



'Corporate Welfare' Costs Taxpayers Almost \$100 Billion in FY 2012, Cato Report Finds

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August 3, 2012

(CNSNews.com) – Subsidies to businesses in the federal budget in Fiscal Year 2012 cost taxpayers almost \$100 billion, according to a new [report](#) from the Cato Institute.

“That includes direct and indirect subsidies to small businesses, large corporations, and industry organizations,” the libertarian think-tank said in its latest policy analysis.

The subsidies are handed out from programs in many federal departments, including the departments of Agriculture, Commerce, Energy, and Housing and Urban Development, the report noted.

At the same time, the federal government will run its fourth consecutive deficit in excess of \$1 trillion this year.

“If the nation is to avert a debt crisis, federal policymakers need to dramatically cut spending,” said the report, which was written by Cato’s budget analyst on federal and state budget issues Tad DeHaven. “Whole programs need to be terminated, and handouts to businesses are a good place to start.”

According to [Cato](#), the most spending on “corporate welfare” programs in the federal budget -- more than \$25 billion -- went to the U.S. Department of Agriculture.

A majority of the department’s farm subsidies go to the largest farms, the report noted.

The Department of Energy is responsible for nearly \$18 billion in corporate welfare in FY 2012.

Other programs to make the list: the Department of Housing and Urban Development (HUD)’s Community Development Block Grant program (\$285 million); the Commerce Department’s Broadband Technology Opportunities Program (\$2.2 billion); attempts by Transportation Department policymakers to develop a high-speed rail network (\$1.2 billion) and the Interior Department’s Bureau of Land Management (\$1.4 billion) land-use programs.

The report contains numerous examples of what it calls corporate welfare plans gone awry – with the most familiar being that of the now-bankrupt solar energy company, Solyndra.

In 2009, the Energy Department awarded Solyndra a \$535 million loan guarantee.

“A little more than a year after Obama’s visit, Solyndra filed for bankruptcy protection,” the report noted.

The report explains that aside from the issue of spending, business subsidies distort economic activity by aiding some businesses at the expense of others.

DeHaven said the subsidies also undermine the market by diverting resources from market-preferred businesses to those preferred by policymakers and allow policymakers to “bet” on firms with shaky finances and questionable business models, fostering a “corrupt relationship between big business and government.”

The Cato analysis concludes by saying that rising spending and huge deficits are pushing the nation toward an economic crisis – and cutting corporate welfare programs is a good start.

“Despite [the] hurdles to reform, Congress is entirely capable of cutting spending and will have to do so in coming years to avoid economic calamity,” DeHaven wrote.

“Corporate welfare doesn’t aid economic growth and it is an affront to America’s constitutional principles of limited government and equality under the law. Policymakers should therefore scour the budget for business subsidies to eliminate,” the report said.