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EDWARDS&DEHAVEN: Cut the Commerce Department to boost real business

Chris Edwards and Tad DeHaven

You may have noticed a Census Bureau commercial during the Super Bowl. There's certainly plenty to debate about whether that was a wise use of taxpayer money, but the bureau's work - a decennial count of the U.S. population - is a basic constitutional function of our government, something that can't be abolished.

The bureau is part of the Department of Commerce, which carries out other constitutional functions, such as those of the Patent and Trademark Office and the National Institute of Standards and Technology (NIST).

However, the department - which boasts a work force of about 40,000 even in non-census years - has bloated far beyond its historically limited functions. The NIST, for example, has the constitutional duty to "fix the standard of weights and measures," but these days, it also operates an array of business subsidy programs.

That sort of mission creep has occurred across the government and is one reason why the federal budget is drowning in red ink. At \$17 billion, Commerce isn't the largest federal department, but cutting even a few billion dollars a year can add up to significant savings over a decade.

In addition to the NIST's business subsidies, we could ax the Minority Business Development Agency, which hands out subsidies based on people's skin color. We also could end Commerce subsidies for commercial fishing, which don't seem to make any economic

or environmental sense. Finally, we can save more than \$4 billion by repealing unspent broadband subsidies passed in the 2009 stimulus bill.

The government shouldn't be "picking winners" by aiming taxpayer subsidies at certain industries. We should scrap all such corporate welfare and use the savings to cut business tax rates across the board. The effect would be to boost economic growth because more investment would flow to high-value private uses, and fewer resources would be misallocated by politicians.

For similar reasons, we should scrap the Commerce Department's Economic Development Administration. The subsidies handed out are a relic of the mistaken 1960s belief that federal largesse can fix distressed inner cities. Today, the EDA is little more than a slush fund for federal politicians to spend money on roads, office projects and other properly local and private activities in their districts.

Watchdog groups have repeatedly criticized the EDA for dubious spending, and its activities overlap those of other agencies. Indeed, the Government Accountability Office found 86 federal programs that fund "economic development." The more we waste on such subsidies, the higher taxes will be and the harder it is for entrepreneurs to generate true economic development in the private sector.

The department creates more business subsidies - and business penalties - through its International Trade Administration (ITA). On the penalty side, the ITA administers protectionist anti-dumping and countervailing duty rules. These import restraints drive up the prices of foreign goods to U.S. consumers and to U.S. companies that need imports in their own production. For instance, if we place barriers on imported steel, that would hurt U.S. auto companies and their workers in our assembly plants. Trade restrictions that hurt U.S. workers and consumers can also cause countries to retaliate against us, damaging America's exporting businesses, too.

On the subsidy side, the ITA aids U.S. businesses in expanding their sales and profits abroad. Such business promotion leads to corruption, as it did in the 1990s under Commerce Secretary Ron Brown. Brown used the department's export-promotion activities as a fundraising tool for the Democratic Party. And his sidekick, John Huang, appeared to be doing the bidding of foreign business interests while deputy assistant secretary at the department. Mr. Huang appeared to be doing the bidding of foreign business interests while deputy assistant secretary at the department. He ultimately pled guilty to campaign fundraising violations.

By intervening in business affairs, the government often harms average families while rewarding inefficient businesses and highly paid lobbyists. The Commerce Department's efforts to impose punitive duties on lumber imports from Canada, for example, succeeded in harming U.S. homebuyers and undermining the profits of U.S. homebuilders while enriching Washington lawyers.

To be successful in the global economy, American businesses don't need to be coddled by Commerce Department subsidies or politically motivated trade restrictions. We can generate budget savings by cutting down the Commerce Department and limiting its functions to those delineated by the Constitution.

If we use those savings to cut business tax rates, we can help spur economic growth. We would all be winners - not just the chosen few.

Chris Edwards is director of tax policy and Tad DeHaven is a budget analyst at the Cato Institute.

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