

A New Model of Government

The family-state paradox

By

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Have we reached a critical point in America?

Many of us believe that America has reached a critical point with the election of a new president that is the most liberal in history. Will we continue the tax and spend policies that threaten our domestic tranquility or chart a new course based upon sound principles? The challenge of charting a new course is the lack of a coherent plan of action to bridge the gap from our current unsustainable system to a healthy, sustainable system. To many of us, it seems obvious that liberalism is not working and conservatism lacks vision and a plan. One possibility for a conservative plan is laid out in this article. **The goal is to:**

- Improve the quality of life
- Identify and address sources of problems
- Reduce government spending and taxes
- Empower individuals, families, and businesses
- Thus allowing government at all levels to return to its traditional American limited government role that has proven so successful for over 200 years

The key to strengthening the private sector and shrinking the public sector is to recognize the importance of and to strengthen the parent-child relationship in the first 5 years of a child's life. My intent is to persuade you that strengthening families is a legitimate strategy with enormous tax implications; not simply a moral issue.

A cascade of positive events follow a strong parent-child relationship; whereas, a cascade of negative events follow a dysfunctional or weak parent-child relationship. These positive and negative events have serious ramifications to federal, state, and local budgets. **Positive events include:**

- A more efficient education system
- Higher graduation rates
- Fewer social services
- Less drug usage
- Higher incomes as adults
- Lower levels of incarceration and crime (all leading lower taxes)

Negative events that often follow a weak parent-child relationship include:

- Children often struggle in school with more discipline problems, a greater risk of failure, and require more remediation
- Lower high school graduation rates
- More social services
- Increased drug usage
- Higher levels of unwed pregnancies
- Lower incomes as adults
- Higher levels of crime and incarceration (all requiring higher taxes)

The tax ramifications **of weak parent-child relationships are significant.** For example:

- Utah, with a slightly stronger family structure*, spends \$1000 less per child per year on public education. This translates to \$260 million per year of potential savings in Idaho. (2005 figures U.S. Census Bureau)
- In Idaho, Health and Welfare and Corrections are growing faster than other budgets. Both budgets are a function of the decline of the parent-child relationship. Since 1988, these budgets have required 12.4 percent more of the general fund. This 12.4 percent increase represents \$370 million.

*Utah's unwed pregnancy rate is 17 percent while Idaho's is 22 percent. Nationwide the average unwed pregnancy rate is 36.9 percent. This is one measure of family strength. (National Center for Health Statistics)

If the potential exists to **save \$630 million per year** or 26 percent of the state budget, isn't it reasonable to have a serious discussion on the merits of this approach? What harm could be done? Consider the following figures from Juvenile Corrections.

Almost 90 percent of children in Juvenile Corrections come from nontraditional homes while only 10 percent come from traditional homes. Traditional homes are an indicator of a stable environment. Stable homes are needed for proper development. Almost 70 percent of all children in Idaho live with both parents. This means that 30 percent of the nontraditional homes are producing 90 percent of juveniles in the system.

A child from a nontraditional home is 22 times more likely to be in Juvenile Corrections than a child from a traditional home. If Idaho could increase the number and quality of strong parent-child relationships, the Juvenile Corrections budget would shrink.

Even though, increasing the number of healthy parent-child relationships can have enormous tax ramifications. It is not as simple as passing a law. Laws are coercive in nature and unable to require positive, healthy actions. Laws typically punish an action that is not wanted. Strengthening and increasing the number of strong parent-child relationships cannot be accomplished by simply passing a law. What can be done is to reward positive actions using existing budgets. We are already spending the money; simply change who we pay and why. To understand this approach, four concepts need to be addressed.

1. The Family-State Paradox

The family produces human capital necessary for all societal functions. Workers needed in the economy and in government are developed in the family unit. The quality of human capital produced by families determines the nature of society. As goes the family, so goes the nation. As more attention is focused on the role of government, the family weakens due to tax pressures and encroachment upon family responsibilities by the state. As the family further weakens, even more attention is focused on the importance of the state leading to a self-perpetuating cycle of bigger government and weaker families.

The paradox is this. **Government and society will remain stable if we focus on the family; whereas, if we focus on the government, society and families will destabilize.**

2. Natural Rights – Natural Responsibilities

Modern society has focused on individual freedom and individual rights while ignoring the responsibilities that accompany freedom. This one sided approach has led to freedom without consequence, feelings of entitlement, and selfish consumptive behavior. Another approach is to link responsibilities to freedom. We all have natural rights; but, we also all have natural responsibilities.

