Time to Cut the Cost of Big Government

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July 3 has been designated as "Cost of Government Day 1997" by a number of Governors and organizations in the hope that this will alert Americans to the fact that we work more than half of the year, up until the first days of the seventh month, to support government. More than half of everything we earn is spent by the politicians for purposes of their choice, not ours.

Those are the same people everyone is griping about because they accept special-interest campaign donations. So why in the world do we give them more than half of our hard-earned money?

As the 221st observance of our Declaration of Independence approaches, it is instructive to remember that the taxes that incited our forefathers to start a revolution were nowhere near as oppressive as the tax burden we suffer today. The Republicans have become so entangled in balanced budget politics that they've lost sight of what should be their primary goal: tax reduction and cutting back Big Government.

A new report by the Cato Institute answers the oft-repeated challenge, "where would you cut?". We could cut the budget deficit in half by eliminating subsidies to corporations, otherwise known as Aid to Dependent Corporations.

More than $65 billion a year in federal taxpayer subsidies is gushing out through more than 100 programs to American businesses, particularly the exporters. Dozens of government programs give unique benefits or advantages to specific companies or industries, including outright subsidies, grants, cut-rate insurance, low-interest loans, loan guarantees, or trade restrictions.

The Overseas Private Investment Corporation (OPIC) uses $750 million a year of the taxpayers' money to guarantee risky private investments in foreign countries. For the exporters, it's a win-win situation: if the U.S. corporation makes a profit, it's all gravy, but if the investment goes belly up, the U.S. taxpayers cover the losses.

The Export-Import Bank gets an annual appropriation of $772 million to subsidize financing for foreign purchasers of U.S. goods. Eximbank makes direct loans to foreign buyers at below-market interest rates,

guarantees their loans from private institutions, and provides export credit insurance to exporters and private lenders.

Eximbank subsidizes the exports of some of America's largest companies, including Boeing, General Electric, and Westinghouse. Eximbank has lost $8 billion on its operations, mostly in the last 15 years.

The International Monetary Fund costs us $730 million annually, which is used to grant loans to governments in developing countries that can't pay their bills to large American banks and other corporations. This amounts to a taxpayer subsidy of private banks and corporations that have foolishly made risky investments.

The Export Enhancement Program pays out $350 million in cash bonuses to U.S. exporters to sell their goods to foreigners at a discount. Half of the $7 billion spent since the program started in 1985 has gone to three huge agribusinesses: Cargill, Continental Grain, and the French-owned Louis Dreyfus.

The Commodity Credit Corporation Export Loan program spends $393 million to subsidize and guarantee loans to the customers of U.S. agricultural commodities. The Conservation Reserve Program gives out $1.8 billion to pay farmers not to grow crops on their land.

The Farm Price Support program gives out $5.385 billion a year. Two-thirds of these payments go to the wealthiest 15 percent of all farmers.

The Federal Highway Administration funds hundreds of demonstration projects to the tune of $800 million a year. Cato calls this "pork-barrel politics at its finest" because much of it goes to benefit highway contractors and private companies in the districts of powerful members of Congress.

Grants-in-Aid for Airports cost us $1.4 billion a year. Why should the cost of airport planning, development, expansion and improvements be borne by the taxpayers instead of by the airlines?

The International Trade Administration provides $270 million to counsel businesses on exporting, to facilitate their participation in trade shows, and to provide other marketing services. The Advanced Technology Program doles out $300 million every year in R&D grants to Caterpillar, General Electric, Xerox, and other high-tech corporations.

The Defense Advanced Research Projects Agency funds $1.1 billion in R&D programs, some of them for nonmilitary purposes which end up subsidizing the development of profitable new civilian technologies. General Science and Research activities cost $996 million to underwrite research in high-energy physics and nuclear physics, most of which has little commercial or scientific utility.

There is much, much more in the Cato report. It shows why big business has no interest in cutting the level of federal spending.

The Alexis de Toqueville Institution estimates that in 1964 there were 31 lobbyists in Washington to every one Congressman. The ratio is now 125 to one. Does the taxpayer have a chance against this army?