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The Business Community and the Forging of Political Consensus Against the Clinton Healthcare Security Act of 1994

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**THE BUSINESS COMMUNITY AND THE FORGING OF POLITICAL
CONSENSUS AGAINST THE CLINTON HEALTH SECURITY ACT OF 1994**

A Dissertation Presented

by

MICHAEL W. LENZ

Submitted to the Graduate School of the
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Political Science

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                                          Political Science

DEDICATION

For my loving and patient partner Jamie who has stuck by me throughout this whole ordeal; for my parents who I am eternally grateful too; for Nick whose intellectual insight has been appreciated throughout the years; and for Pua whose wonder and joy always lifts my spirits

ABSTRACT

**THE BUSINESS COMMUNITY AND THE FORGING OF POLITICAL
CONSENSUS AGAINST THE CLINTON HEALTH SECURITY ACT OF 1994**

MAY 2010

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My research provides an insider's view of how political consensus is formed within the business community. More specifically, my research sheds light on the sociological processes of political mobilization within the business community against the Clinton Health Security Act of 1994. In this study, I build off Jill Quadagno's stakeholder thesis which largely attributes the defeat of the healthcare reform effort to the political mobilization of anti-healthcare business forces. I probe Quadagno's thesis a bit deeper in this study by exploring how conflicting business forces resolved policy disagreements on the merits of healthcare reform in order to arrive at the position of unity necessary for its political mobilization against the effort.

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CHAPTER 1

THE DEFEAT OF THE CLINTON HEALTH SECURITY ACT REVISITED

Before the Obama Administration undertook the nation's most recent effort at healthcare reform in 2009, the Clinton Health Security Act of 1994 presented the nation's last and best chance at overhauling a healthcare system that leaves a large portion of its working class without access to readily available health insurance and its middle class with increasingly hefty healthcare costs.

The study that follows, contributes to the health politics literature that seeks to explain the defeat of national healthcare in 1994, by providing for a detailed account of the political mobilization of the business community as articulated in the general framework of Jill Quadagno's "stakeholder" thesis. Specifically, I shed light on the sociological processes by which a substantial member of Quadagno's stakeholder alliance (business) internally mobilized to oppose the bill.

Multiple Factors in the Defeat of the Clinton Health Security Act

Scholars have offered different reasons to explain the defeat of the Clinton Health Security Act:

Jacob Hacker, Steven Watts and Sven Steinmo trace America's failure at enacting national healthcare to the peculiar arrangement and functioning of American political institutions. According to institutionalist scholars, the Clinton healthcare bill failed because of institutional impediments to social welfare reform.

In one influential study, Sven Steinmo and Steven Watts address the enduring legacy that James Madison has had on the nature of US political institutions. Steinmo and Watts search for an answer to the following question: why have attempts at healthcare

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reform failed? The authors are particularly perplexed by the congruence in public support

for national healthcare systems in the United States and Western Europe and with the

incongruence of public policy in the United States. [1]

Steinmo and Watts contend that the answer lies in the framework of US political

institutions.

The authors specifically identify the institutional form built into the constitution

by the Framers. The authors point to James Madison's construction of political

machinery designed to pit faction against faction. His motivation, according to the

authors, was to protect the political power of minority[2] factions from that of majority

factions. The result of this political project, according to Steinmo and Watts, was the

creation of an intricate system of checks and balances designed to blunt the voices of the

majority who routinely express their support for popular social legislation.[3]

Aside from the system of checks and balances, Steinmo and Watts point to

additional institutional barriers arising from the framing such as the condition of

dispersed authority present within congress which makes it difficult to pass social

legislation and the decentralized nature of US political parties that result in party disunity

and faction.[4]

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[1] Steinmo, Sven , and Watts, Jon. "*It's the Institutions Stupid!: Why Comprehensive National Health Insurance Always Fails in America*" Journal of Health Politics, Policy and Law, 1995, 20(2): 329-372.

[2] By minority Madison meant the rich or the 'creditors' and by majority he meant the poor or the 'debtors'

[3] Steinmo and Watts;

In another important account of the Clinton healthcare initiative of 1994, Hacker contends that the reform effort failed in no small part due to such institutional impediments as the complex and ever shifting nature of the agenda-setting process in the United States, the necessity for the president to reach compromise or a middle ground, and the complex web of rules governing the legislative committee and sub-committee structures that are very uniquely American.[5]

While Hacker, Steinmo & Watts point to institutional barriers to healthcare reform; Marie Gottschalk carves out a second and alternative perspective. Gottschalk argues that the failure of the Clinton healthcare reform effort can be explained by the inability of labor to chart an independent course from business since World War II.

By electing to embrace the corporatist system of collective bargaining (particularly its acceptance of healthcare benefits in the private welfare state) labor, according to Gottschalk, effectively neutered itself in the sphere of healthcare reform.

For example, Gottschalk notes that AFL-CIO leaders were more committed to protecting their privately managed Taft-Hartley Funds then they were in building an independent, progressive movement. The Taft-Hartley Funds were health benefit packages that had been obtained though the collective bargaining process of the virulently anti-union TAFT Hartley Act of 1948. Under a single-payer system this source of revenue would be lost. Furthermore, Clinton's proposal included a section that would protect this source of

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[5] Hacker, Jacob. <u>The Road to No Where</u>. Princeton University Press. Princeton, New Jersey: 1999.

funds[6]. The AFL-CIO, then, prioritized the maintenance of private fringe benefits over the blossoming of a truly progressive agenda for healthcare reform.

[7]According to Gottschalk, Failures at healthcare reform, must take into account the accomodationist and dependant path of labor in relation to business; and its ensuing political meekness and lack of political ingenuity that results.

Like Gottschalk, Theda Skocpol also attributes the failure of healthcare reform in part to organizational deficiencies among much of the American Left-especially labor. Specifically, Skocpol argues that in the United States healthcare reform efforts have been consistently initiated and run by liberal elites more concerned with defending against attacks from conservative interest groups than with popular mobilization. Consequently, reformers in various leftist social movements like labor, civil rights, and feminism have focused more heavily on achieving incremental changes than on overhauling the healthcare system.[8]

In her influential work: One Nation Uninsured: Why the U.S. Has No National Health Insurance, Jill Quadagno articulates an alternative theory that runs counter to Steinmo et al; Gottschalk and Skocpol. Quadagno traces the history of healthcare reform over a half-century period beginning with Harry Truman's attempt at reform and ending with the defeat of Clinton's effort. She concludes that healthcare reform in America has

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[6] Ibid.

[7] Gottschalk, Marie. "Organized Labor's Incredible Shrinking Social Vision." In Health, Wealthy, and Fair. Edited by Morone, A. James and Jacobs, R. Lawrence. Oxford University Press; New York, New York: 2005.

[8] Skocpol, Theda. Boomerang: Clinton's Health Security Effort And the Turn Against Government in U.S. Politics. W.W. Norton and Company; New York: 1996.

largely failed due to the aggressive political mobilization of "stakeholder" interests against national healthcare.

Stakeholder interests, according to Quadagno, include pharmaceutical, physician and insurance organizations as well as the ever growing hospital and powerful business lobbies[9]. The significance of Quadagno's thesis (and of particular interest to me) is that she draws attention to the political mobilization of business interests against healthcare reform-a significant purview that has largely been neglected by mainstream political scientists[10] in accounting for the absence of a national healthcare system.

While Quadagno puts forth an alternative and general framework for approaching the defeat of healthcare reform in the United States, she does not specifically detail the internal process by which various business forces came together to oppose healthcare reform. In the case of the Clinton reform effort, the Business community was initially split between two competing segments: a small but influential segment of the Business Roundtable who represented the interests of the largest manufacturing corporations in the United States and who were in support of the healthcare reform effort on the one hand; and a virulently unified anti-healthcare coalition of small business and traditional stakeholder interests who were led by the influential small business lobby group-the NFIB on the other hand.

This study sheds light on the process by which business interests overcame their differences. Such a focus provides a better understanding of the internal workings of the business "stakeholder" process to which Quadagno attributes the defeat of the Clinton

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[9] Quadagno, Jill. <u>One nation, Uninsured: Why the U.S. Has No National Health Insurance</u>. Oxford University Press; New York, New York: 2005.

healthcare reform effort to. Shedding a light on the internal process may also help us understand why business has been remarkably successful in mobilizing against healthcare reform while its counterparts in organized labor have been unsuccessful in their pursuit of national healthcare.

The notion that the business community is sometimes divided on key social policy issues has long been observed in the scholarship of business elite literature. Disagreement within the literature has tended to focus on the impact of business conflict on public policy.

For example, political sociologists, Val Burris and James Salt acknowledge that business interests are sometimes in conflict over specific policy issues but argue that because business leaders support similar political candidates during elections business conflict does not influence public policy . In their 25 year survey of corporate donations to political candidates, Burris and Salt see no cleavage between small and big firms in terms of who they give money too. Burris and Salt find that business executives are equally likely to support Republican incumbents against Democratic challengers and conversely to support Republican challengers against Democratic incumbents. [11]

Other notable adherents of Burris and James' thesis include political sociologists, Dan Clawson, Kaufman and Neustadtl . Similarly, Clawson et al., found in their study of corporate PAC contributions to political candidates in the 1980 election cycle, little evidence that internal conflict among business impacts public policy[12]. Like Burris and

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[11] Burris, Val. Salt, James. "The Politics of Capitalist Class Segments: A Test of Corporate Liberalism Theory" *Social Problems*, Vol. 37, No. 3, pp. 341-359. 1990.

[12] Clawson, Dan, Bearden, James and Neustadtl, Alan. "The Logic of Business Unity." *American Sociological Review*, Vol. 51, pp. 797-811. 1986.

James', Clawson et al,. present evidence that demonstrates a remarkable degree of commonality among the business community in support of political candidates-particularly for those from the Republican Party. Stable electoral support from the entire business community, then, is evidence for Clawson et al,. that business conflict does not drastically change public policy.

In contrast to the opinion of Burris and James, and Clawson et al, are those scholars who contend that internal conflict drastically alters public policy. Such scholars argue that one must look beyond what political candidates and political parties' business supports and take political ideology into account. According to this line of reasoning the entire business community may simultaneously back one political party(even over a long period of time)while still adhering to different political ideologies that result in different policy outcomes[13].

Political sociologist G. William Domhoff argues this point. Domhoff arrives at a similar conclusion as Burris, Salt and Clawsons' in finding that the entire business community supports Republican candidates and even lends its support behind similar candidates at both the state and national levels. However, Domhoff does not see shared voting habits as evidence that business is necessarily unified on behalf of common policy preferences. Domhoff demarcates between two wings within the business community

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[13] For example, the dominant players in today's conservative coalition – the Christian Right, the Neoconservatives and the business class all overwhelmingly contribute to and vote for the Republican party but often find themselves in conflict with one another in the crafting of public policy. According to Burris, Salt and Clawson et al' argument, the fact that they all contribute to and vote for the same party suggests that they are unified.

who both exhibit similar voting habits, but whom frequently compete against one another in the public policy arena. [14]

Domhoff argues in his influential and updated work of Who Rules America: Power and Politics in the year 2006[15], that the business community is often conflicted between two wings of conservatism who both fall under the umbrella of Republican electoral politics: the moderate conservatives who support the expansion of welfare provisions and moderate government intervention in the economy, and the ultra-conservatives who are staunchly opposed to the welfare state and government intervention. Both wings share a common thread in that they heavily vote for Republican candidates but in the realm of public policy they often find themselves on opposite ends of the policy debate.

In drawing this distinction, Domhoff has updated the observations of the late and influential sociologist, C. Wright Mills, who was the first to note that a deep cleavage frequently opens within the business community-particularly on issues related to the social welfare state. Writing in the 1950's, Mills first identified the existence of faction within the business community between whom he termed "sophisticated conservatives[16]" (those political figures representing the interests of big business) on the one hand and the

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[14] Something must be said today, though, for the split within the business community regarding support for both major parties. Big business unanimously rallied around Barrack Obama, a Democrat, while small business continued their unwavering support for the Republican Party. The large scale abandonment of the Republican Party to the Democratic Party by big business in the 2008 Presidential Election indeed throws Burris and Salts' and Clawson's thesis for a loop and suggests that ideological divisions have manifested themselves in partisan divisions as well.

[15] Domhoff, G. William. Who Rules America: Power, Politics and Social Change. McGraw Hill; New York, New York: 2005.

[16] Domhoff's present moderate conservatives

conservatives(those representing the interests of small business) on the other hand. To Mills, the first faction was of significant interest to him.

Mills contended that it was the sophisticated conservatives who in the interest of preserving industrial peace between workers and capital were also the most likely to support liberal social measures such as workman's compensation , the rights of organized labor and pension packages for employees. [17] Thus, Mills notes that even during the Republican administration of Dwight Eisenhower, sophisticated conservatives worked behind the scenes to make sure that the social welfare state (which they had helped implement under the Democratic administrations of Roosevelt and Truman) would be maintained.

