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Moonshiners and Mormons

Internet and Garbage Socialism in Utah

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Moonshiners and Mormons: Internet and Garbage Socialism in Utah

This paper is a result of wondering why it is that self-declared conservative politicians promote and adopt regulations that might be called at least liberal (in the American sense) or even socialist. The question arises because one of the authors (Simmons), as mayor of a small Utah city, is a member of the Board of Directors of the Utah League of Cities and Towns and serves on the League's Legislative Policy Committee. In those positions he sees politicians from some of the most conservative cities, in the most conservative counties, in the most conservative state in the United States¹ promote anti-market, anti-individual choice policies that were, at least once, a part of the core message of American conservatism.

Simmons was the lone vote against taxing cell phone owners for simply having a cell phone. When he pointed out that cell phones cause no additional costs to cities and asked by what theory of regulation they should be taxed, the response was, "They represent a huge pile of untaxed cash." He regularly is one of two or three voting against new proposals to increase cities' taxing authority. He has to keep reminding his city's planning commission that their job is not to be gatekeepers. Instead their purpose is to help landowners do what landowners want to do, within the sideboards established by law. Local government, at least in Utah, is not the site of principle triumphing over interest. There is often language about principle, but there is much more "there oughta be a law" reaction to perceived problems. "There oughta be a law" easily leads to "doing the right thing," which opens wide the doors for self interest wrapped in principled language to enter the city council chambers. Local, part time politicians are usually motivated, at least in part, by a sense of civic duty, but that sense is seldom guided by an ideological yardstick for measuring policy proposals. Without that yardstick, proposals based in moral language and promoted by respected people, make it appear that "doing the right thing"

¹ Bill Clinton came in 3rd behind George H.W. Bush and Ross Perot

is, in fact, doing the right thing. As one of Simmons' city council members said recently regarding a new proposal, "Will this be a blessing for Providence?"

Former Salt Lake City mayor Rocky Anderson was a lightning rod in Utah politics. He committed Salt Lake City to the Kyoto Protocol in 2002. He received the Sierra Club's Distinguished Service Award. He supported gay marriage, new urbanist visions of public transit rather than private automobiles, makes occasional posts on the liberal blog, Daily Kos, and jokingly compared living in Utah to life under the Taliban in an interview with the London newspaper *The Guardian*. Mayor Anderson was completely predictable in his policies. He believed that government is good and should be used to do all the good possible. Pick an issue and you could be sure how he would respond.

We have found no other Utah elected local official whose vision of limited government is as clear as Rocky's vision of unlimited government. Maybe the Mayor of the most conservative city in the most conservative county in the most conservative state in the Union has a limited government vision to match Rocky's unlimited government vision. That would be Provo City where Mayor Billings promotes iProvo, Provo's municipally owned and operated, city-wide, fiber optic network.² iProvo is losing money, it owes more than its assets are worth, is not projected to make money in the next several years, and competes with tax-paying private industry (Titch, 2006). A private company would be bankrupt. But Provo simply takes surpluses from elsewhere in the city and keeps a failure in business (Dana, 2008).

Maybe Logan City's mayor Randy Watts offers a limited government perspective equal to Rocky's unlimited government perspective. After all, his family and Rocky's made their fortunes in the lumber business. Alas, Mayor Watts does not measure up. He insisted Cache County pass a county-wide, mandatory recycling program, "because it is the right thing to do." It will cost millions and will extend the life of the existing landfill from 16 years to about 17 and a half. But "it is the right thing to do." When

² "The Most Conservative and Liberal Cities in the United States" The Bay Area Center for Voting Research. votingresearch.org/USAstudy.pdf

several cities explored leaving the county sanitation district and contracting for private garbage collection that would allow citizens to choose whether or not to use curbside recycling, Mayor Watts said he would close the landfill to private companies, because forced recycling “is the right thing to do.” When Hyrum City Mayor Howard asked Logan’s environmental department director why he believed he could run garbage better than private companies, he replied, “Because I am a professional garbage man.” One mayor responded that if being professional was all that was needed in competitive markets, Mayor Watts’ family would still be in the lumber business—they closed when Lowes and Home Depot came to town.

