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Debate on Donaldson about how to pay for it

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By Mark Sanford

The back-and-forth in Columbia on the Donaldson Center had been well enough chronicled in this paper that I had moved on after our administration's position lost at the last Budget and Control Board meeting. Yet after a number of letters and e-mails, and a few questions when I was in Greenville last week to say goodbye to a man we all admired, Dr. John Johns, I've reconsidered -- and so I write to make certain friends in the Upstate know what was really in play in the Donaldson debate.

Whether or not efforts should be taken to help Donaldson retain the 1,200 jobs was never in question.

Policymakers at a state level agreed on this, but disagreed on the "how."

Our administration has committed \$1 million through the Appalachian Regional Commission and proposed using another \$2 million from the Competitive Grants Program.

Advertisement The Speaker of the House had agreed on using the first million, but instead wanted to borrow \$2 million from the energy fund at the Budget and Control Board for the remainder -- and then paying it back next year.

We dug our heels in against the idea of borrowing more, because we have a Competitive Grants Program that is there, funded and available for projects like this.

Hoping to spend money that wasn't there is in fact what created this whole Donaldson crisis in the first place. As you may remember, House and Senate leaders had elected to put \$94 million worth of local projects ahead of Donaldson when they moved Donaldson to the "wish list" category of funding. This meant that if more money came in, above the additional \$1.5 billion in new money that came into Columbia this year, then Donaldson would be funded. The money didn't materialize and so Donaldson was dropped from the spending list on Aug. 16.

In borrowing money from the energy fund, decision makers in the General Assembly hope to pay back the fund if enough money materializes next year, and if it doesn't, it will be added to the list of debts the taxpayers will one day have to repay. Figuring ways to pay for something later rather than now, when you have cash in the bank, is not the hallmark of prudently managed businesses across the Upstate -- and to a degree, once again, is what created the whole Donaldson problem in the first place.

Following up on this thought -- in fact why borrow money if you don't have to?

The economist John Macon recently wrote in the Wall Street Journal, "Over the past half century, every U.S. housing downturn as sharp as the current one has translated into a U.S. recession." Whether or not we end up with a recession next year, we don't know. But what we do know are three things:

1. Next year we'll probably begin the budget more than \$400 million in the hole, and it could get even worse if the larger national economy deteriorates. There are presently about \$430 million of existing political promises built into next year's budget assumptions, while the Board of Economic Advisers announced just a few days ago that we're projected to have, at best, flat revenue growth next year. Based on this action of borrowing from the energy fund, we will have to dig another \$2 million deeper as we start next year's budget.

2. The budget hole just described is the tip of the iceberg. There are over \$20 billion of existing political promises tied to the retirement and health-care systems of South Carolina that are unfunded. Before beginning new debts, shouldn't we deal with the ones we've got?

3. As worthy as Donaldson is, why are we putting marginal economic development efforts ahead of it? The Competitive Grants Program is supposedly aimed at bettering the economy of our state, but just this year instead funded four pig-themed festivals in South Carolina. Piggie on the Rock, Pigs on the Ridge, the Chitlin Strut, and Squealing on the Square are all great events, and I think I have been to each of them. They are hardly the future of our state's economy, yet this is the fund some wouldn't use so that they could instead borrow.

So with all these things in mind wouldn't it make sense to pay with money you have on hand, rather than borrow, to address a real priority of the state? The answer on this one is apparently no -- which means we will all be paying twice on Donaldson, once now, and then I suspect again some time down the road.

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THE POLITICO

SC governor slams GOP on eve of debate

by Gov. Mark Sanford

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Next year, South Carolina will be home to the first-in-the-South Republican presidential primary. On Tuesday, our state will host the first debate in the South among the Republican presidential candidates. It's my hope that this debate kicks off a much larger conversation among the presidential candidates -- and all Americans -- on the vital issue of government spending.

Spending is one of those prickly issues that the media has seemed to assign as too boring, the pundits as too complex, and the candidates as too dangerous to really delve into. While that leaves journalists time to focus on the fate of Paris Hilton, this "hear, see and speak no evil" approach to how much government we want in our lives, and how much of it we are really paying for, is extremely dangerous for every one of us who pays taxes.