The conservatives, according to Mills[18], tended to be leaders of or who supported the initiatives of small business. Unlike the sophisticated conservatives, conservative business leaders are primarily preoccupied with parochial-business concerns and are virulently anti-union, and opposed to welfare state measures. [19]

Other scholars of business mobilization have also argued that internal conflict among business interests has consequences on public policy. Political historian, Gabriel Kolko, demonstrated in his influential reinterpretation of the progressive era, that the great political reforms of that period were promoted and sponsored by the leaders of the

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[17] Mills, Wright. C. <u>The Power Elite</u>. Oxford University Press. New York, New York; 1956.
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[19] Mills, 64.

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big business community.[20] The big business community, according to Kolko, pushed a recalcitrant small business segment to adopt its favored reforms.

Specifically, Kolko notes that a deep division emerged within business in response to the tumultuous economic and political conditions of the first decade of the 20th century. The first group of business leaders, as identified by Kolko, was the more farsighted corporate leaders who were both more flexible in their political outlooks. This group was also comprised of the most "forward thinking" sort of leaders from the largest industrial corporations. [21] Leaders of this group, according to Kolko, worked to secure long-term stability for the business community as a whole.

In contrast to this group of farsighted corporate leaders were the leaders of small and medium sized manufacturing firms who were strictly concerned with immediate ways in which to restore short-term company profits. According to Kolko, leaders of these firms were wedded to traditional free-market principles such as limited government intervention in the economy, resistance to the rights of organized labor, and opposition to company welfare expenditures. [22] This conflict, managed and won by big business, had the impact of greatly expanding the role of the state from one of passivity to active intervention in matters of business regulation, welfare provisions and capital-labor management.

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[20] Kolko, Gabriel. The Triumph of Conservatism: A Reinterpretation of American History, 1900-1916. Quadrangle Books; Chicago, Illinois: 1962.

[21] Ibid; "forward thinking" refers to those leaders most in support of liberal reforms in order to enforce order and predictability in the workforce.

[22] Ibid.

Political sociologists such as J. Craig Jenkins and Craig Eckert have also demonstrated that internal conflict is a feature of business politics that has an impact on the shifting nature of public policy. Like Kolko, and Domhoff before them; Jenkins and Eckert point to the existence of conflict and competition between Mill's "sophisticated conservatives" on the one hand, and traditional business conservatives on the other hand in the formation of economic policy following the presidential election of Ronald Reagan in 1980.

According to Jenkins and Eckert, the political and economic agenda of the traditional conservatives won out over that of the agenda of the sophisticated conservatives which had been more or less in tact since the New Deal. [23] The consequences of this conflict then, was to greatly scale back the interventionist role of the state from one of active involvement in matters of business regulation, social welfare provisioning and capital-labor management to one of passive engagement.

How Do Business Interests Forge Consensus?

While scholars have weighed in on the consequences of business conflict, a comparatively smaller group of scholars have attempted to explain how business interests forge agreement during periods of disputes. Michael Dreiling argues that business interest groups like the Business Roundtable assume important leadership roles in uniting the business community during periods of conflict. In his study on business mobilization throughout the NAFTA campaign, Dreiling found that the Roundtable assumed an all

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[23] Jenkins, Craig, J. and Eckert, M. Craig. "The Corporate Elite, the New Conservative Policy Network, and Reaganomics". *Critical Sociology*, volume 16, No. 2-3; 121-144; 1989.

important role in organizing otherwise disparate segments of the business community (specifically small business interests) on behalf of the legislation.[24]

Another theory, espoused by Mills[25] and Domhoff[26] hypothesizes that a sociological anchor is the key to resolving business conflict. They explain that inclusion in a common peer group membership facilitates business unity. Mills and Domhoff contend that shared social and educational backgrounds; professional affiliations; and a shared concern for the bottom line promote a natural tendency to want to work toward consensus. Consensus can come informally through such events as dinner parties and backyard barbecues or formally though service for professional organizations or charities.

Michael Useem puts forth a different theory. Useem points to the importance of the interlocking directorate, a unique institutional nexus within the corporation that facilitates business unity[27]. Useem hypothesizes that a highly compact as well as conscious group of business leaders are formed among those CEO's who serve on more than one Board of Directors' of a corporation in addition to their own. Useem argues that this group (who represents a cross-section of the business community) is then able to transcend narrow-industry concerns and focus on those issues beneficial to the entirety of all business.

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[24] Dreiling, Michael. "The class Embeddedness of Corporate Political Action: Leadership in Defense of the NAFTA. *Social Problems*, Vol. 47, No. 1. (Feb., 2000), pp. 21-48

[25] Mills, The Power Elite.

[26] Domhoff, Who Rules America, 6th edition.

[27] Useem, Michael. The Inner Circle: Large Corporations and the Rise of Business Political Activity in the U.S. and U.K. Oxford University Press, Inc. New York, New York: 1984.

A final theory articulated by Patrick Akard points to the confluence of political and economic crises in producing consensus among business. In his work on business mobilization in relation to the economic recession of 1973, Akard argues that the forces of economic and political crises' during the early 1970's forced consensus.[28] Akard goes on to argue that up until 1973 big business had supported Keynesian policies, and abruptly shifted their allegiance to the small business ideology of a laissez faire political economy. Big business was forced into a consensus with small business over perceived threats to the bottom line.

Each of these theories will be considered in light of this research question as to how the business community forged consensus against healthcare reform.

Why Elect the Clinton Healthcare Bill for a Case Study?

A brief explanation is needed as to why I have chosen the Clinton Healthcare bill as my case study. An initial reading of Quadagno's work revealed that the business community played a tremendous role in the bill's defeat. I then conducted preliminary research (structured interviews) and discovered that the business community was initially splintered upon the merits of the bill. I then became curious in two immediate questions: first, how did the business community overcome internal conflict and form a consensus on the bill? Second, Was the business community's ability to engage in conflict management a key to successful political mobilization and subsequently a reason for the defeat of the Clinton bill? I am particularly interested in these questions since healthcare reform failed despite a favorable set of circumstances: namely, a new and popularly

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[28] Akard, J. Patrick. "Corporate Mobilization and Political Power: The Transformation of U.S. Economic Policy in the 1970's", *American Sociological Review*, 1992, Vol. 57 (October: 597-615)

elected president who won on a mantra of improving the socioeconomic conditions of all

Americans; and initial widespread popular support for healthcare reform.

Research Methodology:

Throughout this study I employ two primary research methods. In order to

provide for an accurate historical account of the background and events on the debate of

the Clinton Health Security Act, I conduct an extensive content analysis of mainstream

news publications during the period of the debate (1993-94). I include the *New York*

Times, Time Magazine, the Washington Post and Newsweek as among the most

influential of the mainstream news publications. Additionally, I also conduct a content

analysis of the alternative press. Publications such as *the Nation*, *Mother* Jones and *In*

these Times constitute examples from the alternative press.

My second research method is the subject interview. Throughout this study, I conduct

structured interviews with former representatives and members of key business

organizations who were active in the debate as well as labor activists who were also

highly engaged in the campaign.

CHAPTER 2

**BUSINESS FRAGMENTATION IN RESPONSE TO THE CLINTON
HEALTHCARE SECURITY ACT**

Before divulging too deeply into the details of the Clinton healthcare reform

effort, brief attention to the United State's prior attempt at healthcare reform is needed in

order to provide some background of health politics in America. Below is a description of

Harry Truman's effort at healthcare reform and a brief synopsis of the stakeholder

alliance's political mobilization in that case study.

Healthcare Reform In The Post-War Context

In 1948, the last attempt to implement national healthcare failed[29]. Over sixty

years ago, Harry Truman launched a major healthcare initiative that fell short in large

part due to the lack of support from the leaders of large corporations. In that instance,

corporations joined forces with the stakeholders and the small business lobby against

Truman's call for a comprehensive, government run healthcare system. The story of the

Truman campaign for national healthcare begins in the years immediately after World

War II.

In the post-war years, insurance companies were the most powerful and vocal

member of the anti-healthcare crusade. The insurance lobby recognized that they faced

two significant threats. Insurance companies first realized that their model of insuring

their client against exposure to medical care and health services (commercial

underwriting) was directly threatened by the tightening coalition of government and

organized labor. For example, President Truman's National Health Plan of 1945 stressed

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[29] In relation to this study. Overall, the 2009 attempt at reform occurred, of course
making the Clinton plan the most recent attempt at reform.

hospital construction, medical training and education, child health clinics and universal insurance coverage.[30]In contrast to the model offered by the insurance industry, liberals proposed insuring the population against a lack of access to medical care and health services during illness.

Insurance companies also came to see that they faced competition not only from the government but also from labor-oriented health programs that had been formed during the Depression. Insurers came to see their interests in preventing the growth of Blue Cross and other pre-paid group plans. Accordingly, insurers would need a large population of potential patients to convince that the private welfare state was the option most in line with "traditional American values." [31]

Both employers and insurance agents stood to gain by combining forces. Because of an important provision in the Taft-Hartley Act, the staunchly anti-union bill passed by Congress in 1948, employers could unilaterally purchase health insurance plans and the insurance companies found a vast market to sell their plans too.

The insurance industry/employer coalition was part of a larger strategy devised by employers that sought to discourage workers from seeking broader social welfare provisions from the state. Prior to the passage of Taft-Hartley, employers understood that Unions had become organizationally viable. In an effort to weaken the institutional strength of unions, large corporations sought to market the privatization of social welfare and launched a sophisticated campaign that emphasized the language of economic rights popularized by former President Roosevelt during the war.

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[30] Klein, Jennifer. For All These Rights: Business, Labor, And The Shaping of America's Public-Private Welfare State. Princeton University Press. Princeton, New Jersey: 2003

[31] Ibid.

A call to "corporate paternalism" became the rallying cry for employers in their

attempt to privatize social benefits. Political Scientist, Michael Brown explains that this

strategy actually had its origins during the war:

> Corporations have historically used fringes to change the relationship between
> management and labor by severing the union-worker tie. Following World War II
> many large, nonunion companies adopted private social programs to quell
> demands for union representation. Corporations like Eastman-Kodak and Sears
> rapidly expanded their corporate welfare programs during the war and set fringe
> benefits at levels that could be obtained in unionized firms [32]

Following the passage of Taft-Hartley, more firms began to use fringe benefits

such as productivity bonuses, promotions, pensions, suggestion systems and distributed

pamphlets and letters to employees that emphasized the employer's generosity, the

symbolic importance of company welfare benefits, and a sense of corporate

community. [33]

In short, employers heeded the advice of Russell W. Davenport, a prominent

businessman in the postwar era who advocated the doctrine of social responsibility for

employers. Davenport said the following:

> Businessmen and industrialists must concern themselves with economic rights;
> they must take action so as to transfer the private responsibility, and therefore the
> initiative, from government to private hands [34]

The big business lobby thus emulated the liberal rhetoric of economic rights

couched in terms of social responsibility but there was one major difference; where as

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[32] Brown, Michael. "Bargaining for Social Rights: Unions And the Reemergence of
Welfare Capitalism, 1945-1952". Political Science Quarterly, December, 1997. Vol. 112,
issue4

[33] Klein, 224.

[34] Ibid; 2.

liberal democrats used such language to advocate greater intervention by the state; big business leaders used it to maintain the status quo-corporations would continue to assume the responsibility for healthcare.

Labor's Complicity in the Defeat of Healthcare Reform

The defeat of the Truman initiative, alone, can't be explained by the political mobilization of the big business/stakeholder alliance. Organized labor, itself, was complicit in the defeat of national healthcare. According to Gottschalk, organized labor elected to acquiesce to the demands of business forces rather than confront them. Gottschalk explains that labor chose the path of least resistance for two reasons: first, labor leaders feared the repercussions that a full blown campaign for national healthcare would have on their status as "junior partners"(in relation to business)in the post-War, Keynesian political economy. Considerations of political power, then, factored into labor's decision to capitulate to the demands of business.

Secondly, as details of the Truman bill came out, labor leaders increasingly came to see their interests as tied to what Gottschalk terms the "shadow welfare state." Specifically, labor leaders sided with business in the interest of preserving labor's few but substantial private healthcare funds-known as Taft Hartley funds. The nature of the private welfare state, then, bestowed upon labor some degree of managerial autonomy- a condition that was not lost on its leaders.

As Gattschalk notes, labor's political meekness was not only unfortunate but perplexing as well. Its behavior was perplexing because labor had emerged from World

War II in a relatively advantageous position[35] and was unquestionably the most powerful

as well as viable organizational force on the American political left. The significance of

labor's political retreat in the healthcare initiative should not go overlooked.

