

# NATIONAL REVIEW ONLINE

FEBRUARY 1, 2012 12:00 A.M.

## No More Bipartisan Bailouts

Republicans need to emphasize free markets, not special interests.

By Michael Tanner

One of the few lines in President Obama's State of the Union address that actually received bipartisan applause was his vow of "no bailouts, no handouts, and no cop outs." Of course the president then went on to claim credit for his bailout of the auto industry and promise additional handouts to the "green energy" industry.

Both liberals and conservatives often succumb to a narrative that pits big government against big business. No doubt many of big government's tax and regulatory policies do make it more difficult for businesses to expand and hire people. But just as often, big business and big government are all too happy to work hand in hand to thwart the free market. Confusing support for free markets with support for the corporate agenda is a bipartisan failing. In a free market, for example, corporations compete against one another on their merits. Government doesn't pick winners and losers or prefer one type of industry over another.

Yet, Rick Santorum shares President Obama's desire for special tax breaks for "manufacturing." Both Newt Gingrich and [Mitt Romney](#) join President Obama in backing government subsidies for ethanol and other alternative energy.

And obviously, in a free market, when businesses fail because they made stupid investment decisions, they go bankrupt. But both Romney and Gingrich joined President Obama (and President Bush) in supporting TARP and the bailout of some of America's biggest banks and investment firms. This was not a one-time situation brought about by a unique crisis: Dodd-Frank enshrines the principle of "too big to fail," all but guaranteeing future bailouts.

The Cato Institute estimates that corporate welfare now tops \$125 billion per year. Among the biggest beneficiaries are companies such as Boeing, Xerox, IBM, Motorola, Dow Chemical, and General Electric. At a time when we are facing a \$15.3 trillion national debt and borrowing 34 cents out of every dollar we spend, should we really be spending money to subsidize McDonald's advertisements for Chicken McNuggets overseas?

And, when they don't get direct subsidies, businesses are forcing taxpayers to subsidize consumer purchases of their products.

For example, Big Pharma poured more than \$150 million into advertising in favor of Obamacare. Why? Among other things, every insurance plan in America will now be required to cover pharmaceutical products. And, closing the Medicare Part D “donut hole” will encourage seniors to buy brand-name drugs rather than cheaper generics. Speaking of the [Medicare prescription-drug program](#), guess who was the biggest lobby in favor of the entitlement expansion? The drug companies even funneled millions of dollars to Newt Gingrich’s Center for Health Transformation. No surprise, then, that Gingrich supported the Medicare expansion, calling it a cost-saving idea, even though it added \$17 trillion to the Medicare’s unfunded obligations. Among the biggest supporters of Obamacare’s individual insurance mandate are the big insurance companies. After all, isn’t it great for the government to force people to buy your product? It certainly beats having to provide cheaper and higher-quality insurance.

Big businesses also use regulations to prevent competition or impose costs on their competitors. For example, General Electric is among the biggest supporters of President Obama’s “cap and trade” proposals. GE is not doing this out of some sense of altruistic global citizenship, but because it operates a unit that would trade cap-and-trade credits. The company stands to reap billions in profits were Obama’s plan to pass.

Similarly, Walmart stunned many by coming out in support of an employer health mandate. But it’s really not that surprising. Walmart actually spends more on employee health care than its competitor Target. Mandating that all companies provide health insurance will drive up Target’s costs, benefiting Walmart.

President Obama is planning to mount a reelection campaign that attempts to paint Republicans as the captives of special interests, ignoring his own addiction to corporate bailouts, handouts, and cop outs.

Polls show that despite the president’s drumbeat about inequality, Americans are not particularly concerned about income disparities. But there does seem to be a growing concern that the system seems to be rigged to benefit the powerful and well connected. Simply put, Americans don’t care about unequal outcomes as long as the system is fair.

[If Republicans](#) want to counter this, they will need to take a firm stand in favor of free markets, rather than special-interest corporatism. They should stop talking about how “pro-business” they are, and talk about the virtues of [free-market capitalism](#) — emphasis on the “free market.”

Will they do so?

Last week, both Romney and Gingrich came out in favor of sugar subsidies. That isn't encouraging.

— *Michael Tanner is a senior fellow at the Cato Institute and author of Leviathan on the Right: How Big-Government Conservatism Brought Down the Republican Revolution.*