

Creating Opportunity for State Employees

By Rep. Vic Kohring, May 5, 2002

My efforts at reducing state spending with my 10-Point Budget Plan has been the subject of criticism as it pertains to government employees. As we cut, a certain number of workers would no longer be on the payroll. I wish to explain its effect on the economy in terms of cash spent and restraints on entrepreneurial activity.

Keep in mind what drives an economy. Production does. Production occurs in the private sector and is the creation of a good or service the public voluntarily buys. Food, shelter, clothing and gasoline are prime examples of private sector productivity. Small businesses are in the same category. Grocery stores, mechanic shops, lumberyard operators, and bakeries all are productive activities. They exist because people value the product or service more than the money it costs. As such, they're all part of a grand marketplace where justice is found in voluntary exchange.

With government, there's a completely different value awareness. No longer is the ethic voluntary. Government is compulsory, requiring its citizens to pay whether you want its service or not. If you don't pay your income tax, you're subject to a heavy fine. If you don't pay your property taxes, your home is subject to seizure. That's sad but the very true underbelly of government.

Since most have come to grudgingly accept government, we go about our daily lives as if its legions of workers are just another factor in the economy when in-fact they're quite different.

First, the cost of government is a net drain on the segment of the economy creating wealth. There are many honest, dedicated, hardworking people who serve us well as state employees that contribute to this cost. But that's not the issue. The issue is an over abundance of people running way too many social programs, spending billions.

Second, government typically doesn't produce things. Instead, it controls, directs and orders, which is what "governing" is all about. This has always been the case throughout history. There are colorful Egyptian pictures on stone unearthed from 2500 years ago that depict a man being beaten for not paying his taxes on time.

Our Founding Fathers, clearly understanding government's nature, purposely created a *limited* republic, wherein people, as individuals would possess rights and liberties, with government's role being restricted mostly to keeping the peace and defending our borders.

That was over 200 years ago. Slowly and ineluctably, the giant engine that is free enterprise has been eroded through more and more laws. A "feel good" program here, a "protect the kids" program there. Wars, economic upswings and downturns, each has given government a reason to expand its reach. This in-turn gives rise to the number and cost of its workforce.

We're now drowning in government's excesses and it's effort to "help" us—but it's not the fault of the employees. It's the fault of the legislature passing a mountain of laws since statehood,

thus creating the huge government structure we see today. In reality, we're being "helped" almost to the point of bankruptcy as a state. Yes, if there was a sudden reduction of 25% of the non-essential (not entire) government workforce in Alaska as I've suggested, cash registers would be affected...but only temporarily. As our economy makes the adjustment from a government-based economy to a private-sector one, we'll gradually learn to live without the gargantuan costs and budget deficits we're now saddled with.

There is a dramatic precedent for this. At the end of World War II, about nine million Americans were in the military or working for the U.S. Government as part of the war effort. With the war over, liberal economists warned that if these people were discharged all at once, there would be a repeat of the Great Depression. But free market economists, Nobel Laureate Milton Friedman among them, argued that if all or most of the war-time controls were removed, if the economy could revert back to the free market, it would not only absorb all the men and women of the armed forces, there would be a boom.

And a boom there was! One of our country's greatest economic expansions lasted from 1946 to the late 1960's. The market was freed, rationing dropped and wage and price controls removed. The great engine of prosperity was economic freedom. Meanwhile, England kept its war-time socialism, and by 1955, remained a vast island economic wasteland. The best minds were skipping across the Atlantic to America with the famous "Brain Drain."

All this to illustrate that if we balance our state budget by reducing spending and the size of the government bureaucracy as outlined in my budget plan, state workers will eventually have opportunities to find even *better* jobs in a newly energized private market. And local cash registers will once again ring to the sound of money exchanged by people who have higher paying jobs in the private-sector.

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Rep. Kohring is a 4th term conservative Republican from Wasilla who advocates a limited, efficient government, and individual rights and freedom for Alaskans. His phone is 465-2186, fax: 465-3818, e-mail: Representative_Vic_Kohring @legis.state.ak.us and website: www.legis.state.ak.us/house