

Rep. Jim Whitaker
Opinion Piece
Free Enterprise and the State

We Alaskans should take the time to understand the necessary and synergistic relationship between the public sector, government, and the private sector, business. We should because that relationship is the foundation upon which the free-enterprise system is built and maintained. And it is vibrant free enterprise, which will create the prosperity necessary for Alaska and Alaskans to build our future. We cannot build the transportation, communication, educational and health systems we need without prosperity. Individually, we cannot build comfortable and secure lives without prosperity. Prosperity is the keystone of our future, free-enterprise is the keystone of prosperity; and the relationship between the private and public sectors is the basis of it all.

Government's role in the free enterprise system is two-fold: 1) protect it, and 2) enable it. In order to protect free enterprise, government must ensure an opportunity for competition to flourish; all would-be competitors must have an equal opportunity to succeed or fail. This government function has been ascribed to since modern economic theory was first discussed by the English economist Adam Smith in 1776. President Theodore Roosevelt manifested government protection of the free enterprise system in the early twentieth century with the passage of federal anti-trust legislation. Today, all states, including Alaska, have anti-trust statutes.

An example of this protective function being carried out, occurred in 1999. Federal and State anti-trust law was challenged through the attempted purchase of ARCO Alaska by British Petroleum. State government failed to protect the free enterprise system when our Governor signed an agreement oddly titled, "The Charter for Development", an agreement between the State and BP/ARCO. The only requirement of the State was to not enforce its anti-trust law, and hence, the State failed to protect free-enterprise. Fortunately, the Federal Trade Commission did protect free enterprise and as a result, Conoco/Phillips is a new and aggressive major competitor in the Alaskan oil and gas market. This circumstance allowed us to witness first hand, the successful application of government's necessary role as a protector of the free enterprise system.

The second function of government is to enable free enterprise. This role involves several facets. Firstly, government must not stifle business and development through over-regulation, or over-taxation. Secondly, accessible and well-maintained transportation systems are the responsibility of government. Thirdly, a clearly defined legal system and law enforcement mechanism are necessary governmental functions. Fourthly, a literate and well-educated work force, as provided by public education and a state university are requisite to energetic free enterprise. And lastly, given that economies are ever-evolving, government must be willing to do whatever else may be appropriate in order to enable prosperity through free-enterprise.

This last facet is of particular interest in Alaska where we are unique amongst the 50 states; in that Alaska owns its resource base, and in Alaska, resources are the wealth basis from which free enterprise generates prosperity. A reasonable conclusion then, is that in Alaska, government not only has the responsibility of protecting and enabling free-enterprise, but the added constitutional obligation to manage resources in a manner which provides the maximum benefit to the citizens of our state. This is a heavy burden, which must be dealt with by utilizing knowledge, good judgement, and political courage by the Legislature and Governor. So far, the evidence indicates a job fairly well done: billions of dollars in the bank, light taxation, and a check from the government every year.

And so, as we Alaskans consider the future, we should understand that the relationship between business and government is interdependent, somewhat complicated, and ever-changing. We need comprehend that free-enterprise is not so simplistic as emotional political slogans such as “get government out of the way”. We need understand that danger lies not only in that government will do too much, but also that it will do too little. If we are to attain and sustain prosperity through free enterprise, government must indeed “get out of the way”, but only after it has fulfilled its responsibilities: to protect and enable free enterprise; and also ensure that State-owned resources are developed in a manner consistent with the maximum best interest of Alaskans.