

15. Costly Agencies

Congress should

- eliminate the Departments of Agriculture, Interior, Transportation, and Veterans Affairs;
- close down major independent agencies such as the Tennessee Valley Authority, the Small Business Administration, the Corporation for National and Community Service, the Legal Services Corporation, and the Appalachian Regional Commission; and
- terminate obscure independent agencies like the Advisory Council on Historic Preservation, the Japan–United States Friendship Commission, the Marine Mammal Commission, the National Education Goals Panel, the State Justice Institute, and the United States Institute of Peace.

Abolishing cabinet-level departments and independent agencies is an essential element of a return to constitutional government. Other chapters in this section call for the abolition of four cabinet agencies. That should not be construed as an endorsement of the other 10 departments. At least four of those—the Departments of Agriculture, Interior, Transportation, and Veterans Affairs—should be on the chopping block as well. Arguably, there are only four departments that perform clearly federal functions, which are specifically enumerated in the Constitution: Defense, State, Justice, and Treasury.

Among the nearly 100 independent agencies that squander billions of taxpayer dollars every year there are dozens of additional candidates for elimination. The time is right for a return to a smaller, less expensive federal government. Closing down costly cabinet departments and independent agencies is an essential part of that process.

Department of Agriculture

The U.S. Department of Agriculture pays farmers not to grow crops on their land in order to keep their selling prices high, then turns around and doles out food stamps so that consumers can afford to pay those inflated prices. Though the portion of the population that farms has declined, the USDA bureaucracy has not. There is now roughly one bureaucrat for every six full-time farmers. The USDA should be eliminated, freeing farmers to grow whatever quantity of whatever crops they see fit and to sell them at whatever price the market will bear.

Department of the Interior

The Department of the Interior is responsible for managing the hundreds of millions of acres of land owned by the federal government—one-third of the land in the United States. Mismanagement of that land has caused significant environmental damage—for example, to the Florida Everglades and the old-growth timber of the Pacific Northwest. Given his poor track record, Uncle Sam is uniquely unqualified to serve as a landlord. The Interior Department should be abolished, and those lands that have recreational or historical value should be sold or given to private conservation groups such as the Nature Conservancy or the Audubon Society. With property rights clearly established, such groups would surely do a better job of preserving those cherished lands than has the federal government. Lands that have commercial value—such as timber and grazing lands—should be sold to the private business concerns that currently lease them from the federal government or to environmentalists who wish to buy them for conservation purposes.

Department of Transportation

The Department of Transportation functions largely as a money launderer, and in the process creates jobs for Washington bureaucrats at the expense of taxpayers everywhere else. The federal government collects taxes from all of us and turns some of that money over to the Transportation Department, from which it is then sent back to states and localities to fund local highway and mass transit projects. Surely the pork-laden highway bill of 1998 demonstrates that we would all be better off if we got rid of the middleman. Furthermore, taxpayers should not be required to fund local mass transit systems in the first place. Government has proven its ineptitude in that area; virtually all of those systems are huge money losers. Other

DOT activities include subsidizing the shipping industry and compromising the safety of our airways by its mismanagement of the Federal Aviation Administration's air traffic control system.

Department of Veterans Affairs

The former Veterans Administration was elevated to cabinet status in 1989. It is our newest cabinet agency. DVA is responsible for administering the programs that serve our military veterans, a job it does quite poorly. The Veterans Health Administration, our separate federal hospital system for veterans, routinely provides lower quality care at higher prices than would the private sector. Veterans wait hours and sometimes months to receive medical treatment. Taxpayers are asked to subsidize such treatment with billions of their tax dollars every year and are also held accountable for the hundreds of millions of dollars worth of medical malpractice claims filed against VHA personnel. Roughly 90 percent of eligible veterans choose private alternatives over VHA health care. We should trust their judgment. The VHA should be abolished and veterans should be integrated into the mainstream health care system. DVA's remaining functions could be handled by an independent agency.

Major Independent Agencies

In addition to the 14 cabinet-level departments, there are nearly 100 independent agencies in our federal government. They range in size from the \$400 billion Social Security Administration to the \$250,000 Commission for the Preservation of America's Heritage Abroad. Some of the larger ones that should be targeted for elimination are described below.

Appalachian Regional Commission

The Appalachian Regional Commission was established in the 1960s to help reduce poverty and geographic isolation in the 13 states of the mostly rural Appalachian region. The largest share of ARC's budget is spent on highway development grants to state governments. Over the years those dollars have financed the construction of more than 2,000 miles of local roads. ARC also provides money for construction of basic infrastructure (e.g., water and sewer systems), housing project financing, business development grants, and efforts to increase access to health care. Since ARC's activities are clearly local in nature, they should not be funded by the federal government. The \$200 million ARC should be abolished.

Corporation for National Service

People working together, volunteering their own time and resources, to solve problems within their communities are part of what makes America unique. The AmeriCorps program, operated by the Corporation for National Service, perverts that notion by paying “volunteers” \$7 an hour—plus educational vouchers to be used to retire student loan debts—to do community service. Furthermore, it is sometimes difficult to describe volunteers’ activities as “community service.” For instance, a nonprofit group in Colorado forced AmeriCorps members to draft and distribute political fliers attacking a city councilman who was up for reelection. Other AmeriCorps members were bused to an Earth Day rally in Maryland in 1996. The \$600 million a year Corporation for National Service and its thousands of paid volunteers should be taken off the dole immediately.

