

Health Care Reform as a Prism through which to View Business Values in the United States

David C. Jacobs

Morgan State University

President Obama's Affordable Care Act (ACA), which seeks to extend health insurance coverage through an individual mandate and new regulation of insurance companies, has met aggressive opposition from Republicans and the mainstream business lobbies. House and Senate Republicans fought hard against it with an assist from the "Tea Party." Senate Democrats defeated a Republican filibuster. Immediately after President Obama's signing of the bill in early 2010, the ACA faced a constitutional challenge from Republican Attorneys-General on the state level. Despite two Supreme Court rulings upholding the constitutionality of the ACA, Republican politicians in Congress and the states vowed to repeal, defy, or nullify the law, even to arrest anyone engaged in its implementation. Now President Trump and Congressional Republicans are endeavoring to repeal and replace "Obamacare." While internal Republican division has thus far prevented this, the Trump administration may undermine the plan through agency decisions. (Center for Media and Democracy 2012)

The continuing campaign against the ACA is perplexing given the similarity between "Obamacare" and Republican proposals in the 1990s, including Governor Romney's program in Massachusetts and a proposal from the rightwing Heritage Foundation. One might conjecture that it is widespread business opposition that accounts for the Republicans' extraordinary efforts on ACA. I would argue, instead, that business opinion on universal health insurance is much more diverse. It is the "NeoConfederate" politics of today's Republican Party and the mainstream business lobbies that are responsible for the rejectionist behavior.

Consider this 1993 warning of Republican strategist William Kristol with respect to the Clinton administration initiative:

Passage of the Clinton health care plan, in any form, would guarantee and likely make permanent an unprecedented federal intrusion into and disruption of the American economy--and the establishment of the largest federal entitlement program since Social Security. Its success would signal a rebirth of centralized welfare-state policy at the very moment we have begun rolling back that idea in other areas. And, not least, it would destroy the present breadth and quality of the American health care system, still the world's finest. On grounds of national policy alone, the plan should not be amended; it should be erased. (Marshall 2013)

This statement helped solidly a Republican phalanx against reform despite the Heritage move, which was later regretted by Heritage leaders.

What constitutes Neoconfederate politics?

Several historians and journalists have applied the phrase "Neoconfederate" to important elements of the contemporary Republican Party. Nancy McLean (2007) writes:

An odd metamorphosis has taken place in American politics over the last forty years: the party of Lincoln has become the haven of neo-Confederacy.

McLean focuses on a set of strategic decisions in which many Republicans chose to ally

themselves with Southern conservatives, including aggressively anti-union low wage employers (like Wal-Mart), in order to boost their electoral fortunes. The defense of corporate property from national regulation has long encouraged a sympathetic view of the Southern conception of states' rights. (Lind 2002)

Neoconfederate politics seek to disable the federal government as an agent of social justice through the marriage of a constitutional jurisprudence frozen before the New Deal, an opportunistic federalism that preserves business power on the state level as a base for national initiatives, and the cultivation of division among workers. The NeoConfederate view is rooted in the Southern experience with states rights as a shield to protect state regimes of worker exploitation. Racial polarization or bigotry toward immigrants continues to sustain conservative power in many Southern and Western states. Slavery has been replaced by low wages, union suppression, and the near-nullification of federal labor law. Republican leaders in Congress in many cases come from the South. (Margo and Griffin 1997; Elazar 1972; Jacobs 1978)

This model of policy and politics is not limited to the South. The Chamber of Commerce agitates nationally for a "favorable business climate," which amounts to almost the same thing, and rates Southern states highly on this question. One might also characterize the underlying philosophy as "market fundamentalism" or "classical liberalism," and reject any correlation with racism. Leading employers in the Chamber of Commerce and National Association of Manufacturers assert that they practice equal employment opportunity. However, many seek the weakening of civil rights enforcement through such bodies as the Equal Employment Advisory Council as they proclaim the sufficiency of market forces. (Jacobs 1999)

A Republican Party that has largely embraced Neoconfederate politics has lost much of its capacity for compromise. Those who sanitize histories of discrimination and exploitation are

predisposed to regard social legislation as destructive of the social order. NeoConfederate dominance of the Republican Party critically influences their ideology, enhances the role of highly exploitive businesses like Wal-Mart, and contributes to their support for "ballot integrity" programs and other familiar tactics of the Old South.