To understand the processes of conservative politicians promoting decidedly non-conservative policies, we turn to the Bootlegger and Baptist model Bruce Yandle developed out of his experience as a federal regulatory economist.³ “Bootlegger” and “Baptist” are terms he uses to identify a coalition of seemingly opposed groups who need each other in order to get a policy proposal accepted. The model is taken from the observation that groups work toward the same end, even though their interests in that end may diverge wildly. Bootleggers benefit from bans on Sunday liquor sales or from an entire county being designated as “dry.” The Baptists provide the moral cover for the bootleggers’ interests. Baptists are opposed to bootlegging, but are more opposed to legal sales. They provide, in Yandle’s words, “vital and vocal endorsement” for banning legal alcohol sales (Yandle, 1999). The bootleggers work in less obvious ways to grease the political machinery. The model has been profitably applied to a broad range of issues including NAFTA,⁴ the Kyoto protocol,⁵ and interstate wine shipping.⁶

³ Yandle, Bruce, “Bootleggers and Baptists: The Education of a Regulatory Economist.” *Regulation* 7, no.3 (1983): 12

⁴ Reynolds, Alan, “The Politics of NAFTA,” *National Review*, Oct. 18, 1993.

⁵ Yandle Bruce, “Bootleggers, Baptists and Global Warming,” PERC Policy Series, Property and Environment Research Center, 1999. Available on the World Wide Web at <http://www.perc.org/perc.php?id=193>

⁶ Wiseman, Allan E. and Jerry Ellig, “The Politics of Wine: Trade Barriers, Interest Groups, and the Commerce Clause,” *Journal of Politics*, Vol 69, Issue 3, pp. 859-875, August 2007.

Yandle et al. (2007) expanded the model to include “televangelists,” policy entrepreneurs who become regulatory partners with the bootleggers to transfer even more wealth to the bootleggers than could be accomplished in a simple bootlegger-Baptist coalition. We use the Bootlegger and Baptist model to explain how bootleggers and Baptists within government produce the discordant policies of conservative politicians becoming passionately in favor of expanding government.

Provo City is home to Brigham Young University and has about 115,000 residents and 30,000 households. Mayor Lewis Billings, who is now in his second term as mayor, strongly promoted and succeeded in getting the city council to authorize building a municipal fiber-optic system, called iProvo. Logan City is home to Utah State University and has about 50,000 residents and 15,000 households. Logan City contracts with all the cities and towns in the county to manage the landfill and collect all garbage generated in the county. Mayor Randy Watts is a former businessman and is in his first term. During his first year in office he managed to force mandatory recycling on every city and town in the garbage district. Both Billings and Watts are self identified political conservatives who claim to believe in capitalism, individual choice and responsibility, and small government. Yet, each imposed a costly, and we argue economically unsound, government owned and mandated program on their constituents. And Mayor Watts was able to impose his regulation on the 60,000 people who do not live or vote in his city. Each mayor uses a simple phrase to justify his actions, “It is the right thing to do.”

Each of these cases differs from the traditional story about interest groups because the central actor in each case was a policy entrepreneur. The central actor in Provo was policy entrepreneur Mayor Lewis Billings who started as a preacher without a congregation and then built that congregation through skillful politicking. The central actors in Logan were Mayor Watts who, like Mayor Billings, preached his gospel, and the Director of Logan City’s Environmental Department who was the bootlegger in the government.

