

# Crony Chronicles

T H E C R O N Y I S M R E S O U R C E

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## ***Not Your Mama's Charity: Who "Donated" \$300 Billion to Corporate America in 2012***

*In [Educational](#), [Government](#), [Video](#) on December 6, 2012*

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### CORPORATE WELFARE, VIDEO

Would you freely choose to donate your money to a business this holiday season? The notion may sound absurd. But if you're an American taxpayer, you've already made a "donation."

In 2012, the U.S. federal government gave \$300 billion in benefits to businesses and special interest groups. These benefits, also called "corporate welfare," came in three ways:

1. Government giving taxpayer money directly to corporations;
2. Our complicated tax code divvying out huge benefits for special interests; and
3. Policymakers helping out their friends by creating unfair regulations, tariffs and other benefits we can't put a price tag on.

In the first case, the government directly gives money to businesses. Budget Analyst Tad DeHaven at the Cato Institute [published a report](#) in July that combed through the federal budget line by line to determine how much money the government gave to businesses through this type of corporate welfare. The total came to \$98 billion for 2012 alone— for comparison, this figure is higher than the [2012 profits](#) of Ford, Apple, Microsoft, Target, Home Depot, Best Buy, Coca Cola and PepsiCo combined. The nearly \$100 billion handout is a huge expenditure, but the selective benefits don't stop there. Our tax code is incredibly complex and allows for tax credits, deductions, exemptions, and other convoluted processes to give some businesses and industries preferential tax treatment at the expense of everyone else. Since the tax code is so complicated, it's difficult to pinpoint exactly what it cost for businesses to receive these special tax treatments this year. By totaling up the various government programs that give tax credits, as well as determining how much companies are claiming in specific deductions and exemptions, our best estimate approaches \$200 billion.

This is still not the total amount. Some corporate welfare we can't put a number on. The government puts tariffs and quotas on imports of goods like sugar, keeping out foreign competitors but increasing

the price of sugar for all Americans. They also pass regulations that [hamper competition](#), and decide which companies get loan guarantees and permitting, and which don't. While it isn't possible to determine exactly how much this costs, these types of benefits harm average Americans by increasing the price of goods and giving the well-connected companies an advantage over small businesses.

Not only is this a problem at the federal level, corporate welfare is also problematic at the state and local levels. A recent [New York Times investigation](#) shows that local and state incentives totals over \$80 billion each year.

The government should be ensuring a level playing field where businesses can fairly compete to serve consumers, instead of taking money from taxpayers and giving it to politically connected interest groups or using the tax code to benefit certain industries. Businesses should be providing valuable products and services to consumers, increasing our prosperity and improving our quality of life. Instead the government has made many businesses artificially profitable through the political system.

We need to end corporate welfare.