

Private Production Creates Economic Efficiency

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Mr. Chairman, members, my name is Ryan Brannan and I am a policy analyst in the Center for Economic Freedom at the Texas Public Policy Foundation.

- Currently governments in Texas compete with the private sector in a number of commercial markets.
- For example, Texas governments compete with private companies in other businesses, such as emergency medical services, natural gas, parking lots and golf courses. Additionally, governments are involved in airports, seaports, and toll-roads. They are involved in providing public transit, corrections facilities and convention services. Even though many services are available commercially by contract, Texas governments provide for their own support services, such as building maintenance, custodial care, vehicle fleet management, information technology, food services, school bus transport, street maintenance, park maintenance and print shops.
- Public policy in Texas should favor private production. When governments duplicate what is provided in the private sector, government preempts competition, stifles entrepreneurial opportunity, destroys economic growth, and raises the price of doing business.
- Taxpayers pay extra when government gets involved in business. This happens because taxpayers subsidize the tax-exempt government “businesses” without any market incentives for economic efficiency. Additionally, because these activities are not being performed in the private sector by a taxed enterprise, the general tax burden is unnecessarily increased for all taxpayers.
- Personal income is depressed by government involvement in private enterprise. Private production generally leads to more favorable economic outcomes, including higher incomes for low-income households. The higher income that results from less government involvement principally results from economic efficiency.
- HB 611 is a step in the right direction by preventing governmental entities from using their personnel to compete against the private sector on projects they do not own.

Thank you for the opportunity to testify. I'd be happy to answer any questions. ★

