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Nation to nation accords on gambling needed

by William L. Connelly

Through the years, the American public has been perplexed about how to culturally deal with the most significant non-immigrant group which has always been in our midst—the American Indians.

Social engineering has long been the chosen method to befriend and support our neighbors on the sovereign reservations. Efforts by the larger community, which continues to think and act like it knows what is best for the Indians, have resulted in nothing more than an unbroken string of shattered promises. Our larger society has created an “enabling culture” by characterizing and frequently referring to American Indians as victims. Victims feel they have entitlements and entitlements lead to a “culture” of dependency.

Only in recent years, with the advent and development of gambling on the Minnesota reservations, have many of the tribal leaders begun to focus on issues of self governance and self sufficiency.

The explosive growth of the gaming business on the reservations has given birth to an evolving public debate about the role and financial impact of reservation-based gaming. The dialectic has grown into a beaver dam of proposals and arguments, some more reasonable than others.

Effective resolution of the state’s Indian gaming issue requires that the sovereignty of each of the Minnesota Indian tribes be recognized and respected, which means that “nation to nation” discussions and negotiations need to be conducted, in this case between the state and each of the tribes.

Well-meaning legislative efforts, including the bill advanced in the 2004 legislative session to allow the state and interested Indian tribes to

jointly own, operate and reap the benefits of a metro-area casino, do not serve the strategic needs of the tribes or the state. The basic purpose of the 2004 bill, which may be introduced again in 2005, is to seek a form of financial equity for tribes located in the more remote parts of our state.

The Red Lake Nation and the White Earth Reservation originated and supported the bill. Recently, the Leech Lake Tribe has indicated a willingness to also support the effort. The eight other federally recognized tribes in Minnesota oppose the bill.

Financial equity was never envisioned or deemed possible under the National Indian Gaming Act of 1988. The tribes understood their geographic limitations at the time the gaming compacts were negotiated. In effect, the tribes were granted franchise rights to develop protected businesses on their individual “trust” land, supported by the law and prudent investment decisions. Consequently, financial equity will never be achieved as long as the individual tribes remain as sovereign nations. I know of no plan to change that status.

However, this does not mean the tribes in Minnesota have not reached out to each other through loans and grants as sharing gestures. *Indian Country Today* (Jan. 29, 2004) reported last winter that the Shakopee Mdewakanton Community had extended a \$49 million dollar loan to the Red Lake Reservation that was “...instrumental in floating and reformulating Red Lake tribal finances.”

It is curious to note that the Shakopee tribe, which opposes the above mentioned bill, has made such a loan to a tribe which has initiated

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Why do Americans work more than Europeans?

by Edward C. Prescott

This article was originally published in The Wall Street Journal on Oct. 21, 2004.

Last week, *The Wall Street Journal* published a story describing a new method of measuring a nation's progress—"gross national happiness." Maybe it's because we're nearing the end of an election season, but one hopes that this indicator does not catch on. Of all the promises that candidates find themselves making, and of all the problems they pledge to fix, one shudders at the notion of pledges to make us happier. The mind reels at the thought of the ill-conceived policies that would be concocted if the stated goal were to increase gross national happiness. It's hard enough to make everybody more prosperous, educated and healthy, but imagine if the government was responsible for keeping you in a good mood. And just think about the data problems.

I mention this not to poke fun at the idea of happiness. Indeed, our Constitution, in its elegant wisdom, allows for individuals to pursue happiness. But individual pursuit is far different from the aggregate management of happiness. This point is at the core of how we should think about many government policies, especially tax policy, which is the subject of this essay.

Let's begin by considering a commonly held view which says that labor supply is not affected by tax rates. This idea holds that labor participation would remain steady when tax rates are either raised or lowered. If you are a policy maker and you subscribe to this, then you can confidently increase marginal tax rates as high as you like to attain the revenues you desire. Not only that, but you can move those tax rates up and down whenever you like and blithely assume that this will have no effect on output.

But economic theory and data have come together to prove this notion wrong, and we have many different laboratories—or countries—in which we can view live experiments. The most useful comparison is between the U.S. and the countries of Europe, because these economies share

traits; but the data also hold when we consider other countries (more on those later).

