The Dangerous Silence Of Business Leaders

It's no secret that extreme partisanship has hijacked deliberations surrounding some of the most important political, economic, and social issues in America—from gay marriage to trade. Less well known is that the same divisive forces are spilling over into Corporate America, infecting business organizations, undermining independent regulatory agencies, and intimidating large companies and CEOs from playing a constructive role in public policy. These trends are accelerating and won't end soon, but America's leading CEOs should be thinking about how to limit the damage.

As Norman J. Ornstein of the American Enterprise Institute told me, politics in America has become tribal. It's not about compromising to advance policies, he says, but about "grinding opponents into the dust." In the business world, there is a lot of evidence that this is happening too. Start with the K Street Project. This is an effort launched by archconservatives to pressure Washington's lobbying groups to put Republicans at their helm, effectively making these associations an extension of the Republican majority. The danger isn't only that business will be confined in an ideological straitjacket, but that when the Democrats regain power, they'll push the business agenda to the opposite—but equally ill-conceived—extreme.

'I believe many associations are already acting far too ideologically to represent the pragmatic outlook of most American companies. For example, last year the U.S. Chamber of Commerce, which purports to reflect the interests of its 3 million corporate members, broke its longstanding policy of staying neutral in Presidential elections by campaigning against the Kerry-Edwards ticket. The National Association of Manufacturers also has gone astray in mounting a campaign to back socially conservative judges, when its efforts should be focused on improving the competitiveness of U.S. companies.'

SECOND, THE NEED FOR consistent regulation has never been more critical for business. Yet key agencies are becoming polarized by partisanship. The Federal Communications Commission is under right-wing fire to ban from the airwaves what conservative groups interpret to be indecent content. The Federal Drug Administration faces pressure to outlaw some contraceptives, although its own advisory panels have ruled them safe. And it's hard to recall a more politically divided Securities & Exchange Commission.

American companies are also in the crosshairs amid today's superheated political struggles. Microsoft Corp. was recently threatened with a boycott by religious groups if it backed legislation in Washington state banning employment discrimination against gays. But when it withheld support, Microsoft was criticized by other groups and employees. CEOs even have had their arms twisted by the Administration to embrace some of President George W. Bush's controversial policy priorities—such as private accounts for Social Security—as a quid pro quo for help on issues such as trade. The fault lies not just with the far right: Unions and environmental groups have held up key trade initiatives with proposals for rigid labor standards.

Thomas E. Mann of the Brookings Institution suggested to me that eventually we could see a strong public backlash against what he calls today's "smashmouth politics." But America's most influential executives should try to strengthen the forces of moderation right now, before problems worsen. They could press their lobbying groups to focus on regaining the middle ground and concentrate on business issues rather than social policy. They could rally around the few associations, such as the Committee for Economic Development, that consistently take balanced, nonpartisan public policy positions. And they could quietly discuss how business can back centrists in elections.

Of course, the very trends I cite make it risky for business leaders to stick their heads above the parapet. But Peter G. Peterson, chairman of Blackstone Group, has tirelessly railed against irresponsible fiscal policy. And General Electric Co. Chairman Jeffrey R. Immelt recently called for more coherent environmental regulations. Many more courageous, pragmatic corporate leaders must speak out. Otherwise, their silence leaves a vacuum that will be filled by partisan politicians and rabid advocacy groups.

In today's partisan politics, companies are caught in the crosshairs.

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