

Don't Mess with Texas Free Enterprise

**By John Merrifield,
Professor of Economics
Director, Entrepreneurial Conservatism Institute
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One of the reasons it is obvious when you have driven into a neighboring state is that Texas' public policy undermines free enterprise the least. Free enterprise, driven by competition and informed by the price system, reflects genuine liberty, which is the cornerstone of economic prosperity. According to the Tom Garrett and Howard Wall article in the Fall, 2006 *Cato Journal* (<http://www.cato.org/pubs/journal/cj26n3/cj26n3-7.pdf>) Texas is #1; just short of perfect in staying out of entrepreneurs' way. In contrast, Arkansas, Louisiana, New Mexico, and Oklahoma have three, five, four, and three times as far to go in pursuing entrepreneur-friendly policy, respectively, as Texas. This example of wise general policy towards free enterprise is especially important in Texas, with its plethora of disadvantages, such as low average educational attainment, and high rates of imported poverty.

Unfortunately, the data used by Garrett-Wall predate the 2006 enactment of the gross receipts tax; perhaps a sign that the importance of Texas' top entrepreneur-friendly ranking is poorly understood. Part of leadership is the hard work of hardening resistance against special interest attacks on the key ingredients of economic growth.

Garrett-Wall did not address sector-specific impediments to free enterprise like the public finance monopoly of the government-owned schools that makes it very, very difficult for private schools to make money. It is hard to sell something with a free substitute. Private schools' share of K-12 is very small, and most of them are non-profit schools subsidized by churches. Health care, now 1/6th of our entire economy, is another economic activity where government intervention undermines free enterprise.

Just like it is obvious which states best support free enterprise, it is obvious which sectors of the economy best nurture entrepreneurial initiative. As 3rd party financing has gradually weakened consumer vigilance, the skyrocketing cost of health care has made it inaccessible to some, devastatingly costly to others, and threatens to yield government takeover of health care, which it would run about as well as the public school system. The entrepreneur-hostile K-12 education sector suffers skyrocketing costs and low ('Nation at Risk'), stagnant performance (~25% proficiency; over 40% below basic); a 'gold-plated' disaster.

We need leadership to safeguard Texas' advantage in exploiting free enterprise, and to increase the importance of free enterprise where bad policy undermines it.