country.

Piecemeal tinkering is not going to answer. Those in the education establishment who are unwilling to try solutions that have shown remarkable results in other places should be replaced. More money for more unaccountable programs should not be on the table. Pittsburgh should be able to educate its children for \$10,000 per year. That means serious spending cuts to get down from the over \$13,000 in general fund outlays alone not to mention the thousands more in other spending.

For too long, the establishment and politicians have been willing to preside over a downward spiral in City finances and City schools. It is time to start treating taxpayers and wealth creators as the force that keeps the economy healthy and the government funded. They need to be treated well and certainly should be not abused.

2003 should be the year that the gluttony of government gives way to a proper diet of increased economic freedom and less taxes.

Jake Haulk, Ph.D. President

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