



Frenemies

MATT MILLER ARGUES THAT BUSINESS AND GOVERNMENT CAN—AND MUST—WORK TOGETHER.

Everyone has reason to listen to Matt Miller, a man who has situated himself directly at the intersection of business and government. He's a consultant to corporations and government, a *Fortune* columnist and senior fellow at the left-leaning Center for American Progress, and his mission in life is to get public and private sectors working together. His new book, *The Tyranny of Dead Ideas: Letting Go of the Old Ways of Thinking to Unleash a New Prosperity* (Times), argues that business and government alike need to drop their mutual antagonism — along with a variety of assumptions and practices that are stifling today's decision-makers. Miller, 46, spoke from his home office in Los Angeles. —MATTHEW BUDMAN



IN THE PRESIDENTIAL CAMPAIGN, CANDIDATES TALKED AN AWFUL LOT ABOUT “THE LARGEST CORPORATIONS IN AMERICA” AND WHAT VILLAINS THEY ARE. DOES THAT KIND OF RHETORIC WIDEN THE RIFT BETWEEN BUSINESS AND GOVERNMENT?

First of all, some of those attacks on corporate America are deserved; there's been a lot of bad behavior in the executive suite. Just look at the subprime meltdown and how many folks have lined their own pockets while foisting bad securities on the system. It's mind-boggling. But businesspeople can get spooked by the political combat, and there's no question that they feel like it's safer to stay in their foxholes. CEOs look at the general tenor of the Washington debate and say, “I'm busy enough running my own business—why do I need to stick my neck into these debates? The political environment is complicated, things take forever, and while I'm running my company this isn't going to be my priority.”

We're going to need a critical mass of business leaders to transcend that mindset, for the business community's interest and for the sake of the country. We need that powerful, pragmatic voice that business can bring, and one of my hopes is to try and inspire business executives to step into the arena. We're at a moment in the evolution of American capitalism—if that's not too grand a way to think about it—where the need for a commonsense, pragmatic, non-ideological voice is essential to solve these problems.

WHAT PROBLEMS DO YOU HAVE IN MIND?

The best example is health care and benefits. The idea that your company should take care of you is a dated and archaic notion. Corporate America hasn't changed its point of view about why it should be central in the welfare state. I consult to business, I spend a lot of time with business leaders, and I'm always struck by the mindset that assumes that business needs to be at the center of this system. Employer-based health care is hurting American competitiveness. It's not in corporate America's interest any longer—and it's not in the national interest, because tens of millions of people fall through the cracks of this system.

WAS IT EVER IN CORPORATE AMERICA'S INTEREST TO TAKE ON RESPONSIBILITY FOR HEALTH CARE?

The employer-based healthcare system was a tool in our long national battle against Communism and socialism, and it deserves a share of the credit for having won the Cold War and having maintained our commitment to capitalism when other alternatives, especially in the late '40s and '50s, were considered viable. But the Cold War ended twenty years ago, the threat of America becoming Communist or socialist is next to zero—despite what's going on with the banking system—and the real threat is that we're going to be-

come protectionists because of the enormous anxiety that average Americans feel.

THE COLD WAR MAY BE OVER, BUT SOME STILL FIND THE PROSPECT OF SOCIALISM TERRIFYING—JUST THINK OF THE FINAL MONTHS OF THE MCCAIN CAMPAIGN. DO BUSINESS LEADERS STILL WORRY ABOUT POLITICS AT AN IDEOLOGICAL LEVEL?

In polls, senior executives are predominantly Republican – less taxes, less regulation – but for a businessperson, it doesn't matter what ideology you have when you're trying to grow your top line or figure out how to enter new markets. It's pure pragmatism; you're focused on what works. You examine what the best in the world is, you pull together a team, and you try stuff; if it doesn't work, you try something else. Business has not applied that mindset to the public arena, and it has an enormous contribution to make if it can step up.

Now, we need to shift the healthcare burden from the private sector to the public sector, and to do that you need to have government raise revenues to actually pay for it. Even conservative economists understand that that's not necessarily bad for the economy – it's creating a more sustainable system and freeing business from that burden. It's a classic instance where some of the traditional ideological instincts no longer make sense.

