

HotAir

A Christmas gift to the Right

November 10, 2011 by Ed Morrissey

The Obama administration reacted quickly to head off a public-relations embarrassment by suspending its new Christmas Tree Promotion Board at the USDA yesterday, after a Heritage exposé of the new bureaucracy elicited hoots of derision and probably a few late-night talk show jokes, too. The White House said it would “rethink” the proposal after the negative reaction, and it might not come back — but that doesn’t mean that it’s the end of the story. The Obama administration handed conservatives an early Christmas gift with the Ministry of Trees, I write in today’s column for The Fiscal Times, because it provides an easily understood example of how government intervention distorts markets, picks preferred winners, and often does so with the cooperation of the largest players in an industry:

Until now, the Commodity Promotion, Research, and Information Act of 1996 has not received much attention for three reasons. First, the fee is hidden from the consumer in the retail price of the products involved. Second, as with the Christmas tree fee, the price per unit is small enough to shrug off; no one will go broke spending an extra 15 cents on a tree once a year. Third, the USDA has almost always imposed these fees in response from a set of producers who want government intervention in their markets – as large growers of Christmas trees desired in this case.

But this case represents a major miscalculation by the USDA and the Obama administration. In the first place, even though the National Christmas Tree Association wanted a USDA board to impose this fee and conduct marketing, that doesn’t mean every grower wants fees levied on their sales. The *Chicago Tribune* reported that growers in Texas and Vermont oppose the new fee and the USDA intervention. “If the large wholesale growers want it, fine, but they can pay for it without reaching into the small growers’ pockets,” said Robert Childress of the Texas Christmas Tree Growers Association. “I feel that marketing for my products is my responsibility, and I choose to rely on my efforts.”

Had the NCTA embarked on its own marketing initiative without involving the Department of Agriculture, it could still have collected fees on sales from growers who wanted to participate in the program. Getting the USDA involved, however, the large growers forces smaller growers into an association that many of them didn’t want. As levied by the USDA, the fee is no longer voluntary but mandatory – which makes it a tax in fact if not in name, the Cato Institute argues. “Do Christmas tree farmers go to jail if they refuse to pay? Yes. It’s a tax,” writes Jim Harper.

That isn't the only miscalculation. Unlike the other agricultural cases, this market is different. Promoting dairy doesn't preclude the purchase of orange juice; making beef what's for dinner tonight doesn't keep pork from being the other white meat tomorrow night. But consumers choose either a natural or artificial tree once a year. Government intervention on behalf of growers explicitly means attempting to damage sales for manufacturers of artificial trees and their retail partners.

The natural inclination would be to claim victory with the apparent reversal on the Ministry of Trees and move onto another issue. Some might choose to fight the CPRIA in order to rid the government of *all* agricultural promotion boards, and tell producers to buy their own advertising. They can form private trade associations and collect voluntary fees to pool into product promotion rather than rinse that effort through the government and making participation and funding mandatory.

But even that doesn't go far enough. Congresses and administrations of both parties have twisted the tax and regulatory codes into mechanisms to conduct these kinds of interventions in markets, driven by lobbyists seeking to cut sweetheart deals for their industries and producers, and politicians seeking to reach their preferred social-engineering outcomes. This destroys the credibility of government as a fair regulator for all participants in markets:

That strikes closer to the issue for conservatives, who wonder why government involves itself in private-sector marketing at all. Government has a role as a regulator of markets, in both consumer protection and product safety, but that role has to follow an impartial rule of law in order to remain credible. When government starts favoring one product over another, as this Christmas Tree Promotion Board would, can consumers rely on government to keep its thumbs off the scale when regulating both growers and artificial tree manufacturers in all other ways? ...

Instead of dispassionately and evenly regulating the lending markets, government became a stakeholder for politically driven outcomes and skewed its regulatory practices to favor those outcomes.

Don't let the Obama administration and social engineers of both parties off the (ornament) hook. Time to drop some coal and sticks into their stockings this year and next, and demand an end to government as a stakeholder in markets.