

# POLICYMAKER'S GUIDE TO CORPORATE WELFARE

## Makems and Takems

### The Issue

The people of Sunderland in England have been building, or making, ships on the River Wear as far back as the 14th century. Since that time, their neighbors to the north in Newcastle upon Tyne have been taking the ships from Sunderland and using them to ship goods from the Port of Tyne.

Somewhere along the way the relationship between these good-natured rivals was captured by the term of mackems and tackems, or makems and takems. Each sees their role as superior; but the key point is that these roles take place voluntarily in a free market. When we look at these terms, however, in the context of what is happening in the United States today, they take on a much darker meaning.

What has set the United States apart from every other nation in the history of mankind is that the liberty afforded Americans created a country of makems. The Pilgrims overcame near starvation on their way to making a new life in cold, hostile environment. Later, other pioneers made their way into the wilderness to expand the boundaries of the colonies. The work ethic empowered by liberty kept on for over two centuries as America made itself the world's greatest economic power.

Of course, there were many problems along the way as takems decided they wanted to share in American prosperity without doing the work themselves. For instance, the English Parliament and English merchants tried to take profits from the colonists through the Stamp Act and the Tea Act and in the process provoked the American Revolution. But for the most part, America grew strong and prosperous as a country of makems.

Today, it seems, the takems have the upper hand. But these aren't the takems of Newcastle who prospered by employing the ships of Sunderland in the marketplace. Instead, takems in 21st century America have turned to the government to acquire what they can't in the free market through their own toil. The result is sustained economic malaise in America.

### Texas Stands Out

As noted, the problem of takems is not new to our country or to the 21st century. But it has taken on a scale unprecedented in the United States. The reason for this is simple, explained by Milton Friedman, "The smaller the unit of government and the more restricted the functions assigned government, the less likely it is that its actions will reflect special interests rather than the general interest."

A relatively small government, which America had for its first 125 years or so, has a limited ability to be used by special interests—our takems—to take wealth from the general public. However, when progressives got hold of government in the late 19th century, the ability of government to plunder its citizens on behalf of the takems began to rapidly expand. Income taxes at the state and federal level gave government the resources it needed to take on its new role, while the courts in the hands of the progressives overturned years of precedence in order to allow the transformation

to occur. Despite a few bright spots—notably Calvin Coolidge, William F. Buckley, Jr, and Ronald Reagan—throughout the last century progressivism continued to take its toll on liberty and prosperity by giving takems control of our lives.

In the midst of liberty's decline in the U.S., Texas stands as a relative beacon of freedom. One way to measure how Texas is doing when it comes to liberty and prosperity is simply by watching the choices people make for themselves about where they want to live. And more people want to live in Texas than almost any other state. In a typical year, more people come to live in Texas than any other state except Florida, and its net migration rate ranks seventh in the country. Texas is a place people want to live, just like it was when Davy Crockett, Sam Houston, and Stephen F. Austin came here almost 200 years ago. And they come here today for the same reasons they did then—for opportunity and freedom.

### Recommendations

- Thus the recipe for continued prosperity in Texas is rather simple—more makems and less takems. To this end, we offer a few simple, though challenging to implement, recommendations:
- Stop the excessive growth of state and local governments: Texas government is big enough; if it needs to do something new, it can stop doing something else. For as long as government continues to grow, it also increases its capacity for being used by special interests, i.e., takems, to undermine liberty.
- Stop local governments from eviscerating property rights: Local governments use zoning, eminent domain, and economic regulation to shut down profitable businesses, make cities less affordable, and take away the rights of citizens to use their property. We need to allow makems (and everyone else) to use their property to their benefit and the benefit of others.
- Strengthen Texas' standing as a Right-to-Work State: Few things have been more important to maintain Texas economic leadership than being a right-to-work state. But unions are making inroads in certain sectors of our economy. We must stop the unions' assault on the secret ballot and stop the government from being a dues collector for unions.
- Eliminate corporate welfare: Texas has long since proven that the best economic program isn't corporate welfare, it is lower taxes and spending, fewer regulations, less frivolous lawsuits, and reduced reliance on the federal government. More of this approach, i.e., the Texas Model, is what Texas needs to lead America and the rest of the world to a more prosperous future in the years to come.

- Get Texas out from under federal duress through programs like Medicaid and federal regulations on the economy and environment: This is a tough one, but still very necessary. Every time Texas does something to improve the lives of its citizens, the federal government seeks to undermine or reverse our gains. Whether it is interstate compacts, an Article V convention, or just saying no, Texas needs to continue its work with other states to stand up to the federal assault on our liberties. ★

## **Resources**

[Liberty or Economic Growth? We Can Have Both if We Rely on the Free Market](#) by Bill Peacock, Texas Public Policy Foundation (April 2016).

[Rivalry Helps Drive Florida and Texas to Economic Success](#) by Bill Peacock, Texas Public Policy Foundation (May 2016).

[Spotlight: The Texas Enterprise Fund](#) by Bill Peacock, Texas Public Policy Foundation (Dec. 2015).

[Growing the Economy without Growing Government: Eliminating Taxpayer-funded Corporate Subsidies](#) by Bill Peacock, Texas Public Policy Foundation (Sept. 2014).

