

The shutdown's real lesson: Government has taken hostage too much of the economy

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January 10, 2019

We are in the third week of the federal government's partial shutdown. The shutdown is affecting the lives of many federal workers and may soon start disrupting the broader economy. Because the government exerts control over major industries, when the politicians butt heads, it damages activities such as aviation, tourism and recreation.

The problem with the shutdown is not that **President Trump is holding the government "hostage," as House Majority Leader Steny Hoyer said**, but that the government has taken hostage of too much of the U.S. economy.

Consider security screening at the nation's 450 commercial airports. The government took over that function in 2001 when it created the Transportation Security Administration. Over the years, **the TSA has generally done a poor job**, caused congestion and wasted a lot of money.

And now, because the TSA is the only screening organization we have, the shutdown may affect the entire nation's air travel. **A spokesman for the TSA screener's union said Tuesday**: "Some of [my members] have already quit and many are considering quitting the federal workforce because of this shutdown ... The loss of officers, while we're already shorthanded, will create a massive security risk for American travelers since we don't have enough trainees in the pipeline."

He's probably exaggerating the risk, but political battles would not impact such important activities if they were separated from the federal government. **Many advanced nations, including Britain and France, have privatized their screening or moved it to the control of local airports**. If we followed suit, there would not be just one "pipeline" for trainees because airports could contract services from numerous companies.

It is a similar situation with our government-run air-traffic-control system. The **spokesman for the federal controller's union said the negative "ripple effect" of the federal shutdown** may last months or years, while **the head of the Airline Pilots Association said "the disruptions being caused by the shutdown are threatening the safe operations"** of the nation's airspace.

During the **2013 budget sequester battle**, controllers were furloughed and thousands of flights were delayed before the politicians cobbled together a budget deal.

All of this is unnecessary. Dozens of nations have separated their ATC from their government budgets. **Canada privatized its ATC system in 1996** as a self-funded nonprofit corporation. That structure has created financial stability, improved management, and generated innovation. The U.S. controller's union has been so frustrated with federal budget instability and the slow pace of innovation under the current structure that **it has backed Canadian-style ATC reforms.**

Millions of Americans and the tourism and recreation industries are being affected by National Park Service furloughs. "National parks face years of damage from the government shutdown," **a National Geographic writer said.** The national parks have long suffered from deterioration and mismanagement even under normal operations.

The solution is to restructure the parks as nonprofit organizations self-funded by fees and contributions, or to transfer them to state control. Today, while the government's **Frederick Douglass National Historic Site in Washington, D.C. is closed,** the well-run and private Mount Vernon in Virginia—home of George Washington—is open for business.

As federal deficits soar in coming years, budget battles will worsen. That will cause more shutdowns, and it will mean that the national parks, air traffic control system and other assets will be starved for investment.

Our ATC system needs billions of dollars to upgrade to new technologies such as satellite navigation, but it is not clear where the money will come from under current federal control. As for the NPS, it faces **at least \$11 billion in deferred maintenance** because appropriations must be spread over a bloated system of more than 400 parks and sites.

Amtrak and the U.S. Postal Service are not affected by the shutdown, but they are losing billions of dollars on their inefficient operations and can't make needed reforms because of Washington's dysfunction. They should also be cut loose from federal control.

Privatization of such businesses may seem radical, but **a privatization revolution has swept the world since the 1980s** as more than 100 countries have moved more than \$3 trillion of state-owned businesses to the private sector. Air traffic control systems, postal services, passenger rail and other activities have been successfully privatized abroad.

The federal government's budget management is a total mess and getting worse. To limit the damage, it's time to untether the government from as much of the economy as possible.

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