This issue is encapsulated in one question that is currently puzzling policy makers: Why do Americans work so much more than Europeans? The answer is important because it suggests policy proposals that will improve European standards of living (which should give a boost to its gross national happiness, by the way). However, an incorrect answer to that question will result in policies that will only exacerbate Europe's problems and could have implications for other countries that are looking for best practices.

Based on labor market statistics, Americans aged 15-64 work 50 percent more than the French. Comparisons between Americans and Germans or Italians are similar. What's going on here?

Here's a startling fact: Based on labor market statistics from the Organization for Economic Cooperation and Development, Americans aged 15-64, on a per-person basis, work 50 percent more than the French. Comparisons between Americans and Germans or Italians are similar. What's going on here? What can possibly account for these large differences in labor supply? It turns out that the answer is not related to cultural differences or institutional factors like unemployment benefits, but that marginal tax rates explain virtually all of this difference. I admit that when I first conducted this analysis I was surprised by this finding, because I fully expected that institutional constraints are playing a bigger role. But this is not the case. (Citations and more complete data can be found in my paper, at www.minneapolisfed.org.)

Let's take another look at the data. According to the OECD, from 1970-74 France's labor supply exceeded that of the

U.S. Also, a review of other industrialized countries shows that their labor supplies either exceeded or were comparable to the U.S. during this period. Jump ahead two decades and you will find that France's labor supply dropped significantly (as did others), and that some countries improved and stayed in line with the U.S.

Controlling for other factors, what stands out in these cross-country comparisons is that when European countries and U.S. tax rates are comparable, labor supplies are comparable.

And this insight doesn't just apply to Western industrialized economies. A review of Japanese and Chilean data reveals the same result. This is an important point because some critics of this analysis have suggested that cultural differences explain the difference between European and American labor supplies. The French, for example, prefer leisure more than do Americans or, on the other side of the coin, that Americans like to work more. This is silliness.

Again, I would point you to the data which show that when the French and others were taxed at rates similar to Americans, they supplied roughly the same amount of labor. Other research has shown that at the aggregate level, where idiosyncratic preference differences are averaged out, people are remarkably similar across countries. Further, a recent study has shown that Germans and Americans spend the same amount of time working, but the proportion of taxable market time vs. nontaxable home work time is different. In other words, Germans work just as much, but more of their work is not captured in the taxable market.

I would add another data set for certain countries, especially Italy, and that is nontaxable market time or the underground economy. Many Italians, for example, aren't necessarily working any less than Americans—they are simply not being taxed for some of their labor. Indeed, the Italian government increases its measured output by nearly 25 percent to capture the output of the underground sector. Change the tax laws and you will notice a change in behavior: These people won't start working more, they will simply engage in more taxable market

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Viewpoint

One man's reach—our new task: grasping and rebuilding 'the Center'

by Sean Kershaw

"Ah, but a man's reach should exceed his grasp, or what's a heaven for?"
—Robert Browning



This quote was at the heart of Gov. Elmer Andersen's biography, *A Man's Reach*, written with Lori Sturdevant. I can't imagine a more fitting title to describe his life, or a better benediction to mark his passing.

Amen, Governor Andersen. Your reach was clearly inspired. Your grasp—of people, of ideas, of relationships, of institutions and of Minnesota at its best—was certainly inspiring. We are better for your time spent among us, and your absence reminds us of our unfinished business.

Reaching and re-imagining

Pages and pages have been written about his talents and accomplishments: his humor, his insight and honesty, his love of knowledge, his generosity, his business acumen, his vast intellect and spirit. But I would venture to say that the last thing Governor Andersen would want right now is to be romanticized, when what he needs is to be re-imagined for our times and our new challenges.

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We need to keep reaching.
A broken core

Even before his death, I thought about this column in the context of the recent election and of the consequences of our politics and our lack of any real center or common ground. There is a tremendous disparity between the politics we practice, the people we really are, and the country we need to be.

