

EARMARKS AND CAPITALISM

Last week, we discussed the aspiring "PEERS" "preponderance of propaganda" campaign to blame the economic crisis on the failure of "INDIVIDUAL FREEDOM" (CAPITALISM). The aspiring "PEERS" two favorite violations of "INDIVIDUAL FREEDOM" (CAPITALISM) are:

1. The use of government funds to reward or induce political support from the "PAWNS".
2. The use of the government's monopoly of force on behalf of the "PAWNS" and political cronies against the "COMMONS" (producers).

Historically, "INDIVIDUAL FREEDOM" (CAPITALISM) provides the most efficient allocation of capital. The "COMMON" must either create wealth or convince others to invest in order to fund a new project. The inducement to convince others to fund a project is the belief that the project will create wealth (profit).

Even with the best of preparation and maximum effort, many projects fail and the investment and all the effort expended is lost. However, some succeed and produce tremendous wealth. Some examples are APPLE, GOOGLE, MICROSOFT and IBM but the list is endless.

Have "EARMARKS" ever created even a fraction of the wealth produced by a successful private enterprise. Few "EARMARKS" expend less wealth than was used to start the FORD MOTOR COMPANY or APPLE COMPUTER or the other private enterprise projects that have produced great wealth.

Can you imagine an "EARMARK" funding Thomas Edison and directing him to invent the light bulb? If an "EARMARK" had been passed to fund Thomas Edison's invention of the light bulb, do you think he would have accepted the money along with a partner whose objective was political power instead of profit? Hardly. If he had, we would probably still be using candles.

When is the last time you saw a government deployment of wealth (earmarks) produce a fraction of the wealth created by even one enterprise such as APPLE COMPUTER? To be fair, there have been a few examples where government initiated investment created great wealth, but you can count them on the fingers of one hand.

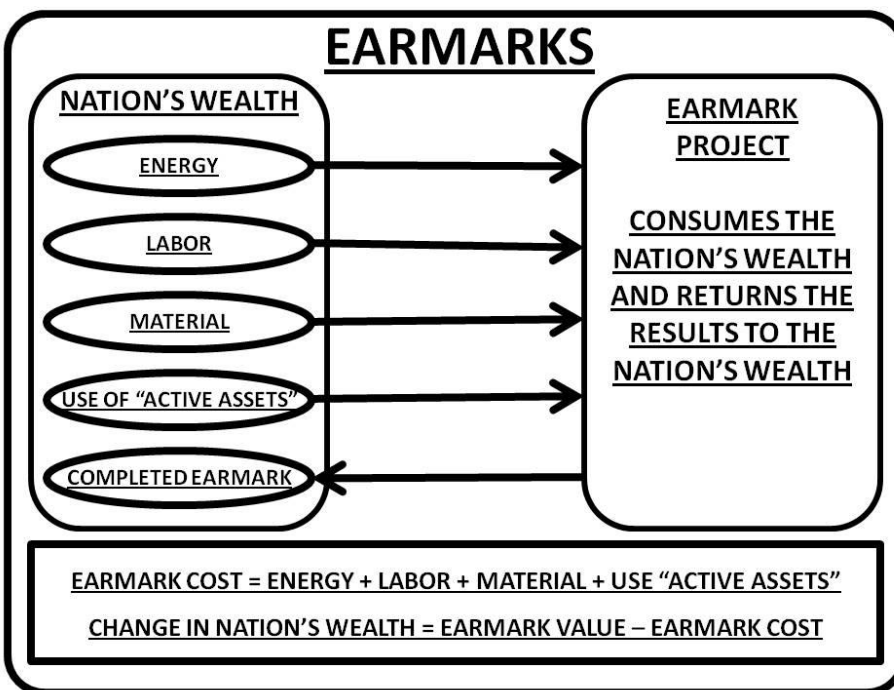
Remember the Erie Canal and the G.I. Bill (for veterans of WW II)? However, these programs could not be classed as "EARMARKS".

It is interesting to note that neither of these programs was initiated to benefit a small group of "PAWNS" at the expense of all the citizens. Can you think of a single government program that created great wealth in the last fifty years? There have been many government programs that consumed great wealth or redistributed wealth from the "COMMONS" (producer) to the "PEERS'" political cronies.

Exactly what is an "EARMARK"? ¹ Wikipedia, the free encyclopedia¹ list the following definition of "EARMARKS": "In US politics, an "**EARMARK**" is a congressional provision that directs approved funds to be spent on specific projects or that directs specific exemptions from taxes or mandated fees".

A simpler, more direct definition would be "**Congressional provision conferring special privileges or distributing wealth to political cronies**". If you accept this definition, why would you ever reelect a Congressman who sponsored an "EARMARK"?

The following figure is a simple flow chart showing the operation of an "EARMARK" project.



In practice, few "EARMARKS" return any value to the Nation's Wealth. Some even return a liability, reducing the Nation's wealth even more than the original cost.

In 2008 (the latest year that data is available) the appropriations² for "EARMARKS" total \$16.5 billion.

The UNITED STATES' "Nominal GDP"³ for 2008 was \$14,264.6 billion. So why should we concern ourselves over such a paltry sum of \$16.5 billion? After all, it is less than 0.12% of the GDP. The "real GDP per capita"⁵ growth over the last fifty years has been 2.13% per year. This is probably the best available measurement of the increase in individual productivity. So the "EARMARKS" consume well over 5% of the yearly growth in productivity. \$16.5 billion could provide the seed money for hundreds of new enterprises with the capacity to create unlimited wealth.

The nation's assets (Energy, labor (especially highly skilled or educated labor) and materials) are limited. Once those assets are consumed they are no longer available. Most of these assets are used to produce "consumable assets" so the amount of assets available for economic growth is extremely limited. Any waste of this available capital has a significant effect on future economic growth and your prosperity.

More important than the dollar waste are the types of assets squandered. Many of the "EARMARKS" are grants for scientific research paying for the waste of scientific talent and making this talent unavailable for real economic growth projects. The wasteful expenditure of construction materials, labor and equipment limit the useful projects that can be pursued. Other "EARMARKS" give political cronies an advantage over their competition, thus raising your cost of living and limiting your opportunities.

Individual freedom (CAPITALISM) selects projects based upon the belief that the project will produce wealth. "EARMARKS" are selected to reward political cronies or create new cronies for the next election. The effect of "EARMARKS" is to increase the personal power or the personal wealth of the aspiring "PEERS" that propose them.

IT IS YOUR WEALTH THEY ARE SQUANDERING!!!!!!

THROW THE RASCALS OUT!!!!!!!!!!!!!!

1. Definition of earmarks:
[http://en.wikipedia.org/wiki/Earmark_\(politics\)](http://en.wikipedia.org/wiki/Earmark_(politics))
2. Appropriations for "EARMARKS" in 2008.
http://earmarks.omb.gov/2008_appropriations_earmarks_110th_congress.html
3. MEASURING WORTH. U. S. GROSS DOMESTIC PRODUCT.
<http://www.measuringworth.org/usgdp/>
4. POPULATION OF THE UNITED STATES
http://en.wikipedia.org/wiki/U.S._population
5. The "real GDP per capita" is corrected for inflation.
<http://www.measuringworth.org/usgdp/>