Institutional Factors in the Defeat of the Truman Bill:

While the political mobilization of the big business/stakeholder alliance and

labor's own capitulation to business demands doomed Truman's attempt at healthcare

reform, institutional factors also contributed greatly to the defeat of the effort. The bill

was victim to an array of institutional impediments. For the bill to have any chance of

passing (especially in the face of intense business opposition) the President's own party

would have needed to achieve at least some semblance of intra-party unity. While the

Democratic Party did indeed hold a majority in both houses of congress, it was bitterly

divided between its southern and northern contingents.

In both Depression and post war America, it was commonplace for the southern

and northern factions to bargain on key issues-particularly those related to the economy

and race relations.

> An unspoken pact emerged: The northern Democrats would agree not to
> intervene too closely in the south's racial affairs in exchange for the southern
> democrats' support for key economic legislation of Roosevelt's New Deal. The
> uneasy alliance was maintained so long as northern democrats were not seen by
> their southern brethren as trying to disrupt the south's racial order. However, this
> alliance appeared in grave danger from the very inception of the Truman bill.[36]

From the beginning, the Truman bill ran into major road blocks via the

House Ways and Means Committee. At the time, the Committee was controlled

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[35] For example 1946 saw a record number of strikes culminating with a massive general
strike and peak unionization rates.

[36] Klein

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by 5 southern democrats who vigorously fought the bill for two interconnected reasons: first, the bill's provisioning of comprehensive coverage to all Americans; second, the increased authority and control that the federal government would garner over the regulation of the proposed healthcare system.[37]

Underlining the opposition of the Southern Democrats was the fact that Truman's bill would extend comprehensive coverage to all Americans including Blacks. This provision, according to some Southern leaders[38], would disrupt the racial caste system that bestowed rights upon the white majority while simultaneously withholding them from the black minority. Southern Democrats also feared that if the federal government were to assume control over the healthcare system the prerogatives of the individual states to allocate social services would be lost; thus granting the meddling federal government undue power over the determination of which benefits were extended too.[39]

The challenge presented to healthcare reform by the nature of sub-committee structures also contributed to the defeat of the Truman plan and is a recurring theme in the politics of healthcare reform. If one factors in the prevalence of institutional impediments in conjunction with high level of business opposition and labor's acquiesce; it is of small wonder that the bill failed.

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[37] Ibid.

[38] See arguments of Senator Robert Bryd at the time, and Governor George Wallace of Alabama.

[39] Ibid.

Clinton's Promising Start Disrupted by the Small Business/Stakeholder Alliance

Fresh off an election victory over beleaguered incumbent George H.W. Bush; incoming president William Jefferson Clinton immediately unleashed the keystone of his legislative agenda. On January 25, 1993, a mere five days into his presidency, Clinton announced the formation of the President's Task Force on National Healthcare Reform. The job of the task force, in his words, was to "prepare health care reform legislation to be submitted to congress within one hundred days" of the president taking office. In his address, Clinton made it a point to send a stern message to his future political opponents in both parties: he was placing his wife, Hillary Rodham Clinton-in charge of the task force. The intimacy associated with the president's appointment was evidence that Clinton was to place great value on the issue of healthcare reform in America.

At first, the President's healthcare initiative was met with much fanfare. For example, Senator John D. Rockefeller IV, marveled at the sheer ambitiousness of the proposal noting that the president's attempt at healthcare reform "may be the most gigantic legislative undertaking in the history of Congress."[40]

Clinton's first major healthcare speech-an address to a Joint session of Congress, was met by long time advocates of a universal healthcare system like the late Senator Edward M. Kennedy of Massachusetts; as a chance to capitalize on what Truman narrowly missed out on nearly a half century earlier(see above): a truly incorporative

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[40] Pear, Robert. "Health Advisers Plan Exemption for Big Business." *New York Times*. 9/22//1993.

healthcare system that would provide comprehensive coverage to each and every

American-regardless of one's socio-economic status.[41]

In his speech, Clinton addressed three problems that adversely affected the

economic and social well-being of middle class and working class Americans

everywhere: the precariousness of the worker's position should they become

unemployed; the swelling number of poor and working Americans who are left without

healthcare coverage and the escalating cost of medical bills. The following excerpt is

evidence that Clinton was cognizant of the perils facing America should healthcare

reform be once again relegated to the backburner:

> Millions of Americans are just a pink slip away from losing their health insurance, and one serious illness away from losing all their savings. Millions more are locked into the jobs they have now just because they or someone in their family has once been sick and they have what is called the preexisting condition. And on any given day, over 37 million Americans -- most of them working people and their little children -- have no health insurance at all. And in spite of all this, our medical bills are growing at over twice the rate of inflation, and the United States spends over a third more of its income on health care than any other nation on Earth[42]

Despite an inspiring start to the campaign, as details of the bill continued to leak

out to the corporate press throughout summer- late fall of 1993, the routine of healthcare

politics in America began to play out: the president announces his intention to reform

healthcare; details of the plan then emerge and reach the attentive ears of the media; the

large corporate stakeholders of the healthcare system (big pharmaceutical companies, the

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[41] Edward Kennedy in response to Clinton speech before Congress 9/25/93.

[42] Bill Clinton speech to joint session of Congress, 9/22/93.

large insurance giants, and the hospital lobby) mobilize to block any attempt at a major overhaul.

For example, beginning in May of 1993 and continuing on until the bill's final demise a year later, the Health Insurance Association of America (HIAA) began a three-and-a half-million dollar advertising campaign promoting its own approach to reform. Included on the HIAA's payroll were professional pollsters whose job it was to find certain anti-healthcare reform phrases that resonated well with the public. Ultimately, the HIAA's pollsters settled on the following mantras: "They choose, you lose," and "There's got to be a better way." [43]

During the same time period that the stakeholders began to mobilize, the National Federation of Independent Businesses (NFIB) came to the aid of their allies in the healthcare industry. The NFIB, the leading lobby organization for small and independent businesses, assumed the early responsibility for defeating Clinton's initiative. The NFIB, who boasts a 600,000 person membership, not only assumed a lead role within the opposition but played a greater role than previously better known business interest groups-most notably the US Chamber of Commerce. In so doing, the NFIB quickly earned the reputation on Capitol Hill as the most powerful business lobby. [44]

The central issue that pushed the NFIB to enter the debate had to do with a key component of the Clinton plan--the "employer mandate" that would require all businesses

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[43] The fact that the major stakeholders of the health care industry revolved against Clinton's healthcare plan is not all that surprising. Dating as far back as the New Deal, stakeholders have continually intervened to block any move toward a national healthcare system. Sociologist, Jill Quadagno, put forth the theory of stakeholder mobilization to explain this familiar pattern.

[44] Hosansky, David. "Hill Feels the Big Clout of Small Business." *Congressional Quarterly*. 1/10/1998.

to provide health insurance for their employees. This feature of the plan so enraged the small business lobbies, that the NFIB introduced a three-pronged attack to defeat the bill. First, the NFIB embarked upon an impressive mailing campaign.

The scope of the NFIB's political mailing campaign was enormous: from its Washington headquarters the NFIB dispatched a constant stream of "faxed alerts" and "Action alerts" to tens of thousands of small-business owners who were also members of the organization. More than 2 million pieces of mail were sent in the campaign effort alone. [45]

Second, the NFIB sought to target those members of congress for re-election who expressed support for the bill. In Montana, for example, the NFIB launched an aggressive campaign against one Democratic Senator, who had come under fire for suggesting that the bill might be beneficial to Americans. The NFIB gave the Senator an ultimatum: either face the wrath of the NFIB and risk potential defeat in the next election, or send a letter to Montana small-business owners pledging to vote against any bill that might harm their interests.

Needless to say, the Senator chose the latter option and voted against the version with the "employer mandate" in it when it came through to the Senate Committee that he happened to also chair at the time. The NFIB practiced similar tactics throughout the United States-most notably in Louisiana, Washington, Georgia, Oregon, Pennsylvania and Florida[46].

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[45] Clymer, Adam; Pear, Robert; Tooner, Robin. The Healthcare Debate: What Went Wrong? How the Healthcare campaign collapsed. *New York Times*. 8/29/1994.

[46] Ibid.

Third, the NFIB played on public fears that jobs would be lost if employers had to absorb the costs of healthcare coverage. [47]

It is not at all surprising that the NFIB joined forces with the healthcare stakeholders in opposition to the Clinton bill. As a result of the economic arrangement of America's healthcare system[48] business and the stakeholders often intertwine interests. Due to the escalating costs of premiums, small business owners in particular, find a commonality with the stakeholders. [49]

While an opposition comprised of the stakeholder and small business lobbies can be a daunting force to overcome-it is not impossible. Though Clinton immediately faced stiff resistance from these powerful forces his proposal still stood a chance as long as the big business community backed his plan. Due to the immense economic and political clout of big business, its nod of approval might have been more than enough to offset any resistance from the small business/stakeholder lobby.

Unlike the Truman initiative, when from the onset the corporate community assumed an adversarial stance to healthcare reform, big business gave President Clinton good reason to believe that they could be won over to his cause. In the initial phases of the healthcare debate, two realities immediately became clear: the small business lobby and the stakeholders were in opposition to the plan; and that the big business community was internally divided and unable to take action.

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[47] Clymer et al.

[48] in America, employers are the largest provider of healthcare

[49] Ibid.

One early faction that emerged within corporate America was among the manufacturers. According to Louis Uchitelle, of *the New York Times,* large manufacturing companies like the General Motors Corporation, Caterpillar and the General Electric Company, were early and strident supporters of the Clinton plan. In fact, the chairman of Caterpillar at the time called the Clinton healthcare bill "sensible and responsible legislation" that would "enhance America's well-being." [50]

The manufacturers appear to have supported the Clinton plan out of concerns over the bottom line. Because the manufacturers have historically provided the lion's share of employee welfare benefit packages and subsequently accumulated the highest overhead costs, they had the most to gain from shifting healthcare costs to the federal government and the taxpayers.

Nonetheless, In February of 1994, despite widespread support from the large manufacturers, the big business community joined the NFIB, the US Chambers of Commerce and the rest of the small business lobby in opposition to the Clinton plan.

As news spread that big business had joined forces with the stakeholder/small business alliance in opposition to Clinton's healthcare initiative, administration officials were baffled. After all, in an article published only days before the Business Roundtable rendered their politically devastating endorsement of a rival bill, *Time Magazine* reported that the president's wife and First Lady Hillary Rodham Clinton, his Deputy Treasury Secretary Roger Aitman and his National Economics Chief-Robert Rubin, had for months been incessantly courting big business leaders.

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[50] Uchitelle, Louis. "Big Business divided over healthcare." New York Times; 2/6/1994.

Rodham Clinton, herself, made personal telephone calls to several business leaders and even played host to about a dozen CEO's at the White House. Aitman and Rubin, for their part, held informal meetings, participated in an "aggressive" telephoning campaign and wrote letters to the same high-ranking business officials pleading for their support. [51]

Unofficially, at least, the Clintons' held out hope that the business community would split on the merits of the bill. The Clintons' (particularly the President) had clung to the prospects of this scenario until finally in February of 1994, the business Roundtable came out publicly against the bill.

In the chapter that follows, I describe the process by which the Business Roundtable came to consensus and subsequently adopted the political stance of the small business lobby.

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[51] Duffy, Michael; Johnson, Julie; and Thompson, Dick. "Clinton's Plan: DOA?" *Time Magazine.* 2/14/1994.

CHAPTER 3

THE BUSINESS COMMUNITY ACHIEVES CONSENSUS

Throughout the duration of the healthcare debate, The Business Roundtable was the primary interest group who represented and communicated the political prerogatives of the big business community to national politicians and the public.

Some background of the Roundtable's origins, political objectives and viewpoints are necessary because the Roundtable (along with the NFIB) played such an influential role in the unfolding of this historical narrative.

The Origins and Influence of the Roundtable

The Business Roundtable has been described by some political commentators such as John Judis, editor of the progressive magazine, *In These Times*, as the nation's most influential lobby on economic issues. [52] Academics, too, like sociologist, Jerome Himmelstein, have emphasized the monumental role that the Business Roundtable plays, not only within the wider conservative alliance--but also in shaping laws governing labor unions, corporations and financial Institutions. [53]

[54]The Roundtable was founded in 1973, by John Harper, the head of ALCOA Aluminum and Fred Borch, CEO of General Electric. Harper and Borch were concerned about growing public hostility toward corporations as evidenced by support for government regulation of the workplace environment. On a trip to the capital, the two

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[52] Judis, John. "The Most Powerful Lobby". *In These Times*. 2/21/1994.

[53] Himmelstein, Jerome. To the Right: The Transformation of American Conservatism. University of California Press; 1992.

[54] The following three paragraph description of the Business Roundtable's history is provided by Judis' rich account.

