

Socialist Economists

"So, what the heck kind of an economist are you?" Actually, that's not quite how the question was phrased – and no, it wasn't the saltier version either – but that pretty well captures the gist of what several people wrote in response to my column on the convention center. Pretty clearly, I must not be the good kind.

Well, I'll tell you what kind of economist I am. I'm the kind that believes that markets generally work best with as little government interference as possible. The kind that prefers to leave most investment decisions to private investors, who risk their own money, and either reap the rewards or bear the losses. In other words, the free market kind of economist.

The kind the writers would seem to prefer is called a socialist economist. Socialists favor government ownership of capital, like in Cuba or increasingly Venezuela. Socialist economists used to be pretty common in the Soviet Union and Latin America. Now about the only place you can find them is in a local Chamber of Commerce building, dreaming up government investment schemes like convention centers.

Socialist economists are mostly out of favor right now because frankly, their record stinks. The Soviet Union collapsed because its economic system was a catastrophe. It's taken Latin America two decades to overcome the problems government-run investment created there. And locally, the socialist economists in City Hall and the Chamber of Commerce have given us the existing convention center and the taxpayer subsidized white elephant on the 100 block (which I voted against). Can you see why I have my doubts about tossing our tax dollars their way once again?

Now any economist, even the good kind, will tell you there are times markets don't work, and government needs to step in. Markets don't provide us with parks and streets, so when Main Street needs to be redone, our taxes will help pay for it, and that's fine. Opera House Square was also the kind of public investment most economists would approve of. I voted for that public investment when I was on the Council, and although many people disagree with me on this, I consider the downtown park a rousing success.

But the fact that the convention center's backers are only half willing to pay for the remodeled convention center tells me a lot. It tells me the private investors have done their analysis, and the probable payoff is only worth half the cost. When I want something, but am only willing to half pay for it, I typically don't expect someone else to step in and cover the other half for me. But then again, I don't have any socialist economists looking out for me.

Now, these socialists will point out that a lot of other cities around here have updated their convention centers, so we should too. Perfect socialist logic, that. But a market economist will tell you that if everyone else is investing, the market may already be saturated, and the expected return on your investment won't be very good. Probably only half good.

But what about all the jobs the convention center will create? Sure, it'll create some – or more accurately, move some here from those other cities, if we convince a few conventions to use our new facility, not theirs. But cutting our property taxes by the amount the socialists want to spend on the convention center will also create jobs.

The question is, what are the best jobs to create, and how do we identify them. I'd say, let the market decide. But maybe that's just a market economist speaking.