Our politics is fractured: based on narrow agendas, shallow self interest, and polarizing tactics. It asks us to vote and to spend money but not much else. Technology and increased mobility make it easier to isolate ourselves ideologically. We aren't expected to engage people we disagree with using a common set of democratic principles and standards.

The consequence is a bizarre set of arguments with people we agree with, about people with whom we think we disagree (but don't know), around an agenda that isn't shared. No wonder that we can't imagine what the other 49 or 51 percent of the electorate was thinking after the election. We never ask them. We should not be surprised that we can't get things done either.

This is no way to run a democracy, and it will continue until we begin to expect something better and to participate in a new and better solution. We have to "rebuild the center."

A new opportunity

Our experience at the League this past year and the voter turnout in the last election tells us that citizens want more, and that we should expect more. They want to participate. They are anxious to find common ground and an opportunity to engage each other. We just need to create the space, the new "center" to do this. Governor Andersen's life offers some clues as to how this can happen.

First, Governor Andersen understood that "the common good" isn't a static and isolated proclamation, but the outcome of an argument together around a common

set of principles and rules. (It's the Vikings versus the Bears—not the scrimmage in Mankato or the film afterward!) He reached to pull together people and organizations that might otherwise disagree with each other. He was honest about his disagreements, and sincere in his interest in overcoming differences. He deliberately engaged people face-to-face, and he built institutions that supported this: the University of Minnesota, community newspapers, HB Fuller's foundation, and the Voyageurs National Park.

Even in this polarized and busy time, people have more in common than they realize. We must (and will) create the meeting spaces and processes for people with different perspectives to work together. Single issue and single ideological groups aren't sufficient. Minnesota needs organizations like the Citizens League. We need new technology solutions like the *Community Connections Calendar* (see the description in the Matters).

Second, Governor Andersen knew that finding common ground and working for the common good isn't the responsibility of any single institution. It is the responsibility of every institution in every sector of our society. His pioneering leadership in business, government, philanthropy, nonprofits, and media demonstrated how each had a role in creating the common good. Achieving the common good is also part of our everyday work in every setting: home, school, work, politics, and community.

Finally, while we are saddened by his death, it reminds us that there is joy and purpose in this "common good argument," in reaching together for what we can't grasp alone. Heaven just got smarter and funnier. Minnesota can do much better. **MJ**

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Minnesota youth policy: it's time to untangle the web

by Nadja Hogg

Regardless of political views, most citizens can agree that the well-being of children and youth deserves a good deal of attention. In fact, making an investment in the lives of children can unite, rather than divide those in the policy world. We recognize that young people are the future. We believe that we must cultivate bright minds. We know that an ounce of prevention is worth a pound of cure. But what actions lie behind this rhetoric? Are we really serving the young people of this state adequately? Do we even know?

Recently, youth policy has received growing attention on both the federal and state levels. In December 2002, the White House announced the White House Task Force for Disadvantaged Youth to develop a comprehensive federal response to improve agency accountability and effectiveness in the area of youth policy. According to the presidential memorandum establishing the task force:

The Federal Government has spent billions of dollars over the last 30 years in a variety of programs to address youth issues. A 1998 analysis by the General Accounting Office has pointed out that there were 117 Federal Programs administered by 15 departments aimed at disadvantaged youth. Some of these programs have been very successful. However, overall, the Federal Government's efforts are not as successful as hoped.

In the same way, states have spent billions of dollars aimed at improving youth outcomes, administered by a similar array of departments and agencies. While some state efforts remain "fragmented and not as successful as hoped," other states have been more successful than the federal government in devising and implementing coordinated responses to reduce youth challenges and increase youth opportunities. The coordinating structures states have established—ranging from public/private task forces, joint legislative committees, and interagency collaboratives—have played a critical role in improving states' commitments to children and youth, primarily by monitoring and aligning the financial and technical resources they offer communities.

In Minnesota, however, there is no such coordinating structure for policies affecting

children and youth. Even worse, there is no thorough data regarding the sum of spending on children and youth in the state. Without this information, it is difficult to evaluate the state's successes and failures in the area of youth policy. It is also difficult to tell if the state is serving youth as effectively and efficiently as possible.