1. **Each person has a responsibility to produce more than he consumes** if he wants wealth.
2. Each person has a responsibility to become independent and not be a burden on others.
3. Each person has a responsibility to respect another person's opinions, property, and person if he wants respect.
4. Each person has a responsibility to privately assist his fellow man if he expects to be helped.

When government focuses exclusively upon rights, it gives power to government to redistribute wealth. When government has a balanced approach that recognizes both rights and responsibilities, then individuals are expected to take advantage of opportunities rather than be given material goods.

3. Government Spending vs. Private Spending

There is a fundamental difference between government spending and private sector spending. Because of this fundamental difference, government spending should be decreased while private sector spending should be increased. The purpose of an economy is to produce wealth. Nations do not simply need jobs; nations need jobs that produce wealth. Wealth is consumed and wealth must be produced every year in order to avoid poverty.

Whereas; government spending is almost entirely consumptive; private sector spending is largely productive. It produces more than it consumes.

Government spending is like buying a sack of flour. The flour can only be consumed. When it is consumed, it is gone. Private sector spending is like buying a sack of wheat seed. The seed is planted and 100 sacks of wheat are produced from the seed. Some of this wheat is used to produce flour for consumption and for taxes while some is used for seed for the next year so the process can repeat itself.

As long as government economic activity is limited, the private sector can afford to have government take a few sacks of wheat for flour. However, if government dominates too much of economic activity, society becomes consumption oriented and ignores the need to produce. If society loses its understanding of the importance of production, it will eventually experience widespread poverty. Government spending (taxes) need to be reduced and allow the private sector to dominate economic activity.

4. Inputs vs. Results

How is the value of a program or a product measured? There are two methods currently in use. One is used by government and the other dominates the thinking of the private sector. Government likes to measure the importance or value of a program by how much is spent (consumption). The reasoning is that if a program costs are high, then the quality of the program must also be high. For example, a daycare center is usually measured by inputs:

- Education level and training of the workers
- Wages of the workers
- Number of workers per child
- Expense of the building
- Quality of the food
- Quality of the curriculum

The obvious problem is that inputs do not measure results.

The private sector focuses on results. Do consumers want the product? Is the product durable? Value is determined by positive results not by costs. The input model currently dominates public education which explains the abnormal fascination with spending. How will spending more money improve the outcomes if outcomes are not measured?

Focusing on inputs drives up spending while focusing on results encourages efficiencies and spending reductions.

Questions:

What organization produces human capital efficiently and why?

What is the family-state paradox?

What is the difference between government and private spending?

Explain the input verses results models and their application?

Education – Three Legged Stool

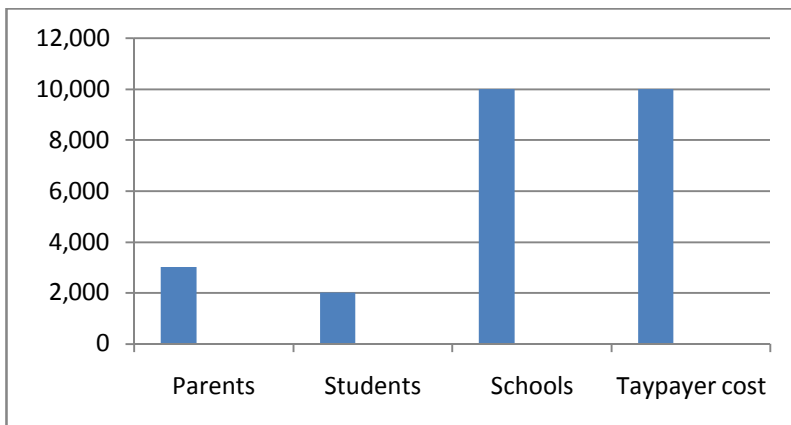
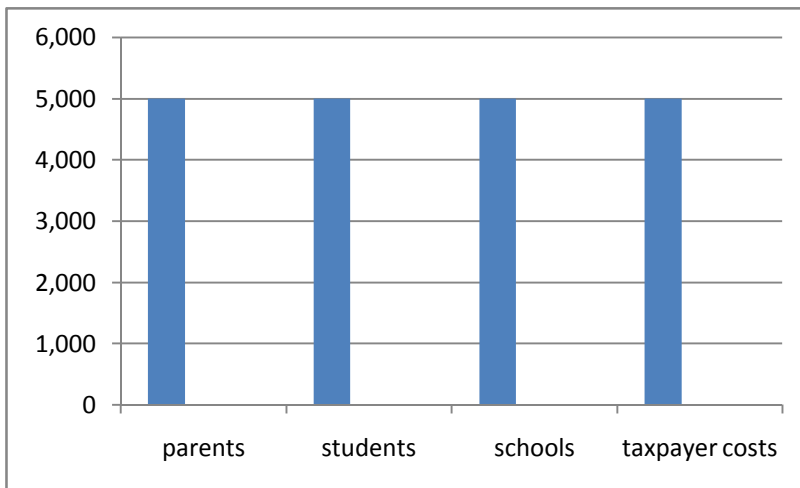
Education is the greatest expense of state government. If spending is to be reduced, the education system must be discussed. Education is like a three legged stool. All three legs are important for a balanced, efficient system. The three legs are:

- Parents prepare children for school

- Students' desire
- Teachers and material needs such as textbooks, wages, buildings etc.

