



Federal corporate welfare reached \$100 billion in 2012

by [Jonathan DuHamel](#) on Aug. 09, 2012, under [Politics](#)

Do you wonder where your tax money goes? One place is corporate welfare. According to the [Cato Institute](#), corporate welfare totaled \$100 billion in fiscal 2012 (see full report [here](#)).

The [executive summary](#) of the report:

Rising federal spending and huge deficits are pushing the nation toward a [financial](#) and economic crisis. Policymakers should find and eliminate wasteful, damaging, and unneeded programs in the federal budget. One good way to save money would be to cut subsidies to businesses. Corporate welfare in the federal budget costs taxpayers almost \$100 billion a year.

Policymakers claim that business subsidies are needed to fix alleged market failures or to help American companies better compete in the global economy. However, corporate welfare often subsidizes failing and mismanaged [businesses](#) and induces firms to spend more time on lobbying rather than on making better products. Instead of correcting market failures, federal subsidies misallocate resources and introduce government failures into the marketplace.

While corporate welfare may be popular with policymakers who want to aid home-state businesses, it undermines the broader economy and transfers wealth from average taxpaying households to favored firms. Corporate welfare also creates strong ties between politicians and [business](#) leaders, and these ties are often the source of corruption scandals in Washington. Americans are sick and tired of “crony capitalism,” and the way to solve the problem is to eliminate business subsidy programs.

Corporate welfare doesn't aid [economic growth](#) and it is an affront to America's constitutional principles of limited government and equality under the law. Policymakers should therefore scour the budget for business subsidies to eliminate. Budget experts and policymakers may differ on exactly which programs represent unjustified corporate welfare, but this study provides a menu of about \$100 billion in programs to terminate.