

REVIVE AN ECONOMY... THE ANSWER LIES WITH THE PRIVATE SECTOR



The best road to economic recovery strengthens and grows private business.

The private sector, guided by the discipline of the market system, will always be the most efficient way to create the right number of productive jobs providing the products and services the economy demands. “There is no choice” states Pat Whelan, Owner of PJW Automotive; “Private sector businesses need to find a way to be profitable each and every year. There is no other funding or millions of dollars to fall back on.”

There is a great debate taking place over the airwaves and around the water coolers in Minnesota about how best to create jobs and stimulate the economy. The \$700 billion federal stimulus package is having little effect on job creation. Unemployment continues to increase and the economy continues to struggle.

So, can the government revitalize the economy by creating more public sector employment? Or will the private sector be the economic engine that turns this recession around?

When the government hires a person to dig a hole, and then hires another person to fill it in, two jobs have been created. While two public-sector employees are happy, the economic problem is that the money to pay them is taken out of the private economy through taxes and fees.

According to the Minnesota Department of Employment and Economic Development, Minnesota’s largest employer is the state of Minnesota with over 75,000 employees. The average weekly salary of these state workers is \$1,044 compared to the \$885 average weekly salary of private sector employees. The state pays for these jobs with tax money the private sector would have reinvested to grow jobs and develop new products.

Unlike the public sector, the private sector creates jobs that provide products and services people want to buy. The success of the private sector is its ability to adapt and react quickly to current situations. “Businesses need to stay nimble,” Marnie Ochs-Raleigh of Evolve Systems said. “If one focus is not doing so well, we are able to shift our attention to a greater need in the market place, and continue to generate revenue.”

Some businesses will lose, while other businesses will win – in good times and bad. Economists found strong cleansing effects in the marketplace during the last two U.S. recessions, 1990 and 2001. This constructive destruction process has contributed to productivity growth in the United States that is higher than the rest of the world.

The Twin Cities North Chamber of Commerce is dedicated to the growth of private business in the north metro. With over 400 member businesses in Mounds View and the surrounding area, we advocate for economic development and the opportunity to create jobs that pay great wages and offer competitive benefits to area residents.

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