

Governments and Business – Student Version

1. Vocabulary List

Capitalism – an economic system where businesses are privately owned.

Communism – an economic system where businesses are owned by the government.

State-Owned Enterprise (SOE) – a company owned and run by the government.

Regulation – rules made by the government to control business activity.

Monopoly – when one company controls an entire industry.

Constitution – the highest law of a country.

Dictatorship – a government led by one leader with total control.

Nationalization – when a government takes ownership of private companies.

Free Market – business with little or no government control.

Foreign Investment – money invested in a country by foreign companies.

Golden Share – a special type of government share that gives control rights even without majority ownership.

Idioms for Controversial Issues:

Hot Potato – a sensitive or controversial issue.

Lightning Rod – something that attracts strong criticism or attention.

Powder Keg – a situation that could explode into conflict.

Third Rail – a dangerous political issue to touch.

Flashpoint – a topic that sparks heated debate.

Political Football – an issue passed around between political parties.

Game Changer – something that fundamentally changes the situation.

2. Reading Exercise

The United States has usually supported private business, but at times the government has stepped in to control or even own companies. In the 19th century, the U.S. followed 'laissez-faire' capitalism. Later, during the Great Depression, the government increased regulation. Recently, governments around the world have taken a stronger role in business.

In Indonesia, SOEs such as Pertamina (oil and gas) and PLN (electricity) play key roles. In Japan, most companies are private, but the government guides growth through policy, as seen with Toyota and Sony.

Today, even the U.S. owns stock in private companies:

- Nearly 10% of Intel (semiconductors).
- Control over Fannie Mae and Freddie Mac.
- Temporary stakes in Citigroup, AIG, GM during the 2008 crisis.
- A 'golden share' in U.S. Steel, giving special veto power.

This shows that even capitalist countries sometimes use government ownership to protect security or stabilize the economy.

3. Fill-in-the-Blanks

1. In a _____ system, the government owns most businesses.
2. Indonesia's Pertamina is an example of a _____.
3. When one company controls an industry, it is called a _____.
4. The U.S. _____ gives Congress the power to regulate commerce.
5. When the government takes control of a private company, it is called _____.
6. The U.S. government has a _____ in U.S. Steel, allowing it special control.

4. Discussion Questions

- Why do you think the U.S. government bought stock in Intel?
- Should governments control important industries like energy and technology?
- How are the U.S., Indonesia, and Japan different in their approach?

5. Homework

Research one company in your country that is state-owned or government influenced.

Write one page answering:

- Why is this company important?
- Should it stay under government control, or be private? Why?

Case Study: U.S. Steel and the Golden Share

In 2023, Nippon Steel (Japan) announced plans to buy U.S. Steel for \$14.9 billion. The U.S. government was concerned about national security and jobs. In 2025, the government secured a 'golden share' in U.S. Steel. This gives the U.S. veto power over big decisions, even though the company is owned by a foreign firm.

Discussion Questions:

- Why would the U.S. government want control without owning stock?
- How is this different from owning shares in Intel?
- Should foreign companies be allowed to buy American steelmakers?

Sidebar: Why Intel Matters

In 2025, the U.S. government bought almost 10% of Intel for \$8.9 billion. This is unusual because the U.S. usually supports private companies without owning them. Intel is important because it makes computer chips used in phones, computers, cars, and even military systems.

By owning part of Intel, the government can help keep production inside the U.S. and protect against foreign risks. But some people worry this is moving the U.S. closer to 'state capitalism,' where governments own big parts of businesses.

Discussion Questions:

- Why would the U.S. government choose Intel instead of other companies?
- Should governments own shares in technology companies?
- Is this protecting freedom or limiting it?
- Some people call this a 'hot potato,' a 'lightning rod,' or a 'political football.' Which idiom do you think fits best, and why?