For the candidates in this crowded field, the spending debate represents a real opportunity. It is a big issue that will make a difference in every American's life in the years ahead, and it's an area that has not been graced with leadership. Let's face it: My party, the Republicans, have been in control, and they have blown it when it comes to government spending. The fine-print disclaimer on the demise of the Republican Congress should read: "We really didn't want less control of your money -- we just wanted to put it toward a few different causes."

I saw this when I was in Congress, and I see it now at the state level, where state spending has increased by 22 percent nationally over the past three years -- with federal spending growing at 21 percent over that same time. The people who are most aware of, and most outraged by, this are Republicans at the grass-roots level who I see and hear from every day. The candidate who can tap into their desire for leadership on this front, and lay out more than a sound-bite plan on spending, is the candidate who I think will win in South Carolina. That candidate will also win in a lot of other states that are very different from South Carolina, because common to all is a thirst for leadership that will honestly assess where we are as a country financially and where we need to go on issues bigger than most of what captures the ephemeral headlines in Washington.

The late Nobel Prize-winning economist Milton Friedman once said that the ultimate measure of government is what it spends. While it is certainly not the only measure, it is an awfully important one for the way it drives government's thirst for taxes and crowds out the private sector. Our problem in this area is so pronounced that the United States comptroller general has now embarked on what he calls a "fiscal wake-up tour" in an effort to make real the implications of our government spending going forward. He essentially argues that the train wreck of retiring baby boomers and the promises of Medicare, Medicaid and Social Security will collide to drive our nation's taxes and spending to unprecedented levels. In turn, that will render our economy uncompetitive in the global marketplace. I would argue that even without this impending demographic disaster, politicians pandering to the

electorate's fears over where they fit into this global economy will drive government's growth without presidential leadership to stop it.

In the brewing fight over whether we are living on borrowed financial time, there have been heroes at all levels of government. Two of my favorites at the federal level are Sens. Tom Coburn (R-Okla.) and Jim DeMint (R-S.C.). But for them to be more than just speed bumps in slowing, rather than stopping, government's growth once again will require leadership from the executive branch. That is why the 2008 presidential election is so important.

Finally, I'd say executive branch leadership is vital on spending because of what history itself suggests. One of the more startling references to this effect is attributed to the little-known 18th-century Scottish historian Alexander Fraser Tytler, who said:

"A democracy cannot exist as a permanent form of government. It can only exist until the voters discover that they can vote for themselves largess from the public treasury with a result that a democracy always fails under loose fiscal policy and is generally followed by a dictatorship. The average age of the world's great civilizations has been 200 years. These nations have progressed through this sequence -- from bondage to spiritual faith, from spiritual faith to great courage, from courage to liberty, liberty to abundance, abundance to selfishness, selfishness to complacency, complacency to apathy, apathy to dependency and dependency back again to bondage."

All Americans should ask ourselves where we sit on that continuum today. My prayer is that we will never sink to the dark side of that path, but that will be determined by the decisions each of us make -- and the decisions one of these presidential candidates may be making in Washington when he is sworn into office. Accordingly, it's time for them to start telling us what those decisions would look like, and Tuesday's debate in South Carolina is not a day too soon.

Mark Sanford, a Republican, is governor of South Carolina. He served in the U.S. House of Representatives from 1995 to 2001.

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A Conservative Conservationist?

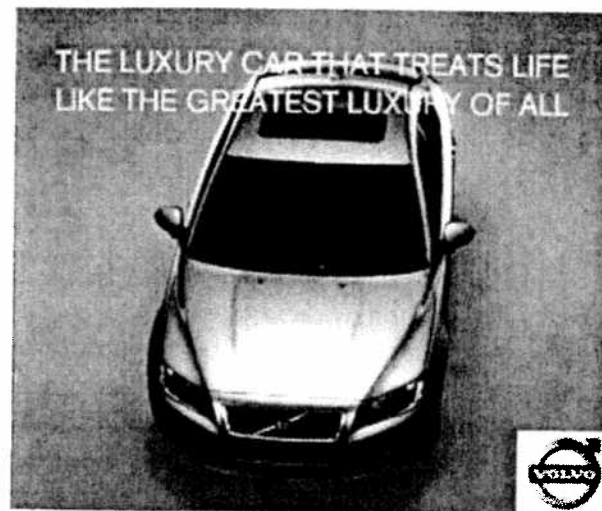
Why the Right Needs to Get Invested in the Search for Climate Change Solutions

