

Byrd's Resignation Can Benefit West Virginia

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Story By Dashle Kelley

On Jan. 6, 2009, West Virginia Sen. Robert C. Byrd will step down as chairman of the Senate Appropriations Committee. Sen. Byrd has been on the committee for 50 years and been chair for 10 of those years. Unfortunately, his deteriorating health is the reason for his declining another stint as chairman. Much will be different without Sen. Byrd at this influential post. As he put it: "A new day has dawned in Washington, and that is a good thing."

But for many West Virginians, this does not appear to be a "good thing." The chairman of the Senate Appropriations Committee is one of the most powerful people in Washington. With Sen. Byrd stepping down, West Virginia will lose influence, federal money and federal projects. While it is true that this will be lost, West Virginia will benefit.

Private businesses can benefit the most from the senator's decision. Every business must seek and find profits to avoid bankruptcy. Companies can obtain these profits by pleasing consumers -- offering people the goods and services they want. This is productive economic activity because consumers are benefiting from buying goods and services while businesses are collecting money from these sales and investing these dollars back into the economy.

But there is an alternative way of seeking profits. The government can provide businesses large amounts of income either by subsidizing them or by creating favorable regulations. Profits gained in this way are not constructive to propelling the economy forward. These resources being directed toward lobbying and government redistribution would be better spent on hiring workers and increasing productivity in the private sector.

Businesses' activity that achieves profits through lobbying and government is "unproductive entrepreneurship," while business activity that exists by pleasing consumers is "productive entrepreneurship."

Where there is government, there is "unproductive entrepreneurship." The problem arises as "unproductive entrepreneurship" becomes a larger part of economic activity. As the government becomes a larger source for profits, it becomes easier and more profitable for businesses to seek profits through the government. Businesses will begin to invest more money in "unproductive entrepreneurship" rather than "productive entrepreneurship."

Instead of increasing wages, hiring more workers, investing in new capital or building new plants, businesses will use the money to hire lobbyists and to aid political campaigns of friendly politicians. The benefits of hiring employees are lost to the lesser value of hiring lobbyists.

Also, when the government is extremely active at regulating the economy, even a company that has a healthy amount of "productive entrepreneurship" will still lobby the government to ensure these profits remain undisturbed. With many regulatory laws being created and changed, these could easily, either intentionally or unintentionally, make a business's profits disappear. The same is true for companies that sell a large proportion of their products to the government. These companies have many incentives to lobby the government to keep purchasing. Even though workers are hired to supply the goods to the government, the firm will waste investment on lobbyists. This is money that could be reinvested into the company, thus helping the overall economy.

"Productive entrepreneurship" creates a healthy economy that relies on the economic process of businesses serving consumers and using these profits to strengthen themselves. "Unproductive entrepreneurship" is self-inflating. Lobbying leads to more lobbying as companies compete for the government's money. Businesses are responding to incentives. As this pool of money increases (as it usually does, for politicians do not like to disappoint donors and constituents), businesses will increase their lobbying to obtain some of the spoils. If the amount of money being handed out were to decrease, one should expect to see the opposite.

With Sen. Byrd stepping down, federal money going to West Virginia will decrease. With less government involvement in the economy, the profitability of lobbying and cozying up to politicians hopefully will decline. This should lead to a substantial increase in "productive entrepreneurship."

Rather than hiring lobbyists and contributing to political campaigns, businesses will hire more workers, create valuable products, and invest money into their businesses. This is just what West Virginia's economy needs: more jobs and stronger businesses.

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