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Government Spending Absurdity

What does a family that has lost a substantial amount of its income do in order to keep paying bills and buying groceries? Most families in such a situation would find ways to reduce their spending, postpone major purchases, eliminate frills and generally tighten their belts until their financial picture improves. It seems logical and reasonable that state and local governments would do the same.

But, as recent events have shown, government officials do not always take the frugal approach. Consider the Governor's recent tour of the Commonwealth, the purpose of which was to hand out \$143 million, largely for local recreational and cultural amenities. In Pittsburgh alone, the largesse ran to \$63 million to build a park, expand museums and a conservatory and pay for more enhancements at the new Convention Center-- which will not have enough money to pay for its own operations without additional taxpayer bailouts. The question has to be asked: Does this generosity with Pennsylvania's taxpayers' money make any sense in the current fiscal environment?

According to the Governor-elect, the Commonwealth could be facing a budget shortfall of \$2 billion, or maybe even larger. Pennsylvania's taxpayers are facing an almost certain tax increase to stanch the red ink in Harrisburg. For the state to be handing out borrowed money for nonessential projects is unseemly at best. Borrowed money has to be repaid and that means taxpayers will be on the hook for years. If these were necessary infrastructure projects such as finishing a road or rebuilding a badly worn out bridge, projects that contribute quickly and measurably to economic health, the spending might be understandable. Doling out cash for cultural amenities that may never add to economic vitality or produce any positive return for the taxpayer investment simply cannot be justified in the light of the Commonwealth's financial condition.

This sends a terrible message to the citizens of Pennsylvania. On the one hand the public is being told things are bad and they will probably face tax hikes. And at the same time, the State has millions of dollars to spend on amenities/luxuries that could have waited until the budget crisis is over. At the very least, cynicism about the government's truth telling and commitment to responsible behavior will rise even further. Of course, rationalizations aplenty will be offered for this extravagance, but none are likely to be satisfactory.

Ironically, the checks handed out in Pittsburgh total \$63 million, which is \$3 million more than the City's projected budget gap for 2003. However, the Commonwealth funds will do little or nothing to relieve the budget crisis looming in Pittsburgh. Instead, they will be used to make the City more attractive. And just how attractive does the City need to be? There are two new stadiums, a new convention center, world-class universities and hospitals, a great symphony, wonderful museums, a zoo, an aviary, a tremendous conservatory, parks, ballet, opera, and incredible views from Mt. Washington. And as we have learned by now, all of these together have failed to produce growth in the City and they have not prevented the current revenue crisis. It is extremely unlikely that more and bigger amenities are the cure the City needs at this moment in history.

Unfortunately, the only thing we have learned from this episode is that spending other people's money is all too easy. Perhaps some day Pennsylvanians will have a chance to vote on a Constitutional amendment that will place severe limits on the ability of politicians to increase spending and raise taxes. It seems nothing else will curb government's appetite.

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