Of course, in the Neoconfederate worldview, the enactment of universal health insurance represents a rupture with capitalism and a slippery slope to socialism. In one sense they are right; the ACA may become a new model for robust regulation and restructuring of an industry.

The Federalist Society provides the fullest expression of Neoconfederate politics. It is an organized faction within the courts. Federalist Society lawyers (as either counsels or judges) gave us the endless investigation of President Clinton's real and alleged scandals, the halted recount in *Bush v. Gore*, the deregulation of corporate money in politics in *Citizens United*, the weakening of the Voting Rights Act in *Shelby County*, and the constitutional challenges to the Affordable Care Act. (DeParles 2005)

Justice Scalia's dicta provide a revealing look at Federalist philosophy, whether defined as "originalism" or "competitive federalism." In *Bush v. Gore*, Scalia averred that the American people have no guaranteed right to participate in presidential elections. On the other hand, his concurrence in *Citizens United* expanded the right of corporations to put their substantial resources to work in political campaigns in support of advertising. Global corporations are relieved of certain constraints on political spending, while ordinary voters are left increasingly at the mercy of state legislatures.

. Given Republican efforts to repeal the Affordable Care Act, one might infer that the business community is united in opposition to the concept of universal health insurance. This is far from that truth. Business has long been divided on the question of a right to health care, but

mainstream business lobbies, including the Chamber of Commerce and National Association of Manufacturers, have tended to take a rejectionist line

The Outsized Role of a Few Big Donors to the Business Lobbies

The Federalist Society was founded with contributions from conservative foundations including Olin, Bradley, and Scaife. The sum total of their program would be the repeal of the New Deal and Southernization of government policy. The ACA is anathema to Federalist Society leaders. It symbolizes a government that prohibits abuses by the private sector in order to extend opportunities to the marginal and vulnerable.

These donors and their allies have similarly had an influence on business lobbies like the Chamber of Commerce and the National Association of Manufacturers. The Chamber and NAM are not always directed by their membership. Both are highly responsive to very large contributors, and sometimes function as the agents of the leadership of particular industries.

Consider this 1940s analysis of the NAM in the Harvard Business Review:

The branding of social security as totalitarian when it was first proposed, the wartime barrage of propaganda creating the impression that the government and labor were using the emergency as a means of furthering their own anti-democratic ends, and the ready willingness of the Association's policymakers to lay the blame for all social and economic ills at the feet of other groups or institutions offer further evidence of the narrow base from which the Association has operated... (Cleveland 1948)

NAM and similar organizations derive their influence in part from exciting passion and winning

financial support from an active minority. Economist Mancur Olson (Olson 1965, p. 147) wrote that NAM is "in practice supported and controlled by a handful of really big businesses."

More recently, researchers have found that the Chamber of Commerce has been funded largely by a small set of donors (forty-five in 2010 and sixty four in 2012). It should be noted that the NAM and the Chamber opposed the Civil Rights Act in 1964 and did not play a role in challenging Jim Crow in the South. These organizations have consistently represented the hard right of their constituencies, despite a claim to greater breadth. (Jewler 2014)

The Chamber has shown independence from its powerful donors briefly on at least two occasions. In the 1940s, an advocate of collective bargaining led the Chamber for a short time from the film industry. In the 1990s, Richard Leshner showed interest in the Clinton administration's health care reform negotiations, for which reason he was rebuked and disciplined. (Jacobs 1999)

Similarly, the National Federation of Independent Business (NFIB) and the Society for Human Resource Management (SHRM) have shown that they are heavily influenced by a highly ideological subset of their membership. The NFIB received funding from the "Donors Trust," which is the contemporary organizing vehicle for NeoConfederate sponsors. (Kroll 2013) SHRM lobbies in coordination with the Republican party despite the varied views of the human resource management community.

