Written by **Staff** on January 6, 2014
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Inside Track

Private Sector Shrinking, Public Sector Growing in Most States

Despite the Obama administration's claims of economic growth, the truth is that in most states the private sector is shrinking and the public sector is expanding as a proportion of the workforce. In fact, say researchers Keith Hall and Robert Greene, since the beginning of the Great Recession, the private sector has shed jobs in almost every state, while the increase in taxpayer-funded employment has been masked by the use of contractors rather than outright employees.

"In 2012," Hall and Greene wrote in a November 25 report for George Mason University's Mercatus Center, "public-sector employment made up more than 16 percent of the U.S. labor market." That in itself is bad enough; but as the men observed, "Direct government employment fails to capture the full impact of government spending on state labor markets."

To determine that "full impact," Hall and Greene estimated the number of jobs in each state that are funded by federal contract dollars and added them to the number of actual public employees in that state. When they did that, they found that public-sector employment grew by almost 3.5 million jobs to a national average of 19.2 percent of the workforce. In other words, nearly one-fifth of all workers in the United States are employed either directly or indirectly by government.

It hardly comes as a shock, therefore, that the private sector is suffering under the burden of paying for all these publicly funded employees, many of whom earn far more in wages and benefits than their private-sector counterparts. From their research, Hall and Greene concluded that a full 41 of 50 states experienced reductions in private-sector jobs between 2007, the onset of the recession, and 2012. Only eight states experienced growth in private-sector employment during that time period, and of those, just three saw increases of more than two percent. One state's (Oklahoma) private-sector employment did not change.

With numbers such as these, it's clear that for all the talk of lower unemployment plus jobs supposedly saved by federal bailouts and created by stimulus spending, the private sector simply is not doing well.

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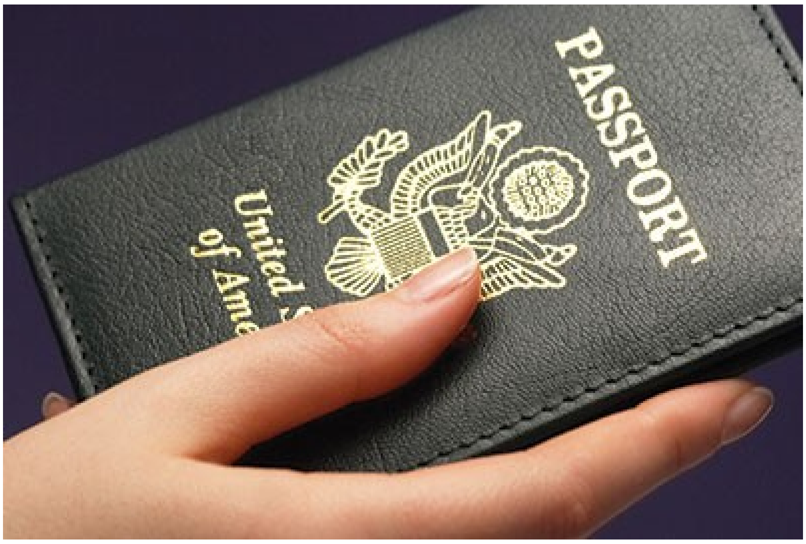
Amid IRS Abuse, Record Numbers of Americans Give Up U.S. Citizenship



Record numbers of Americans are giving up their U.S. citizenship in an effort to escape onerous requirements enforced by the IRS — which apply no matter where in the world a citizen lives. Because the IRS requirements have already become so bad, a growing number of banks around the world are refusing to even accept American customers in an effort to avoid U.S. government bullying and mountains of regulations.

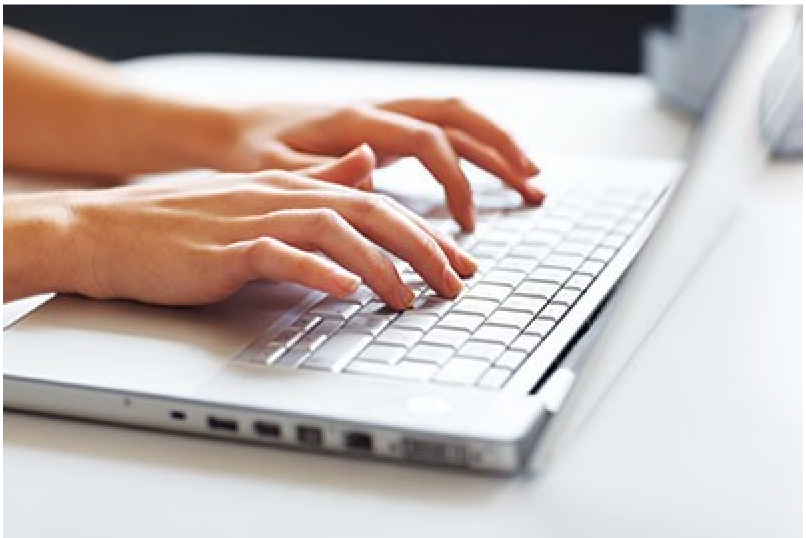
According to official figures and experts cited November 13 by the *Wall Street Journal, almost 2,400 people by that time in 2013 had either given up their U.S. citizenship or turned in their green cards. That means the numbers at that point were up by at least 33 percent over 2011, when 1,781 did so, more than twice as many as in preceding years. In 2012, meanwhile, almost 2,000 people reportedly decided to permanently sever Uncle Sam's grip, and experts say the real numbers are even higher. By comparison, just 742 renounced their citizenship in 2009.*

A key element in the story behind the accelerating flight is the Foreign Account Tax Compliance Act (FATCA), passed in 2010 and in effect as of January 1, 2014. Under the scheme, which has sparked an outcry among Americans living abroad, financial institutions all over the world are required to report information about U.S. citizens and green-card holders to the U.S. government. Already, people giving up their citizenship can be subject to an "exit tax," but for D.C. politicians, more wealth must always be extracted.

