

# The Washington Post



## The Fact Checker

The Truth Behind the Rhetoric | By Glenn Kessler

### ***Ron Paul on earmarks and ‘corporate welfare’ (Fact Checker biography)***

Posted by **Josh Hicks** at 06:02 AM ET, 12/30/2011

*“My priorities, you cut off all foreign welfare and foreign militarism and corporate welfare before you go after child health-care.”*

**-- Ron Paul remarks during Bloomberg TV interview, June 3, 2011**

*“I’ve never voted for an earmark in my life.”*

**-- Remark by Paul on NBC’s “Meet the Press,” Dec. 23, 2007**

Paul addresses a number of issues with these comments, but the common thread is government favoritism. The congressman portrays himself as a strict budget hawk and a candidate who never supports corporate subsidies or special funding for his congressional district.

Lots of politicians blast earmarks but find ways to justify them for their own constituents. And plenty of lawmakers support tax breaks and corporate subsidies -- so-called corporate welfare -- as a way to create jobs, foster innovation, and even protect the environment in certain cases. We examined Paul’s record to find out whether he’s truly any different.

#### **THE FACTS**

Paul's campaign-finance record shows little indication of a politician who is tied to special interests. Individuals have provided the vast majority of his campaign cash, supplying 91 percent of the money since his first bid for office.

Still, the congressman can't claim purity when it comes to corporate subsidies. The Washington Post reported that he pressed the U.S. energy secretary in 2008 to approve a federal loan guarantee to expand a nuclear facility in Texas.

This contradicts statements Paul made in his 1981 book "Gold, Peace, and Prosperity," in which he slams federally guaranteed loans, calling them "the most significant contributing factor to our inflation."

Paul insists that the government should let the free market determine how energy is produced. He told the left-leaning Grist magazine in 2007 that research and development subsidies "are bound and determined to always misdirect money to political cronies," and he criticized the federal government for providing ethanol subsidies.

But we found instances where Paul tried to help certain industries by co-sponsoring legislation that included tax credits. One bill from 2011 promised \$5 billion in credits to the natural gas industry. Another measure from 2009 promoted fuel efficiency with a \$2,000 deduction for individuals who swapped gas guzzlers for fuel-efficient cars.

Economist disagree about whether tax credits amount to subsidies, but many staunch conservatives oppose such benefits. The Cato Institute, a libertarian think tank, has said all energy credits and deductions constitute loopholes.

"Tax credits by definition are unjustified distortions from my point of view," said Chris Edwards, editor of a Cato Institute blog about government downsizing. "They can be damaging subsidies, just like spending subsidies."

As for earmarks, the congressman requested at least \$157 million for fiscal year 2011, and another \$398 million for fiscal year 2010, according to his congressional Web site. The provisions included \$2.5 million for a "Historic Downtown Redevelopment Project" in Baytown, Texas; \$8 million for replacing recreational fishing piers

damaged during hurricanes; and \$18 million for ship canal operations and maintenance.

The late Tim Russert challenged Paul on his support of earmarks during a 2007 interview on NBC's "Meet the Press." The congressman explained that he only introduces such spending measures because the political system allows it, and that he ultimately votes against the provisions -- even his own.

"I put it in because I represent people who are asking for some of their money back," Paul said. He later added: "It's like taking a tax credit. If you have a tax credit, I'm against the taxes, but I take all my tax credits."

### **THE PINOCCHIO TEST**

Paul denounces all interference in the free market and cries foul whenever the government "chooses favorites," but he has pushed for certain benefits himself. He can argue that tax credits don't constitute subsidies, but even libertarian tax economists disagree.

The congressman also provides a shaky defense -- to say the least -- of his earmark requests. It appears, from the way he operates, that he doesn't want to do his own dirty work. He makes spending requests and votes against them while other lawmakers support the measures, bringing the money to his district anyway.

There are far simpler ways to make his point if he really thinks the earmark system fosters corruption. One obvious example: he could abstain from earmarks altogether.

Paul earns three Pinocchios for suggesting he never supports government favoritism in the form of subsidies and earmarks.

### **THREE PINOCCHIOS**