CEO's talked to John Connally, then Nixon's Secretary of Treasury, and with Arthur

Bums, then Chairman of the Federal Reserve, and shared their concerns with the high

level economic officials. Connally and Bums recommended that Harper and Borch set up

a lobbying organization that would represent the political interests of large banks and

corporations. [55]

While the big business community had previously maintained a close relationship

with labor leaders,[56] corporate leaders now determined that there was suddenly a need for

a single lobbying organization that would represent the interests of corporate America

against the demands of labor unions, consumers and environmentalists. [57]

From its inception, the Roundtable enjoyed great success. The group defeated an

anti-trust bill in 1975, and Consumer activist, Ralph Nader's plan for a Consumer

Protection Agency (CPA) in 1977. The Roundtable also blocked labor law reform over

the objections of then President Jimmy Carter. Additionally, in 1988, the Roundtable

pushed for the Omnibus Trade Act of 1988, which would lay down the foundation for the

North American Free Trade Agreement(NAFTA) six years later. Finally, in 1990, the

Roundtable encouraged President George H.W. Bush to begin free trade with Mexico.[58]

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[55] Ibid.

[56] For example in the immediate post world war II era corporate America and organized
labor had previously worked successfully to raise the minimum wage, introduced
Medicare and other social legislation

[57] Ibid.

[58] Ibid.

Conflict Within the Business Roundtable

Drawing from the legacy of the Roundtable's legislative activities and the sheer economic impact of healthcare reform, it should not come as a surprise then that the lobby group was a key participant in the debate.

Officially, the Roundtable's Health, Welfare and Retirement Task Force, was charged with the responsibility of debating and declaring the group's position on the Clinton bill. Immediately, internal divisions erupted within the community. Prudential CEO, Robert Winters, who was also chairman of the Roundtable's Health, Welfare and Retirement Task Force, recommended that the Roundtable endorse a rival healthcare plan to Clinton's-the Cooper Bill. The Cooper Bill, which was drawn up by Representative Jim Cooper, eschewed government price controls and would not require that employers buy insurance for their workers. The rival bill would also make insured workers pay taxes on benefits that exceeded those of a bare-bones plan. Cooper's bill, in short, would cede direct control of healthcare to large insurance companies (the likes of which Winters himself served as a CEO on).[59]

As aforementioned, the second wing of the Roundtable was comprised of CEO's from the large manufacturing firms such as General Motors, General Electric and Southern California Edison.[60]

Of this latter group, it should be of some note that several of these CEO's who voted on behalf of the Clinton Bill were also members of more "forward thinking"

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[59] Personal correspondence with Business Roundtable Official. 1/21/2009.

[60] Ibid.

business coalitions; that is those business policy groups which most closely align themselves with the promotion of liberal social welfare policies.[61]

Nearly all the manufacturing CEO's on the Roundtable's Taskforce who served on the group's Health, Welfare and Retirement Income task Force were also members of these organizations such as the National Leadership Coalition, a liberal advocacy group that works on behalf of healthcare reform for the elderly. Many members of the committee were also active on the Business Council-another "forward thinking" business advocacy group who frequently lends its weight behind liberal social measures[62].

Small Business Political Ideology and the Roundtable's Turn Against the Clinton Plan

As of January 1994, the president remained unsure if he would acquire the crucial support needed from big business to offset the stiff resistance from the small business/stakeholder alliance. As aforementioned in chapter 2, the Clinton team had heavily lobbied the Business Roundtable. However, on February 2nd, 1994, the Roundtable officially came out publicly against the bill. The public statement, written and delivered by John Ong, then the Chair of the Roundtable's policy committee and CEO of B.F. Goodrich, announced the Roundtable's preference for the competing version-the Cooper Bill:

> The Business Roundtable's decision to use the Cooper-Grady/Breaux-Durenberger legislation 'as a starting point' is based on the organization's

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[61] Ibid.

[62] Ibid.

healthcare policy principles, reviews of existing reform packages, and discussions with legislative sponsors. [63]

In the same statement, Ong Continued to spell out the rationale for the Roundtable's opposition:

> People want health security and real reform, but do not want government to make all of the decisions for them. [64]

The Roundtable's final position is consistent with the observation offered by political scientist, Joesph Corrado in his study titled "*Business's Ideologically And Politically Motivated Reversal of Support for Clinton's Health Security Act*", that the business community's turn against the Clinton plan is best explained by politically charged ideological motives as opposed to simple "bottom line" or economic concerns. [65] From his own research, Corrado found that the political ideology traditionally associated with the small business lobby influenced and shaped the thinking of Roundtable members.

An explanation as to how the Business Roundtable came to adopt the ideology of small business despite early dissension within its own ranks; and the significance of business unity on the outcome of the bill is the subject of this chapter.

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[63] Business Roundtable Press release from 2/2/1994 Obtained from personal correspondence with Business Roundtable staff member 1/21/2009.

[64] Ibid.

[65] Corrado, Joseph. Business's Ideologically and Politically Motivated Reversal of Support for Clinton's Health Security Act" *Paper presented at the annual meeting of the North Eastern Political Science Association, Crowne Plaza Hotel, Philadelphia, PA*

Why Did the Business Roundtable Join the Small Business Lobby?

The viewpoint of the Business Roundtable underwent an important change in only a few short months. What factors facilitated unity between the Business Roundtable and the NFIB?

As surveyed in chapter one, scholars who study business politics have devised the (abridged) following indicators to explain how the business community resolves internal disputes:

1) Michael Drieling, a political sociologist, cites the leadership role played by business interest groups

2) Mills and Domhoff hypothesize that common peer group membership facilitates business unity;

3) Michael Useem, a political sociologist, points to the importance of the interlocking directorate—a unique institutional nexus within the corporation that facilitates business unity

4) Patrick Akard, a political scientist points to the confluence of political and economic crises in producing consensus among business

In the context of my own study, I found very strong evidence for the first theory, strong support for the second theory and little evidence to substantiate the latter two claims within the context of the Clinton healthcare debate.

Factors that Facilitated Business Consensus

The Business Community united because business interest groups played important roles in mediating internal conflict.

In the debate on the Clinton Health Security Act, one prominent business interest group, the National Federation of Independent Businesses (NFIB), played an instrumental role in not only mobilizing monetary resources on behalf of this political venture, but also worked behind the scenes to promote accord between all interests within the Business Community. The NFIB proved remarkably adept at bridging together both large firms whose economic activities tend to be transnational in scope; and small to medium sized firms who are primarily domestic economic actors.

The important role of business interest groups in unifying the business community has been previously noted in various studies:

In one study, Dreiling demonstrated that the Business Roundtable assumed the role of community builder in one campaign that greatly expanded the scope of business power.

In his study, Dreiling explored the Roundtable's leadership role in the initial promotion of and defense of the North American Free Trade Agreement (NAFTA) in 1994, when it came under attack by public advocacy groups. Dreiling showed that by almost any indicator the Business Roundtable was the de facto leader of the business community in the effort. The Roundtable provided important financial backing to think-tanks, policy planning organizations, and grassroots business organizations. The Roundtable also lobbied skeptical business compatriots such as the NAM and the NFIB through a mailing campaign and directly lobbied members of Congress as well as the President on behalf of the entire business community.[66]

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[66] Dreiling, Michael. "The class Embeddedness of Corporate Political Action: Leadership in Defense of the NAFTA. *Social Problems*, Vol. 47, No. 1. (Feb., 2000), pp. 21-48

Dreiling also demonstrated that the Roundtable assumed such influence in coordinating the campaign that an individual firm's connection to the organization became a greater indicator of that firm's support for NAFTA then its own industry considerations.[67]

Dreiling's study, in short, demonstrates the immense influence and pressure that business interest groups command. Business interest groups can mobilize even those sections of the business community who do not stand to benefit directly from a proposed policy.

Business interest groups also wield the weapon of political ideology. The pressure for oppositional business forces to forgo parochial concerns and to conform to the political ideology of the coordinating interest group is a reality of business mobilization.

In my own research, I too found evidence that business interest groups played a lead role in the conflict resolution process on healthcare reform.

From the very onset of the Clinton initiative, the NFIB assumed a crucial leadership role in unifying the business community against the effort. According to John Motley, the NFIB's Chief Lobbyist at the time, the association immediately embarked upon a two-step campaign to unite the business community. First, the NFIB had to settle internal quibbles within the small business community[68] before they could turn attention to organizing the entire business community:

> In the beginning of the mobilization effort, the main players within the sphere of
> small business were far from unified. It wasn't until we got the US Chamber of

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[67]Ibid..

[68] Though the level of conflict within the small business community was not nearly as intense as that within the big business community

Commerce on our side, when we finally made some headway as one united lobby[69]

In referencing the US Chambers of Commerce, Motley was referring to that association's initial support for the controversial "employer mandate"(see above for description) which had so galvanized the ire of the small business community. When the group learned that the leadership of the US Chamber of Commerce was seriously lending consideration to the merits of the Clinton plan, the NFIB quickly (and aggressively) pressured the one recalcitrant member of the small business community[70]. Motley described the NFIB's strategy in its coaxing of the US Chamber of Commerce:

> We (The NFIB) pressured the Chamber of Commerce through a mass letter writing campaign. In this campaign, we urged small businessmen who were members of the organization to quit in protest of the Chamber's support for employer mandates. When the Chamber's dues began to drop precipitously, the Chamber, too, reversed its original position[71]

Intra-class lobbying is a useful phrase to describe the type of political strategy employed by Motley and the NFIB in its handling of the US Chamber of Commerce. Intra-class lobbying[72] operates in much the same matter as peer pressure does in adolescent or collegial social circles. In a parallel to how trend setting members attempt

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[69]From personal correspondence with John Motley, 1/24/09

[70] Ibid; It should also be noted that the National Association of Manufacturers (NAM) also opposed the Clinton plan from the start. The NAM along with the NFIB and the US Chambers of Commerce constitute "the big 3" small business lobbies.

[71] Ibid.

[72] Intra class lobbying should not be confused with traditional lobbying in which interest groups exert political pressure upon elected public officials to pass legislation favorable to their respective causes. Nor should the concept be confused with reverse lobbying- a term coined by Joseph Corrado, in which elected public officials exert political pressure upon relevant interest groups to support sponsored legislation

to pressure acquaintances to adopt dominant behavior patterns, the leaders or the trend-

setters of the business community pressure their colleagues to assume similar political

outlooks and behaviors as themselves through the threat of social exclusion and/or

banishment.

This strategy was effectively applied to the US Chamber of Commerce in the

healthcare debate and aimed to sever the organization's body (members) from its head

(the leadership). Without its body, the organization faced the threat of exclusion and also

of course, of outright extinction. Not surprisingly, the leadership of the US Chamber of

Commerce quickly capitulated to the demands of the NFIB and joined the forces of the

opposition.

After (forcefully) uniting the small business lobby, Motley and the NFIB then

turned their attention to the Business Roundtable, the key interest group who represents

big business. Motley explained that from the earliest days of the healthcare debate, the

Business Roundtable was something of an enigma:

> Roundtable opposition to the (Clinton) plan was anything but assured from the
> moment the President announced his initiative right on up to January of 1994. We
> initially thought (the NFIB) that they (the Roundtable) could be persuaded to our
> side but they more or less sat on the sidelines for a good duration of the
> campaign[73]

The Roundtable "sat on the sidelines" because they remained hopelessly divided

on whether to support the controversial legislation. In an effort to unite the Roundtable,

the NFIB went to work in winning over key Roundtable members. The NIFB went about

this task in a manner that was more subtle then the approach taken toward the USACC.

The NFIB attempted to exert direct influence over the internal policy discussions of key

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[73] From personal correspondence with John Motley 1/24/09.

members on the Roundtable's Health, Welfare and Retirement Task Force, the

subcommittee charged with offering a formal recommendation to the General Policy

committee.[74]

In its dealings with the Roundtable, the NFIB, then, assumed the role more as an

interested moderator than as a domineering agent. The NFIB organized informal

discussion forums for leading members of the small business community and Roundtable

CEO's to meet one another and exchange ideas, opinions and concerns regarding the bill.

According to Jeanne Pryce, a high level corporate official who frequented the

forums, the sessions were sometimes marked by high levels of tension, but as she noted:

> Everyone regardless came away feeling more certain that we all shared a common
> set of concerns and solutions to problems[75]

The forums were held at select and posh hotels just outside of Washington D.C.

The hotel setting was deliberately selected by NFIB officials in order to foster a

comfortable and inviting environment.76

A common NFIB sponsored forum ran for about a total of 4 hours. During the

first 2 hours of the session, invited members would wine and dine together. Dinner

provided business leaders from otherwise disparate regions of the business community

the opportunity to become acquainted with one another and to establish social ties.

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[74] Ibid.

[75]From personal correspondence with Jeanne Pryce1/27/2009. Pryce who currently
serves as Director of Western Hemisphere Issues for General Motors was then GM's
Executive Manager for Government Relations from 1987-1994.

