

Eliminate Five Corporate Welfare Programs in Commerce Department

SAVINGS IN MILLIONS OF DOLLARS

2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2016-2020	2016-2025
\$892	\$895	\$897	\$908	\$929	\$950	\$970	\$996	\$1,016	\$1,034	\$4,521	\$9,487

Heritage Recommendation:

Eliminate:

1. International Trade and Investment Administration (\$460.6 million in FY 2014)⁴⁹
2. Economic Development Administration (\$246.5 million in FY 2014)⁵⁰
3. Minority Business Development Agency (\$28 million in FY 2014)⁵¹
4. Hollings Manufacturing Extension Partnership (\$129 million in FY 2014)⁵²
5. Advanced Manufacturing Technology Consortia (\$15 million in FY 2014)⁵³

This proposal saves \$892 million in 2016, and \$9.5 billion over 10 years.

Rationale:

The International Trade Administration (ITA) serves as a taxpayer-financed sales department for selected businesses, and promotes the U.S. as an investment destination. Businesses should market and sell their own products without using tax money, and foreigners need little help understanding that the U.S. market is worth entering through investments. The ITA also enforces various, mostly counterproductive, aspects of U.S. trade law, particularly antidumping duties and countervailing duties. The Economic Development Administration hands out money to businesses and universities that are not offering products and services that people want to buy. The Minority Business Development Agency hands out grants and runs federally funded management consulting operations, called business centers, in over 40 locations. The National Institute of Standards and Technology (NIST) operates the Hollings Manufacturing Extension Partnership, which is another federally funded management consulting operation directed at manufacturers. The Advanced Manufacturing Technology (AMTech) Consortia program, also managed by NIST, provides federal grants to support commercial technology research.

Businesses should not receive taxpayer subsidies. These long-lived and unnecessary subsidies increase federal spending and distort the marketplace. Corporate welfare to politically connected corporations should end.

Additional Reading:

- Michael Sargent et al., “Cutting the Commerce, Justice, and Science Spending Bill by \$2.6 Billion: A Starting Point,” Heritage Foundation *Issue Brief* No. 4220, May 12, 2014, <http://www.Heritage.org/research/reports/2014/05/cutting-the-commerce-justice-and-science-spending-bill-by-26-billion-a-starting-point>.
- Brian M. Riedl, “The Advanced Technology Program,” testimony before the Homeland Security and Governmental Affairs Committee, United States Senate, May 26, 2005 <http://www.Heritage.org/research/testimony/the-advanced-technology-program>.
- Brian M. Riedl, “The Advanced Technology Program: Time to End this Corporate Welfare Handout,” Heritage Foundation *Background* No. 1665, July 15, 2003, <http://www.Heritage.org/research/reports/2003/07/the-advanced-technology-program-time-to-end-this-corporate-welfare-handout>.



Calculations:

Savings are expressed as budget authority and were calculated by using the FY 2014 enacted spending levels for each of the five programs as footnoted above. Spending levels were increased at the same rate as discretionary spending growth for 2016–2025, according to the most recent August 2014 CBO baseline.