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R.I.'s problem remains: Attracting jobs

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In passing historic pension reforms in November, Rhode Island took a significant step in dealing with one threat to our state's economic well-being. However, as if on cue, new issues are now coming to light. A waiting list of critical new challenges is quickly forming: municipal pension reform, unfunded health-insurance and benefit costs, Massachusetts casinos, T.F. Green airport expansion, rising Medicaid costs, and structural state budget deficits for as far as the eye can see.

How we deal with these issues will impact the future prosperity of all Rhode Islanders. However, dealing with these issues on a one-off basis will not help our state improve its standing, but can only help not worsen it.

Currently, the Ocean State ranks at or near the bottom in a number of important national and regional indexes: last in America in overall business climate; highest unemployment rate, by far, in New England; highest corporate tax rate in New England; lowest population growth in the nation (behind only Michigan, which lost population); the list goes on.

Even if we do the yeoman's work of addressing each of the issues above, Rhode Island will still be left in the same place: last. For example, even if we balance our forever-increasing state budget by somehow finding new revenue sources, how will that make Rhode Island more competitive ? It will not; it will only keep us where we are. We must do better.

It is time for a dose of reality. What is missing from any serious debate is the more substantial issue: How does Rhode Island regain its competitive status in New England and across the nation? Multiple studies and reports have documented how our state is losing both capital and human resources to other, more tax-friendly and business-friendly states. We cannot expect to have a vibrant economy, good jobs for our citizens, and the resources to help those in need if we do not reverse this trend.

Consider the casino issue. Recent actions by Massachusetts will put greater competitive pressure on the Ocean State, reducing tax revenues that fund core government functions. Dealing with this in a typical myopic fashion, as a one-off issue, would require us to react in-kind, by responding with some form of expanded gambling in Rhode Island, where the debate has been, and will be, fierce.

Such a solution would be reactive and would promise a magic bullet, typically resulting in a rushed plan that generally benefits the corporate special interests that drive the process.

Imagine, instead, that we consider a more comprehensive, pro-active approach, such as simplifying and reducing taxes that will spur broader economic growth by attracting human and financial capital to Rhode Island and away from Massachusetts and Connecticut. If the Yankees sign a star left-handed pitcher, must the Red Sox do the same? Or might they choose to better compete by signing a right-handed hitter, or by improving their bullpen or team speed?

To put the Ocean State on a proven path to prosperity will require a massive departure from the current culture of dependency on government and a return to taxpayer- and business-friendly policies. Special deals and one-off solutions are not the answer.

The reality is that we have spent too much, taxed too much, regulated too much, promised too much, and borrowed too much. The wreckage from this failed special-interest culture is now painfully obvious to all Rhode Islanders.

The Rhode Island Center for Freedom and Prosperity, in early 2012, will present a vision of renewal for our state. We'll do our best to present a different path — a better path — and to stimulate debate. We'll do so because many of us believe that Rhode Island can once again be great, and that our citizens can have hope of prospering.

But one small think tank can’t go it alone. Unexpected leadership emerged in 2011 to drive the crucial pension debate. Who will acknowledge the true realities we face as a state, and choose to step forward to lead this even more vital discussion in 2012?

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