Youth policy in Minnesota

A recent policy research initiative grew out of the absence of a coordinated, comprehensive, data-driven policy for children and youth in Minnesota. In the fall of 2001, a Minnesota state representative challenged Minnesota youth leaders to think more broadly and clearly about the lack of cohesion in state youth policies. The representative encouraged an informal policy group to examine current state youth policy to better understand Minnesota's priorities for children and youth, and the extent to which funding is aligned with these priorities. The report resulting from these policy questions explored how public funding for children and youth is distributed at the state level in Minnesota.

In compiling this report, researchers found that information on funding for children and youth initiatives is quite fragmented. Incompatible data collection among programs and between different state departments make it difficult to form a clear picture of how children and youth are being served by the dollars allocated to them. Also, unclear definitions for terms such as "youth," "children," and "youth development" and varying benchmarks for "success" in program models create confusion about what a program should do and who should participate. In addition, there

is no line item in any state department budget for children and youth funding. As a result, analysis of budgetary data is problematic. And because there is no "clearinghouse" of information on Minnesota's funding for children and youth, it is difficult for youth workers, child advocates, and policymakers to truly know if we are serving our young people in effective and efficient ways.

Despite these difficulties, the funding data reveals some important points:

▲ General public education receives the greatest amount of state funding (39.6%). Policies promoting good physical health (37.6%) and providing for the basic needs of children and youth (11.5%) receive the next largest percentages of funding dollars. Policies providing social services, school readiness, youth development opportunities, and early intervention receive the smallest share of overall funding.

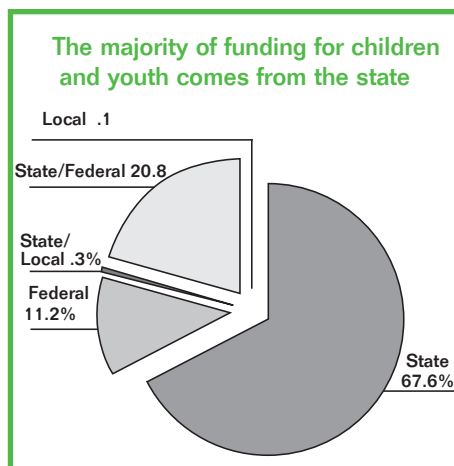
▲ Policies targeting youth within specific need or risk categories account for 96.7 percent of overall funding. Only 3.3 percent of federal and state money supports youth who are not specifically labeled as low-income, at-risk, in need of social services, or disabled.

▲ Policies overwhelmingly fund programs that are available to youth only during school hours, with only 4.7 percent of funded programming available during non-school time, which represent two-thirds of their waking hours.

▲ Only 2.8 percent of the funding available to support children and youth is generically focused on positive youth development, compared to 55.2 percent for prevention and treatment and 41.9 percent for school funding. These findings indicate that there is not enough funding for youth development of strength-based services, which have a proven model of success.

The future of youth policy

Much of the federal money allocated to youth programs filters through state departments, giving the state some power to decide where the money is spent, even though it does not generate the revenue. Currently, the federal government provides only 11.2 percent of all monies spent on children and youth in Minnesota. State



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labor, and will produce more per hour worked.

This analysis has important implications for policy—and not just for Europeans, but for the U.S. as well. For example, much has been made during this election season about whether the current administration's tax cuts were good or bad for the economy, but that is more a political question than a policy consideration and it misses the point. The real issue is about whether it is better to tweak the economy with short-lived stimulus plans or to establish an efficient tax system with low tax rates that do not change with the political climate.

What does this mean for U.S. tax policy? It means that we should stop focusing our attention on the recent tax cuts and, instead, start thinking about tax rates.

And that means that we should roll back the 1993 tax rate increases and re-establish those from the 1986 Tax Reform Act. Just as they did in the late 1980s, and just as they would in Europe, these lower rates would increase the labor supply, output would grow and tax revenues would increase.

