

Upholding the Idea of Liberty

Excerpts from Pulitzer Prize-winning columnist and author George F. Will's keynote speech at the dinner for the 2006 Milton Friedman Prize for Advancing Liberty, which was awarded to former Estonian Prime Minister Mart Laar.

AN old economics joke tells of an economist and a friend who are walking down a road and fall into a pit. The regular guy says, "We can't get out." And the economist replies, "Not to worry, we'll just assume a ladder."

We have had the last presidential election before the first of 77 million baby boomers begin to retire. They will put strains on a welfare state that, as currently configured, cannot endure. And so the entitlement advocates are assuming a ladder, assuming that something will happen to fix the problem.

It is a tremendous problem that the country will not face. In 1940, there were 42 workers for every retiree. Today there are 3.1 workers for every retiree. There will be, in 2030, 2.1 workers for every retiree, assuming that we have 900,000 immigrants that year and every year into the future. This is why the politics of assuming a ladder of evasion and intellectual cowardice cannot go on and why the Cato Institute, here first and earliest and most forthrightly on this problem, must be listened to. Cato has been saying this for years, and there's nothing more dangerous in Washington than to be prematurely right.

Funding the welfare state that Americans seem to want requires a dynamic economy. And rent-seeking – the bending of public power to confer an advantage on a private party – inhibits the economy. We see the spirit of modern rent-seeking in the jihad today against Wal-Mart. Wal-Mart is the most prodigious job creator in world history. Wal-Mart, when it enters a rural community, lowers the general price level 8 percent; in an urban setting, 5 percent. Wal-Mart, according to a McKinsey & Company study, was responsible for one-quarter of the entire nation's productivity growth. Wal-Mart, if it were a nation and its revenues were its GDP, would be the 27th largest nation in the world, slightly larger than Saudi Arabia and a lot nicer.

But Wal-Mart makes life difficult for its vendors, who have to become more efficient. It makes life difficult for the traditional retailers down on Main Street. We could protect those Main street retailers, just as we could have protected the American automobile industry from the best thing that ever happened to it and to American consumers: the Japanese automobile industry. But we cannot do that sort of thing and have a dynamic economy, providing upward mobility for the American people and supporting the kind of government that, alas, a good many people want to have. We cannot have the politics of rent-seeking and continue to be a prosperous and free country.

Nor can we have the politics of learned dependency. Fewer and fewer people paying for a government that more and more people are getting things from. That is what economists call a situation of moral hazard, a situation in which the incentives are for perverse behavior. That is a situation in which there is no incentive for limited government.

One percent of the income tax payers pay 35 percent of the income tax; the top 5 percent pay 55 percent; the bottom 50 percent of income earners in the country pay less than 4 percent of the income tax; 40 percent of the adult population in the country are not participating in the income tax at all.

And still people make political careers and presidential campaigns based on the politics of envy; the idea that the rich are oppressing everyone else and not doing their fair share.

Fortunately, the American people are not an envious people. We are an aspirational people, which is why we are the only developed industrial national that has never had a serious socialist redistributionist party.

There is no greater threat to liberty in this country than the fourth king of politics, the politics of speech rationing. It is commonly called campaign finance reform, but it's nothing of the sort. It is simply the assertion of the government of a new, audacious right: the right to determine the timing, content, and amount of political advocacy about the government. It is the most astonishing slow-motion-although-it-is-gaining-speed repeal of the First Amendment anyone could imagine.

To review Will's full speech go to www.cato.org.



George F. Will

Sigrid Estrada

Landfill Gas is Fuel for Power Plant

OFFICIALS from Owen Electric Cooperative, EnviroWatts, East Kentucky Power Cooperative (EKPC) and Rumpke of Kentucky broke ground recently in Butler for a power plant at Pendleton County Landfill that will be fueled by flammable landfill gas.

"This plant will provide an alternative for Owen Electric members who prefer electricity that is generated from renewable sources," said Bob Marshall, president and CEO of Owen

Electric. The facility is the fifth landfill gas plant in Kentucky developed by EKPC – a non-profit serving more than 500,000 Kentucky homes, farms, businesses and industries in 89 counties.

