

Northwood hosts speech on corporate welfare

Johan Norberg also shows his new documentary on the topic

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Is there a problem with corporate welfare? Johan Norberg gave his thoughts on the matter in Midland on Thursday.

Norberg spoke at the Northwood University Griswold Lecture Hall about corporate welfare and the harm it can cause to smaller businesses and local businesses. There was also an opportunity to ask him questions following a showing of his new documentary, “Where’s the Outrage?”

To an audience of about 50 people, Norberg, a senior fellow at the Cato Institute in Washington, D.C., said corporate welfare was “socialism for the rich,” only designed to benefit larger corporations.

“There are some companies and some instances where (they) do not compete or talk about how to create the best, most valuable goods and services,” Norberg said. “(They) compete on political influence and try to influence decision makers and politicians to give (them) particular subsidies, bailouts, regulatory improvements that the others don’t get, to get (themselves) the votes or donations.

“It is really the opposite of traditional free markets. That's not really capitalism. That's more like socialism, but for the rich, and for the big businesses.”

The documentary followed many examples in the U.S. where Norberg thought corporate welfare was actively harming smaller businesses. One involved farm subsidies, which Norberg said mostly go to larger farms vs. smaller ones. This makes it harder for smaller farms with better quality records to compete with larger factory farms, according to the documentary.

Another was in Memphis, when a large Ikea store moved into the city. According to the documentary, the company was looking for tax breaks in exchange for creating many jobs when they approached the city. However, it was later revealed that Ikea did not create as many jobs as it said it would, according to the documentary.

The Ikea store also started driving out local furniture stores, which did not get tax breaks.

“I’ve always thought of myself as an entrepreneur, and to have to go and empty your building out and having to take your sign down is like losing a child,” said one furniture store owner whose business went under after Ikea moved into Memphis.

During the Q&A, one person asked how smaller businesses can compete against these giant companies. Norberg said business owners should talk to people and journalists to raise awareness of these issues.

Tim Nash, senior vice president for Northwood University, was in charge of putting on the event. He wanted to bring Norberg to campus because he said Norberg is one of the world’s greatest economists.

“We teach that free enterprise is the cornerstone of who we are and what we do, so our point is we have got to make certain that people have an opportunity to hear this,” Nash said.

When asked why he wanted to speak at Northwood, Norberg said it was because of Northwood’s business reputation.

“This is a place which really has a connection between the world of knowledge and learning, and of business and entrepreneurship,” Norberg said.