There are some timid efforts in Congress to begin addressing the growing problem. So far, though, lawmakers seem far more interested in borrowing, spending, and taxing as much as possible than in helping to stem the growing trickle of U.S. citizens expatriating or to ease the burden on Americans living and working in other countries. As FATCA goes into force this year, the disaster is set to get worse, which may eventually prompt Congress to act. In the meantime, though, millions of innocent Americans will continue to suffer.

Major Tech Companies Unite to Fight Government

Surveillance



Eight of the world's largest technology companies have combined efforts to launch a website called "Reform Government Surveillance," designed to expose and counter governmental violations of people's privacy.

The companies are AOL, Apple, Facebook, Google, LinkedIn, Microsoft, Twitter, and Yahoo. An open letter from the eight companies, posted on their website and addressed to the president and members of Congress, acknowledged that governments "have a duty to protect their citizens," but said that "[last] summer's revelations highlighted the urgent need to reform government surveillance practices worldwide."

As Reuters noted December 9, the "revelations" referred to the exposure last June by former National Security Agency (NSA) contractor Edward Snowden of top secret government surveillance programs that tap into communications cables linking technology companies' various data centers overseas.

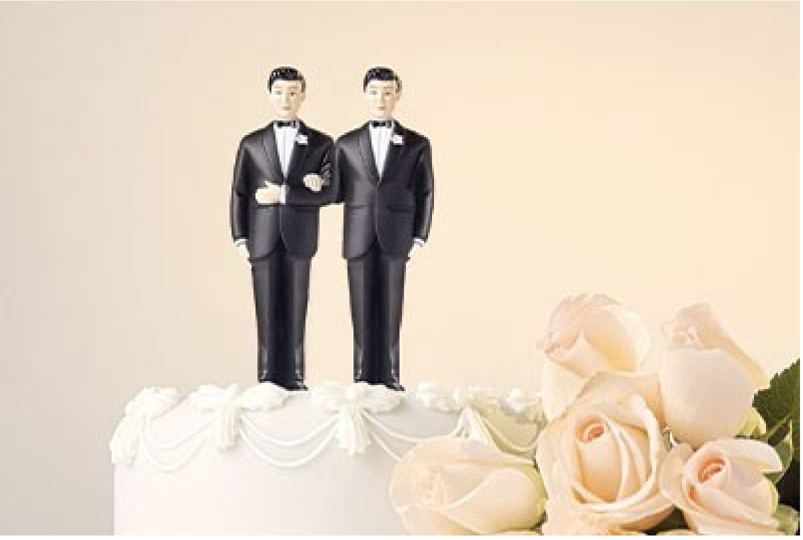
After Snowden's disclosure, observed Reuters, many large Internet companies warned that U.S. businesses might lose revenue abroad as customers wary of such surveillance switch to non-U.S. alternatives.

The companies' open letter to federal officials warned: "The balance in many countries has tipped too far in favor of the state and away from the rights of the individual — rights that are enshrined in our Constitution. This undermines the freedoms we all cherish. It's time for a change."

In order to keep their users' data secure, said the statement, the companies would deploy "the latest encryption technology to prevent unauthorized surveillance on our networks and [push] back on government requests to ensure that they are legal and reasonable in scope."

The *Washington Post*, in a December 8 article, called the Reform Government Surveillance website an "uncommonly unified front" in that companies that "compete fiercely on business matters" have cooperated in opposing unchecked government surveillance. This cooperation, noted the *Post, "underscored the deep alarm among technology leaders over revelations that the National Security Agency has collected user data far more extensively than the companies understood, in many cases with little or no court oversight."*

Colorado Baker Ordered to Make Cakes for Same-sex Couples



A Colorado baker who refused to bake a wedding cake for two homosexual men has been found guilty of discrimination and ordered to serve future same-sex couples or face stiff fines. Administrative Law Judge Robert N. Spencer ruled December 6 that Jack Phillips, owner of Masterpiece Cakeshop in the Denver suburb of Lakewood, discriminated against Dave Mullins and Charlie Craig when he told them in July 2012 that he couldn't bake a cake to celebrate their union because homosexual behavior conflicted with his Christian beliefs. Mullins and Craig had gone through a same-sex ceremony earlier in Massachusetts, but had wanted a cake to celebrate in Colorado.

"Respondents have no free speech right to refuse because they were only asked to bake a cake, not make a speech," wrote Spencer in his ruling against Phillips. "It is not the same as forcing a person to pledge allegiance to the government or to display a motto with which they disagree." He added that "at first blush, it may seem reasonable that a private business should be able to refuse service to anyone it chooses. This view, however, fails to take into account the cost to society and the hurt caused to persons who are denied service simply because of who they are."

Colorado's ACLU franchise, which sued the baker on behalf of the homosexual men, exulted in its victory. "Masterpiece Cakeshop has willfully and repeatedly considered itself above the law when it comes to discriminating against customers, and the state has rightly determined otherwise…. It's important for all Coloradans to be treated fairly by every business that is open to the public — that's good for business and good for the community," said the ACLU's Sara Neel after the December 6 ruling.

Attorney Nicolle Martin of the conservative Christian legal advocacy group Alliance Defending Freedom, which represented Phillips, expressed dismay at the ruling. "He can't violate his conscience in order to collect a paycheck," she said. "If Jack can't make wedding cakes, he can't continue to support his family. And in order to make wedding cakes, Jack must violate his belief system. That is a reprehensible choice."

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