Sun Journal

Malignant Incompetence

By J Dwight , *Populist Economics*
Sunday, August 17, 2008

"Malignant incompetence" is an unusual phrase I heard on local radio to describe the last thirty years of Democrat rule in Maine.

Incompetence is oft used to describe bumbling, like what a nincompoop would do, but "malignant incompetence"? Nincompoops, sure, but purposefully, passionately, relentlessly, malevolent nincompoops?

Maybe this concept is hard to accept. But it's not hard to see. This is not good.

A recent CNBC study ranked the 50 states on dozens of metrics, which were then condensed into 10 broad categories. The results are on CBNC's Web site under, "America's Top States for Business 2008"

Maine rated 44 overall, while our neighbor, New Hampshire, held position 27. (I guess the Granite State can't win them all.)

Maine scored poorly in seven of 10 categories: ranking in the bottom 10 in transportation (40), and access to capital (40), technology & innovation (41), cost of business (43), overall (44), economy (44), and workforce (45).

In "quality of life," the current answer to every economic question from the Democrats, second-ranked New Hampshire more than upstaged Maine, which was a faraway 14. CNBC used several factors, including local attractions, crime rate, and health care to rate QoL scores.

Maine did score well in three categories – quality of life, business friendliness (23) and cracked the top 10 in education (8), which reflects Maine' spending, class sizes, and test scores for K-12 schools, plus the presence and availability of secondary education. NH scored seventh.

In fairness, though, the CNBC evaluation of Maine is dismal. While Maine is arguably "business friendly" and a nice place to live, its business environment (transportation, technology, cost of business, workforce, etc.) is quite unfriendly.

This makes me think Maine government really has been malignantly incompetent – despite claims of improving the economy, the government's chronic ineptitude has done

much more to stifle it.

Here are a few examples:

• Residential electricity costs in Maine are up to 50 percent higher than the national average, because of laws passed by the Legislature, which costs Mainers approximately $1 billion annually, according to former Bangor Hydro executive Carroll Lee.

• Lee also notes that prior to 1979, Maine's private utilities had a diverse electricity production base: 20 percent hydropower, 40 percent nuclear, 20 percent Canadian (mix of hydro/nuclear/coal), and 20 percent hydrocarbons.

Now, Maine’s dependence on oil/natural gas for electricity is almost 80 percent.

• Maine's transportation infrastructure and schools are ‘underfunded’, despite the second-highest level of real estate taxes as a percentage of per-capita income, according to the Tax Foundation, (New Hampshire, interestingly, is the highest).

Maine also has higher taxes on fuel than all other New England states but one. There is plenty of money, little competence in using it wisely.

• During the last six years, the Democrats and Baldacci administration have lost more than $100 million: $20 million in an ill-fated, subprime backed investment; $30 million in the corrupt PinRX program; and $50 million in a botched Department and Health and Human Services computer upgrade.

Additionally, Maine's hospital debt of $430 million, and $30 million owed to the Federal government go unpaid. There’s almost $1 billion in unfunded liability to the state's pension system that is un-addressed.

And these are only the money problems we know about, which have been reported in the sympathetic press. What would be found if we really went digging?

• Despite massive entitlement programs, Maine's poor population keeps getting larger. More than one-third of Maine families receive some sort of public assistance today, versus fewer than 10 percent at the beginning of the 1970s. The best welfare program is a good private sector job, which the Legislature has done its best to eradicate in Maine.

What is ‘quality of place’ worth, when you can't find a decent job?

• Responses to this energy crisis is typical: force utilities to increase its renewable energy production from 30 percent to 40 percent, even though Maine’s mandate was already 10 times higher than the mandated national average for renewables. And, we are removing the lowest cost renewable: hydroelectric dams. This will further increase energy costs in Maine.

These are just a few citations. But government isn't totally to blame. .

The problem is really us. We, the voters, keep putting these people into office, and allowing bureaucratic malignant incompetence to go unchallenged.

It seems voters can be incompetent, too. Fortunately, that incompetence is curable.

J. Dwight is a SEC registered investment advisor and an advisory board member of the Maine Heritage Policy Center. He lives in Wilton. E-mail jdwight@gwi.net.