[76] Ibid.

Business officials in attendance at the dinners would disclose information about one another's families, hobbies and other relevant personal information. [77]

Pryce recalled one memorable instance in which two unfamiliar CEOs (one representing a large manufacturing corporation and the other who ran a medium-sized plastic producing company) realized that they had worked for the same charity- though in different locations of the country. The two CEO's took a quick liking to one another and arranged a time when their families would meet one another. Social network ties were thus forged at these dinners. 78

Following dinner, NFIB officials would then lead a two-hour "issue forum" in which all guests were invited into a large room (usually a banquet room) to discuss the nuts and bolts of the Clinton plan. The meetings provided business leaders with the opportunity to share their own perspectives as well as to offer critiques of others. Pryce did note that these meetings were highly contentious but at all times the guests preserved a noticeable degree of congeniality:

> While the guests and officials representing the NFIB were unanimously opposed to the merits of Clinton's proposed bill, a sizable portion of the Roundtable members in attendance did support it. To say that this divide caused some tension would be an understatement, particularly considering the outspoken support of the large manufacturers

Pryce added:

> However, all guests who wished to speak exhibited a show of respect toward one another in that there were few interruptions when a guest had the floor and there were frequent efforts among guests to point out similarities in each other's

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[77] Ibid.

[78] Ibid.

arguments. The environment suggested that everyone in the room was seeking some sort of compromise[79]

These informal business gatherings ran from August of 1993 to January of 1994. Only one month later the Roundtable came out in opposition to the Clinton plan and lent their enormous weight behind the Cooper Bill-the competing version that also had the backing of the NFIB. While the meetings may not have been the final determinant that pushed the Roundtable to oppose the bill, one can infer that the NFIB's effort to open lines of communication between the two interest groups made Roundtable members much more receptive to the viewpoints of the NFIB leaders as well as to those of their own colleagues. Once again, turning to Pryce, one can obtain an overall picture of the impact that the policy forums had on the forging of a political consensus among business:

> I can't speak with absolute certainty, as I was not a Roundtable member myself, but the forums seemed to have alleviated the feeling that business was greatly fragmented and engendered the belief that a consensus could be reached. I also think that Roundtable members saw the urgency of the situation in the discussions and realized that there was little time for argument[80]

In deploying two very different though equally effective tactics the NFIB went to great lengths to unite the community in opposition against the healthcare reform bill.

Admittedly, further explanation is needed as to why the NFIB chose to spearhead bullying tactics against the US Chamber of Commerce while coaxing the Roundtable with conciliatory gestures. One possible explanation is that in the wielding of political power on Capitol Hill, very few interest groups are as influential as the Business Roundtable. The fact that the Roundtable is comprised in the whole of CEO's from the

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[79] Ibid.

[80] Ibid.

nation's most powerful firms, likely deters all other business lobbies from crossing this political and economic juggernaut[81].

Overall, the evidence presented here suggests that business interest groups helped facilitate consensus within the business community. Further, this research demonstrates that the small business community assumed this all important leadership role. An explanation is needed then to account for Dreiling's finding which located the nexus of business leadership in a different political campaign firmly within the scope of the Business Roundtable.

One explanation is that small and big business interest groups trade off in the assumption of leadership roles over time. From the standpoint of calculated self-interest, each faction may deem certain campaigns as more important than others. Viewed in this light, Dreiling's finding makes logical sense. Given that Roundtable members had more to gain from the liberalization of international trade then small business did; big business placed a greater importance on assuming a leadership role in the NAFTA campaign then the small business community- where its future benefits weren't quite so clear.

Conversely, the NFIB's leadership role in the healthcare debate is not surprising either, since small business saw a potentially great threat emerge (the employer mandate) and had potentially more at stake then large multinational corporations.

The main point to take away from this section is that business interest groups assume a significant leadership role in unifying the business community when it is

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[81] A less obvious explanation and one that should be explored in future studies is the significance of distribution and production patterns between small and corporate enterprises. As noted by Domhoff, many of the businesses who comprise the small business lobby also share crucial economic production and distribution patterns with the large corporations. Out of sheer economic expediency, then, it might be unwise for the small business lobby to arouse the anger of the Roundtable through bullying tactics.

internally divided. In the healthcare debate, the NFIB played this important role. The role of business interest groups in the conflict resolution process should not be underestimated when assessing the variables that facilitate social cohesion within the business community.

In contrast to the "Business interest groups as community organizers" thesis, Mills and Domhoff have speculated that membership in a common peer group comprised of Chief Executive Officers and other high ranking business officers; play an important role in unifying the entire business community. During moments when Business finds itself divided, it will exhibit a tendency to rally around what they have in common collectively: similar upbringings, lifestyles and professional affiliations. These commonalities, the authors argue, foster class cohesiveness among the leaders of industry.

In the healthcare debate, the influence of a common set of pre-existing social bonds appeared to have greatly facilitated the conflict resolution process during the healthcare debate-particularly within the Business Roundtable.[82]

Peer group interaction and social ties mattered greatly in the Business Roundtable's deliberations. A former high ranking executive of one of the big three automakers, who wished to remain anonymous, explained that the fear of offending one's

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[82] As a result of the relative diversity and fluidity of the socio-economic, educational and professional backgrounds of the owners of small and medium sized businesses, this theory only accurately explains the resolution of intra-class conflict within the Business Roundtable. The socio-economic, educational and professional of the owners and top executives of the largest corporations tend to be much less diverse. Shared experiences and backgrounds are thus, much more uniform and likely to matter within this segment of capital.

social peers, was a major determinant in forging a unified stance among the divided

membership of the Roundtable:

> One thing that I found interesting during (Roundtable) policy meetings was the emphasis that one member would place on past social interactions when trying to convince an opponent to see his side on the issue. I can recall one instance in which a member on the committee actually switched his position when he was reminded by his colleague and good friend that his stance (he was in support of the bill) was at odds with the viewpoints they had shared while in business school together.[83]

The Former executive, who was a regular observer of the Roundtable

proceedings, also explained that several of the CEO's intermingled at similar charitable

events and had established long-standing personal and professional ties. The connection

even went further than having attended the same business school:

> "You see, all the executives know one another-sometimes quite intimately. In fact, six or seven of the CEO's who served on the subcommittee (Health, Welfare Retirement Taskforce) lived in the same exclusive neighborhood in New York. They not only had regular contact with one another at work but outside of work as well. The debate did not end when they got home."[84]

The former executive also explained that a majority of members also belonged too

many of the same professional associations outside the Roundtable, thus strengthening

the level of social interaction and familiarity among the CEO's:

> Many of the(Business Roundtable) members were also active in other active business organizations, particularly the Business Council. It is fair to say that the CEO's interact with each other in a number of forums in addition to the Roundtable [85]

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[83] From personal correspondence with an anonymous corporate official 2/2/09.

[84] Ibid.

[85] Ibid.

The fear of offending one's peers on the Roundtable and the added social pressure that the executives felt in arriving at a consensus is not unlike the experiences found in other elite collegial settings such as the Supreme Court. Like the CEO's on the Business roundtable, the 9 justices on the supreme court, as Sheldon Goldman[86] reminds us, constitute a unique peer group in that they share similar educational pedigrees (law degrees from nation's top law schools) professional experiences(many served as Supreme Court law clerks, state and Federal District Court Judges) as well as having membership in elite legal associations such as the ABA.

In another Supreme Court parallel to the collegial pressures on Roundtable members, legal scholars, Forest Maltzman, James Spriggs and Paul Whalbeck argued that the 9 justices routinely bargain with one another in order to mediate conflict and enhance the chance of reaching a consensus.[87] Interestingly, Maltzman et al; argued that the justices bargained as much as to facilitate social cohesion and to maintain congenial relations and social cohesion in their peer group as they did to facilitate the immediate process of judicial decision making. The same arguments that Maltzman et al; make for their assessment of judicial behavior on the Supreme Court can easily be applied to CEO's on the Business Roundtable and their willingness to reach compromise.

The salience of shared backgrounds, experiences and professional contacts that constitute a peer group are important variables that contribute to the resolution of internal division.

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[86] One of the leading authorities on judicial law and behavior

[87] Maltzman, Forest, Spriggs, James and Whalbeck, Paul. Crafting Law on the Supreme Court: The Collegial Game. Cambridge University Press; Cambridge, UK: 2000.

In contrast to both Dreiling and Mills/Domhoff is Useem who emphasizes the importance of the interlocking directorate in facilitating consensus. The interlocking directorate refers to the phenomenon by which a highly compact group of CEO's serve on one or more Boards Of Directors in a corporation other than their own. The result is that CEO's form direct network ties with other CEO's from otherwise disparate sectors of the business community. CEO's engage in this behavior in order to better survey the general business environment in which the entire community operates within.

Useem terms this process of surveying the business environment as "*business scan*". One way, according to Useem, in which leaders of industry adopt a cohesive class wide perspective and put aside internal conflict, is through a forum which promotes "sustained" interaction with other corporate leaders through interlocking directorships.[88]

In the healthcare debate, however, it does not appear that the interlocking directorate played a very substantial role in promoting consensus. The same Roundtable official, again speaking on condition of anonymity, explained that a good majority of the CEO's who served on more than one board of directors were also predominantly the manufacturers-the same members who comprised the minority of Roundtable members in support of the Clinton plan.[89]

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[88] Useem, Michael. The Inner Circle: Large Corporations and the Rise of Business Political Activity in the U.S. and U.K. Oxford University Press, Inc. New York, New York: 1984.

[89] From personal correspondence with Business Roundtable official 1/21/09. This tendency is due in no small part to the fact that the large Industrials require heavy and constant infusions of capital; and due to the sheer size of their operations require extensive distribution networks with other large Industrial corporations. These realities make CEO's of these corporations especially likely to foster connections with those CEO's of large manufacturing and financial firms

One obvious problem with this finding, concerns the membership of those who are included among the interlocking directorate. If only a small percentage of all business executives on the Roundtable served on more than one Board of Directors at the time of the Clinton debate, then the interlocking directorate could not have been a unifying tool. A majority of Roundtable members, and those who ultimately voted down the Clinton version, were not even part of the interlocking directorate network in the first place. The only thing one can speculate on is whether or not the interlocking directorate network helped align those CEO's who constituted the minority in support of the bill-which it appears to have. However, that question is beyond the scope of this project.

A final theory accounts for conditions in the general political or economic environment that represent, or are perceived to represent, a common threat or that create shared interests among significant segments of Business.[90] This argument put forth by political sociologist, Patrick Akard, in his survey of business mobilization in the 1970's; posits that a flurry of disturbing economic conditions emerged in the early to mid 1970's that affected the business community as a whole.

Economic stagnation and the emergence of global competition, new economic pressures combined with the "inflexibility" of existing labor relations and an expanded state, changed the policy orientation of the corporate sector from that of an accommodative position to that of active resistance. According to Akard, the interests of big business and small/medium sized business (competitive capital) converged as a broad

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[90] Akard, J. Patrick. "Corporate Mobilization and Political Power: The Transformation of U.S. Economic Policy in the 1970's", *American Sociological Review*, 1992, Vol. 57 (October: 597-615)

consensus developed on the need to reduce the market power of labor and the

administrative and the fiscal capacities of the state in the face of growing economic crisis.

My own research reveals very little evidence that these concerns factored into the

unification of small and big business against national healthcare. According to Mark

Isakowitz, Health lobbyist for the NFIB during the healthcare campaign, concerns over

the political and economic climate were not significant considerations at the time.

Instead, what united the business community, according to Isakowitz was a commitment

to a free-market political ideology:

> What united business on the whole was a fundamental concern over the potential
> of greater government intervention and loss of consumer choice should the bill
> have passed.[91]

Isakowitz added that if anything the business community had reason to be hopeful

in terms of securing a stable political and economic environment with the election of

President Bill Clinton:

> "In late 1993 early 1994, there was widespread evidence that the economy was
> beginning to stabilize. It was only a short time later that the NAFTA was passed
> with unanimous support from almost all sectors of business."

Rather than point to fears of the economic and political environment, Isakowitz's

comments highlights, again, the influence of political ideology as a rallying point for

business unification.[92] The Business Roundtable spokesperson, confirmed too, that

potentially troubling economic factors such as growing international competition were

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[91] From personal correspondence with Mark Isakowitz 2/5/09

[92] My research corroborates Corrado's findings that political ideology played an
important role in the unifying of big and small business.

