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Crony Capitalism Running Rampant

“Government ‘help’ to business is just as disastrous as government persecution... the only way a government can be of service to national prosperity is by keeping its hands off.” That is what Ayn Rand has to say about government involvement in the world of business, but the full extent of this practice is difficult to nail down. Tad DeHaven of the CATO Institute investigated the situation to determine exactly how deep the problem runs.

Periodically, CATO analyzes the federal budget to ascertain exactly how much money our government shovels out to favored parties. Unfortunately, over the years both parties have participated in this handoutathon, and, still worse, many businessmen suck up to elected officials to get their “share” of our money. Nobody disputes that private businesses should build our military armaments, our roads, and our bridges. In fact, more basic governmental services, such as janitorial work or auto maintenance, should be farmed out by competitive bid. It’s the rest of the pigs at the government trough that are most troubling.

Corporate welfare is difficult to define, but DeHaven went line by line through the federal budget and found \$98 billion of it – every dollar of which is listed in his report. The pervasive nature of these crony giveaways can be measured by the fact that every federal department gets into the act. Handouts to solar companies and farm conglomerates get the most publicity, but those are just the tip of the iceberg.

DeHaven’s background has given him the skills to analyze this information. Most prominently, he worked for Governor Mitch Daniels of Indiana to sort out the mess they found when Daniels took office in January, 2005. DeHaven saw how bad crony capitalism was at the state level and brought that knowledge to his analysis of Washington’s spending.

DeHaven states that the most egregious waste at the federal level is farm handouts, claiming that most farm subsidies go to large corporate interests

despite the fact that people think the money goes to “family farms.” DeHaven stated, “It is about vote buying and nothing else.”

The report not only enumerates where the money goes, but is sprinkled with great statements such as “The federal government’s proper role in the economy should be that of a neutral referee, with intervention limited to facilitating the free exchange of goods and services.”

Interestingly, both political sides contain elements who rail against these handouts. The leftists known as the Occupy Movement protest loudly against corporate handouts – while the Tea Party, which leans right but considers itself non-partisan, complains about handouts in the same manner.

Simply put, the entire problem stems from the size of government. Limitless governments – at all levels – cause elected officials to develop a philosophy that the money is theirs to parcel out. DeHaven focuses on the federal budget, but similar studies could be done for every one of the states, most counties, and a significant number of cities. We have allowed elected officials to take our money and hand it over to whomever they want; repeat this process frequently enough and they start believing that they have God-given rights.

This attitude has gotten so bad at the local level that mayors and councilmen now believe that there are no limits on what they can do regarding commerce in their jurisdictions. Nothing demonstrates this arrogance more convincingly than the Chick-fil-A controversy, in which the CEO’s comment opposing same-sex marriage triggered statements by the Democratic mayors of San Francisco, Chicago, Washington, DC, and Boston that Chick-fil-A stores were not welcome in their cities. These statements, clearly in violation of multiple legal precedents and principles, would never have been made if these cities were not completely immersed in crony capitalism. In vowing to stop construction of a store, Chicago Mayor and Obama crony, Rahm Emanuel, stated “Chick-fil-A values are not Chicago values.” Without being emboldened by the reality of crony capitalism, he would never have uttered words so insulting and arrogant.

DeHaven has given us a report that defines how costly, on more than one level, crony capitalism has become. The Left despises handouts to corporations, and believes that conservative legislators are owned and operated by large, private companies. Conservatives believe it bloats government and destroys the concept of free enterprise by allowing government wonks to decide winners and losers. The question then remains: Who supports this practice other than the people who get to hand out other people’s money?

DeHaven does not feel hopeful that we can dismantle federal crony capitalism. Handouts are becoming more limited at state levels because of the economic reality of reduced revenues. Municipalities that face budget crunches are often

forced to stop the practice. Maybe with a Vice-President like Paul Ryan, we have at least a ray of hope shining on us.