Now, might there be a small increase in debt as we move to a better tax system? Sure, but remember that the most important measure of debt is privately owned government debt as a percent of gross national income, which has been flat over the past three years. Also, there is a sure-fire way to handle this increase in debt, and that would be to cut expenditures. Actually, there is another way to handle it, and that would be to pray to the Gods for

another high-tech boom and the debt would go “poof,” and we'll praise whoever is president for being fiscally responsible.

Some say that the 1993 tax-rate hike was responsible for erasing this country's debt problems because it increased government revenues. This is false. The ratio of U.S. debt to gross national income continued to increase in the years following those rate hikes and did not fall until the fortuitous boom that occurred in the late '90s. The high-tech boom meant that people worked more, output increased, incomes climbed and tax revenues followed suit. You cannot tax your way to that sort of prosperity. Imagine the outcome of the late '90s boom if tax rates had been lower. And by the way, lower tax rates are good for all tax-

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revenues comprise the majority of funds at 67.6 percent.

We know, then, that the state bears a great deal of responsibility for the health and well-being of Minnesota's youth. The Forum for Youth Investment, a national leader in youth policy, asserts that policy action will increasingly occur at the state and local levels. The devolution of policy from the federal level to the state level is largely due to the shift of powers from federal bodies to state capitols, especially in terms of fiscal responsibility for federal grant money. In many ways, the states are ideally situated to facilitate alignment of youth development resources, since states have increasing responsibility to manage federal money, and have easier access to information from local youth initiatives throughout the state. However, it is also evident that Minnesota's efforts suffer from a lack of an over-arching vision for the state's young people.

How do we fix this?

At least 20 other states are making strides in coordinating and aligning policies serving children and youth. These efforts include creating an executive office for youth development, drafting a statewide policy on children and youth, creating inter-agency collaborations

responsible for guiding youth initiatives, and developing state councils to develop and implement a youth policy framework. The goal here is to take a “big picture” look at young people's needs and better coordinate policies to address them.

These state-level leadership entities are increasingly recognized, supported and, in some cases, sparked by national organizations. The Family and Youth Services Bureau (FYSB) within the Department of Health and Human Services, the National Governors Association (NGA) and the National Crime Prevention Council (NCPC) have all launched broad-based, multi-state, multi-year efforts to help states take action to create policies and structures to increase the coherence and effectiveness of state youth policy efforts.

The Minnesota Out-of-School Time Partnership, comprised of about 32 youth-serving organizations including the state Department of Education, Department of Human Services, Center for 4-H Youth Development, foundations with youth funding components, and many other non-profit networks and agencies, is one promising initiative in Minnesota. Formed with a commitment to reviving and strengthening the policy and fiscal infrastructure supporting community-based youth programs, the partners share com-

mon goals to provide quality, available, effective youth programs and to build a strong constituency to advocate for the critical support for children, youth, families and communities. Out of this effort, a commission of leaders in the community has been formed to create a statewide vision for youth development. To date, the commission has developed 10 briefing papers that highlight the current state of out-of-school time programming, as well as a vision and agenda for moving forward.

Though these efforts vary in structure and approach, they offer examples of what is possible with increased collaboration and commitment to bettering the lives of children and youth. As Minnesota continues into the 21st century, the state must examine its current spending priorities in the area of children and youth, and outline a plan for Minnesota to begin creating more cohesive, effective, and efficient policies. **MJ**

Nadja Hogg is a co-author of the report “In Search of Youth Policy.” For more information on the topic, visit the website for the Minnesota Commission on Out of School Time at www.mncost.org. To obtain a copy of the report, contact Ann Lochner at the commission at lochn006@umn.edu or at 612-624-8190.

OnBalance

Views From Around the State

Gambling stalemates, tuition hikes and the proliferation of methamphetamine labs worry greater Minnesota

Gov. Tim Pawlenty and Minnesota's Indian tribes need to work on their communication skills, argued the **Rochester Post-Bulletin** (10/25). The *Bulletin* chastised Pawlenty for threatening to develop a state-operated casino if the tribes would not agree to give the state a \$350 million cut from tribal casino operations, and criticized the tribes for their obstinance. "Could a deal in which tribes are given a chance to increase gambling-generated revenue intended to offset a state payment work? Sure. First, though, Pawlenty and the tribes need to sit and talk. Threats make it hard for open communication. Especially if Pawlenty is looking to capture half of the tribes' gambling revenue. Still, obstinate positions by the tribes that ignore the needs of the state or the state infrastructure that supports the gambling facilities are a non-starter."

