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Private in New Jersey

Posted Monday, Mar. 15, 2010 Comments (0) Recommend (0) Print Share Buzz up! Reprints

Topics: New Jersey

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New Jersey's new Republican governor, Chris Christie, is creating a commission that will recommend what state government functions could be done better -- and cheaper -- by the private sector. The commission will examine hundreds of regulatory bodies to see which might be closed or privatized as part of the governor's plan to reduce an \$11 billion deficit left by his Democratic predecessor, Jon Corzine.

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Christie may also suspend civil service rules to make it easier to lay off higher paid workers. This would be a switch from the way things are usually done in a state dominated by unions, which demand a last-hired, first-fired priority. The grip of the unions was most recently evident when Corzine instituted a temporary layoff of "nonessential" state workers, but then paid them for their time away when they returned to work. If those employees are nonessential, maybe the commission could start by privatizing them.

Given that it is New Jersey, watch for the predictable hyperbole from the left with forecasts of starving poor, homeless seniors and irreparable harm to children. Republicans have never developed an effective strategy for countering this long-running political road show. Maybe Gov. Christie will.

Privatization is nothing new. Ancient civilizations dating back to pre-Roman times practiced it. More recently, British Prime Minister Margaret Thatcher succeeded in reducing the size and cost of her government by selling-off entities like British Telecom and British Rail to private companies. Thatcher's policies brought in revenue to the treasury, reduced the size and cost of government and cut the bloated civil service from 732,000 employees when she took office in 1979, to 500,000 in 1997 when Conservatives lost their parliamentary majority.

Other governments followed Thatcher's lead, some having begun the process before she took office. They sold airports, railroads, utilities and other assets. The first question became: can the private sector run these things better, more efficiently and at less cost than government? In most cases, the answer was a resounding "yes."

The United States has had less success with privatization because of the commitment of liberal Democrats and some Republicans to big government. Still, President Ronald Reagan was able to sell off the Conrail freight railroad in 1987 for \$1.7 billion. The year before, the Alaska Power Administration was privatized. The federal helium reserve was sold for \$1.8 billion in 1996. The Elks Hill Petroleum Reserve was sold in 1997 for \$3.7 billion. And in 1998, the U.S. Enrichment Corporation, which provides enriched uranium to the nuclear industry, was privatized for \$3.1 billion.

Here's a shocker: The Office of Management and Budget has calculated that about half of all federal employees do work that is not "inherently governmental." The CATO Institute has done an excellent study into what federal agencies and programs could be sold to private firms

(www.downsizinggovernment.org/privatization). CATO's Chris Edwards writes of the benefits of privatization: "First, sales of federal assets would cut the budget deficit. Second, privatization would reduce the responsibilities of government so that policymakers could better focus on their core responsibilities, such as national security. Third, there is vast foreign privatization experience that could be drawn on in pursuing U.S. reforms. Fourth, privatization would spur economic growth by opening new markets to entrepreneurs."



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All Action Water Extraction & Carpet Cleaning Emergency Water Extraction. Carpet, Tile, Grout, Super Clean! Click Here! Edwards says selling off the postal monopoly would bring innovation to the mail industry, just as the 1980s breakup of AT&T transformed the field of telecommunications. That's just for starters. CATO says at the end of fiscal 2007, the federal government held \$12 trillion in buildings and equipment, \$277 billion in inventory, \$919 billion in land, and \$392 billion in mineral rights. Surely it doesn't need all -- or even most -- of that.

While the federal government grows and pays its workers more than the private sector, if Christie can reduce the size and cost of state government, he -- along with Virginia's Gov. Bob McDonnell, who has similar goals -- could change government as we know it back to what the Founders envisioned: small government that protects personal liberty.

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