

Why Are Taxpayers Paying for Wine Tasting?

At a time of crisis a wasteful federal agency gets \$200 million more.

By [JIM DEMINT](#)

Long before there was President Obama's stimulus, there was the Economic Development Administration. The EDA was created in 1965 with the same high-minded intent used to usher in the \$814 billion stimulus bill in 2009. Set inside the Commerce Department, the bureau and its grants are supposed to promote economic competitiveness and create jobs. In reality, the EDA has given taxpayers little return on their investment and instead become a slush fund for the well-connected.

Certainly, the bureau has funded some well-meaning projects, just as there were some noncontroversial earmarks mixed in with bridges to nowhere and teapot museums. As a recovering earmarker, I must say that I have supported certain EDA grants in the past. But to my fellow senators, I now say this: If you aren't willing to cut spending you previously supported, our nation is destined for bankruptcy.

Senate Majority Leader Harry Reid hand delivered a \$2 million EDA check in 2008 to the University of Nevada in Las Vegas to begin construction of the 'UNLV Harry Reid Research and Technology Park.'

Yet, in the midst of a debt crisis, the Senate is currently seeking to increase EDA funding to \$500 million a year from \$300 million. Worse, this bill passed out of a Senate authorization committee with unanimous, bipartisan support.

A review of the EDA's grants makes clear that, just like the stimulus, this program too often has used federal dollars to fund pet projects that have little relation to the national interest. In April, the bureau reported that it gave a \$2 million grant to build a "culinary amphitheater," wine tasting room, and gift shop at the Port of Benton and the Walter Clore Wine and Culinary Center in Richland, Wash. The same month, it gave \$1.5 million to promote tourism in the Northern Mariana Islands. In January, it spent \$1 million on an "innovation conference center" in Arkansas to promote "cultural enrichment."

A 2009 study of the EDA by the nonpartisan Cato Institute collected numerous government oversight reports and documented widespread abuse of taxpayer dollars. The study noted that Senate Majority Leader Harry Reid is familiar with the EDA process. In 2008, he hand-delivered a \$2 million EDA check to the University of Nevada, Las Vegas

(UNLV) Research Foundation to begin construction of the "UNLV Harry Reid Research and Technology Park."

The Cato study also found that the EDA overstates its success. The agency claimed a project in 1986 created nearly 6,000 new jobs, but later the government admitted the actual number was less than 100. Multiple studies by the Government Accountability Office have found that EDA programs "did not have a significant effect," achieved "inconclusive" results, and "may even detract" from a more flexible and educated work force.

More recently, the inspector general overseeing the EDA audited 10 projects totaling \$45 million between 2004 and 2008. It found that \$13 million, or 29% of that money, had been wasted due to "various violations of EDA grant requirements such as financial accounting irregularities, conflicts of interest, and improper procurement procedures." Four of the 10 projects were never even completed.

The EDA's efforts also duplicate existing federal programs. For example, in February the bureau gave \$49 million to support flood-impacted regions in Rhode Island, Nebraska, Tennessee and Kentucky. The Federal Emergency Management Agency should oversee that, not the EDA. The agency has delivered millions more to boost green energy projects, which should be administered, if at all, by the Department of Energy.

The EDA is just one of 180 federal economic-development programs, including the Small Business Administration's disaster-assistance loans, the Agriculture Department's rural development programs and economic action program, Housing and Urban Development's community development block grants, Health and Human Services' community economic development grants, and the New Markets Tax Credit.

Mr. Obama's deficit commission cited these same examples of duplication and waste as reasons to eliminate the EDA completely—something Congress should immediately do. But Democrats and, sadly, some Republicans, want to give the EDA a raise.

Soon Congress must choose whether to increase the nation's debt ceiling, allowing the government to borrow even more money to keep up its spending spree. Every member of Congress will be asked to increase government spending with a vote. Every member of Congress should be actively finding ways to reduce spending instead.

Mr. DeMint, a Republican, is a senator from South Carolina.