

Sun Journal

Mary Poppins School of Economics

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Liberals and democrats must have learned at the 'Mary Poppins School of Economics' where a "spoonful of sugar makes the medicine go down."

Doug Rooks recent column is a case in point. To sum it up, Maine government tax and regulation medicine is not so bad. A little sugar and a 'smiley face' and it will be all right, is the theme of Mr. Rooks' column.

This is the kind of writing that intends to manipulate perceptions and emotions. A sort of sugar coating of the truth, that is potentially poisonous.

Mr. Rooks says the facts do not support the view, that "Maine has serious economic problems." I disagree.

Speaking of facts, he cites the "Fortune" study placing Maine 50th in ranking for business climate, when it was Forbes magazine that did the study. He also fails to mention that Maine has fallen from the low forties to dead last in the Forbes study during the Baldacci administration.

He falsely credits Baldacci's "hold the line stance" on taxes to improve Maine's rankings, when it was the people of Maine who defeated tax increases, and the recession that stopped Baldacci and the liberals from advancing spending and taxes even higher.

That didn't stop the Baldacci administration from increasing the State's take, however. Rooks fails to point out that under the Baldacci administration Maine Turnpike tolls doubled, fees to register vehicles, snowmobiles, and ATVs doubled, fees on businesses tripled, cigarette taxes doubled, estate tax rates went up, so did income taxes, taxes on fuel and real estate, medical insurance payments, utility bills. You get the idea.

To use the ex-governor's phrase, "broad-based taxes" did not go up, but just about every other means of raising revenues to the state's coffers did.

The Democrats are fond of saying "Taxes don't matter", but don't say that to the average

Mainer. Tens of thousands go over the border every week to save pennies by buying in other states. Scott Moody, Chief Economist for the Maine Heritage Policy Center completed studies documenting this activity.

Rather than cite studies that discuss the relative rankings of various states, let's discuss the absolute burden of taxes on the average family of Maine.

The average Maine household carries a tax burden of 15% of income. Ouch!

How do I arrive at that number you ask?

The state takes from Maine based sources around \$4 billion annually, localities another \$2.5 billion. There are an estimated 544,000 households in the state. Dividing those numbers out, the average household in Maine shoulders a tax burden of an estimated \$1,000 per month, \$12,000 per year. This is to carry school, town, county, and state government spending.

The average household income in the state is about \$80,000, thus the total tax burden is over 15% of income per household. Excluding the public sector and only looking at private sector personal income per household the percentage increases to over 21%!

You thought taxes were high in Maine, now you know they are.

I know this doesn't make you feel any better, but that is not my point. Until it is admitted there is a problem, and it is accurately identified, it cannot be properly solved.

The actual incidence of those taxes may not be paid directly out of the pockets of the average household, but the burden is carried by all of us. Studies that show the relative level and direction of business climate, or tax burden, point to the problem without clearly defining it.

The unemployed and the over one third of Mainers are on some sort of public assistance, know the problem intimately.

Yes, it is true that some of those taxes are paid by out-of-Staters, many of whom are now former Mainers, who, according to Mr. Rooks are "almost by definition, better off than year-rounders."

Rooks and Company are saying, "Stick it to out-of-Staters." This thinking and activity does not actually improve your living standard, but it may make you feel better.

More Mary Poppins economic thinking at work, well, this is more like Karl Marx.

Both are just the kind of nineteenth and twentieth century economic thinking that need to be scrapped in order to solve Maine's problems: undereducated workforce, lower than average

income, and higher than average dependence on public assistance programs.

This is only exacerbated by the onerous and complicated regulatory system in Maine. Here is a fact for Mr. Rooks: there are over twenty times as many regulators in Maine's government as there are people working on economic development.

Forbes magazine putting Maine last on the list of for business climate, may have helped the Republicans and Paul Lepage take the reins this week, but the damage and recognition about the people and policies that caused the problems had already been done.

Dare I say, that liberals and democrats need to be more open-minded? More holistic?

Mainers have hired a new doctor who is ready to help cure Maine's ills.

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