It's in every company's self-interest. It's in the reputational interest of businesses. It's a huge win for business and for the country.

IN THE TYRANNY OF DEAD IDEAS, YOU DEPICT A TYPICAL CORPORATE DIRECTOR TORN BETWEEN SOCIAL CONSCIENCE AND SHORT-TERM FINANCIAL DEMANDS. DOES CEOs' TAKING A PUBLIC ROLE REQUIRE A MEASURE OF FORBEARANCE ON THE PART OF BOARDS AND SHAREHOLDERS?

I don't think so. It's very easy to turn the conversation in the boardroom to what's in the long-term interest of the business. And I think that farsighted boards, working with their CEOs, are able to understand that business has an enormous role to play in this conversation.

DO PEOPLE TRUST BUSINESS ENOUGH TO GIVE IT A KEY ROLE?

Because of the reputational hit business has taken – with CEO compensation and Enron and AIG and bad behavior – some critical mass of business leaders needs to step forward and clean up business's act. Sometimes I think businesspeople should form a group called CEOs Against CEO Greed. If business doesn't get its own house in order and take steps to purge some of these excesses, there will be a backlash, and that would be bad for the country and bad for business.

I FOUND IT INTERESTING THAT, THROUGHOUT YOUR BOOK, YOU APPEAL TO BUSINESS LEADERS' CONCERN FOR THEIR COM-

PANY'S REPUTATIONS RATHER THAN TO THEIR OWN CONSCIENCES.

I have no problem with appeals to self-interest and pragmatism – with trying to show business what's in its enlightened self-interest. Business leaders haven't connected the dots on a lot of the sensitive issues related to the impact of globalization and rapid technology change. They are so busy today – the pace of global business is so intense – that it takes a special appeal to get people involved in issues that seem like they're beyond their companies' four walls.

YOU CALL FOR CORPORATE LEADERS TO STEP UP, AS THEY ONCE DID, TO HELP SHAPE THE PUBLIC DEBATE ON HOW WE TACKLE THESE CHALLENGES. BUT WE'VE HEARD THAT CALL MANY TIMES IN RECENT YEARS, AND ONLY A FEW HAVE ANSWERED. DO YOU SENSE A STRONGER INCLINATION AMONG CEOs TO TAKE A PUBLIC ROLE?

There's a growing appreciation that we're at a crossroads and a growing awareness that business has got to step up and help the conversation, to be a constituency for the public good, to rewrite our social contract in ways that are better for both competitiveness and social justice.

In general, business leaders probably have a farther psychic distance to travel to get comfortable with this than most people do, but once they look at the facts, they'll see that there's no good alternative if you want to boost competitiveness and also do what's right by ordinary Americans.

SINCE THE CURRENT CRISIS HAS NOT ONLY UNDERScoreD THE SHAKINESS OF THE ECONOMY'S FOUNDATIONS BUT HAS REQUIRED THE GOVERNMENT TO STEP IN AS IT HASN'T DONE IN SEVENTY YEARS, WILL THERE BE LESS PSYCHIC DISTANCE GOING FORWARD?

I think so. We've just seen the implosion of the dead idea that the financial markets can regulate themselves. The most conservative administration in memory suddenly rushed to spend hundreds of billions of dollars of public money and nationalize banks and industries, which suggests that in a crisis there's a search for pragmatic answers and a sense that ideology is a luxury.

ONE LAST QUESTION. UNDER THE HEADING, "THE END OF CAPITALISM AS WE KNOW IT," YOU WRITE, "MY MESSAGE IS SIMPLE. RELAX. IT'S GOING TO BE FINE, REALLY." SERIOUSLY, NOW—IS IT GOING TO BE FINE?

It's absolutely going to be fine. The pressure of events, globalization, and technological change will force the deadness of our dead ideas to be exposed, and these new ways of thinking will emerge as a pragmatic response to the times. I hope that business leaders in particular will be inspired to rethink more quickly and help shape things in ways that make business and society better. ■

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