

The Noble Crony: Big Business on the Politics of Business

Tyler's *Big Business* insists that the influence of business over American government is greatly overblown:

I am against virtually all manifestations of crony capitalism, but I'm also not sure people are getting the basic story right. Business does have some real political pull, but the basic view that big business is "pulling the strings" in Washington is one of the big myths of our time. On closer inspection, most American political decisions are not in fact shaped by big business, even though business does control numerous pieces of specialist legislation. Voters drive most of the major decisions about the government budget, more so all the time as entitlement spending consumes more of the federal budget. In reality, corporations, as they relate to our federal government, are devoting more and more of their time and energy to minimizing legal risk, deciphering complex government regulations, and trying to avoid major economic losses from adverse decisions coming from Washington or state and local governments.

Big business doesn't secretly run the Republican Party:

For instance, for years many critics alleged that big business controls the Republican Party. Yet even though the Republicans nominated Donald Trump to run for president, as of late September 2016 not one Fortune 100 CEO had donated to Trump's campaign, whereas in 2012 about one-third of them had supported Romney by that point. Why did Trump win the nomination? It is obvious: because the voters supported him to a sufficient degree.

Getting meta:

Steven Pearlstein, commonly a critic of big business and former economics columnist of the Washington Post (and currently my colleague at George Mason University), wrote in the fall of 2016: "Indeed, one irony of the 2016 election is that populist antipathy toward corporate America seems to be peaking at precisely the moment when corporate influence on government policy is as low as anyone can remember." And Jeffrey Immelt, the former CEO of General Electric, wrote in a 2016 shareholder letter: "The difficult relationship between business and government is the worst I have ever seen it." William Daley, chief of staff in the Obama White House, opined, "Honestly, I don't think big business matters much anymore."

I believe these views are exaggerations, as the relationship between big business and Washington has some inevitable cyclical elements, as perhaps those commentators would themselves admit. For instance, after those statements were issued, the Trump administration responded with a tax plan that was very favorable to business, especially large multinationals, and business interests responded with enthusiastic support. So at the time I am writing this chapter, American policy is in some ways especially heedful of business interests, as indeed is sometimes the case. If the influence of business is again high by the time you are reading this book, keep in mind that most of my discussion is focused on what is the most typical state of affairs.

Even in 2018, big business is hardly dominating the agenda. America's corporate leaders often promote ideas of fiscal responsibility, free trade and robust trade agreements, predictable government, multilateral foreign policy, higher immigration, and a certain degree of political correctness in government, all ideas that are ailing rather badly right now. Again, you can expect some cyclical ups and downs, but the losses sustained by these causes is a sign

that big business is not in charge. The resurgence of interest in doing something about national infrastructure is another example of a business priority surviving in the national debate, but it may or may not happen, and it seems to depend more on the personal priorities of Donald Trump than the strength of the business lobby. Even if a major infrastructure program does break through and become policy, it will have taken decades for this talk to have come to fruition.

Once again, though, I say Tyler sells business short. There *are* major policies where the business community prevails over the popular will. Indeed, there are major policies that would be helpless political orphans without the patronage of business elites. But happily, business has both prudence and justice on its side.

Land-use policy is the clearest case. If the construction industry were not tirelessly clawing for the right to build homes and offices, regulation would have long since choked off development. Psychologically normal people cotton to virtually all complaints about new construction. “Traffic!” “Noise!” “Harm to the environment!” “Hurting property values!” “Crowding our schools!” “Not in My Backyard!” Only lobbying from builders counters this mad populist negativity, allowing the creation of the structures in which we all reside. Thank you, business.

The same goes for labor market regulation. Psychologically normal people love minimum wages, firing restrictions, mandated benefits, and the right to sue your employer. But these regulations have awful side effects – especially unemployment. Without business resistance to this feel-good legislation, the U.S. would likely be stuck at 10% unemployment or worse. Thank you, business.

Finally, don’t forget immigration. While business hardly favors open borders, it almost never opposes existing immigration – and routinely argues for a bit more. How much does this sway policy? Probably a lot. Most obviously, without the nay-saying of immigration-dependent businesses, the Republicans would probably have probably passed the RAISE Act years ago. Thank you, business.

Why doesn’t Tyler say any of this? My best guess is Straussian. He knows that business makes policy better – but he also knows that business influence works best in the shadows. Hailing the political benefits of business puts those benefits at risk. Sadly, perhaps he’s right.