

AMSPECBLOG

Getting Rich the Old-Fashioned Way: Through the Government

By Doug Bandow on 8.16.11 @ 11:42PM

Washington, D.C.'s suburbs are doing well despite economic bad times. Indeed, the counties surrounding the Imperial City are among the wealthiest in the nation.

But this should come as no surprise. A lot of the money collected from taxpayers across the nation ends up being spent close to Washington.

Reports the *Washington Post*:

Millions of dollars worth of federal contracts transformed Anita Talwar from a government accounting clerk into a wealthy woman - one who can afford a \$2.8 million home in the Washington suburbs with its own elevator, wine cellar and Swarovski crystal chandeliers.

Talwar, a 59-year-old immigrant from India, had no idea that she and her husband would amass a small fortune when she launched a company providing tech support to the federal government in 1987. But she shrewdly took advantage of programs for minority-owned small businesses and rode a boom in federal contracting.

By the time Talwar sold Advanced Management Technology in 2004, it had grown from a one-woman shop to a company with more than 350 employees and \$100 million in annual revenue - all of it from government contracts.

Talwar's success - and that of hundreds of other contractors like her - is a key factor driving the explosion of the region's wealth over the last two decades. It also has exacerbated the gap between high- and low-wage workers, which is wider in the D.C. area than almost anywhere else in the United States.

The sort of minority set-asides which enriched Talwar are one of government's greatest special interest scams, enriching the influential and well-connected rather than the disadvantaged. But the problem runs much deeper. Some spending is essentially pure waste. Other federal contractors do good if not necessarily useful work. Collectively the

infamous Beltway Bandits constitute yet another interest group dedicated to feeding at the public trough.

As the crowd feasting at taxpayer expense grows ever more numerous, it becomes ever harder to reduce government's size and outlays. Even many advocates of limited government end up working for the state. Controlling federal spending requires confronting the beneficiaries of government programs as well as those in government.



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