Forge a Bipartisan Approach to End Corporate Welfare

One of government's primary current undertakings is transferring wealth. Many such transfers are from taxpayers to corporations. Before the financial crisis and recession, these transfers were called corporate welfare. Now they are called stimulus, bailouts, or infrastructure investments. But a rose by any other name has thorns just as sharp. The money for these wealth transfers must come from somewhere. If current taxpayers do not pay the costs for such boondoggles, future taxpayers will.

Direct payments are not the only transfer mechanism. Price, entry, and antitrust regulations benefit politically favored firms at the expense of consumers and competitors that happen to be less politically connected. Even innocuous-sounding health and safety regulations can benefit some firms at competitors' expense.

Corporate welfare, whether in the form of subsidies or competitor-hampering regulations, creates distortions and inefficiencies, injures consumers, and undermines the evolving, competitive market process. Congress should keep a watchful eye on the businesses that set up lobbying shops in Washington, D.C. Are they seeking to reduce burdens on entrepreneurship and employment, or do they seek to add burdens that benefit them at the expense of competitors?

Entry barriers hit smaller companies especially hard. Additional costs that a large company can absorb can cripple its smaller competitors. Congress should be skeptical toward any appeals for political favors, which all too often come under the guise of consumer welfare.

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