

Of Pork and Byrds: Transfers Not the Answer

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With the elections here and gone and the recent financial crisis becoming more acute, many are taking a stronger interest in the day-to-day political activities occurring both within West Virginia and the country at large. However, one key issue within this state that seems to be generally accepted as an economic boon and taken as a given are the total federal transfers and earmarks diverted here.

These transfers have come in large part thanks to the illustrious Sen. Robert C. Byrd, who earmarked \$386 million in pork-barrel funds this year alone and billions more over his career, according to the group Citizens Against Government Waste.

Most people joyously accept this funding, and many more believe that such funding is good for the state and for economic development in general. Unfortunately, bad economics still exists and many times seems to trump good economics. This misguided belief is one of the most egregious and blatant examples of bad economics.

As explained by the former New York Times journalist Henry Hazlitt, bad economics simply looks at what is immediately seen. However, good economics looks not only at what is immediately observable but also at the unobservable consequences associated with such actions so often forgotten.

Obviously, with such a massive inflow of resources into the state from earmarking and pork-barrel spending, there are immediately observable outcomes that would appear to be a benefit to the state.

In West Virginia, thanks to Senator Byrd and his prowess for panhandling, we may be able to build a new road. Many believe this new road will lead to an increase in employment followed by greater wealth and spending, which will work its way through the economy.

However, this is only what is seen and what bad economics will lead to. Behind this pork spending, there is much more. Government always has and always will be good at producing one thing: nothing. As opposed to a company that raises revenue for itself by providing goods and services that the public values, the public sector can fund itself only through taxation. Given this, there are many very perverse outcomes that such transfers will perpetuate and foster.

One of the more serious side effects is the crowding out of private, truly wealth-creating entrepreneurial activities, which will continuously be forgone the more that transfers continue to flow into the state. As scarce resources are diverted to the public sector, the less there is opportunity to create within the private sector. Public transfers are not wealth enhancing by any means; they simply reduce what already exists and drive away opportunities for private initiative and entrepreneurship.

These transfers also lead to a cultural atmosphere of dependency and parasitism. This is not to say that West Virginians or people in general are parasitic by nature. Rather, federal spending creates the incentive for people to depend not on their own initiative and work but on the state and government largesse. Further, legislators thrive on such transfers; public programs are a great way to secure votes and remain in office.

If these transfers really were beneficial and wealth enhancing, then why is this state continuously ranked among the bottom of the ladder for economic freedom and prosperity? Why does West Virginia perpetually see one of the lowest totals of per-capita income in the country? If earmarks and pork-barrel spending did actually increase wealth and prosperity, then West Virginia, which persistently receives more in transfers than it pays out, should be near the top of every list for economic development and growth. Obviously this is not the case.

For this state's economy to grow, there must be true reform that will allow the entrepreneurial spirit to flourish. It is imperative that the economic pie be allowed to expand through truly wealth-creating entrepreneurial endeavors, not just to remain stationary and cut into smaller and smaller pieces by the wolves in office. However, this can occur only

through an environment that will allow individuals to create and innovate, not government intervention meant to stagnate. The "right" to pillage and plunder truly creative and wealth-enhancing activities must be curtailed at both the

national and state level for West Virginia to truly expand prosperity and opportunity meant for all to succeed. Unfortunately, this exclusive “right” to legalized plunder and theft is one that both Sen. Byrd and those in Charleston seem little ready to relinquish any time soon.

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