The **Grand Forks Herald** (11/3) rejected the "pay or compete" options that Pawlenty gave Minnesota's tribal communities. Instead, the paper proposed a third option. "The third option is for the tribes to convince non-Native Minnesotans that the current tribal monopoly on gambling is a good thing. The way to do that is to show how the 'status quo' actually serves Indians and non-Indians' interests alike. The key is to reclaim the idea that casino gambling solves problems on the reservations that had resisted other efforts over the years. That's why tribes were granted casino privileges in the first place, after all."

Leave the outstate casinos alone, urged the **Fergus Falls Daily Journal** (10/26). "The fact is, while casinos near the Twin Cities may be raking in a lot of revenue, and tribal members are living lavish lifestyles as a result, those in greater Minnesota, such as the Shooting Star in Mahanomen, are on a different level." The paper recommended that if the tribes agree to share gaming revenue with the state only casinos within 100 miles of the Minneapolis/St. Paul metro area be required to contribute.

"Over the last several years, Minnesota government leaders have cut the state's commitment to higher education, mostly because leaders were unwilling to invest the money in light of reckless fiscal policies that provided tax cuts without regard for a balanced budget," charged the **Mankato Free Press** (10/10). The criticism came in response to a recent National Report Card on Education that gave Minnesota a C- when it comes to the affordability of higher education. "Higher education has always been the roadmap to growing an economy with well-educated, productive workers who can help build a set of creative, innovative industries ... Numerous studies show the state as a whole benefits when its workers have higher education degrees. They get good jobs with good pay and they contribute to the tax base," the paper argued. "A business would not cut investment in its greatest revenue producer, and that should be a lesson to state leaders who want to run the state more like a business."

Institutions of higher education benefit their local communities and economies, too, noted the **Bemidji Pioneer** (10/9). "Aside from the direct benefits, there's the daily interaction higher ed staff and faculty have in the community, from United Way to cultural offerings. Let alone the economic and financial impact of such institutions on the local economy," the paper continued. "It bothers us that some lawmakers, in their zealotry to wield the red budget pen, would even consider closing some rural higher ed schools to save money. After all, they say, with such great institutions as the University of Minnesota in the Twin Cities and such innovations as the Internet and distance learning, why not close a few schools?"

"How high can tuition be raised?" demanded the **International Falls Daily Journal** (10/14). "It's quite a comment on the state's current fiscal situation that there's almost a celebration when the University of Minnesota and the Minnesota State

Colleges and Universities system consider tuition hikes in the single digits." The paper argued that the University of Minnesota and MnSCU require greater investment and that lawmakers should start not by determining how much funding is available for higher education, but by asking: "How much should parents and students be expected to shoulder for educational costs?"

"Exploding tuition costs simply must be checked now, and that means colleges and universities need to thoughtfully consider changing the way they do business," opined the **Worthington Daily Globe** (10/26). The paper argues that tuition increases are a result of poor management at the state's colleges and universities. "The chorus of complaints about tuition costs rises while professors pass off classroom duties to graduate students—themselves working only part-time while getting full-time professor pay. A growing number of courses taught at colleges today are suspect, some of them worth little in the real world."

"The proliferation of methamphetamines and the accompanying dangers that highly explosive, makeshift meth labs bring to this region is a problem that we will ignore at our own peril," cautioned the **Brainerd Dispatch** (10/17). "Crow Wing County can't stamp out methamphetamine use on its own. Clearly, this is an area where statewide action is needed. But this county can lead the way for other counties and demonstrate how concrete action can discourage meth use."

Gov. Pawlenty's announcement on Oct. 25 of a plan to address methamphetamine in outstate Minnesota drew praise from the **St. Cloud Times** (11/3). "The governor deserves credit for his willingness to lead Minnesota on this comprehensive challenge. The war on meth so far has been fought at mostly local and county levels. Pawlenty's plan should not only blend those efforts together, but strengthen them and take the battle to a statewide level." **MJ**

Gambling *from page 1*

it. Should the bill become law, it will most certainly guarantee that the loan will be repaid.

