Forge a Bipartisan Approach to End Corporate Welfare

One of government's primary current undertakings is the transfer of wealth—including through such mechanisms as financial and industry "stimulus" packages, bailouts, and infrastructure "investments." This money all must come from somewhere. If current taxpayers do not pay the costs for such boondoggles, their descendants will. Well before the economic crisis and the government's responses to it, direct subsidies to agribusiness and other favored enterprises were pervasive and well known as corporate welfare.

Apart from direct payments, government *regulation* can also indirectly transfer wealth, benefiting some economic actors at the expense of competitors and consumers. Price and entry regulations are obvious examples of this. Antitrust regulation is another less well-known one. But even regulations meant to address health and safety can benefit some firms at the expense of rivals.

Corporate welfare—whether in the form of subsidies or regulations that hamper competitors—creates distortions and inefficiencies, injuring consumers and undermining the evolving, competitive marketplace. 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 to add burdens that, while perhaps costly, benefit them at the expense of competitors? Entry barriers hit smaller companies harder—additional costs that can be absorbed by a large company could be crippling to its smaller competitors. A critical eye and a skeptical approach toward any appeals for political favors should be the stance of the new Congress.

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