Pictured from left: Mike Cobb - senior vice president, Customer Service & Marketing, Owen Electric Cooperative; Pendleton County Judge Executive Henry Bertram; State Senator Katie Stine; Jack Kerr - sales manager, Rumpke Consolidated Companies; Ralph Tyree - manager, Non-



traditional Power Production; Todd Rumpke - regional vice president; Meredith Boyd - Envi-

roWatts marketing representative; and Gary Crawford - EKPC vice president Member Services.

Abramson and Fletcher Show Leadership on Arena Financing Plan

IMEDIATE response and straight talk by Gov. Ernie Fletcher and a prompt veto by Mayor Jerry Abramson quickly exterminated the deficient Arena Financing Plan passed by the Louisville Metro Council. The mayor's first-ever veto of the Metro Council's resolution, that unreasonably protected local unions, was the right action to take.

Using competitive bids and prevailing wages for each trade involved in construction of the arena project is good busi-



Gov. Ernie Fletcher



Louisville Mayor Jerry Abramson

ness practice and fair to taxpayers who will help pay the construction bills. After re-negotiations, a revised arena resolution was almost unanimously approved by the Metro Council.

The unified support of business, professional, civic and government leaders to quickly resolve this issue was impressive and shows the benefits of having good communications and broad-based community support for the Louisville Arena.

A three-point play at the end of the game sure beats fouling out.

Exstreamly Happy!

AT the recent groundbreaking for the firm's new three-story corporate headquarters building, CEO and President Davis Marksbury announced that Exstream Software's immediate goal is to be ranked as one of the top 100 software companies. Marksbury believes Exstream's relationship with the University of Kentucky and Coldstream Research Campus will help achieve that goal.

Within a few years, Exstream is projected to have 250 local employees and an economic impact of \$40 to \$50 million annually on the Lexington area. The company currently operates eight offices serving customers in 22 countries.



Pictured left to right: Exstream CTO Dan Kloiber, CEO and President Davis Marksbury, Gov. Ernie Fletcher, and UK President Lee Todd.

KEEP Keeps Growing



Jim Navolio, KEEP Executive Director

THE Kentucky Equine Education Project (KEEP) passed the 10,000-member mark in July. KEEP, the lobbying group representing all breeds of horses in the state, reached this goal approximately two years after it was formed in May 2004.

"Our members represent all equine breeds and disciplines and come from all across Kentucky," said Jim Navolio, executive director of KEEP. "Although there have been surges of memberships, our growth has continued at a steady pace over the last two years. As our staff has traveled the state and talked about our mission and vision, people have signed up on the spot. Our members believe in our cause - to keep Kentucky the "Horse Capital of the World."

KENTUCKY EQUINE  EDUCATION PROJECT

KEEP focuses its efforts on advocacy for the equine industry and helping formulate legislative policy, increasing overall awareness of the equine industry's importance, working to maintain a high level of equine education opportunities in the state, and assisting with program development that will benefit the entire industry.

KCTCS Sets Fiscal Year 07 Spending

THE KCTCS Board of Regents approved the college's \$633.4 million operating budget for the fiscal year beginning July 1, 2006. President Michael McCall said some of the key provisions of the KCTCS 2006-07 budget will:

- Maintain the public funds base for each college and the system-wide operations and support programs based on state appropriations enacted by the 2006 Kentucky General Assembly
- Fund a 3.5 percent 2006-07 salary increase for full-time regular KCTCS employees who meet job requirements on their performance evaluation, as well as a \$2.5 million pool for additional salary increases for eligible, full-time regular KCTCS employees whose salary is below the market rate as established in the KCTCS salary schedule
- Fund fixed cost increases in existing employee benefits programs
- Fund, on a recurring basis, maintenance and operations costs for new facilities coming online in 2006-07
- Fund personnel and operations expenditures for the Kentucky Board of Emergency Medical Services, which was transferred to KCTCS by the 2006 Kentucky General Assembly

KCTCS served approximately 84,900 students during the school year ending June 30, 2005.



KCTCS President Michael McCall