Equally important, a metro area shared casino would take reservation-based jobs from rural Minnesota as fewer gamblers would make the longer trek to the rural casinos. Moreover, urban tribal members would begin migrating back to their home reservations to share in the “goodies” promised from a metro casino, only to find no jobs on the reservations. The social costs of these shifts would be devastating.

It is ironic that state legislators who champion the poor would consider using a regressive tax, as gambling is acknowledged to be, to attempt to create equity as they see it.

Issues surrounding gambling are incredibly complex and are made more so when political considerations are the major driving force used to resolve them. With due respect to all the current political proposals, it is important that they be put aside and the focus shifted to the real issue, which is money. Money provides a definable and measurable component for guid-

ing the discussions and negotiations that will resolve this issue.

To move forward, I encourage Gov. Tim Pawlenty to:

▲ Appoint a respected businesswoman to lead a group consisting of two additional persons—one an enrolled American Indian person—to lead an effort to reach an “accord” (an agreement between sovereign entities) on gambling in Minnesota.

This leader needs to possess financial and listening skills that can guide the committee in moving toward long term monetary and cultural solutions.

▲ Charge this committee with developing a revenue analysis of Indian gaming in Minnesota as it now exists augmented by prudent growth projections. Then develop a projected revenue analysis for the state *and* the tribes that portrays the state of Minnesota entering into casino-style gambling.

▲ Ask the tribal leaders and the committee to come to a common table with the Governor to identify meaningful and reliable indicators from the analyses, which can then be used to move toward reaching

financial goals that meet mutual needs while respecting major cultural concerns.

▲ Encourage the tribes to put the issue of reopening the compacts on the table while the state places issues of exclusivity and expansion of games on the table.

Placing the compacts on the table does not necessarily mean they will be broken or renegotiated. It will remove any feelings of intransigency and be an expression of openness to further the common good.

▲ Seek an equitable economic and cultural resolution to the current issue.

The common perception is that by coming to the table and/or opening the compacts, the Indians will lose something as an “accord” is pursued and reached. I suggest the opposite might well be true when all the facts are on the table. **MJ**

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payers. We’re barking up the wrong tree if we think that “taxing the rich” will solve all our problems. You know who these rich people are? They’re often families with two professional wage-earners. If you tax that family too much, one wage-earner will drop out, and that’s not only bad for the income of that family but also for the output of the whole economy—and will result in lower tax revenues.

Also, we need to get away from thinking of the rich as some sort of permanent class. Many of the individuals who show up on annual millionaire lists, for example, are people who happened to have a good year and who may never appear on that list again. Consider people who worked hard for many years and built a successful business that finally goes public. The big capital gain they realize that year is really compensation for the uncompensated effort they put into building the business. They

should not be penalized for their vision and tenacity. If we establish rules that punish the winners, entrepreneurs will take fewer risks and we will have less innovation, less output, less job growth. The whole economy suffers under such a scenario—not just those few individuals who are taxed at a higher rate. And this doesn’t just involve the Googles and Apples and Microsofts, but countless other companies that start small and end up making large contributions to the economy.

The important thing to remember is that the labor supply is not fixed. People, be they European or American, respond to taxes on their income. Just one more example: In 1998, Spain flattened its tax rates in similar fashion to the U.S. rate cuts of 1986, and the Spanish labor supply increased by 12 percent. In addition, Spanish tax revenues also increased by a few percent.

And that brings us back to our framing question about the labor supplies of the U.S. and Europe: The bottom line is that a thorough analysis of historical data in the U.S. and Europe indicates that, given similar incentives, people make similar choices about labor and leisure. Free European workers from their tax bondage and you will see an increase in gross domestic product (oh, and you might see a pretty significant increase in gross national happiness, too). The same holds true for Americans. **MJ**

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TakeNote

Policy Tidbits

Eleven elementary and middle schools in Minneapolis and Osseo recently reaped the rewards of academic progress. Cargill Chairman and CEO Warren Staley handed out reward checks totaling more than \$100,000 to schools making significant gains in academic achievement and family involvement. Seven of 11 schools increased by 20 to 30 percent the number of continuously enrolled students making a year's worth of progress in reading or math. All 11 schools increased by more than 30 percent the number of families attending evening conferences or training programs. All of the schools average more than 70 percent low income and minority students.