The NFIB invited comments on the Affordable Care Act from members in a transparently propagandistic way. A critical small business activist wrote, "In releasing its report, NFIB hyped a narrative about rising premiums, while ignoring evidence of premium moderation and Affordable Care Act provisions that lower costs for small businesses." NFIB is under no obligation to alter its stance but greater honesty about its political role would be appropriate.

There is considerable evidence of Republican pressure on pro-reform business leaders during the Clinton administration. For example, House Majority Leader Richard Arney appeared to threaten Ameritech executives with political retaliation for their openness to the Clinton administration's initiative. The Chamber of Commerce actually wobbled on health care reform until a few powerful members pressured the CEO to return to an oppositional stance. (Weisskopf 1994)

Reformers

Given the ideological opposition of the mainstream business lobbies to activist government, pro-reform business leaders have created a variety of new organizations to push for health care reform. Supportive business leaders have argued both for the value to business and society of a healthy workforce and for the cost savings and administrative efficiencies government intervention might provide. During the 1980s and 1990s, the National Leadership Coalition for Health Care Reform reflected big employers' and utilities' support for health care reform. (Former Presidents Ford and Carter also joined the campaign). Rising health care premiums had led some big businesses to grow more comfortable with regulatory solutions. Indirectly, hospitals' care for the indigent would be shifted to the balance sheet of the more generous firms. American Airlines, Southern California Edison, and Ameritech publicly endorsed an employer health insurance mandate. (Jacobs 1999)

Liberal small businesses built their own lobbies. The Health Care Reform Project enrolled booksellers and other pro-reform small businesses during the Clinton administration. Since 2008, the Main Street Alliance has mobilized this latter constituency. These groups were

more sympathetic to "single payer," a version of reform that would go beyond employer mandates to the universalization of Medicare.

Of course, business leaders may take a wide spectrum of positions on health care. Some focus on costs and seek to avoid any health care role. Others affirm a limited responsibility to assist their own workers in the purchase of health insurance, perhaps in order to attract good employees. A third group are committed to both to protection for their own employees and to addressing the lack of insurance in the larger population, both in order to avoid cost-shifting and practice social responsibility.

A few business leaders have actually led efforts at far-reaching health care reform. In the postwar era, Shipbuilder Henry Kaiser negotiated with his unions to build a health care plan that ultimately merged with a health cooperative to become the Kaiser Permanente health maintenance organization. New Deal liberal business leaders like Edward Filene and, more recently, activists like Ben Cohen have pushed the business community from the left. Kaiser, Filene, and Cohen were advocates of a broadly expanded welfare state.

Varieties of Corporate Social Responsibility

Underlying their approaches to health care form, business leaders have embraced a variety of conceptions of corporate social responsibility (CSR). The NeoConfederates tended to endorse Milton Friedman's view that CSR was incompatible with efficient markets. Historically, employers associated with the Committee for Economic Development (an occasionally liberal-leaning body of businessmen and academics) and the now defunct National Planning Association supported programs of Corporate Social Responsibility and even Corporate Social Responsiveness. These stances implied a willingness to accommodate government regulation

and devise public-private partnerships. While the Olin, Scaife, Bradley and Koch Foundations funded the think tanks and lobbies linked to the NeoConfederate Network, Ford, Rockefeller, Sloan, and a few other donors supported CED and similar initiatives.

