



Written by [Bob Adelman](#) on July 5, 2011

Minnesota State Govt Shutdown: Precursor for Washington?

After weeks of negotiations between Democrat Governor Mark Dayton (left) and the Republican-dominated legislature, no resolution to Minnesota's \$5 billion budget shortfall was reached and, except for some essential services, the Minnesota state government shut down at midnight, June 30. Governor Dayton maintained that he had done all that he could to meet the Republicans halfway, but he was determined that higher taxes on wealthy citizens was the only way to close the budget gap. He said, "They [the Republicans] don't want to raise revenues on anyone, and I believe the wealthiest Minnesotans can afford to pay more taxes."



According to Phil Krinkle, president of the Taxpayers League of Minnesota, the wealthiest Minnesotans are already carrying a disproportionate share of the burden with the top 2 percent of earners paying 30 percent of the states income taxes.

The Republicans took control of the legislature last year for the first time in 38 years based on promises of fiscal restraint and no tax increases. In fact, during the final hours of the last negotiation that failed, Republicans offered a budget that would have raised state spending by 12 percent over the next two years without raising taxes, but Dayton was having none of it.

The real issue, however, isnt about closing a budget gap; its about philosophy: How much government is proper for the state? Steve Stanek, a tax policy advisor with the [Heartland Institute](#) in Chicago, observed:

This really is a power fight not a fiscal fight over the fundamental principles of how much power government should have over us. I think thats why there is so much division. I think some lawmakers see this and that is why they are standing firm.

David Schultz, a political science professor at Hamline University in St. Paul, [told TalkingPointsMemo.com](#) that Theres just a huge gulf here basically between Dayton and the Republicans over their view of government. This is a major dispute over what the role of government should be.

Tony Sutton, chairman of the Republican Party of Minnesota, was direct:

I think the governor is an old-fashioned liberal. He really believes the state government needs more money for spending and so he believes that raising taxes is the way to accomplish that. I think the governor feels this way because he has never had to make a payroll or even had to depend on earning a paycheck to earn a living.



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He is a dilettante lecturing businesspeople in this state on how to live their lives and run their businesses. As a small business owner, I know what it is like to sweat out making a payroll. Sometimes you even hold your own check to ensure that people get paid because they depend on it. He has never had to experience these things. [Dayton is the great grandson of the founder of Dayton's department stores, later merged into Target.]

Ordinary citizens aren't likely to be greatly inconvenienced by the shutdown, at least initially. State parks and zoos were closed for the July 4th weekend, but schools and essential services such as nursing homes which service poor patients and the police departments will remain open and operating. The brunt of the shutdown will be felt mostly by the estimated 40,000 state workers who will be furloughed for the duration.

And the duration isn't likely to be very long. The last time Minnesota had a shutdown was under Gov. Tim Pawlenty's administration, and it lasted just a few days before Pawlenty relented and signed into law a bill that eliminated a public-employee salary freeze and a freeze on property taxes.

All blame for Minnesota's budget mess can't be laid at the feet of Governor Dayton. After two terms under Pawlenty, during which he was able to balance the budget mostly through accounting shenanigans and federal stimulus dollars, he also signed into law a \$1 trillion public works bill which allowed work on the Northstar Commuter Rail Line to continue and the construction of Target Field, a major league baseball stadium in Minneapolis. (Ironically, Target Field is named for Target Corporation, founded as "Dayton Dry Goods" by current Governor Mark Dayton's great grandfather in 1902.)

When Pawlenty stepped down, his accounting shenanigans, including borrowing from K-12 education funds and from the state's Health Care Access Fund to close his budget deficits, [left the state in financial disrepair](#). Minnesotans suffered property tax increases of \$2.5 billion, more than in the previous 16 years combined, and Moody's lowered the state's bond rating. Pawlenty's predecessor, Republican Anne Carlson, told *Time* magazine: I don't think any governor has left behind a worse financial mess than he [Pawlenty] has.

So how will all of this play out? It's going to be a close call, but the new Republicans voted into office less than two years ago are more vulnerable in next year's elections, especially if Dayton is able to make stick his charges that Republicans are extremists, only wanting to protect the wealthy and leave the poor destitute and starving in the streets. Freshman Rep. Mike LeMieur, who successfully replaced a liberal Democrat, expressed his concern: I personally think the Republicans will probably be more damaged than the governor [over the shutdown]. The fact is that we're all up for reelection again next year, and he's not up for three years.

The parallels to the current negotiations in Washington over the debt ceiling are too obvious to miss: a President who is persuaded that the wealthy are not paying their fair share, a House now controlled by Republicans, many of whom have pledged no tax increases to their constituents, and a media taking great delight in the whole affair. At issue in Washington, as in Minnesota, isn't the money. It's the philosophy. Will government be a servant of the people, or their master? Can spending actually be cut? Will legislators stick to their guns, even at the cost of their seats? And will the citizens of Minnesota as well as those of the United States back the spenders or the cutters in the next election?

It's going to be a close call.



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