

CATO Institute, February 24, 1998 [Excerpted]

Gov. George E. Pataki, "The Nature of Government."

It's an honor to address this great institution -- an institution once described by the Washington Times as: "A small island of rationality in the sea of greed that surrounds Capitol Hill."

If that's an endorsement — and it certainly sounds like one — I'm proud to join the Times in their assessment of this distinguished organization, which has done so much to shape public policy in America.

I'm especially pleased to have the opportunity today to address the issue of cutting taxes. First, I want to address the broader issue of freedom, because I don't believe you can separate the two.

When government seizes a person's earnings, it diminishes their freedom by limiting the financial decisions they can make.

Americans have come to accept this as a "A necessary evil." They accept the fact that they have to surrender some of their earnings -- and consequently, a degree of their financial freedom -- to sustain their government.

The point I'd like to make today is that excessive taxation does more than infringe on people's financial freedom. It drives up spending, and creates a bigger, more intrusive government that inevitably infringes on other freedoms as well.

By nature, government has an insatiable appetite -- an inherent desire to grow.

When politicians raise taxes beyond what is necessary to fulfill government's legitimate function, they feed that growth and produce, not just a bigger government, but a costlier government that becomes a destructive force in people's lives.

For example, in New York, government routinely raised taxes to pay for new or -- quote unquote "temporary programs," which is an oxymoron because there's no such thing as a temporary government program...

...Big government is incapable of abolishing a program once it's created -- even after it has fulfilled or failed its objective.

And because New York's temporary programs invariably became permanent programs, they became permanent fixtures in Mario Cuomo's budgets. And year after year, he increased funding to those programs.

And so, it was a destructive cycle of high taxes perpetuating more bureaucracy and more spending — which in turn perpetuated more taxes and less economic freedom for the

people who pay those taxes.

But the cycle doesn't end there.

Excess bureaucracy created by over taxation produces -- not just more spending and further encroachments on people's economic freedom -- but new encroachments on other freedoms....

Because bureaucrats without a legitimate function have to justify their existence by creating an ostensible function.

In New York, bureaucrats justified their existence by generating scores of rules and regulations.

Some made sense. But some of them, especially those aimed at small businesses, served no purpose other than putting the men and women who create jobs under the close supervision of a government that sought to dictate their every move.

And so, in New York, it was an endless cycle of high taxes leading to big bureaucracies and more regulations, which led to higher taxes and bigger bureaucracies and even more regulations.

This went on for more than a decade and the results were devastating.

So in January of 1995, we started cutting taxes -- and we've been cutting taxes ever since.

We've cut so many job-killing taxes on businesses and consumers, it would take me ten minutes just to read you the list. But let me just read you a partial list.

LIST OMITTED

And we cut the transfer tax of 10 percent on all real estate transactions over \$1 million -- a true job killer that was wreaking havoc on New York's real estate investment industry.

When Mario Cuomo signed it into law, he called it the "perfect tax." He was half right: It was the perfect tax for New Jersey, Connecticut, Georgia, and North Carolina. But it was a disaster for New York.

Last year, we not only led the nation in cutting taxes, we cut taxes by more than the other 49 states combined. In fact, we led the nation in cutting taxes by more than Texas, California and Illinois combined. But our mission, three years ago, wasn't to lead the nation in cutting taxes.

Our mission was to restore freedom in New York.

Thomas Jefferson recognized the central role of the states in shaping national policy.

In his first inaugural address he noted that the states -- not the federal government, but the states

-- are "the most competent administrations for our domestic concerns, and the surest bulwarks against anti-republican tendencies."

Of course, in a sense, he was wrong. Mario Cuomo's government proved him wrong. But his point is clear -- and the principle on which it is founded is consistent with the principles that have guided the decisions we've made in New York State over the past three years.

It's the principle that all Americans must be free to choose, shape and pursue their own destiny, without interference from government.

It's the principle that good government is limited government.

It's the principle that when taxes exceed what is absolutely necessary to sustain that limited government, they infringe upon the most cherished principle of all: freedom.

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