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The Minnesota Free Market Institute Weekly Update Friday, June 12, 2009

Cities Cry Poverty While Handing Over \$8.5 M over to Lobbyists

With Governor Pawlenty's veto of LGA funds, line item vetos of local pork projects and looming unallotment, local government officials have gone to the media to cry poverty. [The Brooklyn Center Police Department no longer staffs it's lobby outside of business hours](#) the *Star Tribune* tells us. [Some local government officials have made ominous predictions of higher property taxes](#) to close the gap.

This week we learned that [local units of government \(Cities and Counties, school districts and other public entities\) spent \\$8.5 Million on lobbying at the State capitol in 2008](#). That's an increase of nearly 10% when compared to the previous year. Local government associations spent another \$4.6 million on lobbying. That lobbying is paid for with dues that cities and towns pay from their revenues.

Businesses, families and individuals throughout Minnesota are cutting their expenses and trying to save money. We are in a recession. Growth is negative and unemployment is up. But not for the business of government apparently. No, in these challenging times, it's more important than ever for them to argue for higher taxes to preserve and grow their budgets. And while the threat of higher property taxes is not an empty one, it's important to note that money that comes from the state taxpayer to the local government is money with less accountability. The local taxpayer can see how the money is spent and is better able to voice a complaint or even vote local politicians out of office if they disagree with them.

Government lobbying government can only end up one way, with bigger and bigger government and higher and higher taxes to pay for it all.

Pat Anderson is President of the Minnesota Free Market Institute

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Bachmann was Right, This is "Gangster Government"



Asking for a little honesty from critics of GOP Rep. Michele Bachmann is a naïve hope, but absent honesty, we might at least expect some more intelligent criticism than this found in a recent *Minnesota Independent* [article](#):

"Rep. Michele Bachmann took to the floor of the House of Representatives twice Tuesday, likening the United States to the Titanic and lambasting "gangster government" for meddling in carmakers' affairs - though she boasts on her Web site of doing the same auto dealership-advocacy she decries Democrats for."

This "analysis" demonstrates the total lack of understanding of free market economics by progressives who equate "auto dealership-advocacy" with being pro-business or being pro-free markets. Bachmann was not criticizing Democrats' (or her own) dealership advocacy, but she was indeed blasting government policies that make that un-American (my word, not Bachmann's) activity necessary.

In her remarks on the House floor, Rep. Bachman cited a Democrat Senator who arranged a meeting between an auto dealer and GM, which resulted in the dealership getting a disfranchising reprieve. She also noted that Democrat Barney Frank was able to arrange a meeting for a GM dealer with the same result. She, too, sought help for a local GM Dealer.

"When I was on the phone today for over an hour with one of my local dealers," Bachmann said, "the very first thing out of her mouth was this: She said, 'This is the most un-American thing I have ever seen in my life. I can't believe that I lived to see the day that my country would come to this point where, having my dealership for 90 years, I get a letter FedExed to me that tells me I have until Friday to sign this document to not only give up my company that was made worthless--worth \$15 million, made worthless overnight--now GM is demanding that she hand over her customer list, her service customer list to GM.'"

The point Rep. Bachmann is making is not that Democrats and Republicans should not be working on behalf of auto dealers; she was lamenting and lashing out that such action is necessary. Instead of building business by providing the best products and services (and investing resources in doing so), the American auto industry now operates in a gangster-like environment in which it is more profitable to "invest" in elected officials than in one's own effort.

"The Federal Government has set up a new cartel and private

businesses now have to go begging with their hand out to their local--hopefully well politically connected--Congressman or their Senator so they can buy a peace offering for that local business," said Bachmann. "Is that the kind of country we are going to have in the future?" she asks.

"We need to call this for what this is," Bachmann added. "We need to call this for what this is. Call it out. The American people need to get outraged and figure out that it could be them next."

Bachmann is right. What is happening in this country is not capitalism. It is not free market economics. It is not "necessary" to save either capitalism or free markets. "Gangster government" is the blatant exploitation of fear, uncertainty and doubt spawned by an economic crisis created by decades of government meddling in the economy. It is "the law perverted" as Frederick Bastiat wrote in "The Law." It is the destruction of the fundamental principles upon which this country was founded -- the primacy of individual sovereignty, the sanctity of private property and the rule of law. This is, paraphrasing a line from Barry Goldwater, no time for moderation in defense of liberty.

Craig Westover is a Senior Policy Fellow at the Minnesota Free Market Institute.

Should Enid pay for Eagan's Bike Trails?



A million dollars doesn't even qualify as lost-in-the-sofa money in the federal budget if you look only at the numbers. But it sends many other political and economic signals, none of them good.

According to This Week newspapers, the city of Burnsville has its hands out for a \$1 million federal grant so that it can develop a biking trail along the Minnesota River. One member of the city council expressed her enthusiasm for the

project by that the area gives people the opportunity for "great bird watching."

For its part, the city of Eagan is seeking a million of its own for similar purposes.

Have we, as a nation, gone mad?

Why should the people of Burlington, Vermont pay for a bike trail in Burnsville? Or the people of Enid, Oklahoma, pay for a trail in Eagan?

In a column I wrote last week for the *Saint Paul Legal Ledger*, [I argued for the phase out of Local Government Aid](#). There are at

least two good reasons. One is that it expands overall government spending beyond what people would otherwise rationally pay. The other reason, and it's related to the first, is that it reduces the accountability of local officials, who can say to residents "Look at all the good things we're doing for you," while having their decisions subsidized by someone else.

A similar logic applies when the U.S. government transfers money from one state to another for simply local projects. Further, it diminishes the political significance of states as entities with their own, unique powers (Tenth Amendment, anyone?), and puts us further down the road to the day when states are merely administrative units of a national government.

Political decentralization has many benefits, including offering a safety valve. (How high would Minnesota taxes be if legislators didn't have to keep in mind the more favorable tax climates of South Dakota, Texas, Florida and so forth?)

I understand why local officials would seek federal grants. To paraphrase an advertising slogan used by state lotteries everywhere, "Someone's going to win; why not you?" But when we win, we also lose.

John LaPlante is a Policy Fellow at the Minnesota Free Market Institute

Must Read

Karl Rove. [How to Stop Socialized Health Care](#) *Wall Street Journal* (Subscription may be required)

Karl Rove offers 5 simple arguments against socialized health care, why it won't work, why it will bankrupt the country and why it will destroy the healthcare system while claiming to make it better for everyone.

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- [Should I stay or should I go?](#)

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- [Time to Phase Out LGA](#)

State House Call

- [AMA on Public Option: No Way](#)
- [State Program Increases Premiums to Shrink Waiting List, Budget](#)
- [Sorry, Your Disease is Not on the List](#)
- ["Public Option" Relies on Untested Premise](#)
- [An Obese Government to Mandate Calorie Disclosure](#)

David Strom *davidstromshow.com*

- [Free Markets Failed? Hardly](#)
- [Lemon Socialism vs. Lemonade Stand Capitalism](#)

Craig Westover

- [National School Standards? Can't. So, Ought Not.](#)

*The Minnesota Free Market Institute Weekly Update is edited by
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