If we assign a dollar value to each of the three legs of \$5,000 each or a total of \$15,000, then we start to see things in a different light. All three legs have value. The parents and students are expected to donate the value of their efforts. If parents don't do their job, then the school has to spend more money to overcome the lack of parental support. If the school system does not address the needs of the student and engage them in learning, then the school is wasting taxpayer resources.

It is a simple fact. **Costs increase as parents do less while costs can decrease as parents do more.** The way to reduce spending and improve education is to focus more attention on increasing parental involvement and engaging students in the learning process. The first chart shows a balanced school system where parents, students, and teachers have a healthy partnership. Costs to the taxpayer are low (\$5,000). The second chart shows a schools system where parents are not involved and students not interested. The costs to the taxpayer are higher (\$10,000).



Education – Horace Mann

Horace Mann was the founder of public education in America. He believed that parents were the source of most corruption in society and that a Utopia could be achieved **if the state worked directly with the children and parental interaction with their children was limited.**

What we have learned is that children with strong relationships with their parents usually do much better in school and later in life; whereas, children with weak relationships with their parents often struggle. This is **exactly opposite** of what Horace Mann predicted.

The way to strengthen the parent-child relationship is to involve the parents in the educational process.

Application – Details

First, reward parents that bring their children to school ready to learn.

Second, reward students that learn quickly.

Third, let the money follow the students that finish the “1-12” curriculum in less than 12 years to the next level of education.

Application – Kindergarten

One way to reward parents that bring their children to school ready to learn is to pay them. For example, if a child does not attend kindergarten and can pass the kindergarten test pay the parents (\$2250); ½ of what the state would have spent (\$4500). Pay the school ¼ of the amount (\$1125) to administer the test and assist parents that need help. The taxpayers would receive the other \$1125 in the form of savings.**

Total Number of Students	Students in Home Kindergarten	Savings to taxpayer	Payments to parents
25,000	0	0	0
25,000	5,000	\$5.6 million	\$11.2 million
25,000	10,000	\$11.2 million	\$22.4 million
25,000	15,000	\$16.8 million	\$33.6 million
25,000	20,000	\$22.4 million	\$44.8 million

Application – Grades 1-12

A system of benchmark exams could be put in place to allow students to challenge classes or years of school so that they can finish school in less than 12 years. This flexible system would encourage students to learn quickly rather than being held back by the slowest students. Schools could receive state funds based upon the current average daily attendance or would receive full funding when the student passes the benchmark exam. In this way, school would move beyond the attendance-focused approach to a more healthy learning-centered approach.

Application – Post High School

Many students would finish in less than 12 years. The money that the state would have spent on their education for the 12 years of school could follow them to the next level of education. In this way, motivated students could receive up to two years of college or trade school education at no cost to their family.

**2007-2008 fall enrollment statewide shows 21294 kindergarten students (State Dept. of Ed. Web site)

Summary

The purpose of all three of these suggestions is to reward parents and students for their involvement and hard work. It is results-based not inputs-based. Payments would only be given upon successful completion of the assigned task. Because it is results-based, costs should go down and quality increase.

The added benefit is that parental involvement will be rewarded leading to secondary social benefits of reductions in crime, drug usage, and other social costs. As the family is strengthened, our social problems will be reduced. As social problems are reduced, costs will be reduced, as costs are reduced, spending and taxes can also be reduced. As money flows back to the private sector dominated by strong parent-children relationships, the economy will strengthen, as do families.

Predictions

The purpose of thinking is to anticipate and predict the future. If the family model is correct and parental involvement is rewarded, the following should happen:

- Parental involvement will increase.
- Students will learn faster
- Social problems will decrease
- Costs will decline
- Taxes can be lowered

America has tried the government-centered approach for the last 40 years. It is not working. It is time for another approach; I believe the family-centered approach should be considered. This proposal is not addressing short-term problems; rather, it is trying to establish the foundation that will sustain families for generations yet unborn. Do we have the vision and courage to try what has not been done or will we continue to repeat the mistakes of the past?

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