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## Cost of government and government-operated businesses takes up \$20 billion of economy

By Michael Quinn Sullivan

A new study from the Texas Public Policy Foundation finds government-operated businesses in Texas account for almost \$20 billion in activity — equivalent to nearly three percent of the state gross product.

These are businesses run by government entities that duplicate or mirror services provided through the private market such as selling electric power, providing internet service, processing solid waste, operating toll-roads, running print shops, managing vehicle fleets, dispensing information technology, and vending a plethora of other services. Are these efficient endeavors?

No, concludes the study's author, Wendell Cox, a senior fellow for the Foundation and an internationally recognized

expert in government efficiency issues. His study, *The Business of Government?*, is available online at [www.TexasPolicy.com](http://www.TexasPolicy.com).

"Texas could improve economic performance for its citizens by minimizing government competition with the private sector," Cox finds.

According to Cox, government-run businesses are inherently less efficient because they do not have the same market incentives for performance as competitors in the private market.

Cox writes that government should focus on what it does well — governing — and leave business operations to the competitive markets.

"The essential role of government is policy making. Beyond those functions, virtual-

ly anything that government does can be done by the competitive market, either under contract to government or commercially."

Cox notes that when governments compete against the private sector in commercial activities, they "pre-empt competition" which in turn "destroys economic growth, stifles entrepreneurial opportunity and is unnecessary."

He adds that even when not "selling" services to the public, government should look to outsource functions that can be provided more efficiently and effectively through contracts with the private sector. He offers numerous examples, such as school bus operations, vehicle fleet maintenance and printing services.