"already being attended too" and played very little role in the deliberations of the

business community in the healthcare debate:

> In terms of international competition, small and large businesses alike supported
> an expansion of international trade. If the economy had been a concern the
> corporate sector might have been more inclined to support healthcare reform[93]

> Concern over economic and political stability appears not to have been a
> significant concern or a unifying point for Business elites. During times of
> economic expansion or periods of stability the business community may be more
> inclined toward building accord upon the foundation of a common ideological
> framework. Conversely, during periods of prolonged crises, business may be
> much less likely to cling to political ideologies. Contemporary events, in fact,
> show that during crises situations, business' willingness to surrender political
> ideology in favor of bottom line concerns will lead it to sleep with some unlikely
> bed fellows.[94]

The Impact of Business Unity on the Fate of the Clinton Health Security Act

When the Business Community officially came out in opposition to the Clinton

Health Security Act in February of 1994, the impact of business unity on the organization

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[93] From personal correspondence with Business Roundtable official 1/21/09

[94] Ricardo Alfonso-Zaldivor, of the Los Angeles Times reports that a similar
development occurred from on the onset of the 2008-2009 economic crises. In the face of
declining profits and increased costs, a remarkable alliance formed between the
Roundtable, the NFIB, the SEIU and the AARP. The coalition, named Divided we fail,
aims at guaranteeing that healthcare and retirement security are high on President
Obama's political agenda. The plan calls for healthcare for all. While these respective
groups have competing versions on how to achieve universal healthcare, it is significant
that these past political enemies (SEIU ,AARP and the NFIB, Roundtable) are working
under one policy umbrella. The materialization of this coalition suggests that the ideology
of corporate liberalism may in fact be making a significant comeback.

of the stakeholder alliance and subsequently on the fate of healthcare reform itself was readily felt. The president, himself, admitted as much to a top aide that the bill stood at an impasse without the crucial support of business. [95] Prior to this admission, the Clintons' desperately lobbied key members of the Business Roundtable with the hope that business opposition could be overcome.

Other evidence that the achievement of business unity directly stymied efforts at healthcare reform is through the mass defection of key congressional Democrats from the pro-healthcare alliance to support for the more conservative Cooper version in the immediate wake of the Roundtable's announcement.

Political Scientist, Theda Skocpol, notes that a coalition of moderate Democrats and Republicans who had previously oscillated in their support for the legislation came out decidedly against the Clinton legislation in March of 1994[96]. While Skocpol attributes the defeat of the Clinton Health Security Act to different causes such as shifts in Americans attitudes toward the role of government and to the ineptitude of liberal elites, her emphasis on the period of March of 1994 when congressional opinion shifted decidedly against healthcare should not be viewed as coincidental. Instead, as Clinton's admission reveals, waning support for healthcare reform may have been a result of lost confidence in the political feasibility (absent business support) of healthcare reform.

Still, further evidence suggests a strong correlation between the defeat of healthcare reform, and the attainment of business unity. Business unity appears to have

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[95] Pear, Robert. "Clinton *to* Top Aide: Healthcare bill in Trouble Without Business Support" *The New York Times*. 3/14/1994.

[96] Skocpol, Theda. Boomerang: Healthcare Reform and the Turn Against Government. WW Norton, New York, New York: 1997.

strengthened the political position of the entire stakeholder alliance. Evidence that

Business unity had this effect is supported by John Motley's assertion that campaign

contributions from the rest of the stakeholder lobby(big Pharma, Insurance/HMO's,

Hospital lobby)increased by nearly 50 percent in the ensuing fundraising quarter

immediately following the unification of the business community[97]. From Motley's

perspective, the unification of business increased confidence for the stakeholders:

> I don't mean to suggest that our allies (the stakeholders) were ever in financial trouble in terms of how much money they had in the bag for PAC (political action committee) contributions and lobbying expenses, in fact they had few if any problems. But I do think the massive uptick in financial activity can be at least in part explained by the confidence that came with knowing that all of business backed them up politically and financially speaking[98]

Motley's assertion lends credence to the theory that business unity spurred a new

found confidence in the ranks of the stakeholder alliance. Accordingly, it appears

plausible that sensing that victory was imminent-the stakeholders unleashed an influx of

campaign contributions to Congress which had its intended effect. The intended effect

sought by the contributions was to shift the allegiances of all those Legislators who

wavered in their support for the pro and anti healthcare forces decisively in favor of the

latter.

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[97] From Correspondence with John Motley, October 16th, 2009.

[98] Ibid.

A Word on the Role of Political and Institutional Factors in the Defeat of the Clinton Health Security Act

It is no coincidence that precious momentum for the Clinton Health Security Act was lost in the same month[99] that the Business Roundtable finally joined the stakeholder/small business opposition. However, at this point, some scholars may take issue with the fact that little attention[100] has been devoted to institutional factors that may have aided in the defeat of the bill.

As was the case in the Truman healthcare reform saga, institutional impediments emerged again in the political forms of intra-party disunity and a vexing congressional committee sub structure.

Consistent with an anti-government, anti-tax political ideology, House Republicans stood in unified opposition to the Clinton health reform effort from the start. In fact, Republican unity against healthcare reform was a defining feature of the debate according to Jacob Hacker,101. Unification in the Republican ranks was particularly acute in the House, where Republican congressmen and women stood in near unanimous opposition to the legislation,102. The impact of a divided government in which House Republicans stood unified against a Democratic administration, surely played a part in the bill's demise as well.

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[99] February of 1994

[100] Aside from the introduction

[101] Hacker, 132.

[102] Ibid;

While the Clintons' did fret over Republican unity and opposition to the legislation, they thought the bill still stood a chance so long as Democratic Party unity could be achieved. Clinton's rational was that since Democrats held a majority in both Houses at the time, Republican opposition could be overcome. However, at the very moment that the Clintons were pursuing such support, a more moderate version of the bill was being circulated throughout Congress by Congressmen Jim Cooper-a moderate Democrat from Tennessee. [103]

From the start, the alternative Cooper proposal garnered bi-partisan support for its staunchly business friendly provisions-the most significant being the absence of the hated employer mandate. The bill, not only gained the bi-partisan support of 32 House Democrats and 26 House Republicans, but also had the support of the business lobby-the most vocal of whom were the NFIB, The US Chambers of Commerce and the Business Roundtable. With other influential centrist House Democrats such as John Breaux of Louisiana signing on to the Cooper bill, it became apparent to many pro-Clinton Democrats in the North that a long-standing regional schism within the Democratic Party was once again obstructing attempts at healthcare reform. [104]

Not surprisingly, racism was seen by several progressive organizations and commentators as the primary reason why southern and Midwestern politicians settled on the Cooper Vision. For example, at a Civil rights meeting In Memphis, Tennessee, the American Federation of State, County and Municipal Employees distributed a flyer that

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[103] Clymer, Adam; Pear, Robert; Tooner, Robin. The Healthcare Debate: What Went Wrong? How the Healthcare campaign collapsed. *New York Times*. 8/29/1994.

[104] Ibid.

claimed Cooper's plan would be detrimental to African-Americans more than others and that the plan would be an injustice to the community.[105] The AFSCME also accused Cooper and centrist Democrats of conspiring with the healthcare stakeholders to withhold coverage from millions of poor African Americans. John Conyers, an African-American Congressmen from Michigan, even went as far as to call the Cooper version "a direct affront to the African-American community who daily suffer the brunt of our unjust healthcare system." [106]

An additional institutional factor in the defeat of the Clinton healthcare bill was the fact that pro-Cooper/centrist Democrats from the Midwestern and Southern states controlled crucial congressional committees for moving through healthcare reform.

Finally, one is also reminded time and again, just how little control the President has in directing a legislative agenda through congress. In the debate on the Health Security Act, the president faced institutional obstacles that would be unknown to a Prime Minister in a parliamentary system107. In the course of one legislative undertaking, the president had to contend with a unified opposition in the Republican party; dissention within the ranks of his own party; and the hefty influence of stakeholder

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[105] Ibid.

[106] Ibid.

[107] For example, in a parliamentary system, voters vote for the party of their choice not for the individual candidate-thus shielding individual representatives more from the specific demands of lobby groups and interests. In single-member plurality systems like the US-voters vote for individual candidates which has the effect of personalizing the candidate and making him/her open to the direct influence of exogenous forces. Also, in a parliamentary system, the prime minister has much more control over enforcing party discipline/unity. The type of intra-class dissention seen within the Democratic Party in both the Truman and Clinton attempts at healthcare reform would be almost unimaginable in a parliamentary system.

and business lobby groups on both the members of Congress and upon his own Administration.

Complicating matters further, the President had to also navigate the bill through an intricate system of checks and balances between the House and Senate. Even if Clinton could have mustered up the votes to see his bill through the House of Representatives the chances of it emerging out of the much more conservative Senate either in its current form, a modified form or at all-depended on several factors that the President had very little control over.

As it happened, the bill formally suffered defeat in August of 1994. Three Months later, on a platform of ending big government, the Republicans routed the Democrats by capturing both houses of congress for the first time since 1954.

Conclusions

The reader should pull away the following points from this chapter

First, Interest group leadership was the most viable explanation for the forging of political consensus in the business community. The NFIB actively and effectively played the role of community organizer by deploying a two-pronged strategy in an effort to unite business. It chose to utilize bullying tactics against its small business sibling-the US Chambers of Commerce. Conversely, it also sought to heal internal divisions within the Business Roundtable and win recalcitrant members to their cause through more subtle tactics. Due to its proficiency in the art of intra-class lobbying, the NFIB successfully opened up lines of communication between competing segments within the Business Community, achieving in the end unification.

Second, In the end political ideology was a more important explanation of business opposition to the healthcare bill then economic considerations. True, the NFIB was chiefly concerned about the employer mandate—-what could be construed as an economic consideration. However, it was the perceived threat of government coercion (to be forced to pay healthcare costs) and the subsequent loss of individual choice which irked the small business lobby. Eventually, of course, the NFIB succeeded in convincing the Business Roundtable to adopt their framework. After all, implicit in the Roundtable's statement of opposition was the fear of expansive government power should the bill succeed. Unfounded or not, the NFIB successfully infused the CEOs with the political ideology of small business, with results that continue to spill over into contemporary attempts at healthcare reform.

Third, the unification of business meant that the business community could finally mobilize their full and collective resources. While the NFIB was a key player in the mobilization effort as well as an important member of the stakeholder alliance, it wasn't until the Business Roundtable lent their substantial influence to the cause when Quadagno's stakeholder alliance dealt the proverbial death knell to the Clinton Initiative. The fact that the wheels came off Clinton's policy train at the very juncture that the business community achieved unity is a case for the relevance of the business consensus approach in explaining the defeat of healthcare reform in the United States.

Finally, it is at least somewhat likely that the Clintons' could have offset the resistance of the stakeholder/small business opposition with support from Big Business and an alliance of organized labor and a consortium of citizen action groups such as the AARP. What Clinton could ill afford was the opposition of the entire business

community. To his credit, Clinton attempted to preempt this nightmare scenario from ever transpiring by aggressively lobbying the Business Roundtable. In the end though, Clinton could not keep the community in a state of disunity.

In the following chapter, I address both a troubling reality and a vexing question: If internal conflict within the business community was successfully managed by economic elites in the realm of healthcare policy, why then was its adversary, organized labor, too, not able to overcome internal conflict in its own effort to mobilize on behalf of healthcare reform? In chapter 4, I will shift my purview and explore this question in some depth.

LABOR FAILURE TO REACH CONSENSUS ON HEALTHCARE REFORM

Throughout the duration of the Clinton Healthcare debate, labor failed abysmally to counter the position of Business in their push for national healthcare reform. This chapter explores labor's inability to fashion a unified stance on behalf of this important welfare legislation.

Labor, like business began the debate internally divided, but unlike Business, was unable to reach consensus in support of the bill. My primary focus in this chapter is to uncover the answer to this question: why was labor unable to come to a consensus on healthcare reform while Business succeeded?

In pursuit of this question, I identify, first, a persistent philosophical schism between two wings of the labor movement: traditionalists and leftists. I next describe the sources of internal conflict within labor and juxtapose the nature of ideological conflict within labor to that of business to demonstrate that both contending forces began in similar predicaments. I then, explore the abovementioned question that underlies this chapter.

<u>**Alternate Visions of Labor's Purpose**</u>

In a direct parallel to Business, a great historical schism, too, erupted within the labor movement in response to the healthcare debate. Labor splintered between two ideological wings within the movement who had long been in conflict over the direction, purpose and greater vision of labor. According to David Cohen, a veteran of the movement for single-payer healthcare, the long standing rivalry between the two wings

came to a head throughout the course of the debate[108]. A rivalry emerged between traditionalist union leaders and rank and file leftists. A brief summary of the key tenants of the contrasting ideologies and examples of specific union affiliations are outlined below to provide a context to the nature of this ideological division.

The Traditionalist/Leftist Division

Generally speaking, traditionalists see organized labor less as a consciousness raising social movement then as a bargaining apparatus. Traditionalists also see labor as a junior partner of capital who has a stake in a working employee-employer accord.

