

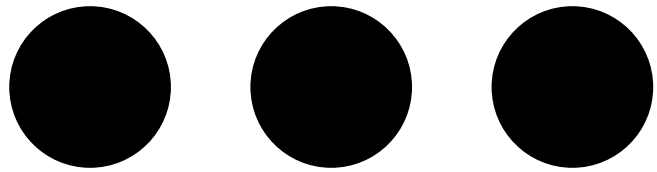


Don't Blame Me for "Pro-business" Policies. Blame Government Officials.

During my many battles fighting against cronyism, I have often been accused of being hard on government while letting businesses off the hook. This accusation is weird.

Defending the free market is quite different from a blanket defense of businesses. I am pro-business only insofar as I am pro-market — that is, I'm "pro"-allowing consumers to spend their money as they choose, and "anti"-special privileges given by government to any business.

As usual, Nobel Prize-winning economist Milton Friedman said it best: "You must separate out being 'pro free-enterprise' from being 'pro-business.'... Almost every businessman is in favor of free enterprise for everybody else, but special privilege and special government protection for himself. As a result, they have been a major force in undermining the free enterprise system."



Veronique de Rugy

Indeed, when you advocate for the free market system, you quickly learn that businesses are all in favor of competition, tax cuts and deregulation only until they aren't — meaning, only until subsidies might benefit them. A good example is their well-known champion, the Chamber of Commerce. On one hand, you can always count on the Chamber to join in fights to reduce the burdens government imposes on its members. However, its leadership also frequently embraces loads of special favors for its members — favors such as export subsidies and targeted subsidies or tax credits.

The Chamber's messaging says as much by highlighting that it is a group of businesses that supports the interests of *its members*. Like most business organizations, it doesn't exist to support the free market, and will sometimes defend all sorts of government-granted privileges.

With rare exceptions, individual companies act similarly. If a subsidy is good for a particular business, it will seek it out. Sometimes a specific firm might even demand *more* regulation on its industry if it believes that it can better absorb the costs than its smaller or more innovative competitors can.

This reality is in play at all levels of government. Local occupational licensing boards, which decide who is eligible to work in dozens of different professions, are often occupied by professionals from within the same industry. These board members angle to keep their competition out, either by outright refusing license applications or by increasing the burdens that newcomers must overcome. This is an easy way for incumbent firms to close the door behind themselves and lock out competitors who, were they allowed to enter, would offer more choices and cause the industry to better serve consumers.

Remember the fight between the monks of St. Joseph Abbey in Covington, Louisiana, and the



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embalmers and funeral directors of that state? The monks wanted to sell unadorned, handmade pine and cypress caskets. Funeral directors and embalmers didn't like this competition and resorted to using the power of the state licensing board to forbid it. Eight of the nine board members worked in the funeral industry.

Thankfully, the Institute for Justice represented the monks and in 2013 won a victory against the cronies. Unfortunately, many businesses in many industries around the country that are oppressed by licensing boards continue to be victimized without recourse.

For all these reasons, I, like many other free-market advocates, do not consider myself pro-business. In fact, those who read me regularly know that I would like to get rid of all forms of government handouts, whether that means subsidies, loans or loan guarantees, entry restrictions such as those created by occupational licensing, and protectionist barriers like tariffs.

However, as shameless as many businesses are about lobbying for privileges, it's silly to think that they are somehow as responsible as politicians for the rampant cronyism that exists. If politicians were not so willing to hand out favors to influential or popular firms, then businesses would spend little time trying to get those favors. Without the carrot, businesses would instead dedicate more of their time and resources to pleasing consumers.

So, let's be honest: The decision to grant privileges to businesses rests exclusively in the hands of government officials. The ones with the power to say yes or no are in government. The ones getting rewarded with campaign contributions from special interest groups or votes are in government. The ones with the power to end cronyism, but who refuse to do so, are in government.

That's why those of us who fight cronyism direct our fire chiefly toward the government. We want it to *stop* being so "pro-business" and instead be pro-competition and consumers.

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