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## Hemphill: Why should government subsidize failing businesses?

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By Alan Hemphill

January 28, 2009

*(This appeared in the Rancho Bernardo News Journal.)*

A recession is an opportunity to let those people and businesses that fail, fail.

What President Obama calls the “American Recovery and Reinvestment Plan” is actually the “Competents Subsidize the Incompetents Plan.”

Just examine the Big Three automakers: We are going to tax Ford, a semi-successful automobile company, in order to save Ford's competition! The purpose of competition is to defeat your competitor, not keep him in business!

We forced banks that did not want a bailout to take one!

We save large corporations that can afford political donations and lobbyists (in effect paying the lobbyists to get government money for their employers), and let the local seamstress go out of business because she can't afford the graft.

The answer in a rational society is benign neglect on the part of the government. Asking successful businesses to subsidize unsuccessful businesses, or successful people to subsidize unsuccessful people, is madness.

Actually, I have a plan to make the concept of “equalization” work more efficiently than the proposed government plan.

Obviously, government is inefficient — less than 50 percent of the welfare dollar actually gets to welfare recipients — so let's do an “Adopt a Buddy” plan.

Every successful business simply adopts an unsuccessful one. Instead of sending the money to

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Washington for them to take their cut, Ford can adopt Chrysler, Toyota can adopt GM. Each month the Adopter and Adoptee could compare their balance sheets, and one would send the other whatever is necessary to balance the accounts.

On the local level, a dry cleaner looks around for someone he previously tried to take customers from, meets with the owner over coffee and agrees either to raise his own prices to drive some customers to his less-affluent competitor, or just “shares” his profits equally.

That system builds on the “Not Keeping Score” philosophy of some public schools. If we can keep the monthly results secret, it will even improve the self esteem of the slackers. It won't do anything to improve the product, or improve efficiency, but we have already abandoned those goals by deciding to keep otherwise failing businesses and people operating with the cover that they are not taking welfare, by, as an example, something called the “Earned Income Tax Credit.”

How is that for a plan?

Regardless of how efficient a middleman-like government may be (and it is most assuredly not!), getting rid of him saves money and time, unless you are just enamored with government as an entity.

Every plan I have seen from Washington simply exacerbates the problem. Recession is an opportunity to select from among competing entities, that which works and that which does not.

I'm sorry, but we are just prolonging death, to no one's financial benefit. This should be a time to evaluate, regroup, revitalize, and it is — except for government, which continues to grow at the expense of the profitable as it redistributes money government did not earn to people and corporations that likewise failed to earn the money.

Idiocy. And only the failing seamstress sees it clearly.

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