

POLICY BRIEF
An electronic publication of
The Allegheny Institute for Public Policy

April 14, 2003

Volume 3, Number 16

Hubris and Denial

It is very distressing to watch as hubris and denial, the twin enemies of good government policy, play an increasingly greater role in Pennsylvania and Pittsburgh development policy. On one hand, elected officials and government bureaucrats arrogantly believe that with enough money and programs they can solve any and all economic development and job growth problems. On the other hand, when their programs fail to achieve their objectives, officials and bureaucrats cannot bring themselves to consider that the programs and plans were economically inappropriate and unlikely to succeed. Instead, the blame is always shifted to such things as; “the scope of the program was not large enough, there were not enough resources, we did not have enough time, or unexpected circumstances arose.”

The litany of failed programs in Pennsylvania and in the City of Pittsburgh is long and well publicized. But do the failures stop or even slow the pace of new program proposals? Obviously not. The Governor is recommending that Pennsylvania borrow \$2 billion to spend on projects that will jump-start the state’s economy. But what will the money be spent on? Can the state point to unambiguous benefits for Pennsylvania’s taxpayers in previous efforts? They should be required to do so.

The state has had an awful record in trying to pick and choose industries to support. Heavy subsidies to the Kvaerner shipyard comes to mind--a shipyard that cost hundreds of millions of taxpayer dollars and has yet to come close to producing the promised benefits. At the same time, the state has dozens of job training and job creation programs. Their efficacy has never been documented. But like the Energizer Bunny they just keep going and going.

In Pittsburgh, the overweening hubris of government officials was demonstrated in breathtakingly clear terms when they ignored the voters’ rejection of an additional sales tax increase to fund stadiums and went ahead and used tax dollars to build new stadiums anyway. Proponents of the additional tax warned voters that failure to approve the tax would lead to the loss of the Pirates and Steelers to other markets. Despite this threat the people said no to higher taxes. Voters were also told that Allegheny County’s RAD tax could not be used to fund new stadiums. But the RAD tax is now a major element in funding the two new stadiums. So much for caring about what the voters want.

Remember that Three Rivers Stadium was built amidst much fanfare about all the economic spin-offs and development that would occur on the North Shore and with claims for overall economic growth in the City and region the new stadium would bring. Failure of the claims to be realized were not allowed to stand in the way of building two new stadiums. Failures of the Allegheny Center Mall and Lazarus have not deterred officials from planning more public sector driven retail developments. Unfortunately, unwillingness to accept responsibility for the obvious failures on earlier projects clears the way for policy makers to repeat their mistakes.

Thus, hubris and denial-- which afflict bureaucrats and elected officials-- work in tandem to continuously ratchet up the size and scope of government's role in economic development. The truly worrisome problem, however, is that the majority of citizens apparently suffer from amnesia and are continually surprised when yet another grand scheme flops. It is time to hold officials and bureaucrats accountable. After all, it is our money they are pouring down the drain on white elephants.

A more positive and productive approach the politicians and bureaucrats could take-- but will not-- would be to get government out of the way of free market forces. Pass right-to-work legislation, get rid of prevailing wage requirements, eliminate the right of teachers to strike and reduce onerous and unfair business taxes. These ideas are not new but their enactment would represent a monumental step away from government attempts to control and drive economic development and business growth. And, these pro-market actions are much easier to implement than the old, recycled programs that cannot do the job.

Regrettably, there is an illusion across the Commonwealth that throwing government money at projects is a valid development strategy. Equally regrettable is the existence of a large, long- standing constituency that perpetuates the illusion.

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