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Thoughts on the Shutdown

Posted By [John LaPlante](#) On June 28, 2011 @ 2:10 pm In [Blog Posts](#), [John La Plante](#) | [No Comments](#)

It looks like Minnesota's state government may "shut down." Here are some random thoughts on the possibility.

The seen and the unseen. News reports are filled with stories of people who will in small ways and big ways be affected by a shutdown. They'll range from the trivial ("I can't go camping this weekend!") to the significant ("I'm on MinnCare; can I still see my doctor?")

Those are the seen effects. But what are the unseen effects of the higher levels of government spending and taxation that the governor wants? Those, by definition, don't get play. But they're nonetheless real. As Maryland found out a couple years ago, [Millionaires Go Missing](#) ^[1]—resulting in lost tax revenue, and one suspects, not a few jobs as well. Businesses move to South Dakota, expand in Texas rather than Minnesota, and we lose today's jobs—and tomorrow's.

In addition, increased levels of taxation, whether the taxes fall on "the fortunate few" or everyone else, diverts money. It diverts money from the world of voluntary interactions to the political world. The former is usually more nimble and able to adjust to changes in human wants and desires than the latter.

The governor has the political advantage. This point is related to the previous one. It's much easier for the public to identify with a particular individual (a governor) than a group (the Legislature). Gov. Dayton may not be the smoothest retail politician, but by virtue of his position, he's able to cut through the media clutter better than the combination of the Speaker of the House and the Senate Majority Leader.

He also has the advantage of being able to broadcast a message of "stick it to the big guy." Some people say Americans dislike class-based political discourse, and compared with European nations, perhaps, they're right. But the governor is selling an alluring message: Government can give you more and more of what you want, and the only thing standing in your way are a few legislators who are defending a few rich guys who can buy all that for you.

Oh how the definition of rights has changed. I suspect that a very small number of people believe in such a thing as "welfare rights," if by that we mean "the right to collect welfare checks." Yet if we take a broader definition of the term "welfare," the percentage is much higher.

In a filing before the Ramsey District Court, Attorney General Lori Swanson argued that the court must intervene. According to her filing, as relayed by Minnesota Budget Bites (MBB), a shutdown "would deprive Minnesota citizens of the [rights guaranteed under the Minnesota and United States Constitutions](#) ^[2], and the life, health, safety, and liberty of citizens would be profoundly and irreparably impacted."

But which rights would be deprived?

MBB continues with its own narrative: "Prisoners would need to be released, there would be no one to respond to highway emergencies, mentally ill patients could be turned out, vulnerable individuals would lose money to buy food, and unemployment insurance benefits would be suspended."

Is there a constitutional right to unemployment insurance benefits? Food stamps? Those might be items that we collectively decide should be provided through government. But rights?

I'm reminded of the book "[The Struggle to Limit Government](#) ^[3]," by Cato Institute scholar John Samples. It's an academic treatment of the development of the federal state, from the progressive era through the New Deal and Great Society, until the present day. One point he makes early on is that the goal for the national government was changed by FDR (and even more, by LBJ):

"FDR established a new goal (maximized consumption) for the national government. The older public philosophy had understood individual liberty and the pursuit of happiness to be the goal of

government to be achieved through the rule of law. The New Dealers thought the new goal of mass consumption implied activist government, and any weaknesses in the economy required political attention.” (p.11) That idea has been articulated in many laws since then, including the Humphrey-Hawkins act. ([Read the full title of the act](#) ^[4] at its Wikipedia entry and you'll get an idea of how we now live with the “administrative state” that allegedly solves all our problems.)

Similar ideas animate Minnesota’s political history.

Tax laws have consequences. Finally, our friends at the Center of the American Experiment have some insights worth reviewing. For example, see [The unintended consequences of the Dayton tax plan](#) ^[5], by Peter J. Nelson and John Spry. Here’s a hint: They consequences are not good, even by the standards of those who wish to increase tax rates.

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URLs in this post:

[1] Millionaires Go Missing: <http://online.wsj.com/article/SB124329282377252471.html>

[2] rights guaranteed under the Minnesota and United States Constitutions:

<http://minnesotabudgetbites.org/2011/06/16/court-process-begins-for-a-potential-government-shutdown/>

[3] The Struggle to Limit Government: <http://www.amazon.com/Struggle-Limit-Government-Political-History/dp/1935308289>

[4] (Read the full title of the act: http://en.wikipedia.org/wiki/Humphrey%E2%80%93Hawkins_Full_Employment_Act

[5] The unintended consequences of the Dayton tax plan: <http://americanexperiment.org/publications/commentaries/the-unintended-consequences-of-the-dayton-tax-plan>

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