By Mark Sanford

Friday, February 23, 2007; A19

When George W. Bush, The Post and the insurance giant Lloyd's of London agree on something, it's obvious a new wind is blowing. The climate change debate is here to stay, and as America warms to the idea of environmental conservation on a grander scale, it's vital that conservatives change the debate before government regulation expands yet again and personal freedom is pushed closer toward extinction.

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The fact is, I'm a conservative and a conservationist -- and that's okay.

For the past 20 years, I have seen the ever-so-gradual effects of rising sea levels at our farm on the South Carolina coast. I've had to watch once-thriving pine trees die in that fragile zone between uplands and salt marshes. I know the climate change debate isn't over, but I believe human activity is having a measurable effect on the environment.

The real "inconvenient truth" about climate change is that some people are losing their rights and freedoms because of the actions of others -- in either the quality of the air they breathe, the geography they hold dear, the insurance costs they bear or the future environment of the children they love.

But like a polar bear searching for solid ice, many people seem ready to dig into the first solution offered to slow or reverse climate change. Cue former vice president Al Gore -- the politician turned screen star who could take home an Academy Award this weekend and a Nobel Peace Prize later this year -- whose call for greater government intervention is resonating with administrations in this country and across the globe: California may soon ban incandescent light bulbs; France wants to force the Kyoto-less United States to pay carbon taxes on exports; and the European Union is pushing automobile emission standards that would cost carmakers such as Volvo roughly \$3,200 more per vehicle.

Make no mistake, the issue of environmental conservation sits squarely on the battle line between government and liberty. From light bulbs to automobiles, government will gladly expand its regulatory reach even if the result is a hamstrung economy and curtailed individual freedoms. Yet conservatives have remained largely absent from this debate, and by pulling back from the environmental battle they have conceded the high ground to those on the far left.

I believe conservatives have a window of opportunity, but that window is closing fast.

First, conservatives must reframe the environmental discussion by replacing the political left's scare tactics with conservative principles such as responsibility and stewardship. Stewardship -- the idea that we need to take care of what we've been given -- simply makes sense. It makes dollars as well, for the simple reason that our economy is founded on natural resources, from tourism and manufacturing to real estate and agriculture. Here in South Carolina, conservation easements are springing up across the state

as landowners see the dual benefit of preserving the environment and protecting their pocketbooks.

Second, conservatives must reclaim lost ground from far-left interest groups by showing how environmental conservation is as much about expanding economic opportunity as it is about saving whales or replanting rain forests. When corporations such as BP and Shell America pursue alternative energy sources, they not only cut carbon emissions but help cut our petroleum dependency on OPEC nations. When South Carolina restaurants recycle their oyster shells, they not only restore shellfish habitat but take a job off local governments' plates and ensure continuing revenue streams for local fishermen.

Third, conservatives must respond to climate change with innovation, not regulation. This means encouraging private research and implementation of more eco-friendly construction, more energy-efficient workplaces and more sustainable ways of going about life -- all of which cuts costs and protects God's creation. It means looking past the question of whether your car's exhaust melts polar ice caps and instead treating our environment as an investment our future depends on.

South Carolina is creating an advisory group that will study the effects of climate change on commerce and vice versa, with an eye toward crafting a plan that balances the needs of the business and environmental communities.

I am a conservative conservationist who worries that sea levels and government intervention may end up rising together. My earnest hope going forward is that we can find conservative solutions to the climate change problem -- ecologically responsible solutions based on free-market principles that both improve our quality of life and safeguard our freedoms.

For if conservatives cannot reframe, reclaim and respond to climate change with our principles intact, government will undoubtedly provide a solution, no matter how taxing it may be.

The writer, a Republican, is governor of South Carolina.

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