

Department of Commerce

Eliminate the Hollings Manufacturing Extension Partnership

RECOMMENDATION

Eliminate the Hollings Manufacturing Extension Partnership.

RATIONALE

The Hollings Manufacturing Extension Partnership is a federally funded management consulting operation directed at manufacturers. It is managed by the National Institute of Standards and Technology (NIST). The Hollings Manufacturing Extension Partnership provides subsidies to consultants, manufacturers, and business advisers with the goal of improving the business practices of small and medium-size businesses. The government should not play a role in the development of business. Federal involvement distorts market outcomes and picks winners and losers among businesses—which is corporate welfare, pure and simple, and should end.

Eliminate the International Trade Administration

RECOMMENDATION

Eliminate the International Trade Administration (ITA).

RATIONALE

The ITA serves as a sales department for certain businesses, and promotes investment in the U.S., offering taxpayer-funded subsidies for businesses that promote their products overseas. Promoting U.S. exports is also a task carried out by the Department of Agriculture and the State Department, causing large areas of government overlap. One ITA program is the International Buyer Program (IBP) through which the ITA sets up a space “where foreign buyers can obtain assistance in identifying potential business partners, and meet with U.S. companies to negotiate and close deals.” Private companies should facilitate their own business meetings or do so through voluntary trade associations—not on the taxpayers’ dime.

Furthermore, the ITA’s protectionist policies, including antidumping and countervailing duty laws, interfere with free trade and drive up costs for both consumers and businesses, and merit being eliminated. At the very least, if they are not fully repealed, the antidumping and countervailing duty statutes should be fully rewritten to eliminate their current protectionist orientation and align them with free-market principles. If that is done, authority to make dumping and countervailing duty findings based on market principles should be transferred to the U.S. International Trade Commission, a more neutral independent agency that is already charged with deciding whether domestic companies are being injured by foreign dumping or subsidies.

ADDITIONAL READING

- Michael Sargent, Romina Boccia, Emily J. Goff, David B. Muhlhausen, and Hans A. von Spakovsky, “Cutting the Commerce, Justice, and Science Spending Bill by \$2.6 Billion: A Starting Point,” Heritage Foundation *Issue Brief* No. 4220, May 12, 2014.
- Alden F. Abbott, “U.S. Antidumping Law Needs a Dose of Free-Market Competition,” Heritage Foundation *Background* No. 3030, July 17, 2015.

Eliminate the Economic Development Administration

RECOMMENDATION

Eliminate the Economic Development Administration (EDA).

RATIONALE

The EDA provides taxpayer money and technical assistance to economically distressed areas in the form of “grants” and “investments” for local projects, including the private sector. The EDA uses taxpayer dollars to target local political pet projects with a very narrow benefit—in many cases for just one particular company or small segment of the population. The EDA is just one of about 180 federal economic development programs, including the Small Business Administration’s disaster assistance loans, the Agriculture Department’s rural development programs, and others that Congress should eliminate.

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ADDITIONAL READING

- U.S. Government Accountability Office, “Economic Development Administration: Documentation of Award Selection Decisions Could Be Improved,” GAO-14-131, February 6, 2014.

Eliminate the Minority Business Development Agency

RECOMMENDATION

Eliminate the Minority Business Development Agency.

RATIONALE

The Minority Business Development Agency hands out grants and runs federally funded management consulting operations, called business centers, in over 40 locations. Part of the Department of Commerce, the Minority Business Development Agency helps businesses identify and respond to federal procurement opportunities. By targeting certain racial and ethnic groups for special government assistance, the agency is one key component of the federal government's affirmative action approach. The federal government should not provide special assistance to businesses to procure federal contracts; neither should the federal government base such assistance on racial or ethnic considerations.

Eliminate the National Network for Manufacturing Innovation

RECOMMENDATION

Eliminate the National Network for Manufacturing Innovation (also called Manufacturing USA).

RATIONALE

Manufacturing USA is an interagency initiative made up of public-private partnerships that “bring together innovative manufacturers, university engineering schools, community colleges, federal agencies, non-profits, and regional and state organizations to invest in unique, but industrially relevant, manufacturing technologies with broad applications.” The Manufacturing USA network is operated by the

interagency Advanced Manufacturing National Program Office, which is headquartered in the National Institute of Standards and Technology, in the Department of Commerce. It doles out money to politically connected businesses and universities to undertake commercial research and development at taxpayer expense. The program should be terminated.

Eliminate Census Bureau Funding for the Annual Supplemental Poverty Measure Report

RECOMMENDATION

Eliminate U.S. Census Bureau funding for the annual supplemental poverty measure (SPM) report.

RATIONALE

The SPM is a relative poverty measure; rather than determining whether a household is poor based on its income, as the official U.S. poverty measure does, the SPM determines a household's poverty status by comparing its income to the income of other households. The SPM undergirds a "spread-the-wealth" agenda, and it should be eliminated.

ADDITIONAL READING

- Robert Rector and Rachel Sheffield, "Obama's New Poverty Measure 'Spreads the Wealth,'" Heritage Foundation *Commentary*, November 9, 2011.

Eliminate National Telecommunications and Information Administration Grant Programs

RECOMMENDATION

Eliminate the National Telecommunications and Information Administration's (NTIA's) grant programs. In addition, reconstitute the NTIA as an independent executive branch establishment outside the Commerce Department, and transfer the Federal Communication Commission's remaining regulatory functions (including private-sector-spectrum management as well as policy and Communications Act enforcement) to the newly independent NTIA.

RATIONALE

The NTIA oversees \$4 billion in grant programs (many already fully funded under the American Recovery and Reinvestment Act of 2009) that support broadband deployment projects within individual states, as well as a \$121.5 million program designed to assist regional, state, local, and tribal government entities as they plan for a nationwide public safety broadband network. Federal taxpayer funding of broadband projects is unjustifiable, as market-driven broadband deployment has proceeded rapidly in recent years. (If anything, government-sponsored broadband initiatives,

many of which occur at the municipal level, may compete unfairly with private-sector projects, leading to reduced competition as well as the waste of taxpayer monies.)

The National Weather Service (NWS) provides information and services to news media, airlines, the merchant marine and others that have value. Recipients and beneficiaries of this information and these services would pay for them. Thus, the NWS could become self-sustaining. The Commerce Department should study the feasibility of privatizing the NWS.

Conduct a Comprehensive Review of NOAA's Grant-Making Programs

RECOMMENDATION

Conduct a comprehensive review of the National Oceanic and Atmospheric Administration's (NOAA's) extensive grant-making programs.

RATIONALE

NOAA is an umbrella agency for a number of smaller agencies, the most prominent of which is the National Weather Service. Others include the National Environmental Satellite, Data, and Information Service, the National Marine Fisheries Service, the National Ocean Service, the Office of Marine and Aviation Operations, and the Office of Oceanic and Atmospheric Research. NOAA accounts for over three-fifths of the Commerce Department budget.

NOAA conducts or funds research on climate, weather, oceans, and coasts. It regulates coastal and marine fisheries and seeks to protect endangered marine species and habitats. Some of these grant-making programs are warranted, but many are slush funds to conduct politically motivated research and to reward or fund political allies.