

Opinion **US politics & policy****The fading of the US multinational lobby**

Donald Trump is no longer listening to big business

EDWARD LUCE

Edward Luce YESTERDAY

It used to be said that what was good for General Motors was good for America. [Donald Trump's](#) administration believes that what is bad for Apple is bad for China. Which means it is good for America. When [Apple's iPhone sales](#) undershoot, as they did last week, China suffers. Or so the theory goes. In practice, they have been switching to smartphones made by [Huawei](#), the domestic telecoms company, which may help China. But that is beside the point. What is bad for some of America's biggest brands is apparently good for its president.

It is hard to overstate the departure from how US presidents normally behave. Yet the clout of the most powerful US business lobbies was in decline before Mr Trump took the job. He has only crystallised this. Groups such as the Chamber of Commerce, and the Business Roundtable, complain loudly about Mr Trump's immigration crackdown, his tariff wars and government shutdowns. The White House pays scant attention. There was a Faustian bargain. Business pocketed Mr Trump's corporate tax cut last year — and the rolling deregulation. They must swallow the rest.

It is not as though Mr Trump lacks business friends. But they differ from the traditional crowd. Almost none run publicly listed companies. They tend to be property developers, private equity billionaires, casino magnates, and heads of family-owned companies. They swim in different waters to C-suite executives. Many are based in middle America and cater to a purely domestic market. They are little affected by the tariff wars Mr Trump has unleashed. Nor do they worry about public relations. Apple and Nike may oppose a US state when it bans transgender bathrooms, or restricts gay rights. Their stakeholder reputation demands it. America's multinational companies remain staunch internationalists. Mr Trump's friends are nationalist-populists. Diversity and inclusion are not obligatory.

An increasing share of US capital nowadays is going to private companies. Over the last two decades the number of US listed companies has almost halved. Initial public offerings are no longer the obvious route for private equity-funded companies. PE firms either hold their stakes for longer or sell them to other private groups. The rise of the megafund, meanwhile, has allowed

public companies to go private. Amazon may have had to go public to reach the \$1tn valuation it briefly touched last year. It is by no means clear that Uber or WeWork must follow suit. In each of the last eight years, the amount of equity withdrawn from the US stock market has exceeded the equity raised — a trend known as “[de-equitisation](#)”.

As a result, we have less visibility than we used to on the mindset of US business. Private companies have much thinner disclosure requirements. Since they do not need to churn out quarterly earnings reports, many of them are more stable employers. It would be tempting to think that publicly listed companies are more accountable to society. But that does not always seem to be the public’s view. When [Harley-Davidson](#) reacted to Mr Trump’s tariffs last year by switching production offshore, many of its Wisconsin employees blamed management. The president was standing up for America. Executives were thinking only of their bottom line.

Mr Trump is pushing this tension to its limits. On the one hand, there is shareholder value, which dictates that companies produce wherever is most efficient — in Apple’s case that means anywhere but America. These groups fly the global flag. On the other hand are patriotic US businesses, brewing beer in the Midwest, or producing steel in North Carolina, which fly the stars and stripes.

In the coming weeks, Mr Trump may escalate his trade war with China. His goal is to force the repatriation of production, such as that of iPhones. Hurting S&P 500 companies, which derive almost half of their revenues from overseas, is a price Mr Trump seems willing to pay. The Chamber of Commerce may complain. But the National Association of Manufacturers and the National Federation of Independent Businesses will applaud.

Mr Trump’s friends, meanwhile, are doing very nicely. His cabinet could hardly be more obliging. A former coal lobbyist, Andrew Wheeler, now runs the Environmental Protection Agency. The department of the interior will be run by a former oil-industry lobbyist, David Bernhardt. And the department of health and human services is run by a former pharmaceutical lobbyist, Alex Azar. Meanwhile, Linda McMahon, the former head of the family-founded WWE wrestling company, heads the Small Business Administration. And Betsy DeVos, wife of the former chief executive of Amway, one of America’s largest private companies, heads the department of education. Each comes from a very different business world to Goldman Sachs.

The irony is that Mr Trump still treats the Dow Jones index as a barometer of success. In reality, it reflects far less of the US business picture than it used to. If tensions with China take another turn for the worse, equity markets will doubtless fall. But business America speaks in many different voices nowadays. No prizes for guessing which ones Mr Trump will be hearing.

edward.luce@ft.com

[Copyright](#) The Financial Times Limited 2019. All rights reserved.

Latest on US politics & policy

Follow the topics in this article

Edward Luce

IPOs

US politics & policy

US & Canadian companies

Global trade