

## What is government inefficiency?

Over the years, I've written frequently about government efficiency and inefficiency. I even wrote a book that, among other things, measured types of efficiency across 38,000 local governments in the U.S.

We now live in a time when lots of folks complain about government efficiency. Some of them have experience in government and some have built large private sector firms, while others haven't been in charge of anything important — often for good reason.

It is helpful to think about what might cause government efficiency or inefficiency, and whether it is really the problem that we think it is. I'll begin with a simple observation that there a number of things governments shouldn't be doing. The real standard for this is whether the private sector does it somewhere.

By that standard, governments shouldn't run airports or sports arenas. They shouldn't own or operate hotels, restaurants or hospitals. Governments shouldn't buy land for private development or operate loan funds for businesses. There may be rare exceptions to all these rules, and misuse of public funds in all these examples is a real concern. However, that isn't the point of this column.

Here in the U.S., we employ a federalist form of government. That means different levels of government concern themselves with different problems. The federal government should be minimally involved with local schools, perhaps collecting data or paying for research that everyone can learn from. City councils should be silent on foreign policy.

There are three clear causes of government inefficiency. The first is scale. In my 2012 book (with colleague Dagny Faulk), we found considerable inefficiencies due to government operations being stuck at an inefficient size. Economists since Adam Smith have noted that there is an optimal size for most production processes. It changes over time, and with technology, but there is always a range of maximum efficiency.

The best example of this is in fast-food restaurants. No matter where you go, in any city, town or country, fast-food restaurants are always built and operated in similar sizes. This isn't an accident. Businesses choose the optimal size of operations to maximize profits and make investment and hiring decisions accordingly. That's the benchmark for efficiency.

Public sector entities don't really have that freedom. Across most of the country, there are lots of tiny school districts that are inefficiently small and big ones that are inefficiently large. The same is true with police, fire, administration, parks, libraries and other functions. The people making budget decisions in these places largely have no meaningful say in the scale of their operation. So, that inefficiency is baked into the facts surrounding their jobs.

What is most interesting is that the small-scale inefficiencies of this type are mostly clustered in rural places, and rural voters seem perfectly happy to let them continue that way.

Inefficiencies in larger-scale operations — ike big-city schools in New York or Chicago — appear to be the result of legislative action. So, inefficiencies in these places aren't about scale, but are about city councils or state legislatures making rules that create inefficiencies to protect special interests. I don't like them, but voters seem content to allow them to persist.

The second source of inefficiency in government operations is their complexity in comparison to the private sector. In most U.S. cities, the largest fleet of vehicles is operated by the local school. The largest restaurant service is the high school or elementary, and the most highly attended paid venue is the local basketball game. That same school corporation has the largest local maintenance contracts, the largest computer array, the largest library and the largest HVAC system in the county.

That same school system has the most challenging physical security requirements in the county and must make weather-related cancellation decisions about 50 days a year—before 5:30 a.m. And these decisions are calibrated by complex concerns beyond safety. For example, a large share of students get their only breakfast at school.

I have enormous respect for the private sector and the great wealth it creates. We all should. But there are precisely zero examples of private sector firms doing anything like this today.

The third source of inefficiency in government is the absence of a profit to measure success. Government measures of success, from the battlefield to the classroom, the public pool and the library, are fuzzy and imprecise. Not so for a bank or restaurant.

We may not know how good our schools are, how important USAID spending is, or even if we have successfully prosecuted a war, for decades. Not so for a manufacturing or logistics firm, or a fast-food restaurant.

Indeed, how do you measure how good a rifle battalion of 800 soldiers is? How useful is foreign aid in country that might otherwise become a hotbed of terrorists? Or how good the parks department might be, or the library or police department? It is easy to generate metrics for each of these. We do so, everywhere, to a stunning extreme. That is what 100 percent of school testing is about.

Improving government efficiency is an important goal that requires serious thinking from serious people. When you hear an elected official or media personality rail on about government inefficiency, but they cannot explain how and where it is systemically occurring, and how it can be remedied without cutting tax, you might conclude they aren't serious.

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### Letters to the Editor

#### Education misconceptions must be cleared up

To the Editor:  
I must respond to Mr. Robert Sparkman's recent letter and clear up a few misconceptions he has about education in the United States. In the first place, his Mrs. Rhodes was in violation of the Constitution, evidently not held in the highest esteem by Mr. Sparkman, and certainly not by our current president, even though he swore to protect and defend it. (Incidentally, he did not place his hand on the Bible as he took the oath, see CBS News photo gallery.) Biden did. Obama did. George W. Bush did, they all did — except Trump. Hmmmmmm.

I am from a family of teachers and public school administrators for three generations. Both sides. Not one entered the profession to make big money; rather, it was their love for education and the young people that they knew were the future of this country. In particular, some of the members of one side of the family are currently teachers, and continue in the tradition of teaching facts, historical and scientific, and respect and revere the Constitution of the United States of America. They appreciate the differences in young people and strive to meet their needs, regardless of race, creed or color.

