

Sun Journal

Lepage Budget Puts Maine on the Right Track

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Published: Feb 13, 2011 12:00 am

The road less traveled will make all the difference, but that road is going to be difficult.

When is it morally supportable for one generation—or group--to indebt-enslave and thereby impoverish, another? Never.

The fundamental truth is that the obligations that the citizens of Maine have taken on are constitutionally and legally valid, but they no longer morally supportable.

All areas of Maine's government must be restructured in coming years due to lack of revenue -- tax revenue--which is a function of the growth in private sector jobs.

Gov. Paul LePage and State Treasurer Bruce Poliquin have begun to do a great deal of work on these issues. They are providing strong leadership for the state. The budget plan announced Thursday goes a long way to putting Maine on the road to solvency and fiscal sustainability.

Unless the governor's budget proposals are adopted, the Maine State Employee Pension System will soon consume 25 percent of the state general fund budget. Cuts in education and health care and infrastructure will have to be made. Past pension promises are simply not affordable or fair.

And, unless Obamacare is repealed, Maine's overly generous Medicaid eligibility standard will be the anchor pulling Maine's finances into the abyss. Maine's congressional representatives, Michaud and Pingree, just don't get it.

LePage and Poliquin have made it clear that past administrations created programs and made promises, which have become impossible to fund. Without a vibrant and growing private sector in this state, we simply cannot afford the current level of spending, taxes and regulation. In Gov. Lepage's words, "If we were a private sector company, we would

be in bankruptcy."

The LePage administration understands the problem, but the Legislature seems to show no interest in reducing Maine's dependency on spending, taxes and debt or restructuring state regulations.

Both sides of the political debate need to recognize some profound truths -- truths which may cause them to cooperate for a change.

The evolution of Maine into a centrally planned state cannot be ignored, though some free market characteristics do remain.

Central planning and regulation, pushed by every state planner, economist, and academic in the past three decades, works only so long as you can get more money through taxation and/or borrowing.

The tax and debt spigot is turned off.

Each marginal increase in taxes, regulation and debt has brought less and less benefit in terms of employment and economic growth. Maine has gradually lost competitiveness versus other states, and nations.

Is there any doubt in the minds of independents, liberals or conservatives that the problem today is not about one ideology or another, but that inside deals and incompetence of the political elite has run this state for many years?

Unionized state and local workers, the politically connected and the nonprofits have taxed the productive to support the Democrat political machine over the last several decades.

A political hive was thereby built on a vastly increased government spending and regulation coming from Augusta, Hallowell and Portland.

These entrenched interests endlessly enriched each other by government spending and regulation to protect this hive.

It is interesting to note how little commentary there is in Maine about these links between unions, environmentalists, lobbying firms and nonprofits and key members of past administrations and bureaucrats.

So what is to be done?

Every state department, agency and bureaucracy must be subject to an Office of

Program Evaluation and Governmental Accountability-type review.

Pairing back taxes, central planning, regulation and the public sector workforce will be a difficult road-- but one that will be driven by financial necessity and the inexorable nature of economics.

Maine needs an explicit balanced budget system based on state revenues, including a line-item veto for the governor, subject to override by both houses of the Legislature.

We need to place hard limits on the ability of the Legislature and the bureaucracy to spend money in all areas, not just the General Fund, including grants and promises of benefits, so that the state's debt can be stabilized and slowly reduced as the economy grows.

We need to entirely scrap the tax on estates and corporate income, and limit taxes on capital gains and personal income, especially when it is related to job creation in Maine.

And the most important component—regulatory reform---involves real reform concerning land use, energy and the environment.

The road ahead requires that Mainers take greater responsibility for their lives, families and businesses. State and local governments need to be restructured to provide those services that are the responsibility of the government in an efficient and transparent way, and thereby making room for private sector expansion.

At the end of this hard road, Mainers should emerge with bright horizons.

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