

Republicans feel heat from business on religious freedom acts

By David Lightman and William Douglas

April 1, 2015

WASHINGTON — Nothing affects public policy like pressure from America’s corporate community, and its muscle was vividly on display again this week in Indiana and Arkansas.

The states’ governors, facing the very real threat of dollars, jobs and tourists fleeing their states, quickly and publicly softened their positions on religious freedom acts. We don’t intend to discriminate, they insisted, as Wal-Mart, American Airlines, Marriott, NASCAR, the NCAA and other corporate powerhouses weighed in.

The business community clearly impacted the debate in states considering the law, such as North Carolina. “They helped the opposition re-frame the argument from rights, liberty and religious expression to an economic argument,” Janine Parry, [the director of the University of Arkansas poll](#), said in an interview.

Wednesday, a day after Arkansas’ legislature sent Gov. Asa Hutchinson the religious freedom legislation he said he intended to sign, [Hutchinson backed off](#), announcing he wants changes. Tuesday, Indiana Gov. Mike Pence [told a news conference much the same about the law he had approved days earlier, and changes are in the works](#).

“It sure looks like corporate pressure has gotten Gov. Pence’s attention in Indiana in a way that, say, objections from the Human Rights Campaign would not, and Wal-Mart’s voice is loud and influential in Arkansas,” Jonathan Rauch, a senior fellow of governance studies at Washington’s Brookings Institution, said in an interview.

The governors’ suddenly shifting stances reflect the clout of American business – and the gay consumer – power that arguably is even stronger than political pressure.

The buying power of the LGBT – lesbian, gay, bisexual and transgender – community is about \$830 billion, according to a [2013 analysis by Witeck Communications](#), a Washington-based firm that assists major corporations in marketing to the LGBT community.

“I think the leadership of the private sector in the past week has had a profound impact,” Jason Rahlan, [a spokesman for the Human Rights Campaign](#), said in an interview. “Folks understand that equality is good business and discrimination isn’t.”

The White House agreed.

“We saw, you know, pretty strong criticism, including from some pretty prominent business leaders in the state of Arkansas, expressing some concern about the impact of that law and that that law could justifiably, or could be used to justify discriminating against individuals because of who they love,” White House Press Secretary Josh Earnest said Wednesday.

When Pence signed the Indiana law a week ago, about the only political objections came from Democrats. Potential presidential candidate Hillary Clinton, a Democrat, tweeted her opposition. Most potential Republican presidential candidates, though, quickly lined up behind the measure.

But business interests matter, particularly to Republican governors. “It plays right to the Republicans’ soft spot,” said Daniel Mitchell, an economist and senior fellow at Washington’s Cato Institute, a libertarian research group.

The Indiana law protects companies and individuals from government actions that would substantially burden religious practices. The federal government and 19 other states have religious freedom laws. Indiana’s and Arkansas’ measures are seen as different, allowing businesses to discriminate.

As news about the laws spread, financial interests began to weigh in. “Pure idiocy from a business perspective,” said Arne Sorenson, Marriott’s president and CEO. Tim Cook, Apple’s CEO, tweeted, “Apple is open for everyone. We are deeply disappointed in Indiana’s new law.”

Technology industry leaders issued a joint statement saying, “LGBT people deserve to be protected from unjust discrimination.”

American Airlines, which has its second-largest hub at the Charlotte, N.C., airport, [signaled Monday that it would fight similar legislation being considered by North Carolina’s legislature](#).

“We believe that no individual should be refused service or employment because of gender identity or sexual orientation,” American Airlines spokeswoman Michelle Mohr said in a statement.

Most ominously for Indiana, the NCAA was speaking out. It’s headquartered in Indianapolis, and its showcase event, the men’s basketball Final Four, begins Saturday in that city. The NCAA [issued a statement last week saying it would examine the law’s implications](#).

A few days later, NCAA President Mark Emmert told ESPN that he wanted the championship to be held in an inclusive environment, and “right now we’re not sure that we have that.”

Tuesday, Pence tried to backpedal, promising changes by the end of this week. The Indianapolis Star reported Wednesday that government officials were proposing new language that would give protection to gays and lesbians – and were vetting that language with top state business leaders.

Attention also turned to Arkansas, where Wal-Mart, the nation’s largest private employer, is headquartered in Bentonville. CEO Doug McMillon urged Hutchinson to veto the bill, saying it “threatens to undermine the spirit of inclusion.”

Wal-Mart has deep roots in Arkansas; McMillon is a Jonesboro native. “Every day,” he said in a statement, “in our stores, we see firsthand the benefits diversity and inclusion have on our associates, customers and communities we serve.”

It’s also got deep roots in other states. With 1.3 million employees, 4,281 Wal-Mart stores and 650 Sam’s Clubs, the company’s net U.S. sales last year were \$279.4 billion for Wal-Mart and \$57 billion for Sam’s Club. Wal-Mart is the largest private employer in 20 states.

Hutchinson had said at first that he would sign the bill. But Arkansas interests began to pressure him. The Little Rock Regional Chamber of Commerce, the city’s mayor, and Acxicom Corp., a Little Rock-based technology company, urged a veto. Clinton, a former first lady of Arkansas, also urged a veto.

Businesses are well aware of the stakes.

“Immediately after passage of the law,” said Marriott’s Sorenson, “one of our Renaissance hotels in Indiana received a tweet from a guest letting us know he had a reservation with us in two weeks. Citing Indiana’s hurtful new law, he asked whether he would be welcomed as a gay man.”

“Our manager immediately responded: ‘Inclusion is part of who we are & we’re committed to making everyone feel welcome when they walk through our doors.’”