iProvo: Internet Bootleggers and Government Baptists

In 2004 Provo, UT became one of a handful of cities in the United States to develop and own a municipal fiber optic system (muni-fiber), which is now the largest municipal-owned fiber optic network in the country (Titch, 2006). Through a public-private partnership, iProvo leases its fiber optic network to private internet service providers (ISP) who deliver television, internet, and telephone (bundled service packages) services to homes and business within the city. At a cost of \$39.5 million, iProvo set out to provide affordable internet to the masses and position the city for the future (Dana, 2008). A look through the Bootleggers and Baptists lens provides insight into how the most conservative city in the country, run by self-proclaimed conservative politicians could implement a tax payer funded broadband network to directly compete with private firms.⁷ The iProvo case is not your typical Bootlegger and Baptist relationship among interest groups. It illustrates the ability of local government officials to engage in policy action by donning Baptist robes. It also highlights the importance of policy entrepreneurs in facilitating the Bootleggers and Baptists relationship.

iProvo: A Look Through the Bootleggers and Baptists Lens

After taking office in 1997, Mayor Lewis Billings saw a need for greater information and communication technology connectivity for Provo City's government, businesses, and residents. At the time, none of the private firms operating in the area were willing to provide the fiber optic network Mayor Billings felt was necessary for Provo City. The private firms did not believe the investment made economic sense. This private sector unwillingness lead Mayor Billings and Provo City to leap ahead of market forces and build their own fiber-to-the-subscriber (FTTS) network (Billings, 2007). They called the new city-funded system "iProvo."

⁷ "The Most Conservative and Liberal Cities in the United States" The Bay Area Center for Voting Research. votingresearch.org/USAstudy.pdf

Baptists: A Preacher without a Congregation

There have long been proponents of internet connectivity for the masses, but the true Baptist in the iProvo case came in the form of policy entrepreneur, Mayor Lewis Billings. Much like the Baptists of the south fighting for Sunday consumption laws, Mayor Billings called on high-flying moral arguments to facilitate the creation of iProvo. Billings was largely alone in his pursuit of an internet utopia, but like a preacher without a congregation he began looking for converts.

Using the promises of economic development, increased quality of life, and “affordable telecommunication services for Provo’s businesses and residents, Billings found his congregation (Billings, 2007). Once the Mayor had convinced the public that iProvo was “the right thing to do” it didn’t take the city council long to join the chorus. The City passed a \$39.5 million bond and began construction of the network in 2004.

Bootleggers: An Internet Cartel

It appears that the bootleggers in the iProvo case are comprised of a handful of local internet service providers.⁸ Like the bootleggers in favor of Sunday alcohol sales, local ISPs did not seek to limit consumption, or internet accessibility, but sought a government created advantage over their competitors. The three ISPs contracting with iProvo are relatively small Utah based firms unable to compete with national telecomm providers: Comcast and Qwest.

Using indirect means, Provo City is able to provide a comparative advantage to iProvo ISPs over their much larger, national competitors. Each ISP received considerable benefits for providing services through the City. iProvo’s original provider HomeNet, for example, was only required to pay 40 percent of the cost for existing customers receiving service under the City’s ailing Provo Cable TV (Titch, 2006).⁹ Another of the City’s ISPs, Mstar, seems to have based its business model on a strategy of rent seeking.

⁸ Additional research must be conducted to verify this finding.

⁹ HomeNet filed for bankruptcy in 2006 and is no longer providing service through iProvo.

Mstar provides telecomm services through iProvo and UTOPIA (Utah Telecommunication Open Infrastructure Agency) a fiber optic network developed and operated by a consortium of fourteen Utah municipalities covering 324 miles from Northern to Southern Utah.¹⁰

iProvo: A Technocrats Dream

The Bootleggers and Baptists model has traditionally been used to explain how two private groups with differing agendas can come together in search of the same policy outcome. The iProvo case illustrates the ability of municipal government to play the role of Baptists, working with a traditional bootlegger to bringing about policy action. It also highlights the role that policy entrepreneurs play within the Bootleggers and Baptists framework. Without Mayor Lewis Billings, a self proclaimed dreamer, internet Baptists wouldn't exist and iProvo would only be dream (Billings, 2007).