Mr. Sparkman's assertion that private schools are the answer is also in error. Private schools, and the government support of private

schools (also unconstitutional) is merely another method of segregation and this inappropriate and illegal path will return us to the wretched educational situation of the early sixties. As education separates itself more and more by socio-economic status, the more the already deplorable class system in the U.S. will be reinforced. From litter boxes in the restrooms of public schools (never happened), to Trump's ridiculous claim that a child would go to school one sex in the morning and return home a different sex that afternoon (by the way, one of his most outrageous lies, and that is a very high bar), and is as stupid as the assertion that abortions took place in and after the ninth month. Trumper right wingnuts have swallowed hook, line, and sinker absolutely egregious lies of his for years now. A comprehensive, government-supported educational system with qualified, educated, enlightened, and licensed teachers teaching actual historical and scientific facts is the answer, Mr. Sparkman.

I spoke earlier of respect and protection of the Constitution, and would like to mention that side of my extended family that not only talked the talk of democracy, but walked the walk. This family had members who served in the American Revolution, the Civil War (the Union side), World War II, and Viet Nam. Every one of these people fought for democracy in the United States and to preserve and protect America and its Constitution, and even though we do not all agree on

all political points, I am proud and humbled to be a member of such a true Christian American family.

I also would like to inquire as to which translation of the Bible Mr. Sparkman has. I see from his last letter, it does include the New Testament, but due to not mentioning them, I must assume it does not contain the Sermon on the Mount, or the two greatest commandments according to Jesus: "Love the Lord your God ... love your neighbor as yourself. On these two commandments depend all the law ..." And as to whom your neighbor is, consult Jesus' Parable of the Good Samaritan, Jesus sounds pretty woke, doesn't he? I would suggest that christiannews-junkie.com get a Bible that includes all the sayings of Jesus, and give them a read.

**John Stevens**  
Angola

#### Democrats owe Republicans an apology

To the Editor:  
I watched the historic speech last night. President Trump shown bright as the sun.

The Democrats however, chose to sink into the mud. The Democratic Party embarrassed themselves beyond belief. Like little spoiled brats, they pouted and showed the American people they are against us.

All Democrats should apologize for the behavior of their leaders. To us, their Republican neighbors.

**Bradley Thompson**  
Waterloo

### What Others Say

#### Donald Trump, the United States and a new UN tax convention

Donald Trump's Oval Office tirade on Friday laid bare his instinct to harangue and bully those — even supposed allies such as Ukraine, fighting for its survival — who dare to disagree. Countries pushing global tax reform at the UN will be watching as US demands for subjugation play out in plain sight. His day-one threat to punish nations taxing US firms is an all-out attack on global fiscal cooperation. If multilateralism in taxation was already on shaky ground, Mr Trump's return could bury it for good.

Under discussion is a new UN tax convention that may permit states to tax economic activity where it actually occurs, rather than allowing multinationals to shift profits to tax havens. The Tax Justice Network (TJN) said last year that nations lose \$492bn (£390bn) annually due to corporate tax abuse. The global south bears the greatest losses, which undermine public services like health and education. If enacted, the convention would create a legally binding framework requiring multinationals to pay tax where they employ staff and do real business — not where they stash profits. This would replace the outdated arm's-length principle with unitary taxation, ensuring fair profit allocation. It would mean an end to Amazon, Google and Apple putting billions through lower-tax jurisdictions while extracting wealth from higher-tax ones.

Before Mr Trump's election, about half of global tax losses were facilitated by the eight nations opposed to a UN tax convention — Australia, Canada, Israel, Japan, New Zealand, South Korea, the UK and the US. Yet opposition takes two forms: constructive and destructive. When negotiations for the UN framework convention on international tax cooperation began last month, all partic-

ipants committed to the convention's principles except Mr Trump's delegate, who walked out in defiance, calling on others to follow. The expected exodus never came. Washington was left isolated. Mr Trump's "America first" became "America alone".

But the US still has tremendous clout. As TJN's new report, The International Tax Consequences of President Trump, highlights, talks among 120-plus nations on taxing cross-border digital services — led by the US-dominated OECD — are grinding towards a showdown. Mr Trump's tariff threats against Canada and the EU are warning shots, aimed at countries daring to raise tax rates on multinationals, especially US ones. This fight isn't just about taxation; it's about sovereignty. Mr Trump's administration is trying to strong-arm nations into preserving a system that shields corporate profits from fair taxation. The difference now is that the world is pushing back.

For decades, the US has had an unofficial veto over global tax rules, using its heft to shape — and then reject — OECD-led proposals. But this approach is no longer sustainable. The growing coalition behind the UN tax convention shows that many governments prefer to chart their own course. Mr Trump's return forces a stark choice: stick with a broken system that fuels tax abuse or push forward without the US. Any attempt to tax multinationals fairly will face American retaliation, but clinging to the OECD's US-dominated framework is a dead end.

A united front at the UN is needed to forge a global tax system not dictated by Washington's whims. The cluster munitions convention succeeded without US involvement, proving international norms can shift without it. The world doesn't need US approval to fix global taxation. It needs the will to move forward together.

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