Traditionalists view the primary constituency of the labor movement to be union members as opposed to the entire working class. For example, prior to 1999, the traditionalist leadership of the AFL-CIO supported the employer sanctions provision of the 1986 Immigration Reform and Control Act, and most union leaders opposed the inclusion, or practiced the exclusion, of immigrant groups in US Unions-- viewing undocumented workers as outside the realm of their common constituencies. [109]

In contrast, leftists[110] define their constituency much more broadly to encompass all members of the working class. It was the leftists in the union movement for example, who helped bring about the AFL-CIO's historic shift, prompting the federation to call for the repeal of employer sanctions and for the demand of full amnesty for undocumented immigrant workers.

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[108] Cohen, David. Personal correspondence. December 1.

[109] Flethcer, Jr. Bill, and Gapasin, Fernando. Solidarity Divided: The Crisis in Organized Labor And A New Path Toward Social Justice. University of California Press. Berkeley, CA: 2008.

[110] In the mold of the former socialist presidential candidate Eugene Debs, A. Phillip Randolph and William Z Foster

The scope of the labor movement's Constituency is not the only issue that traditionalists and leftists disagree on. The two factions also define their allies and enemies along different lines. Traditionalist union leaders view "good" capitalists and politicians as their natural allies. A case in point is the union movement's long embrace of Democratic Party politicians and its alliance with important figures in the business community. Because they share a common interest with the political and business establishments, traditionalist union leaders view communists, socialists and anarchists as the enemy.[111]

In contrast, leftists define their allies as those who favor a range of reforms that aim to enhance the power and welfare of working-class people. Strategically, leftists also view participants in social movements as allies. Leftists come to see groups such as environmental and student activists, anti-war protesters and consumer rights advocates as natural allies in a multi-faceted war against corporate power and imperialism.

The chief enemy of the left is the multi-national corporations and its imperial tentacles: pseudo fascist institutions like the International Monetary Fund (IMF) the World Bank and the World Trade Organization (WTO). Leftists also regard pro-corporate governments promoting anti-worker policies as an enemy. Lastly, leftists view traditionalist unionists as enemies because of their historical repression of the left and for their sycophantic behavior toward capitalists. [112]

The final point of contention between traditionalists and leftists lies in differing conceptions of the geographic scope of the labor movement. Traditionalists are

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[111] Ibid.

[112] Ibid.

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unconcerned about the oppression of the international working class. Traditionalist

unionists frequently support US foreign policy and the international policies of large multi-

national corporations, seeing their interests as tied to the success of business. Leftists, in

contrast, work toward the goal of emancipating all the workers of the world and seek to

unite them in their common struggle against corporate imperialism.[113]

    This schism between the traditionalist and leftist variants is a source of serious

tension for leftist labor activists. Some trade unionists such as Cohen, explained that the

greatest source of tension between the leftist-led unions and the traditionalist ones as

described in some detail (above) concerns the two factions' divergent solutions for growing

the membership of labor—which Cohen concedes is a serious problem:

> I think the biggest issue is obviously how to increase the size of the movement.
> There are basically two wings of the movement who each have their own solutions.
> The first wing believes that labor should make deals with employers for the right to
> organize. This strategy I think is dangerous because labor essentially trades away
> their rights and settles on less union democracy and gets in return a controlled
> membership

Cohen reiterated the analysis (above) that the leftists adhere to those solutions most in tune

with the long-term objectives of all working-class people:

> The Second wing of the movement believes that unions have to aggressively
> organize and take their rights. But in order to do so labor must also have internal
> democracy. We can't just have as our goal a simple growth in numbers but a vision.
> Some Unions are definitely moving in the right direction on behalf of these goals.
> The Communication Workers, the West Coast Longshore-Men, the Steel Workers
> and the electrical workers are all examples[114]

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[113] The international workers of the world are perhaps the best example of a labor movement who fix their geographic scope to the entire globe. At the turn of the century, the Wobblies, as they were known, sought to organize all workers of the world under one industrial union. Led by the likes of Eugene Debs, "Big Bill" Haywood and Daniel De Leon, the IWW regarded nationalism as an evil that sought to break apart global working class unity.

[114] Ibid.

The Traditionalist/Leftist Divide in the Campaign for National Healthcare (1994)

The story of US Labor throughout the entirety of the debate on the Clinton initiative is a sad and tired one. As in campaigns past for universal healthcare, organized labor found itself divided and embattled. This time around, a meaningful chance at healthcare reform was on the one hand hampered by a division between a traditionalist national leadership bent on avoiding a potential conflict with employers; and on the other hand, by a leftist contingent of rank and file members content on injecting democracy into the labor movement.

While the traditionalist leadership emerged in support of the Clinton Health Security Act, union leaders chose not to make the en action of the more progressive single-payer option their top priority-costing them crucial support from the movement's rank and file. Instead, the union leadership of the SEIU maintained that the Clinton proposal went far enough both in its expansion of coverage and in its regulation of private insurance companies. Marie Gottschalk, provides an answer as to why traditionalist union leaders opted not to push for a more progressive option. According to Gottschalk, AFL-CIO leaders were not willing to risk a head on conflict with big business in advocating for a single payer system because they feared angering the business community:

> The AFL-CIO leadership's steadfast commitment to the Clinton framework for
> health care reform reflected more than anything a desire to avoid a full blown
> confrontation with business forces[115][116]

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[115] Gottschalk, Marie. "Organized Labor's Incredible Shrinking Social Vision.". In
Healthy, Wealthy, and Fair. Edited by Morone, A. James and Jacobs, R. Lawrence.
Oxford University Press; New York, New York: 2005.

[116] Big Business , of course, came out against the Clinton plan too. Labor spent wasted
energy worrying about the stance of big business.

More secondary, AFL-CIO leaders were also committed to protecting their Taft-Hartley Funds. The Taft-Hartley Funds were health benefit packages that had been obtained though the collective bargaining process of the virulently anti-union TAFT Hartley Act of 1948. Under a single-payer system this source of revenue would be lost. Furthermore, Clinton's proposal included a section that would protect this source of funds[117]. The AFL-CIO, then, prioritized the maintenance of private fringe benefits over the blossoming of a truly progressive agenda for healthcare reform.

Meanwhile, a significant minority comprised of rank and file members from a cross-section of local chapters of the AFL-CIO emerged to challenge the leadership. The single-payer alliance was broad, encompassing a network of local unions from the powerful American Federation of State, County and Municipal Employees (AFSCME), to almost unanimous support from activists in the International Longshoremen's Association (ILA). Even Cohen's own Union of Electrical workers (UE) provided spirited support for the single-payer cause[118].

The rank and file activists, in short, maintained that Clinton's proposal did not go far enough and called for a single-payer healthcare system modeled on Canada's.

According to Gottschalk, the single-payer activists were motivated to push for a single-payer system despite widespread opposition from the AFL-CIO's own national leadership. The activists were encouraged because of two significant developments: first, they were galvanized by recent alliances that had been forged among a cross section of anti-corporate, environmental and indigenous groups opposed to the North American Free

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[117] Ibid.

[118] Personal correspondence with David Cohen, December 1st.

Trade Agreement (NAFTA) and saw a valuable opportunity to build upon the

organizational successes of the anti-NAFTA campaign.[119]

These activists had also learned that the national union leadership would do little to

nurture these valuable new alliances and thus saw it as their responsibility to inject

democracy into the labor movement.

Single-payer activists were also encouraged by the recent push among labor radicals

to organize an independent national labor party. Significantly, one of the labor party's top

priorities was the implementation of a government supported national healthcare system.

Thus, Single-payer activists found in the labor party an important institutional base in their

struggle for a more progressive healthcare model.

Internal Division In Both Business and Labor

The natures of the ideological cleavages that split labor in the Clinton Healthcare

Debate were not unlike those that divided business early on in the campaign. One can even

detect striking parallels between the ideologies of small business activists and leftist

activists on the one hand and between big business leaders and traditionalist union leaders

on the other hand.

In the healthcare debate, both small business activists and leftist activists,

respectfully, adhered to absolutist political doctrines. For example, from the beginning of

the campaign, small business was firm and uncompromising in its purely ideological

market stances against the controversial employer mandate. Small business as best

exemplified by the NFIB reflected a virulent fear of government intervention both into the

patient-doctor relationship and into the internal pocketbook affairs of small business

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[119] Ibid.

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owners. Small Business then was reacting against what they perceived as a very real ideological threat-big government.

Leftist unionists, too, adhered to an absolutist political agenda of social justice and resistance to business co-optation in their struggle for national healthcare. Single-payer activists were united against whom they perceived as common enemies: a parasitic healthcare industrial complex and a co-opted Democratic administration.

Similarities can also be drawn between the leaders of big business and traditionalist union leaders in the healthcare debate. Though some big business leaders shared a common end goal with the leaders of small business in the bottom line; its leaders were much more flexible in their strategies toward securing this end. Toward the beginning of the debate, a substantial faction of the Business Roundtable even went as far as to embrace a government-run healthcare system even if it meant ceding a degree of private power to the dreaded state. The main point is that at least some leaders of big business were willing to negotiate with a perceived enemy of business if doing so meant a future boost to the bottom line.

Throughout the campaign, traditionalist union leaders, too, exhibited a tendency to compromise with the enemy. For traditionalist union leaders, protecting the few private benefits that labor possessed was more important than risking the further erosion of worker's healthcare benefits-a possibility, leaders feared, might crystallize if labor organized against both the Clinton Administration and business.

A case can be made, then, that both business and labor were ripe with similar and enduring internal ideological conflicts at the inception of the proposed healthcare reform.

But why then was business able to transcend internal conflict and reach consensus while labor was not?

The answer to this question, I think, lies in the comparative weakness of interest group leadership within the ranks of organized labor. As aforementioned in the previous chapter, the leadership of business interest groups was crucial in forging political consensus within business (against healthcare reform). While the NFIB played a particularly influential role in unifying business, an interest group leader among labor was conspicuously absent.

According to Chuck Taylor, a Boston city councilman, community organizer and veteran of the single-payer movement for healthcare, the SEIU (labor's most active representative in the healthcare debate) made little effort at reaching consensus with single-payer activists:

> From my experiences sitting in at both national and regional SEIU policy meetings, the SEIU leadership barely acknowledged the single payer option as an alternative to the Clinton proposal. Accordingly, SEIU leaders showed very little initiative in reaching out to the single-payer activists[120]

Taylor added that the SEIU leadership treated single-payer activists with utter contempt:

> Not only did the SEIU fail to forge any sort of consensus between labor leaders and single-payer activists but they accused us of obstructionism in general and of sabotaging the healthcare reform effort. I think this attitude was generally present among much of the leadership of the AFL-CIO[121]

Taylor's account of the hostile handling of single-payer activists by the SEIU places the actions of this influential labor interest group squarely at odds with its counterparts in

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[120] From personal correspondence with Chuck Turner, December 2, 2009.

[121] Ibid.

the business community. Whereas the NFIB handled business division in a patient and even respectful manner; the SEIU simply dismissed and denigrated those internal detractors who dared stray from the official policy line.

Below, I also describe a second and alternative explanation in accounting for Labor's failure to reach political consensus.

The American Electoral System and Impediments to Labor

America's single member plurality system is unique in comparison to that of much of the industrialized world. In this type of electoral system, citizens vote for individual candidates (rather than for political parties) in a winner take all contest. In other words, rather than award congressional seats on a proportional basis as is the case in parliamentary systems, the winning faction captures all the seats while the loser receives nothing-irrespective of the percentage of his/her vote.

One consequence of this arrangement, according to democratic theorist, Robert Dahl, has been the forging of a two-party system. The idea is that Americans are dissuaded for voting for third party candidates out of fear that they are throwing their vote away. Instead, Dahl notes, citizens commonly vote for the candidate who is the "lesser of two evils."[122]

Viewed within this context, the dilemma that the U.S. electoral system poses for labor is not hard to see. Within the context of a political system long dominated by the Republican and Democratic parties (two historic factions solidly dominated by business

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[122] Dahl, Robert. How Democratic is the American Constitution? Yale University Press; New haven, Connecticut: 2002.

interests)[123] labor has found it difficult to grow an independent labor party. Lisa Disch, a political scientist, speaks to this reality:

> Perhaps no one constituency has suffered so much as a result of the nation's two-party and winner take-all electoral scheme as organized labor. Time and again Labor's attempts at constructing an autonomous political party have been frustrated by the political legacy of the two party-state[124]

With the forging of an independent path blocked, then, labor leaders have (since the Great Depression) elected to work through the comparatively open avenue of the Democratic Party to ensure that their voice is heard.

One consequence of labor's reliance on the Democratic Party has been to weave the often conflicting political agendas of labor and of the Democratic Party together.