When government takes on the role of Baptist it is facilitated by the idea that they are “doing the right thing.” This action, when not guided by ideological principle can lead to interesting policy outcomes, such as a \$39.5 million taxpayer funded muni-fiber network, that competes with private firms, in the most conservative city in the country.

Forced Recycling: Government Bootleggers and Environmental Baptists

By all accounts Cache County, Utah is a conservative place, not where you expect to find a universal recycling program required across both urban and rural areas. Nestled north of Salt Lake City, Cache County boasts just a single democrat in any partisan office, and can hardly be described as a progressive area. How recycling got mandated here is all the more interesting.

¹⁰ UTOPIA cities are: Brigham City, Cedar City, Cedar Hills, Centerville, Layton, Lindon, Midvale, Murry, Orem, Payson, Perry, Riverton, Tremonton, West Valley City. <http://www.utopianet.org/where/>

Mandatory Recycling: A Look through the Bootleggers and Baptists Lens

Creating the mandatory recycling in Cache County, Utah looks like a traditional Bootlegger and Baptist model, except that the Baptists were lead by a government official and the bootlegger was part of the Baptist preacher's administration. The Baptists were led by Logan Mayor Randy Watts and his missionaries were the larger environmental community surrounding Utah State University. Like the Baptists opposing Sunday alcohol sales, these Baptists lobbied for what they viewed as an equally moral policy, recycling. Like the Baptists from the earlier model, Mayor Watts and the recycling proponents fervently believed that regulating the disposal of Municipal Solid Waste by requiring participation in what they call a "universal" recycling program was the "right" thing to do.

Baptists: Environmental Academics

The Baptists in this case look much like the moralizers in any other Bootleggers and Baptist story. They represent highflying, faith-based ideals. Speaking to them about costs or the value of voluntary as opposed to forced choices went nowhere. They saw recycling as a moral issue, not one that could be understood through economic or political analysis. They were made up of members of the usual environmental organizations, and a loose coalition of academics associated with Utah State University. This small, well organized group used telephone trees, email lists, and a letter writing campaign to bolster Mayor Watts' preaching of the recycling gospel.

Bootleggers: A Mayor and a Garbage Man

In the traditional Bootleggers and Baptists model the Baptists moral concerns and the bootleggers' economic concerns are in alignment and both support the policy of banning Sunday alcohol sales. Then, each group lobbies government to implement the ban on Sunday alcohol sales. This case is no different. The interests of the larger Environmental coalition and the interests of Logan City align in favor of mandatory recycling, and they together lobbied the Cache County Council to implement a

“universal” recycling program. How can a governmental entity take the role of the bootlegger in the Bootleggers and Baptists model? The answer to that question requires a short review of the history of Logan City’s role in providing municipal solid waste disposal services.

Beginning in the late 1970’s, Logan City contracted with Cache County to provide Municipal Solid waste disposal services to communities within the county on a fee for service basis. No other providers currently serve customers in the county, nor are other providers allowed to serve customers. This monopoly service was by governmental choice in each of the municipalities and the unincorporated areas of Cache County. In theory municipalities can opt out, but doing so becomes impossible as the only available landfill is owned by Logan City. Some municipalities attempted to find a new provider, but Logan City declared that any new provider would not be able to use the landfill.

This government created monopoly is run by the Logan City Environmental Services Department (LCESD), which has a twofold mission. First, it is to provide municipal solid waste disposal services. Second, it is to generate revenue for Logan City’s enterprise funds. According to the 2007 fiscal report issued by Logan City, 8% of LCESD’s operating revenue for LCESD is taken returned to Logan City’s general fund as a return on investment. In most years the 8% produces revenue for Logan City’s general fund of over \$900,000 dollars. These transfers are in the form of unrestricted general fund monies that can be used on any city project. Like any private corporation, LCESD’s director is concerned by the prospect of competition within his market. When the opportunity for mandated recycling was considered, the Director effectively lobbied for a regulatory decision that would further cement his agency’s monopoly, and increase operating revenue.