If stakeholder theory is meant to have an impact on the lives of stakeholders, it must have substance and meaning. It must not be mere rhetoric. Access to health care would appear to be positive for both employers and employees. A pragmatic stakeholder approach might seek some form of universal health insurance in order to advance the public good and organizational effectiveness. Freed of ideological constraints, the parties would explore what combination of public and private action achieves the desired result. The health care issue, I think, requires a form of problem solving unconstrained by ideology. It would appear that all sectors of the community would benefit from enhanced public health, employers experiencing few absences and less distracted employees, and neighbors less fearful of contagious disease. This should motivate the embrace of a Corporate Social Responsiveness that stipulates good faith dialog among interest groups. The intervention and disproportionate power of the NeoConfederate network have been destructive. Good faith bargaining does not require that employers be primary providers of health insurance, only that they contribute to the support of a universal system. (Condit [2007] assesses the employer's moral obligations on health care and finds the duty to stockholders to be peremptory as one would expect in a publication from the "classical liberal" Acton Institute.)

The international record of universal health insurance is clear. Nations with a universal guarantee of access to health care tend to have lower infant mortality, higher longevity, and spend less of the Gross Domestic Product on health care. NeoConfederate employers, however, fear that these potential gains would contribute too much to the appeal of socialism, which they

tend to define very broadly. (Squires and Anderson 2015)

Public Attitudes

Public polls indicate consistent majority support for universal health insurance. The National Election Studies of the University of Michigan have shown this since World War II. My own research found a pattern of majority support in every University of Michigan election survey from 1946 to 1980. (Jacobs 1983) Jacobs and Shapiro (1994) found increasing support for government activism. Today PEW and Kaiser polling finds rising endorsements of the Affordable Care Act. (Bialak 2017) Of course, during periods of political controversy over health care reform, polling for particular legislation is highly volatile.

Enactment of the Affordable Care Act required concurrent supermajorities in Congress and now the survival of the policy depends upon a favorable succession of political decisions at multiple levels. The disproportionate influence of the enemies of universal health insurance has made it a hundred year struggle.

Toward Inclusive Problem Solving

Given the broad benefits of universal health insurance, the substantial public support, and the significant levels of business interest, the difficulties of enacting this program would appear to reflect deficits in democracy. The NeoConfederate network has been quite successful in influencing the political process. This ideology denies the legitimacy of government activism, the priority of worker claims, and even the complex of financial and social interactions that constitute health care. Conceptions of market efficiency or "spontaneous order" obscure the

social relations that are necessary to sustain committed labor or civic life. There are multiple institutions reflecting varying models of corporate social responsibility in the public arena. What is missing is an effective challenge to the dominance of the NeoConfederate program in the business community, leading to what Rensis Likert (Baumol et al 1970) ominously called "the liquidation of human resources," a failure to assess the human consequences of management decision. Business leaders' fear of socialist precedent has stimulated a wide obstruction of measures plainly in the interest of the broad majority.

How are we to build an infrastructure for good faith, inclusive problem-solving in the business community? Many of the institutions that used to provide a setting for dialog have disappeared or lost that capacity. The Committee for Economic Development has abandoned its pretense at inclusion. The National Planning Association changed its name and then shut down. Despite courses in business ethics and "business and society," US business schools encourage the rhetoric of stakeholder engagement rather than actual deliberation and constructive bargains.

As a small step toward solutions, let us reconceive of business schools as fora for dialog and problem solving. The tradition of the land-grant university provides precedent. Management education should acquaint the varied constituencies of the business school with the policy and negotiation skills that would facilitate deliberation about health care reforms, extending longevity, reducing infant mortality and costs, and facilitating entrepreneurship.

Bialak, K. 2017. "More Americans Say Government Should Ensure Health Care Coverage."

FactTank: News in the Numbers.

Accessed April 30, 2017.

<http://www.pewresearch.org/fact-tank/2017/01/13/more-americans-say-government-should-ensure-health-care-coverage/>

Baumol et al. 1970. *A New Rationale for Corporate Social Policy*. New York: CED.

Blendon, R. and J. Benson. 2001. "American Views on Health Policy: A Fifty Year Historical Perspective," *Health Affairs*, 20(2) (2001), 33-46

Center for Media and Democracy. 2012. "Secret, Big Funding of "Small Business" Group Exposed at New Website -- NFIBexposed.org."

