

"Federation Corner" column  
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### **Is it time for voluntary austerity?**

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In international news this week, we see the citizens of Greece are rioting against austerity measures being imposed by their government. The measures, such as severe reductions in the number of government employees and cutbacks in level of services provided citizens, are needed in order for the Greek government to afford payments on loans taken to meet rising debt.

Things are not yet so bleak here in Montgomery County. But the shortfall in the operating budget for the fiscal year beginning on July 1, which was calculated at \$136 million at one point last fall, will increase dramatically if the state government pushes responsibility onto the county for 30% of the costs of teacher pensions, as is being considered.

It might then be time for the county government to engage in program of voluntary austerity measures, before they are forced on us in order to retain our triple A bond rating status. For those readers who don't follow financial matters closely, the rating agencies analyze the amount of debt owed, expected levels of revenue, and the soundness of fiscal plans for the future when setting the county's bond rating. A huge new debt, such as that for a big portion of teacher pension costs, could endanger that rating.

County Executive Isiah Leggett has faced budget shortfalls of millions of dollars ever since he took office in 2006. It seems like our officials believe that increased revenues would solve their fiscal problems, and that all the county needs to increase revenue is an increase in the number of tax paying residents and corporations in the county.

I'm not an economist, but common sense dictates that if you can't afford the infrastructure (teachers, police, firemen and other government employees, roads and transit, and other services) needed to accommodate the nearly million residents and number of companies now in the county then you won't be able to afford the increased infrastructure needed to accommodate additional people and corporations.

It reminds me of the folly of the manufacturer who admitted his factory was losing money on every "widget" he made, but said he was making up for it by increasing the number produced.

It also reminds me of a quote from the report entitled "Population and the American Future", released in 1972 by the Commission on Population Growth and the American Future appointed by then-President Richard Nixon. "There (are) no benefits to a growing population. The health of our economy does not depend on it, the life of the average citizen is not enhanced by it...democratic representation is diluted by it and most of our serious problems would be easier to solve if we stopped growing."

In the book *For the Common Good* (Herman Daly and John Cobb, Jr., 2nd edition, 1995), the optimum scale for a community is defined as a population size and level of economic activity that is sustainable for a very long time, at levels of per capita resource use that permit a good life for all.

It is not apparent at this time that the current population size and level of economic activity in Montgomery County is sustainable for a very long time. That being the case, it seems to me that county officials might want to rethink some decisions they have made.

Wayne Goldstein, a civic activist colleague who passed away in 2009, used to counsel that the problems of county government could be likened to those of any family household. Using that analogy, the county's "household" has increased by several thousand new members since the year 2000--many of them living in the new subdivisions of Clarksburg--and it's time to consider building an addition on the house to add a bedroom (in the case of Clarksburg, a new library) to accommodate the expanded family. But the county parents (County Executive and Council members) decided instead to remodel their existing master bedroom (in this case, build a new library to replace the existing one in Silver Spring), leaving the new kids in Clarksburg to sleep in sleeping bags on the dining room floor (go without a library).

As another example, officials have decided the county requires multiple public indoor aquatic centers, while at the same time they are hard pressed to fund creation of mass transit systems needed to accommodate the growing population. This is akin to the parents in a family household deciding to build a swimming pool in the side yard, when they can't currently pay the utility bills.

Montgomery officials might also try thinking outside the box as regards economic development. For decades, the county has seemed locked in a fierce competition with neighboring jurisdictions, specifically Fairfax County in Virginia, to attract new corporations and additional residents by offering the same attributes as the other competitors (i.e.; a well-educated work force, good schools, parks, high levels of service).

The county's economic development staff might take a lesson from the fast food industry, and try offering something different from the competition. When most fast food joints offer burgers, a smart company sells chicken. If they all start selling chicken, the wise company adds a salad to their menu. If most offer french fries, then sell baked potatoes.

Montgomery County has a huge number of acres of land set aside as Federal, state, county and local park land. And we have 90,000 some acres in the Agricultural Reserve protected for agricultural activity and as rural open space. Again, common sense dictates the county could exploit these attributes by promoting tourism, for example. Montgomery could market itself as "the green oasis just outside the nation's capital."

The county could also distinguish itself as a haven for indigenous small businesses, not the same companies and industries being courted by neighboring jurisdictions. But that might require the hiring of a dynamic new economic development specialist to replace the retired politician with little knowledge or experience in the field that currently holds the position. Or the county could start imposing voluntary austerity measures.

*The views expressed in this column do not necessarily reflect formal positions adopted by the Federation. To submit an 800-1000 word column for consideration, send as an email attachment to [theelms518@earthlink.net](mailto:theelms518@earthlink.net)*