How much more money will be generated? Only 9 percent of the waste created in Cache County will be diverted by this program because the vast majority of landfill waste is commercial, not household and only a portion of household waste gets recycled. This rate of diversion from the landfill will result in

a net increase in its life of approximately seventeen months. This means that the landfill, which had been scheduled to close in December 2022, can remain open until May 2024.

The landfill's extra seventeen months of life will save, according to LCESD estimates, about \$8 million. By contrast, user fees for the recycling program will cost Cache County residents about \$11 million and the Cache County Council, not LCESD, is paying a local company \$15 per ton to sort the recyclables once they have been collected from homes. So adding seventeen months to the landfill's life costs county residents millions more than it saves and those extra millions go to LCESD.

Logan City operating through LCESD looks and acts like the traditional Bootleggers and Baptists, aligning them selves with the Baptists, the environmental movement, to lobby for a policy which will have direct economic affects. Like the traditional bootlegger the protection of the monopoly and the broadening of revenue sources is the root of support for recycling.

Discussion

The Baptists and Bootleggers model, which was an explanation of how groups with radically different agendas come together to support a specific policy, has traditionally been used to explain the coming together of two private groups for a desired policy. The iProvo and Logan City mandatory recycling cases indicate that the model also fits when a government actor puts him or herself into one of the roles. In Provo City, Mayor Billings went from being a preacher without a congregation to the pastor of a multi-million dollar taxpayer funded church. In Logan City, Mayor Watts forcibly added the 60,000 residents outside Logan city to his church and the Director of LCESD aligned himself with the high flying ideals of the environmental coalition to enact mandatory recycling. This program helped to cement Logan City's municipal solid waste monopoly and generates nearly \$1 million in profit each year.

The ramifications of applying this model to cases where governments are involved are twofold. The first is a question of economic self-interest; government actors, like private individuals tend to be

maximizers. Mayors Billings and Watts maximized “doing the right thing while the LCESD director maximized revenue for his department, and local ISPs maximized their government provided advantage over competitors. The second is a question of representation and good government; we should not expect good intentions and good policy to necessarily coincide.

Why do local government officials play the Bootleggers and Baptists game? There are several possible reasons. We suggest three. First, they can play the game. Second, they have what Nobel laureate Fredreich Hayek called “a fatal conceit.” Third, providing a service with taxpayers’ money provides gratifying feedback and warm fuzzy feelings.

They can

Local officials can be either bootleggers or Baptists because they are protected from market pressures. City businesses do not go bankrupt. Just look at Provo City’s latest bailout of iProvo, for example--\$1.2 million more tax dollars into a system whose assets are worth less than its debts (Dana, 2008). City businesses do not have to meet with bankers because they do not have to get loans from banks. They do not worry about competition because they can establish their own monopoly. They live in a world that private owners could only dream about.

Since government enterprises operate outside of market pressures, they never learn the precise values citizens place on activities and goods. Without a market, the economic value of political goods and services is impossible to determine. In the context of the market economy, comparative costs and relative prices continually provide guidance to market participants on the least cost methods of production, the most urgent consumer demands and the opportunities for mutually beneficial exchange. Political actors have no such guidance, and without it they have a wide open field of opportunity to pursue their policy agendas.

The Fatal Conceit

The fatal conceit is what Hayek called the notion that we as individuals are smarter than the collective wisdom of markets (Hayek, 1988). It takes an outsized ego to run for political office. Once in office, that ego makes officials believe they are smarter and more able than they really are, that they have more information than they really have, and that they can see the future. Thus, we have iProvo, forced recycling, state-owned food preparation systems, and Redevelopment Agencies—to name just a few favorites. Elected officials “know” what people want, or what they should want, regardless of economic cost.

