

How Trump's 'crony capitalism' has shaken up U.S. business

Warm-up question: Do you think governments should ever directly influence or control private companies? Why or why not?

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AILSA CHANG, HOST: President Trump has spent his first year back in office rewriting the rules of U.S. capitalism, **blurring the lines between** business and government. That is generating a lot of questions and worries about the future of the U.S. economy. NPR financial correspondent Maria Aspan reports.

MARIA ASPAN, BYLINE: Intel is one of America's original tech startups. Remember this sound from its "Intel Inside" commercials?

ASPAN: Founded back in 1968, Intel made some of the first computer chips that have become so crucial to today's tech boom. By the start of this century, its chips had made the tech company into a giant of American capitalism. But last year, Intel became something very different, a symbol of how much President Trump is taking control of private companies. In August, Trump publicly threatened Intel CEO Lip-Bu Tan, calling for his resignation over his ties to China. Then Tan went to the White House to meet with Trump.

PRESIDENT DONALD TRUMP: I said, you know what? I think the United States should be given 10% of Intel.

ASPAN: And now the United States owns a chunk of Intel and several other companies. It's also seeking more control over today's **tech darling**, Nvidia. Trump wants Nvidia to pay the U.S. a 25% cut of some sales in China as a condition of allowing it to sell some computer chips there. Trump often makes these deals with CEOs who have **gone out of their way to court** him, sometimes donating to his personal projects, like Nvidia CEO Jensen Huang, who's among the tech billionaires and companies funding Trump's controversial White House ballroom. Here's Huang in April at a White House press conference.

JENSEN HUANG: And so I want to thank you, sir, for everything that you've done and the strong encouragement and the great policies that make it possible for us. Thank you, sir.

ASPAN: CEOs have always tried to court the White House, whoever its **occupant**. But for the U.S. government, which almost never takes a direct stake in U.S. companies, this is a huge

break from tradition. Now business experts **across the political spectrum** are worried that the United States is starting to look more like China.

ANN LIPTON: If companies aren't competing on their ability to innovate and develop better products, if they're competing on their ability to **schmooze**, then, I mean, that's bad for everybody.

ASPAN: Ann Lipton has been working in corporate law for decades. She's a professor at the University of Colorado's law school. She says that when the government picks winners and losers, companies have less incentive to compete with each other. That leads to less innovation and less spending and less job creation, which can all hurt the economy. This has long been the **conventional wisdom** in Washington and on Wall Street.

LIPTON: If you believe that the free market is the best way of generating resources and innovations and everything, then this just sort of messes with that.

ASPAN: It certainly messes with what's known as free market capitalism, which, for decades, has been the **gospel** of corporate America.

DANIELLA BALLOU-AARES: We are seeing a shift away from the type of rules-based capitalism that has made America's economy so **robust**.

ASPAN: Daniella Ballou-Aares founded a consulting company and served in the Obama administration. Now she runs the Leadership Now Project, a **coalition** of business leaders that has endorsed political candidates from both parties. She's worried that the United States is even at risk of tipping over into **crony capitalism**, meaning that companies rise and fall based on how much a political leader likes them, like, say, the Russian billionaires who own oil companies under Vladimir Putin.

BALLOU-AARES: What we have right now is a lot of personalized decision-making, chaotic decision-making, instability that we're seeing the cost of.

ASPAN: A White House official, speaking to NPR in condition of **anonymity**, largely dismisses these concerns and says that companies like Intel and Nvidia are crucial to U.S. national and economic security. And to be sure, the U.S. stock market is booming away.

Intel didn't respond to requests for comment. In an emailed statement, an Nvidia spokesperson says its discussions with President Trump have focused, quote, "on his desire for America to win as a nation." Ballou-Aares says that it's tough for business leaders to know how to **stand up to** Trump, especially after he's threatened some of them.

BALLOU-AARES: And you don't want to say anything unless it's, like, clearly exactly in your core interests, in your core business and at no risk.

ASPAN: But she warns that crony capitalism can have some pretty **dire** consequences for the overall economy, but also for individual business leaders. In extreme cases like Russia, executives who fall out of favor then sometimes fall out of windows.

BALLOU-AARES: The cronies and crony capitalism, they don't end - look at the **oligarchs** in Russia. It doesn't really end well for many of them, and you can't predict if you're one who ends up OK or not.

ASPAN: Russia is an extreme example, but she hopes it's an early warning to U.S. business leaders to stand up for free market capitalism, if not for the sake of the economy, at least for their own long-term self-interest.

Maria Aspan, NPR News.

Vocabulary and Phrases:

1. **Blurring the lines:** Making boundaries unclear or less distinct, especially between different roles or systems.
2. **Tech darling:** A technology company that receives a lot of positive attention from investors, media, or the public.
3. **Go out of one's way:** To make an extra effort to do something.
4. **To court:** To seek approval, favor, or support from someone, often strategically.
5. **Occupant:** A person who holds or resides in a particular position or office.
6. **Across the spectrum:** Including a wide range of views or positions.
7. **Schmooze:** To socialize or flatter someone in order to gain an advantage.
8. **Conventional wisdom:** A commonly accepted belief or idea.
9. **Gospel:** A principle or belief that is widely accepted as unquestionably true.
10. **Robust:** Strong, healthy, and effective.
11. **Coalition:** A group formed by individuals or organizations working together toward a shared goal.
12. **Crony capitalism:** An economic system where business success depends on close relationships with political power rather than fair competition.
13. **Anonymity:** The state of not being identified by name.
14. **Stand up to:** To resist or confront someone in authority.
15. **Dire:** Extremely serious or urgent.
16. **Oligarch:** A very wealthy individual with significant political influence, often in countries with weak democratic institutions.

Fill in the Blank

Use the correct word or phrase from the vocabulary list.

1. Presidents change, but CEOs have always tried to influence the White House _____.
2. Critics say recent policies are _____ between government and private business.
3. Companies may begin to compete based on their ability to _____ rather than innovate.
4. Some CEOs have gone out of their way to _____ political leaders.
5. Free market capitalism has long been the _____ of corporate America.
6. America's economy has historically been strong and _____.
7. Critics warn the country may be drifting toward _____.

Comprehension Questions:

1. Why has Intel become a symbol of changing government involvement in business?
2. What conditions has President Trump placed on companies like Intel and Nvidia?
3. Why do experts worry about companies competing for political favor rather than innovation?
4. What is meant by “free market capitalism,” according to the report?
5. Why did a White House official speak to NPR under anonymity?
6. What warning does Ballou-Aares give using Russia as an example?

Discussion Questions:

1. Do you think government ownership or influence in major companies can ever be justified? Why?
2. How might crony capitalism affect small businesses or startups?
3. Why is it difficult for business leaders to stand up to powerful political figures?
4. Is economic stability more important than maintaining strict free-market principles?
5. Can a strong economy exist without clear rules separating politics and business?
6. Do you see any warning signs of similar trends in other countries or industries?