



NEW YORK STATE SENATOR

George Winner

## What About Economic Growth?

GEORGE WINNER December 7, 2010

| ISSUE: **ECONOMIC DEVELOPMENT**



A New York Times headline not long ago could stand alone as a call to arms for Governor-elect Andrew Cuomo and the State Legislature in 2011, “One Way to Trim Deficit: Cultivate Growth.”

It falls in line with a theme that I, together with many legislative colleagues, have been sounding since the beginning of the state’s current fiscal crisis in late 2008. And as I wind down my own tenure in office over the next few weeks, I think it’s worth sounding one more

time.

As news of New York's fiscal crisis has dominated headlines and steadily worsened over the past few years, many have been asking this question again and again, "What are we doing in New York State to encourage economic activity and growth?"

It's a question that has remained unanswered. In fact, a recent report from the Tax Foundation found that New York's ranking fell, from 49th to 50th, among states with the worst business tax climate in the nation.

That's right, dead last in the nation and it simply has to change. Any other recovery strategy will be futile without this change.

As noted in the recent Times article, "We look back on the late 1990s as a rare time when the federal government ran budget surpluses. We tend to forget that those surpluses came as a surprise to almost everybody...What happened? Above all, economic growth. And that may be a big part of the answer to our current problems."

I strongly believe the same holds true for New York State.

As almost anyone who's been paying attention to the current state of affairs knows, most of the talk emanating from Albany about how to deal with an ongoing budget deficit has been focused, by and large, on a strategy of spending cuts. Cut state spending, cut it again, and then, that's right, cut it some more.

While there's no question that spending reform is essential, state leaders can't lose sight of the other side of the equation: how can we jump-start the economy, especially upstate?

Again, the Times article pinpoints some clear direction moving forward, "Today's looming deficits are almost surely too large to be closed exclusively with growth. The baby boom

generation is too big, and the rise in Medicare costs continues to be too steep. Yet growth could still make an enormous difference... Arguably the best way to cut the deficit is to make sure that any deficit-cutting plan does not also cut economic growth. A good deficit plan doesn't simply make across-the-board cuts for years on end. It cuts funding for programs that do not spur economic growth and increases funding for those relatively few that do."

None of this is intended to make it seem like state leaders are facing an easy legislative assignment, because this is not easy by any stretch of the imagination.

I do hold, however, to a call for a careful and deliberate response that includes a much more defined strategy than anything we've seen over the past two years to address the question, "What are we doing in New York State to encourage economic activity and growth?"

The overall point is this: Spending control, yes, but not only spending control. New York government also needs to focus on a significant strategy to encourage the economic growth that creates jobs, generates revenue, and produces the type of vital economic activity that can also help us grow our way out of this fiscal crisis over the long run.