



Crony capitalism charges flip in Trump era

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Weeks before Inauguration Day, President-Elect Donald Trump is already dealing with a title levied on his predecessor: crony capitalist.

After years of Republicans charging that President Obama was steering the business community according to his political whims, Trump is facing a similar wave of discontent, before he even takes office.

But unlike Obama, where the charge was frequently a tool used by Republicans in partisan battle, Trump is facing heat from theoretical allies on the right, who are in no rush to see the next president tinker so directly with the U.S. economy.

Nowhere is the charge more evident than the push to keep jobs at the Indianapolis plant of the heating-and-cooling manufacturer Carrier. After the state government promised a package of tax incentives to keep a portion of jobs destined for Mexico in the U.S., Trump took a victory lap at the company's Indiana plant.

None other than Sarah Palin, one of the first political figures to publicly back Trump's candidacy, criticized this direct intervention into a single business as the "hallmark of corruption. And socialism."

"When government steps in arbitrarily with individual subsidies, favoring one business over others, it sets inconsistent, unfair, illogical precedent," she wrote in an op-ed. "Republicans oppose this, remember? Instead, we support competition on a level playing field, remember? Because we know special interest crony capitalism is one big fail."

The notion that Trump and his vice president, Mike Pence, who also is still Indiana's governor, would directly haggle with a company has unsettled some, and has been seen as an early indication of how Trump could wield power from the White House.

"If he's going to start picking and choosing particular companies, where's it going to end?" said Chris Edwards, director of tax policy studies at the free-market Cato Institute. "If you offer one company special benefits, that encourages other companies to line up for special benefits."

Some have noted that Carrier's parent company, United Technologies, makes about 10 percent of its revenue from federal contracts. In a Monday interview with CNBC, the company's CEO, Greg Hayes, mentioned that himself in discussing the calculus behind saving some Carrier jobs.

Nonetheless, Trump has shown zero qualms about directly challenging, or praising, specific businesses depending on how their actions mesh with his goals.

On Tuesday, Trump slapped Boeing, a massive U.S. manufacturer, charging without evidence in a tweet that its work to build a new Air Force One was hugely expensive and should be cancelled.

The idea that the president is singlehandedly determining what businesses will succeed or fail in the United States was a consistent charge from Republicans during Obama's time in office.

During the 2012 campaign, Mitt Romney pointed to the auto bailout as a form of crony capitalism, painting it as a boon to autoworker unions that supported Obama's candidacy.

But it was the solar cell manufacturer Solyndra that was the poster child for this charge in the Obama era.

Obama personally toured the California plant in 2010, after it received a \$535 million loan guarantee from the U.S. Department of Energy, as part of a program administered under the stimulus package.

But the company went bankrupt one year later, opening Obama up to years of attacks and investigations from the GOP.

Reince Priebus, then chairman of the Republican National Committee, called the Solyndra grants "taxpayer-funded cronyism." Priebus is now Trump's chief of staff.

Trump's willingness to engage directly with particular companies has some wondering if or when he could find himself on similarly precarious ground.

"Trump risks a lot of this stuff blowing up in his face," said Edwards. "What happens if the next company is Solyndra and a few months later the company implodes?"

The crony capitalism charge did not begin with Obama. In fact, they are rather old hat when it comes to the White House occupant.

Critics on the left lobbed the term at President George W. Bush when he was in office — New York Times columnist Paul Krugman used the term to discuss the administration's dealings with Enron before its high-profile bankruptcy.

"I don't think any particular party has a monopoly on what's crony capitalism," said Adam Millsap, a research fellow at the Mercatus Center at George Mason University.

"The idea of crony capitalism has been used across the aisle for 100 years, at least."

But Trump's position is unique in that, so far at least, the loudest complaints of this vein are coming from the right.

Regardless of where the charges are coming from, so far it does not appear to be permeating out into the broader electorate.

A Politico/Morning Consult Poll found that 60 percent of voters viewed Trump more favorably after he helped hammer out the Carrier deal.

And that same poll found that 56 percent of voters saw no problem with the president negotiating with individual businesses.