Logan City’s Environmental Services Director is convinced that he can do better than private contractors because, as he told the Cache Mayors’ Council, “I am a professional garbage man.” Unlike Qwest or AT&T, Mayor Billings “knows” what the technology five years from now will be (Billings, 2007). Unlike people who put their own money at risk, he “knows” what businesses to give advantages to and which not to. The latest US Department of Labor statistics show that only 44% of new businesses are still operating five years after starting up. But elected or appointed officials do not have to worry about going broke—they can always pump in more tax dollars or force their services and fees on taxpayers.

Just after the Berlin Wall fell a local rancher went to the Soviet Union for an extended trip. When he returned he said, “It looked like the whole place was run by the Bureau of Land Management.”¹¹ His point was that government, any government, will run enterprises poorly. When this story was repeated in a public meeting, the head of the Utah Farm Bureau, a strong proponent of private enterprise and private property, said, “How dare you compare those Communist bums to the hard working people in our BLM?” Communist bureaucrats are really no different than American bureaucrats. They are insulated from competition and prices so they can practice their fatal conceits.

¹¹ Conversation with personal acquaintance.

Warm, Fuzzy Feelings

Since government enterprises operate outside of market pressures, they never learn the precise values citizens place on activities and goods. Without a market, the economic value of political goods and services is impossible to determine. In the context of the market economy, comparative costs and relative prices continually provide guidance to market participants on the least cost methods of production, the most urgent consumer demands and the opportunities for mutually beneficial exchange. Political actors have no such guidance, and without it efficient choices are impossible. Instead they are able to apply a “feel good” test when they ask if government should provide a good or service. The feel good test has three parts:

- 1) Do I have good intentions?
- 2) Will I make some people happy—make them feel good?
- 3) Will I feel good for having done it?

If the answer to all three is “yes,” then they favor the policy. Sometimes just answering “yes” to anyone of the parts of the test is sufficient for favoring the policy. The problem is that having good intentions, making others feel good, and feeling good yourself, are poor bases for making policy. We end up with policies whose costs exceed their benefits and that substitute political choices for individual choices.

Conclusions

What protects a polity from bootleggers and Baptists operating with the government? Political economists normally talk about creating incentive compatible institutions, competition between different levels of government, and limiting government. These are all important. We suggest that none of these things happens outside an ideological framework. And that ideological framework can be a vaccination against bootlegger and Baptist fever and its attendant inefficiencies and failures. This ideology must be the opposite of Salt Lake City Mayor Rocky Anderson’s but believed in and practiced

just as fiercely. There really is a difference between limited and unlimited government visions. A limited government vision avoids the traps of “the right thing to do” or “the people want it” or “I have good intentions” or “It will make me and others feel good.” Limited government means that government’s actions must be limited to a very narrow scope—maybe to water, sewer, roads, parks, police, fire protection, and a judiciary at the local level. Everything else can be found in the Yellow Pages, and at a better price.¹²

Local government will continue to be adversely affected by bootleggers and Baptists unless appropriate controls are placed on them. But those restrictions will not be enacted unless at least some elected and appointed officials become more like Rocky—believing in and practicing, fiercely practicing, an ideology. They need Rocky’s passion but for the ideology of limited government.

The right thing to do is not good government managed by good people. Mayors Billings and Watts and LCSED’s Director are good people, really good people. They mean well. They want to make people happy. They just believe in fiber and garbage socialism while claiming to be conservatives.

We close with the words of someone who fit the model of a politician with a passionate, fiery limited government vision-- Barry Goldwater. This is from his 1964 acceptance speech:

We see, in private property and in an economy based upon and fostering private property, the one way to make government a durable ally of the whole man, rather than his determined enemy. We see in the sanctity of private property the only durable foundation for constitutional government in a free society. . . We do not seek to lead anyone's life for him - we seek only to secure his rights and to guarantee him opportunity to strive, with government performing only those needed and constitutionally sanctioned tasks which cannot otherwise be performed.

¹² Randy T. Simmons “Yellow Pages Test” can be accessed at:
www.utahtaxpayers.org/The%20Yellow%20Pages%20Test%20v2%20_3_.pdf

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