Accessed April 30, 2017. <http://www.prwatch.org/news/2012/09/11767/secret-big-funding-small-business-group-exposed-new-website-nfibexposedorg>

Center for Media and Democracy. 2012. "Will GOP Governors Really Try Nullifying Obamacare?"

<http://www.prwatch.org/news/2012/11/11858/will-gop-governors-really-try-nullifying-obamacare> Accessed April 30, 2017.

Cleveland, A. (1948). "NAM: Spokesman for industry?," *Harvard Business Review*.

Condit, D. 2007. "Should Business Be Responsible for Employee Health Care." *The Journal of Markets and Morality*, 10(2): 299-319. Accessed April 30, 2017.

<http://www.marketsandmorality.com/index.php/mandm/article/viewFile/234/224>

DeParles, J, 2005. "Debating the Subtle Sway of the Federalist Society," *New York Times*. August 1, 2005. Accessed online November 14, 2012.

http://www.nytimes.com/2005/08/01/politics/politicsspecial1/01federalist.html?pagewanted=all&_r=0

Elazar, D. 1972. *American Federalism: A View from the States*. New York: Crowell.

Jacobs, D. 1999. *Business Lobbies and the Power Structure*. Westport, Connecticut: Quorum Books.

Jacobs, D. 1978. "On the Determinants of Class Legislation: Ecological Study of Political Struggles between Workers and Management," *The Sociological Quarterly*, 19: 469-480.

Jacobs, D. 1983. "The United Auto Workers and the Campaign for National Health Insurance."

Unpublished dissertation. Ann Arbor: University Microfilms.

Accessed April 30, 2017.

https://drive.google.com/open?id=0Bzjzrbutf_9Self1V3pvUIRkZHhtUEY1SWNPYnVDb1RxMFNz

Jacobs, L. and R. Shapiro. 1994. "Questioning the Conventional Wisdom on Public Opinion toward Health Reform." *PS, Political Science and Politics*, Vol. 27, no. 2

Jewler, S. 2014. "The Gilded Chamber." Washington, DC: Public Citizen.

Accessed April 30, 2016.

<http://www.prwatch.org/news/2012/09/11767/secret-big-funding-small-business-group-exposed-new-website-nfibexposedorg>

Kroll, A. 2013. "Exposed: The Dark-Money ATM of the Conservative Movement," *Mother Jones*, February 5. Accessed April 30, 2017.

<http://www.motherjones.com/politics/2013/02/donors-trust-donor-capital-fund-dark-money-koch-bradley-devos>

Lind, M. 2002. *Made in Texas: The Southern Takeover of American Politics* (New York: Basic Books).

McLean, N. 2007. "Neo-Confederacy against the New Deal: The Regional Utopia if the American Right," in *The End of Southern History* , ed. J. Crespino and M. Lassiter (New York: Oxford University Press.

Margo, R. and L. Griffin. 1997. "Trade Policy in the Southern Economy: NAFTA in Historical Perspective," *Work and Occupation*, 24: 332-347.

Marshall, J. 2013. "The 1993 Kristol Memo on Defeating Health Care Reform." *Talking Points Memo*. Accessed April 29, 2017.

<http://talkingpointsmemo.com/edblogger/the-1993-kristol-memo-on-defeating-health-care-reform>

Olson, M. 1965. *The Logic of Collective Action*. Cambridge: Harvard University Press.

Squires, D. and C. Anderson. 2015. *U.S. Health Care from a Global Perspective*. New York: Commonwealth Fund. Accessed April 30, 2017.

<http://www.commonwealthfund.org/publications/issue-briefs/2015/oct/us-health-care-from-a-global-perspective>

Weisskopf, M. 1994. "Lobbyists Shift into Reverse." *Washington Post*, May 13.

Accesses April 30, 2017.

https://www.washingtonpost.com/archive/politics/1994/05/13/lobbyists-shift-into-reverse/7e8ba3e4-d034-4805-a328-b59868f8beac1/?utm_term=.593865b55041