In the late 1970's to the early 1980's, of course, labor's position became especially vulnerable when business broke the accord and helped spur the election of the New Right politician, Ronald Reagan. Even later with the election of a staunchly pro-business Democrat in Clinton, labor exhibited little ability to challenge Clinton's pro-business ideology. The accommodative relationship of labor to the Democratic Party has led to the entrapment of labor leaders within in a narrow box of options that prevents the forging of alliances with leftist activists. This condition is readily apparent in the frustrated attempts by leftist unionists to build an institutionally viable power base from which to unite and lead labor on an independent and democratic path.

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[123] Indeed, E.E. Schattschneider, the late political philosopher, noted long ago in his political classic The Semisovereign People that the Republican Party was created by business interests in order to win elections. Schattsneider also explained that the interests of the Democratic Party while encompassing to a degree the interests of Labor were still decidedly pro business in their outlook.

[124] Disch, Lisa. The Tyranny of The Two-Party System. Columbia University Press; NY, NY: 2002.

Cohen, the single-payer activist, strongly agreed with the plausibility of such an explanation and said that the lack of an organizationally viable third party proved to be a detriment to the single-payer activists throughout the duration of the Clinton campaign:

> The lack of a strong labor party withheld a vital organizational base for the single-payer movement back in 1994. It is unfortunate that they (the activists) did not have such a base because they certainly had the passion to succeed[125]

Conclusions

This chapter began by demonstrating that labor has long endured a schism between two competing factions: traditionalist unionists and leftists. I then outlined the political ideologies and described the points of disagreement between the two warring factions in the context of the campaign for national healthcare.

Next, I juxtaposed the initial starting positions of labor and business in the healthcare debate to show that both began in a period of common dissension. I then explored why labor failed to reach consensus on the healthcare reform effort. In answering this question, I pointed to the absence of interest group leadership within the ranks of labor. Thus, I argued that a key feature in the success of business mobilization was noticeably absent in the context of labor. Finally, I devoted some space to an alternative institutionalist explanation for labor's failure to reach consensus.

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[125] Personal correspondence with David Cohen, 10/24/09.

CHAPTER 5

THE EMERGENCE OF "DIVIDED WE FAIL" AND SOME FINAL OBSERVATIONS

During the tenure of former President George W. Bush the Business Community was united behind the staunchly pro-business policies of his administration from 2001-2006.

It is telling that throughout Bush's first 5 years in office he received perfect 100 percent ratings from the US Chamber of Commerce and the National Association of Manufacturers for his economic policies. The President also met with and was received by Business Roundtable representatives at a frequency greater than any proceeding President before him. Additionally, data compiled by Fairness and Accuracy in Reporting (FAIR) reports that the very same Wall Street interests who backed Gore's run in 2000 overwhelmingly lent their support to Bush over his Democratic challenger John Kerry, in the 2004 Presidential election. Small and Big Business, then, were united behind the staunchly neo-liberal agenda of the Bush Administration.[126]

However, by late 2006-early 2007 the Business Community had generally divided into two distinct factions with Big Business distancing themselves from the agenda of the Bush Administration and Small Business remaining deeply committed to the principles of a strict laissez faire economy. Big Business leaders were primarily reacting to a triad of concerns: the largely unpopular and fiscal nightmare that was becoming the Iraq war, the gathering storm clouds of an impending economic downturn and the subsequently

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[126] Fairness and accuracy in Reporting, (FAIR) "President Has unprecedented Support from Business." Editorial. 10/6/05.

growing popular anger at rising gas prices and the costs of basic food stuffs such as
bread, eggs and milk.

By 2007 Representatives of the Big Business community began to distance
themselves from the sitting President and advocated policies that fell more closely in line
with that of a liberal agenda. For example, the Business Roundtable took up a sustainable
growth initiative in 2007 and an education, innovation and workforce initiative in early
2008. However, the most divisive policy area that the Roundtable ventured into was
healthcare. While the manufacturing wing of the Roundtable constituted the losing wing
in the organization's ultimate rejection of the Clinton Health Security Act in 1994; by
2007 the manufacturing sector had at last achieved a position of great influence within
the Roundtable.

Large manufacturers on the Roundtable's Health, Welfare and Retirement
Taskforce, feeling the strain of spiraling healthcare costs and concerned over rising
popular anger over the economy, stressed the need for accessible and affordable
healthcare insurance for all Americans. Unlike in 1994, when internal conflict erupted
within this organization, Roundtable members from all industries appeared to have
agreed with the manufacturers this time around, signing on to the manufacturer sponsored
Consumer health and Retirement Initiative.

The Rise of the Divided We Fail Movement

Having agreed that they should move quickly, the Roundtable proceeded to join a
pro-national healthcare coalition consisting of the SEIU and the AARP. While not

coming to an agreement on what type of healthcare model to adopt[127], the coalition did

agree, however, on the need for immediate action and coalesced around the goal of

providing accessible and affordable healthcare for all Americans—the key priority of the

Clinton Health Security Act of 1994. During the first months of the coalition's infancy

the Business Roundtable tried with no avail to bring small business into the coalition.

However, according to a Business Roundtable spokesperson, over the course of 6

(between February and August of 2007) months Roundtable members on the

organization's policy committee telephoned, wrote and arranged meetings with leading

members of the small business lobby[128].

In late October of 2007, in a highly symbolic moment, the NFIB (the leading

opponent of the Clinton initiative) joined the coalition. The umbrella coalition, then kick

started the Divided We Fail movement. The first phase of Divided We Fail's campaign

was a lobbying effort aimed at both presidential candidates, Barack Obama and John

McCain, to take action on healthcare reform.

The events leading to the formation of divided we fail and the elevation of

healthcare reform once again to top priority status both bolster and counter three

important findings in this survey about the forging of political consensus and healthcare

reform:

First, the rise of the Divided We Fail coalition bolsters the finding that business

interest groups have played a prominent role in facilitating political consensus within the

business community. In the case of Divided we fail, the Business Roundtable took the

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[127] The AARP, the SEIU and the Business Roundtable supported a public action while
the NFIB did not.

[128] Correspondence with Business Roundtable Staff member. 4/7/09.

lead effort in promoting healthcare reform. The recalcitrant wing of business was the

small business lobby. While the lead actors and their policy positions shifted from 1994,

the basic premise remains the same[129]. The crucial role played by the Business

Roundtable in uniting the business community behind healthcare reform is consistent

with key findings of this study which emphasis the importance of interest group

leadership.

Second, the rise of Divided We Fail also points to the important role those crisis

moments can play in fostering political consensus within the Business Community. It

should not be overlooked that the coalition was formed in order to cope with the

American public's ill feelings toward a weakening economy and an ever escalating

healthcare crisis. We might pause then, and re consider the comments made by Mark

Isakowitz, the former healthcare lobbyist for the NFIB, and place them within a different

context[130].

Isakowitz, as the reader might recall, deemphasized the impact of political and

economic crises in prompting the business community's opposition to healthcare reform

in 1994. While Isakowitz rightly pointed to the absence of a political or economic crisis

during 1993-1994, it does not mean, however, that the sudden appearance of one[131] could

not become a significant facilitator of Business unity for important policy issues in the

future.

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[129] In 1994, The NFIB played a lead role in unifying the capitalist class. By contrast, in 2007, the business Roundtable played that role. The two were in opposite positions in 1994.

[130] See my discussion of the role of crises in chapter 3

[131] See for example the present economic crisis

Third, the events that facilitated the formation of Divided We Fail also reveal that healthcare reform cannot be addressed without the support of the business community. Business must not only support but must also assume at least a share in initiating reform in order for it to be successful. [132]

It is doubtful that the Divided we Fail coalition would have drawn the attention of both presidential candidates and quickly become one of President Obama's top legislative objectives during his first year in office without at least a modicum of support from the influential membership affiliations of one or both of the leading business interest groups who opposed healthcare reform back in 1994. After all, business enjoys substantial resource and organizational advantages over all other organized interest groups on Capitol Hill. Through its immense influence in both economic and political affairs it also confers a stamp of legitimacy onto any proposed piece of legislation.

Multiple Factors in the 2009 Healthcare Debate

While the ability of the Business community to reach consensus is an instrumental aspect of Quadagno's successful stakeholder mobilization on/against healthcare reform, multiple factors, as argued throughout, also exist in explaining the absence of national healthcare in the United States.

US political institutions, for one, have also erected several obstacles to reform-including but not limited to intra-party conflict between southern and northern Democrats; intra- congress conflict between the House and Senate; and the existence of a complex committee sub structure within congress, culminating in the control of key posts by members of the southern Democratic faction. Despite early support from Business in

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[132] See chapter one discussion of the capitalist class' role in the crafting of key pieces of social legislation such as the Social Security Act.

the debate on Obama's 2009 healthcare proposal, the president did encounter some of these notable institutional impediments.

In mid 2009, a group of so called "Blue Dog" Democrats emerged in both the House of Representatives and the Senate in response to Obama's healthcare proposal. 'The Blue Dog' coalition, who are predominantly comprised of southern Democrats and who have described themselves as fiscal conservatives; pushed for fiscal discipline when Obama touted the necessity to spend, against universal coverage when the President advocated for a public option, and a slashing of public subsidies for the uninsured when Obama had called for heavy government subsidization of the nation's 40 million men and women awaiting the implementation of national healthcare.[133]

Compounding problems for Obama's healthcare reform effort was the fact that Max Baucus, one of the Blue Dog Southern Democrats, controlled the Senate Finance Committee (an integral congressional committee).[134] The institutional impediments to healthcare reform have not only frustrated past attempts at national healthcare but make future efforts highly challenging.

Are Labor's Problems Abetting?

While the traditionalist/leftist divide continues to present a great dilemma for organized labor[135]; a glimmer of hope has emerged. The internal strife that tore apart

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[133] Hitt, Greg and Bendavid, Naftali. "Democrats Present Hurdles For Obama". *Wall Street Journal*: 6/29/2009.

[134] Baucus advocated cutting back the healthcare plan from Obama's estimated cost of $ 1.7 trillion to 1 trillion.

[135] Particularly on key parts of Obama's foreign trade policy and provisions of the ongoing economic bailout (TARP)

labor during the nation's last attempt at healthcare reform has so far been averted. A remarkable consensus has emerged between the usually conservative leadership of the AFL-CIO, the SEIU and an array of leftist healthcare activists.

The SEIU, for its part, has been particularly active in its advocacy of the public option-the more progressive policy proposal that would incrementally extend coverage to all Americans while greatly limiting the control of private insurers. In addition to donating considerable sums of money ($ 712,000 as of July of 2009, and $ 2.4 million since 2008) to federal candidates from labor PAC funds to promote the cause; the SEIU has also hired over one hundred labor organizers to work on behalf of the public option.[136] The best evidence that labor may be on the right track is the fact that a good share of the hired organizers were veterans of the movements for a single payer healthcare system and against NAFTA back in 1994.[137]

For its part, leftist organizers have embraced the conciliatory gestures from the SEIU's leadership. While some activists, like Chuck Taylor, the Boston City Council man and long time labor and neighborhood organizer, cautioned that the SEIU's actions "should be taken with a grain of salt", He nonetheless sees the present embrace of the public option by the SEIU and its willingness to engage the more progressive elements within the movement as evidence that union leaders may be beginning to respond to pressures for change from below:

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[136] Kiersh, Aaron. "Consumer Groups, Confident of Success, Advocate for Healthcare Reform." 7.2.2009. Opensecrets.org

[137] Ibid.

While it remains to be seen if the labor leaders have truly changed their ways, we also have to give credit where credit is due. Organized labor has not been unified on behalf of such an important issue in some time[138]

<u>The Forging of Political Consensus as an Overlooked Aspect of Business Dominance?</u>

The notion that the US Business community dominates US politics goes without saying. The 2008 economic crises and the US Government's rush to "bailout" the largest commercial banks and investment houses should leave little question as to whom holds the keys to the political system. A more pressing question that is in need of answering though is how business has found it so easy to translate their vast economic wealth and resources into political power. Better known factors include but are not limited to some of the following theories:

1) Business has benefited from a Constitutional framework consciously designed to protect private property and the class interests of a burgeoning commercial sector

2) Business has been able to wrestle control over media outlets through corporate consolidation thus managing the scope and flow of public opinion in the United States

3) Through its vast economic resources (and with the aid of pro-business campaign finance laws) it has been able to inject copious amounts of funds into political campaigns thus ensuring the submission of politicians to a pro-business agenda as collateral

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[138] From personal correspondence with Chuck Turner, Boston City Councilman on 8/31/09.

4) Business has subtly established control over the non-profit and research sectors (the so called third sector) through its funding of foundations, think tanks, and intellectuals thus also establishing cultural and intellectual hegemony- key facets of political power.

While each of the above mentioned perspectives are better known, it is my hope that this study, more generally speaking, also opens up a potentially fresh debate for explaining the dominant position of business: namely the uncanny ability of business to overcome internal divisions and achieve political consensus. Surely, further research will need to be carried out beyond the scope of healthcare reform to test if the suppositions of this work hold true in other policy case studies.

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