

# The Washington Times

## The divide between pro-market and pro-business

Crony capitalists who seek government aid have no cause for decrying government rules

David Boaz

October 13, 2015

For the U.S. Chamber of Commerce, the Tea Party is no picnic. And the long conflict between pro-market and pro-business forces may lead to some divisive Republican primaries next year.

Years ago I helped to create an organization for business people who opposed crony capitalism and other forms of government help for business. We considered the clear and blunt name Business Leaders Against Subsidies and Tariffs, or BLAST, but eventually we settled on the more elegant Council for a Competitive Economy.

After we launched in 1979, our first big project was opposing the bailout of the Chrysler Corp. At the time, Chrysler was the 10th-largest industrial corporation in the United States, and a \$1.5 billion federal loan guarantee for a private corporation was front-page news. Chrysler, the United Auto Workers and big lobbying firms swarmed Capitol Hill in a full-court press.

The Council for a Competitive Economy took out full-page ads declaring, “Bailing out Chrysler with taxpayers’ money would be a big mistake. Such a bailout would be another giant step away from a free, competitive economy.” With the Chamber of Commerce taking no position on a proposed government subsidy for a single private company, we were almost alone in vigorously defending the free market.

We lost that battle, of course, and the Chrysler Corp. lived to request more bailouts in later years.

A few months after that battle, the automobile companies started agitating for restrictions on Japanese imports. Again, the Council sprang into action. Board member Joe Coberly, a well-known Los Angeles Ford dealer, told a House committee that “the effort to impose restrictions on foreign cars is a conspiracy to thwart the American consumer.”

I delve into this history to point out that the conflict between free markets and cronyism has been going on for decades.

In June 2009 the chamber launched a \$100 million “Campaign for Free Enterprise.” Chamber president Thomas Donohue told The Wall Street Journal that an “avalanche of new rules,

restrictions, mandates and taxes” could “seriously undermine the wealth and job-creating capacity of the nation.”

The chamber was just a few months late with its campaign to save economic freedom. In late 2008 the chamber strongly backed the Wall Street bailout. After the House of Representatives initially rejected the Troubled Asset Relief Program, the chamber sent a blunt message to House Republicans: “Make no mistake: When the aftermath of congressional inaction becomes clear, Americans will not tolerate those who stood by and let the calamity happen.”

In early 2009 the chamber endorsed President Obama’s \$787 billion stimulus bill. While free-marketers denounced the bill as “Porkulus,” and a Tea Party movement grew up in opposition to it, Mr. Donohue said, “With the markets functioning so poorly, the government is the only game in town capable of jump-starting the economy.”

In 2014 big business opposed several of the most free-market members of Congress, and even a Ron Paul-aligned Georgia legislator who opposed taxpayer funding for the Atlanta Braves.

The U.S. chamber jumped into a Republican primary in Grand Rapids, Mich., to try to take down Rep. Justin Amash, probably the most pro-free-enterprise and most libertarian member of Congress. Free-market groups, including the Club for Growth, Freedomworks and Americans for Prosperity, strongly backed Mr. Amash.

And now the chamber plans to spend up to \$100 million on the 2016 campaign. Roll Call, a Capitol Hill newspaper, reports, “Some of business’ top targets in 2016 will be right-wing, tea party candidates, the types that have bucked the corporate agenda in Congress by supporting government shutdowns, opposing an immigration overhaul and attempting to close the Export-Import Bank.” Politico adds a highway bill to big business’ list of grievances against fiscal conservatives.

This clash between pro-market and pro-business is an old one. Adam Smith wrote “The Wealth of Nations” to denounce mercantilism, the crony capitalism of his day. Milton Friedman said at a 1998 conference: “There’s a common misconception that people who are in favor of a free market are also in favor of everything that big business does. Nothing could be further from the truth.”

That long-ago ad opposing the first Chrysler bailout warned businesses that government money always comes with strings attached. You can’t support subsidies for exports, protection from imports, bailouts for Wall Street and tax-funded stimulus bills, and then credibly complain about the “avalanche of new rules, restrictions, mandates and taxes” that may destroy the free enterprise system.

*David Boaz is executive vice president of the Cato Institute and author of “The Libertarian Mind” (Simon & Schuster, 2015).*