



Trump admin proposes cutting economic development agency that aided SC communities

Jamie Lovegrove

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When U.S. Commerce Secretary Wilbur Ross announced recently that a \$2.7 million federal grant would help open a business incubator and training center in North Charleston, he praised it as a way to “support the growth of businesses and boost the region’s economy.”

A \$1.8 million grant to help provide wastewater system upgrades in Lake City would “fortify and protect critical infrastructure,” Ross said. A \$1.9 million grant for Berkeley County’s water infrastructure would help the area’s burgeoning automotive industry “continue to grow and create new jobs for the community.”

Left unsaid in all these cheery pronouncements: If it were up to Ross and the Trump administration, the agency within the Department of Commerce providing that funding would no longer exist.

The White House proposed eliminating the Economic Development Administration in their budget proposal this year, casting the move as “part of the Administration’s plans to move the Nation towards fiscal responsibility and to redefine the proper role of the Federal Government.”

The effort has drawn howls from liberal watchdog groups like Restore Public Trust, who recently ran digital ads in South Carolina and several other states to bring attention to it. Restore Public Trust’s spokeswoman Lizzy Price said Ross’ attempt to abolish the EDA “should concern every single resident of South Carolina.”

“Ross himself publicly acknowledges the importance of the EDA to creating and saving jobs, yet privately he is working to eliminate the EDA,” Price said. “Ross is supposed to be on the side of South Carolina workers and defend American jobs, but he’s maliciously obfuscating the truth.”

But the proposal has earned support from some fiscal conservatives, who advocate for shrinking the federal government and point to the EDA as a prime example of national resources that would be better left in the hands of states or local communities.

Chris Edwards, the director of tax policy studies at the libertarian Cato Institute, recently published an analysis that argued federal aid to states leads to waste and misallocated spending. In the EDA’s case, Edwards found that 13 percent of the value of aid in 2018 went toward administrative costs, like salaries and other office expenses.

“The EDA does not have any special abilities to revive growth that the states and private sector do not have,” Edwards wrote with a colleague last year. “The federal funding of industrial parks, road projects, and other activities through the EDA just adds federal bureaucracy.”

The EDA was created in 1965 with the goal of stimulating growth in economically disadvantaged areas. In recent years, Congress has given the agency more than \$300 million annually to carry out that mission, more than \$10 million of which has gone to communities in the Palmetto State. The Commerce Department has credited the agency with creating or saving hundreds of jobs in the state.

Despite the Trump administration's suggestion, total defunding of the agency remains unlikely.

Even when Republicans held majorities in both the House and Senate, they twice rejected the administration's proposals to nix the agency. With Democrats now controlling the House, the odds of the Trump administration successfully eliminating it are even slimmer.