Cargill worked with the Center for School Change (CSC) at the University of Minnesota Hubert H. Humphrey Institute of Public Affairs in this \$1.2 million, three-year project called Schools First. CSC helped schools to develop clear, measurable goals, monitored their progress and periodically convened schools so they could learn from each other. Ten of the 11 schools are district schools, nine in Minneapolis and one in Osseo, and one is a charter public school. One of the ideas of Schools First is to promote learning between charter and district educators.—*Joe Nathan.*

Vermont's residents can now choose to power their homes with "cow power," renewable energy generated from cow manure. Vermont's largest power company has recruited farmers to set up generators to burn methane from cow manure. The utility pays farmers market price for the power plus an extra four cents.

Vermont Public Service Corp.'s customers can choose to buy 25, 50 or 100 percent of their power through the CVPS Cow Power program and pay up to \$20 more per month. The program is in response to consumer demands for renewable energy, but CVPS also hopes to help the state's dairy farmers generate income while reducing farm odors and improving water quality. Vermont is the first state to use methane gas from cow manure to make electricity.
www.cvps.com/cowpower/index.shtml

Massachusetts lawmakers are considering the nation's most sweeping childhood obesity reduction plan, according to the *Boston Globe*. The bill would ban soft drinks in school, mandate low-fat school lunches, re-stock school vending machines with healthier alternatives, and increase the time students spend in physical education classes.

According to federal health statistics, about 9 million children over age six are obese, triple the number that were in 1970.

The Massachusetts Department of Education has temporarily endorsed the bill and a federal panel recently recommended a multifaceted national anti-obesity effort, but there is considerable opposition from local school districts and food and drink companies.

A surprising number of SUVs violate weight limits for local streets, reports *Governing* magazine. Most jurisdictions set vehicle weight limits at 6,000 pounds on local roadways, but some SUVs and passenger pickup trucks weigh more than twice that. That information comes as a surprise to many law enforcement officers and municipal officials. "You sure about that?" asked Beverly Hills traffic investigator, Jay Kim when told just how much Hummers, Lincoln Navigators, and Range Rovers weigh. Other officials, like assistant city attorney Matthew Knight of Kenosha, Wisc., are trying to rewrite the laws to make SUVs legal again. But Ivan Lafayette, a New York State lawmaker, has introduced legislation to ban SUVs with a gross weight of 6,000 pounds or more from the state's parkways. Lafayette argues the parkways were built in the 1930s and designed for smaller

passenger cars, that SUVs create unsafe driving conditions for other cars, and that SUVs are unfriendly to the environment. Classified as light trucks, SUVs are not required to meet the same safety and fuel-economy standards as private passenger vehicles. www.governing.com

In its attempts to tax Internet sales, the Streamlined Sales Tax Project (SSTP) is starting to cause heartburn in some cities. The cooperative effort among states seeks to tax Internet commerce on more or less the same footing as regular retail sales. But that will require some states to change their taxing systems. Some states tax sales based on where the goods or services are purchased (origin-based sourcing); others tax sales based on where the goods and services are being delivered (destination-based sourcing). In trying to make Internet and storefront sales more alike, the SSTP wants all states to go to a destination-based tax system. The idea is controversial, however. The mayor of Kent, Wash., figures his city (a Seattle suburb) would lose \$3.8 million a year in sales tax revenues under SSTP since Kent has a large warehousing industry. Others argue that in the long run, the SSTP will be good for all cities as it brings in revenues from Internet sales and discourages places from giving property tax breaks to big-box retailers like Wal-Mart because of origin-based sourcing laws.
www.governing.com MJ

Take Note compiled by Citizens League staff and members.