

A tale of two states

Colin Read: Everybody's Business

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— We maintain an uncomfortable reliance on government in these times.

There is no right size for government. Instead, government should be responsive, with the flexibility to expand when necessary to fill those voids that must be filled, and contract in size when private industry can do better.

Unfortunately, government has a tendency toward monolithic proportion.

In a gathering with our legislators a few weeks ago, Plattsburgh North Country Chamber of Commerce President Garry Douglas provided a metaphor for government that tends toward omnipotence. I paraphrase:

A mighty ship is lost in the fog off our coast, but can make out a light on the horizon. The captain orders the helmsman to bear south five degrees. The light in the distance semaphores back to instead bear north five degrees. The captain barks out another order to the helmsman to bear south another 10 degrees. In response, the light on the horizon semaphores back to bear north 15 degrees.

The captain semaphores to the light in the distance — I am a U.S. Navy destroyer, and I shall bear south. The light on the horizon semaphores back — I am a lighthouse, and you will bear north!

While I certainly respect the potency of government to dictate to us our economic destiny, I am growing increasingly disappointed that our governments, both federal and state, are living up to their reputation of never failing to miss an opportunity.

Most all economists agree that only massive spending will right this sinking ship. And massive it is, with \$6 trillion in spending over the next two years. When astrophysicists had to deal with huge numbers, they resorted to the light year, the number of miles a beam of light can travel in a year. If a dollar were a mile, we are committing to a light year of spending. But size does not always equal effectiveness.

A crisis is a terrible thing to waste. It motivates us when we have failed to coordinate ourselves. Yet, government is trying to compromise its way out of this meltdown. The time for reinvention is now. If citizens are reluctant to change, we need leadership and inspiration to spur us along.

Instead, we receive recycled ideas, sold to us as stimulus. Certainly there are some great stimuli proposed in Washington and Albany. There is also too much earmarking, ideology and plain old political mud wrestling. And the hogs love it.

That is a shame. The country has asked each one of us to make some fundamental changes so our economy does not behave in the future as it has in the recent past. Yet some powerful legislators refuse to abandon approaches that have not worked.

Most economists believe the president's ideas are most likely to succeed when they emulate in our own best choices. We should all seek return on investment — the type of spending that is not a stopgap, but instead sows the seeds of future prosperity.

It is not tax rebates, because, alas, we won't spend that money anyway. Nor will the banks that hold our money market accounts.

And it is not social programs, as needy as some are. It is job creation that will enhance competitiveness and will generate the revenue later to pay back the mounting federal debt.

The states, too, are failing in some important ways. They are undoing the federal initiatives that increase spending, and they are raising taxes and fees at a time when the federal government correctly holds the line on tax increases to middle-class spenders. Albany is a snake-oil salesman, marketing tax increases as spending reductions. And they are using the fiscal stimulus from Washington as a temporary reprieve and a shot in the arm for a legislature increasingly addicted to large government.

Not only is there a policy gulf between Washington and Albany, but there is also one within the State of New York. This is a tale of two states. One is the most urban of urban, representing perhaps a thousand square miles around New York City. The other is 50 times larger in size, with some of the most rural of rural areas in this vast country. While Sen. Schumer was criticized for his comment that much of New York State resembles Montana, we in the other New York understand what he was trying to say.

When our state government fails to differentiate between a policy that is effective in the rough-and-tumble politics of Gotham City, and one that can make the other New York more productive and robust, we have a problem. There is not another state that comes to mind with the same stark dichotomy we find here.

As an example, Gov. Paterson's "Spending Reduction Plan" would impose a fixed fee for beer and wine purveyors that is absolutely trivial for a Manhattan bar, but absolutely insurmountable for a small North Country tavern or wine-tasting room. This insensitivity and inflexibility merely furthers the sense of two states — a group that has all the power and will exercise it with impunity, and a group that has none, and is simply holding on for dear life.

We all saw what happened when arrogance bred obsolescence. General Motors once concluded what is good for GM is good for the country. And now the country is bailing GM out. The hubris of state governments is no less troubling. Our institutions need reinvention, and Washington stimulus simply delays that inevitability.

I know I ask a lot from government. I expect it to set an example. I expect our economy to thrive partially because of government, not in spite of government. Perhaps I am naïve, having not cut my teeth on the rough and tumble inevitabilities of New York State politics. As I sort this out for myself, I harbor hope in government as willing to change as its citizens.

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