Federal Emergency Management Agency

Any time there is a natural disaster, FEMA is trotted out as an example of how well government programs work. In reality, by using taxpayer dollars to provide disaster relief and subsidized insurance, FEMA itself encourages Americans to build in disaster-prone areas and makes the rest of us pick up the tab for those risky decisions. In a well-functioning private marketplace, individuals who chose to build houses in flood plains or hurricane zones would bear the cost of the increased risk through higher insurance premiums. FEMA’s activities undermine that process. Americans should not be forced to pay the cost of rebuilding oceanfront summer homes. This \$4 billion a year agency should be abolished.

Legal Services Corporation

The LSC distributes tax dollars to local nonprofit organizations to fund free civil legal assistance to those in poverty. Unfortunately, all too often those tax dollars are instead used to fund lobbying and other political advocacy activities. That is an inappropriate use of taxpayer funds. The \$300 million LSC should be abolished. Those who wish to help the indigent obtain legal assistance should do so directly, rather than by funneling their dollars through the federal bureaucracy.

Peace Corps

The Peace Corps spends \$230 million a year to provide support for more than 6,500 volunteers working in about 80 countries. Peace Corps members work to reduce poverty, hunger, disease, and illiteracy in other

countries, and they work on projects in education, the environment, small business development, health, and agriculture. Such activities are not within the proper purview of government. They would be more appropriately, and no doubt more effectively, conducted by private charitable organizations.

Small Business Administration

The \$700 million a year Small Business Administration provides direct loans and loan guarantees to small businesses, as well as administrative counseling and disaster relief. Those loan programs assist fewer than 1 percent of all small businesses. To qualify for an SBA loan, a business must have been turned down for a loan by at least two banks. Not surprisingly, the SBA has a terrible record in selecting businesses to support—as many as 20 percent of its loans go sour in any given year. Taxpayers should not be required to subsidize unsuccessful business ventures. Congress should terminate the SBA and reduce taxes across the board by \$700 million a year.

Tennessee Valley Authority

The Tennessee Valley Authority is a \$5.5 billion government-owned corporation, established in 1933, that received an appropriation of \$70 million in 1998. Its primary activity is to operate an electric utility that is the sole supplier of electric power to an 80,000-square-mile area in the seven states along the Tennessee River valley. Other TVA activities include maintaining a system of dams, reservoirs, and navigational facilities that benefit the private shipping industry; managing 300,000 acres of public land and 11,000 miles of shoreline; conducting environmental research; and funding a variety of local economic development projects. TVA's activities and assets should be privatized.

United States Information Agency

The USIA spends \$1.1 billion a year and employs roughly 6,500 bureaucrats in an effort to inform citizens of other nations about the policies of the United States. To monitor its progress, the USIA commissions public opinion surveys about the United States and its policies in nearly every country. It supports public-access libraries in developing countries, overseas performing and fine arts programs, and international broadcasting activities such as Voice of America and Radio Marti. None of those activities is a justifiable expenditure of taxpayer dollars. The USIA should be terminated.

Obscure Independent Agencies and Commissions

In addition to the major independent agencies, there are dozens of smaller, obscure agencies and commissions with budgets of less than \$50 million a year. While that may be small in federal budget terms, to most taxpayers it is a substantial sum.

13 Costly Agencies You've Probably Never Heard Of

1. Advisory Council on Historic Preservation, \$3 million
2. Architectural and Transportation Barriers Compliance Board, \$4 million
3. Commission for the Preservation of America's Heritage Abroad, \$250,000
4. Federal Financial Institutions Examination Council Appraisal Subcommittee, \$2 million
5. Institute of American Indian and Alaska Native Culture and Arts Development, \$4 million
6. Japan–United States Friendship Commission, \$2 million
7. Marine Mammal Commission, \$1 million
8. National Capital Planning Commission, \$6 million
9. National Commission on Libraries and Information Science, \$1 million
10. National Education Goals Panel, \$2 million
11. Office of Government Ethics, \$8 million
12. State Justice Institute, \$9 million
13. United States Institute of Peace, \$12 million

Because cabinet-level departments are politically attractive targets for elimination, the more obscure independent agencies are often overlooked. But they, too, are a drain on federal tax dollars. Reducing the size and cost of the federal government requires going after all costly agencies with equal fervor.

Suggested Readings

- Bauman, Robert. “70 Years of Federal Government Health Care: A Timely Look at the U.S. Department of Veterans Affairs.” Cato Institute Policy Analysis no. 207, April 27, 1994.
- Bovard, James. *The Farm Fiasco*. San Francisco: Institute for Contemporary Studies, 1989.

- Love, Jean, and Wendell Cox. "False Dreams and Broken Promises: The Wasteful Federal Investment in Urban Mass Transit." Cato Institute Policy Analysis no. 162, October 17, 1991.
- Luttrell, Clifton B. *The High Cost of Farm Welfare*. Washington: Cato Institute, 1989.
- O'Toole, Randal. "ISTEA: A Poisonous Brew for American Cities." Cato Institute Policy Analysis no. 287, November 5, 1997.
- _____. "Should Congress Transfer Federal Lands to the States?" Cato Institute Policy Analysis no. 276, July 3, 1997.

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