



Big Business Versus Obama

Why the face-off won't last for long.

by [Jeffrey E. Garten](#) July 12, 2010



Chip Somodevilla / Getty Images

President Barack Obama and members of his economics team in May 2010.

As job creation and an economic growth stall, the Obama administration is being criticized not just from all parts of the political spectrum in the U.S. but also from big business, which increasingly believes that the president harbors a thinly camouflaged antibusiness bias. Late last month, for example, Verizon chief executive Ivan Seidenberg—speaking in his capacity as chairman of the Business Roundtable, a group of 170 CEOs representing the largest U.S. corporations—accused the administration of undercutting a recovery by overregulating, overtaxing, and failing to focus on America's long-term competitive problems. Indeed, in my own off-the-record conversations earlier this month with several CEOs, similar sentiments were echoed. The question is, does corporate America really have a case against President Obama?

I can see why big business feels alienated, and CEOs could be right about Obama's fundamental instincts. But I would bet that the president will change course and move to embrace a good deal of corporate America's agenda after the November midterm congressional elections.

To begin with, it is plausible that he arrived at the White House with a visceral distaste for big business. His formative experiences as a community organizer in the bleaker parts of Chicago and as a state senator in Springfield, Illinois, focused on empowering poor people in the face of entrenched power and problems that large corporations are often identified with—failing to invest in inner cities, moving jobs abroad, fostering wage inequality. His three years in the U.S. Senate and his campaign for president evidenced no substantial interest in business except for

ritual democratic charges about the evils of moving jobs overseas. With the few exceptions of those who helped him raise money for the presidential run, his involvement with America's major companies, or any efforts to understand their world, is almost impossible to identify.

In addition, by the time he entered office, Obama failed to appoint to his staff or his cabinet any former CEO who had run a major, publicly traded company. True, he established an advisory board comprised of economists and CEOs (including GE's Jeff Immelt and Google's Eric Schmidt). But with the exception of Paul Volcker, they quickly became window dressing. He has held a number of meetings with CEOs, formally and off the record, but attendees I've talked to feel that although he listens intently, he rarely changes course.



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On the other hand, he entered office facing a collapsing banking system and economy, which he stabilized; a bankrupt auto industry, to which he gave a second chance; and a broken health-care system, which he at least addressed comprehensively. This April he was handed a monumental environmental disaster in the Gulf of Mexico that has required stringent oversight of a single company, BP. And he also inherited a government in which critical regulation across the board had badly atrophied. Bottom line: even a Ronald Reagan would not have had time or political scope to handle things much differently.

After the November elections, I believe the president will seek more common ground with big business. Then another part of his DNA will come into play: his pragmatism and his skill as someone who can reconcile differing viewpoints. He will know that a pre-requisite for his reelection in 2012 is more growth and more jobs. With the excruciating pressure to cut government spending, private-sector investment is among his only policy levers, and he will need visible help from corporate America.

Come early 2011, watch for a Clintonesque adoption of some Republican vocabulary, including references to a "pro-growth business agenda." More fundamentally, look for President Obama to work much more closely with CEOs to reduce deficits while using tax policy to encourage new investments in such areas as energy, R&D, and training for workers, for example. He'll have to push new trade agreements, higher quotas for skilled foreign workers, and tougher enforcement of intellectual-property rights. None of these measures will work miracles in a highly stressed global economy, but they could certainly help—and Obama will need all the help he can get.

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