

TUA NEWS RELEASE

TAXPAYERS UNITED OF AMERICA

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FOR IMMEDIATE RELEASE
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Gov. Pat Quinn, U.S. Sen. Durbin: Corporate Welfare Whores

Chicago – “Corporate welfare handouts are not only the antithesis of free markets, but the enduring legacy of state-provided subsidies are the numerous short-term unseen costs and long-term unintended negative consequences that develop from politicization,” said Jared Labell from Taxpayers United of America (TUA).

Politicians are uniquely skilled at giving away other people’s money – that is, the taxpayers’ money. Your money. As the much anticipated bread and circuses otherwise known as the November 4th election approaches, for the taxpayer’s of Illinois, it also means that bureaucrats like Gov. Pat Quinn and U.S. Sen. Dick Durbin are expropriating more taxpayers’ wealth on behalf of some of the most profitable businesses in the country, and to the detriment of everyone else.

“Targeted-benefit policies are damaging for a variety of reasons. Such policies encourage businesses to misallocate resources and incentivizes them to engage in what is referred to as rent-seeking behavior. In their attempt to obtain benefits by tipping the balance of competition through political means, rent-seeking businesses handicap competitors with the force of the state. Nothing yields more cronyism like financial connections between those that beg for corporate welfare and the bureaucrats and the political class who enable them.”

As the [news broke](#) earlier this week that Amazon.com, the largest U.S. e-commerce retailer, is planning to open its first facilities in Illinois, it didn’t take long for skeptical onlookers to wonder just how much of the bill they would be paying with their tax dollars and to what benefit.

Joe Cahill of Crain’s Chicago Business [immediately scolded](#) Gov. Quinn and U.S. Sen. Durbin for perpetuating the cronyism of state-subsidization, detailing multiple recent accounts of millions of taxpayer dollars being transferred to politically connected corporations, many of whom already had logistical reasons to be in, or remain in, Illinois. Mr. Cahill put it well when he said that, “Mr. Quinn spent taxpayer money to get something Illinois would in all likelihood have gotten anyway. I don’t know if it will get him re-elected. But I do know it’s bad policy.”

“Corporate welfare is absolutely bad policy,” said Labell, “as economists Christopher Coyne and Lotta Moberg explained in their working paper [The Political Economy of State-Provided Targeted Benefits](#) earlier this year for George Mason University’s Mercatus Center.

“They open with the observation that, “The governments of American states often attempt to incentivize businesses to locate within their borders by offering targeted benefits to particular industries and companies. These benefits come in many forms, including business tax credits for investments, property tax abatements, and reductions in the sales tax.” The unforeseen costs of such government intervention is apparently lost upon politicians like Quinn and Durbin,” added Labell.

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“A system of cronyism cannot be institutionalized instantaneously. People respond slowly to labor-market demand, and it may take many years for rent-seeking to become professionalized. Once it is in place, however, cronyism is hard to root out precisely because those involved in it have an incentive to perpetuate it,” Coyne and Moberg continued.

These practices are increasingly resembling those of other countries with historically corrupt systems. Coyne and Moberg conclude that, “The best we can do to prevent that from happening is to detect the policies in our political system that are contributing to this negative trend and end them.”

“Politicians like Quinn and Durbin propagate the demonization of the free market while they perpetually act in every manner possible to undermine it with their cronyism and corporate welfare handouts, said Labell. “The taxpayers of Illinois should reject these two political hacks, or ‘corporate welfare whores,’ and demand that the government stop intervening in the economy on behalf of politically well-connected corporations so that we can begin to have something even approaching a truly free market.”