

For Immediate Release

Media Contact: Joseph DiBlasi
jdiblasi@ced.org; 202.469.7824

CED Unveils Report on Crony Capitalism in America

October 15, 2015 – Washington, D.C. – Today, the Committee for Economic Development of The Conference Board (CED) released a report highlighting concerns about crony capitalism along with recommended solutions to combat the problem. CED members from various industries participated in CED’s Sustainable Capitalism Subcommittee which released the report.

“Capitalism has brought America unprecedented prosperity, but the system has been distorted by some for their own benefit. Taxes, spending, and regulation increasingly are riddled with favoritism,” said Larry Thompson, former Executive Vice President of Government Affairs at PepsiCo and Co-Chair of CED’s Sustainable Capitalism Subcommittee. “The CED report provides lawmakers with a bipartisan roadmap to level the playing field to help drive robust growth in the 21st century.”

Described in the report are three trends – the growth in the size and scope of government, rising campaign costs, and increasing use of lobbying – that form the nexus for crony capitalism and its rapid proliferation. Additionally, featured throughout are profiles of how business-government relationships curb economic efficiency in multiple industries spanning from agriculture to health care.

The report concludes with numerous recommendations to minimize crony capitalism’s reach and impact. Among the proposals are the following:

- Limit government’s size and scope by reducing public spending and the deficit, and by removing tax preferences to reduce the corporate tax rate to a globally competitive level.
- Improve regulatory policy by requiring cost-benefit analysis of regulatory measures, and by mandating that existing regulations be reviewed to ensure that they remain effective.
- Reform the lobbying system by enacting stricter prohibitions on Members of Congress and their staff from quickly seeking employment at lobbying firms upon leaving Capitol Hill.
- Reform the campaign finance system by enacting a matching funds system to level the playing field between small and large contributions, thus encouraging greater pursuit of small donations.

“There is just too much influence of money in politics today,” said Bo Cutter, Senior Fellow and Director of the Next American Economy Project at the Roosevelt Institute and Co-Chair of CED’s Sustainable Capitalism Subcommittee. “We need to free our elected officials from endless fundraising, so that they can do their jobs in an unencumbered fashion.”

“Nations across the globe are abandoning their biased, government-dominated economic systems in favor of free enterprise, yet our country seems to be moving in the opposite direction,” said Pat Gross, Chairman of the Lovell Group and Co-Chair of CED’s Sustainable Capitalism Subcommittee. “To change this trajectory, the business community must use their leadership to advocate these sensible recommendations to minimize crony capitalism and facilitate open competition and free markets.”

The executive summary can be viewed [here](#) and the report can be viewed [here](#).

About the Committee for Economic Development

Founded in 1942, the Committee for Economic Development of The Conference Board (CED) is a nonprofit, nonpartisan, business-led public policy organization that delivers well-researched analysis and reasoned solutions to our nation’s most critical issues. CED’s work is grounded on seven core

principles: sustainable capitalism, long-term economic growth, efficient fiscal and regulatory policy, competitive and open markets, a globally competitive workforce, equal economic opportunity, and nonpartisanship in the nation's interest. Learn more at <http://www.ced.org>.

###