

LAWRENCE REED COLUMNIST

Published Thursday, May 10, 2012

Ending corporate welfare

Corporate welfare is one of the toughest nuts to crack in Washington. While almost everyone says he is opposed to it, Congress hasn't done much about it except to expand it in recent years with hundreds of billions of bailout dollars.

The Cato Institute estimated that direct subsidies from the federal treasury to businesses big and small, cash-rich and bankrupt alike, amounted to nearly \$100 billion annually even before the "stimulus" spending of 2008 and 2009. Companies often defend the handouts as being good not just for them but for the economy as a whole.

That's not an argument that was ever given much credence in debates over welfare for individuals. Most people seemed to understand that taking from A to give to B doesn't stimulate anything but B's spending at A's expense. Aid to Families with Dependent Children (AFDC) and other welfare programs for individuals were defended primarily as necessary and helpful to the recipients, rarely as a general economic stimulus. Then came overwhelming evidence that these programs were actually harmful to the recipients themselves—producing lifelong slothfulness and demoralization, intergenerational dependency, and the breakdown of families.

It seems reasonable that what's good for individuals ought to be good for companies too, especially since companies are nothing but collections of individuals anyway. Perhaps we'd be more successful at ending corporate welfare if we made it plain that it's only fair to apply the same welfare reforms to businesses that we apply to individuals.

Following this prescription, here's what corporate welfare reform might look like:

Declare an end to any and all "entitlements" to corporate welfare. President Clinton signed a bill that ended individuals' legal entitlement to federal subsidies. We should put businesses on notice that they are not owed anything either.

Put time limits on corporate welfare. If we can't get rid of all these business handouts, then Congress should at least do what a growing number of states are doing with families formerly on AFDC: limit any company's time at the trough to two or three years.

Start drug testing for CEOs. States are moving to deny welfare payments to individuals found to be abusing drugs. Taxpayers should not be required to subsidize corporate CEOs who abuse drugs either and there's only one way to find out if they are: if they're gettin' handouts, test 'em.

Require attendance at welfare-to-work counseling sessions. There's no reason why executives of companies that get corporate welfare shouldn't have to sit through the same social worker lectures that other welfare recipients endure. Companies should be cut off if they can't keep their executives in remedial classes taught by economists who can explain the importance of the free economy, property rights, and keeping your hands in your own pockets.

If you're wondering, would I also subject organized labor to the same requirements because of the generous handouts of money and power that they get from government? Damn right I would.

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