

Federal Aid Photo Ops

By Chris Edwards

13 September 2013

I was struck by a photo and story in the Washington Post and Baltimore Sun earlier this week. A group of high-powered politicians had assembled at the Port of Baltimore for a ceremony to roll out a federal grant for seaport investment. The group included the vice president of the United States, the two U.S. senators from Maryland, the Secretary of Transportation, and numerous other important political leaders.

It must have been one heck of a big grant, like maybe \$1 billion or so? No, it was for just \$10 million. It came from a federal program called TIGER, which has dished out grants for 52 infrastructure projects in 37 states averaging \$9 million each.

Some people may think that the purpose of this grant program is to build America and boost the economy, but that is naïve. The actual purpose is to give politicians photo ops and generate positive news stories. The Baltimore event generated substantial media—and it was all favorable because everybody loves Santa Claus.

But shouldn't Vice President Joe Biden have been huddled in Washington this week with his advisors dealing with the Syria crisis? Again, that's naïve. The truth is that many politicians are so addicted to spending that they put it ahead of national security issues.

TIGER funding is just a drop in the bucket of total annual U.S. infrastructure spending of \$2.5 trillion. It could be easily provided instead by state governments or the private sector. But federal funding has one big advantage: it allows politicians at every level of government to claim credit for the same stream of money. Think about the mountain of media those 52 TIGER photo ops in 37 states has likely created for hundreds of federal, state, and local politicians.

Hopefully, the \$10 million paid to the Port of Maryland will be put to good use. But such federal subsidies are not needed. The Maryland Port Administration reports that public and private businesses operating at the port generate a \$1.7 billion in annual revenues, so they surely could have funded their own \$10 million project.

Here is the big picture: Congress faces ongoing budget deficits and is wondering how to restrain spending to meet the lower sequester levels. Why not cut the \$560 billion in annual spending on aid to state and local governments? Nearly every federal department can find savings in this area since aid is handed out through 1,100 separate programs.

Most people know about federal aid for highways and K-12 education. But the federal government has hundreds of costly but more obscure aid programs for such things as Nursing Workforce Diversity, Boating Safety, and Healthy Marriages. All these activities could be funded more efficiently by state and local governments or the private sector.

Consider seaports like Baltimore's. They would be more competitive if they were unsubsidized and operated as private businesses, as they are in some of our trading partners. Many British seaports, for example, are private after Margaret Thatcher's reforms in the 1980s. That same is true for federal aid to airports. We should end the subsidies and privatize our airports, as many other countries have.

There are many economic problems with federal aid, such as wasting resources on pork barrel projects. But there is another problem with aid that does not get enough attention: it distracts federal policymakers from their proper national responsibilities. Akin to Joe Biden handing out subsidies in Baltimore, remember that George W. Bush—as part of his K-12 school subsidy efforts—was reading stories to a classroom in Florida when 9/11 happened.

President Calvin Coolidge recognized this problem when it was first developing in the 1920s. He argued against federal intervention in local activities because it was “encumbering the national government beyond its wisdom to comprehend, or its ability to administer” them. “The wiser policy,” he said was “to leave the localities, so far as we can, possessed of their own sources of revenue and charged with their own obligations.”

Since we focused on the Baltimore port, let's give a Marylander the final word on the issue. Here is Democratic Governor Albert Ritchie in 1925 on the federal aid system: “The system ought to be abolished, root and branch” and “stricken from the federal budget.”

It's time to revive the Ritchie “root and branch” plan, and cut those activities from the federal budget that have no proper place in Washington.