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# Liberals cheer Wal-Mart's kneecapping of smaller competitors

By: [Timothy P. Carney](#)

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Wal-Mart has joined forces with Team Obama behind a federal mandate that will squeeze smaller competitors, evoking applause and surprise from liberal bloggers, who declare change is in the air.

But Wal-Mart's use of Big Government to gain competitive advantage is nothing new, nor is Big Business support for Democrats' health-care interventions. Rather than lending more credibility to Obama's health-care reform, Wal-Mart's endorsement ought to raise more skepticism.

Wal-Mart, together with the Center for American Progress (CAP)--basically, the non-profit arm of the Obama White House--and a labor union, published [a letter](#) Tuesday supporting a federal mandate that businesses offer health insurance for all employees.

Why would Wal-Mart, the largest employer in the private sector, support a burdensome regulation of itself?

We've read all sorts of airy explanations from liberal bloggers who focus on health care. Ezra Klein at the Washington Post [writes](#) that Wal-Mart's endorsement "ensures that its concerns will be heard and heeded," and "repairs ... damage ... done to its reputation in recent years."

CAP, which has received at least \$500,000 from Wal-Mart according to [the company's website](#), [argued](#) that Wal-Mart was supporting the mandate because "all firms would benefit from the reduction in unpaid medical bills incurred by the uninsured." These are nice, harmless explanations that miss the point.

The New Republic's health-care blogger, Jonathan Cohn, [came close](#) to Wal-Mart's true motivation: "Wal-Mart has suddenly found itself ... dealing with unpredictable health costs and facing new competition from businesses that have found ways to spend even less on employee health benefits."

The most important part of that analysis can be put more simply: Wal-Mart sees a way to use government as cudgel with which to knee-cap smaller opponents.

You see, Wal-Mart already offers health insurance to all full-time employees and some part-time employees. Many of Wal-Mart's competitors do not do this, which is why the National Retail Federation opposes the

mandate. An employer mandate imposes costs on Wal-Mart's competitors, possibly without imposing costs on Wal-Mart.

Cato health-care expert Michael Cannon [wrote this week](#) of when a Wal-Mart lobbyist explained the company's support for a federal employer mandate: "Target's health benefits costs are lower."

A mandate for employer coverage will have some standards, and if those standards--maximum employee cost, maximum deductible, minimum coverage--are stricter than what, say, Target offers, Target suffers, which is Wal-Mart's gain.

Even if Congress requires employers to offer more generous benefits than Wal-Mart is offering, this helps Wal-Mart for the same reason Big Business often profits from burdensome regulations: Economies of scale allow bigger businesses to pay for regulations more easily than smaller companies.

Wal-Mart has nearly six times as many employees as Target, but also in 2008, more than six times the revenue. Insuring 2.1 million "associates" doesn't cost six times as much as insuring 350,000 employees. The mandate may drive up Wal-Mart's prices, but it will drive up Target's prices more--bad for consumers, bad for Target and bad for Mom n Pop. But good for Wal-Mart.

Liberal bloggers and writers almost completely ignore this simple explanation. Perhaps it didn't occur to them, or maybe they don't want to admit that their reform, at its heart, favors the Wal-Marts of the world over smaller competitors.

Frustrating for the reality-based folk among us is the liberals' claim that something groundbreaking is occurring. One writer for the Wal-Mart-funded CAP [approvingly cited](#) a newspaper claim that this "is the first visible crack in the business coalition on healthcare reform." This ignores the fact that the HMOs, General Electric, and drug makers are all on board with major aspects of "healthcare reform."

CAP blogger Matthew Yglesias--who, because he works for a 501(c)4 advocacy group that lobbies Congress, straddles the journalist/publicist line--[claimed](#) Wal-Mart's embrace of Big Government bucked the "the highly ideological behavior of the business community."

Besides ignoring the regular lobbying for regulation by the giants in every industry from toys to tobacco, Yglesias must have forgotten about Wal-Mart's 2007 support for a minimum-wage hike and greenhouse gas caps.

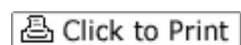
By forgetting history, and by ignoring Wal-Mart's obvious anti-competitive reasons for backing a health care mandate, some liberal bloggers can call this a breakthrough. Wal-Mart-funded Yglesias declared this regulatory-profiteering "an important sign of change in the air."

So, when Wal-Mart uses market forces for profit, it's a greedy capitalist. When it uses government for profit--well, it must have been "changed."

*Timothy P. Carney is The Washington Examiner's Lobbying Editor, His K Street column appears on Wednesdays.*

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