



Written by [Steven J. DuBord](#) on July 1, 2009

Wal-Mart Backs Employer Insurance Mandate

Mike Duke, president and CEO of Wal-Mart Stores Inc., jointly signed the letter with some strange bedfellows: John Podesta, president and CEO of the liberal Center for American Progress; and Andrew L. Stern, president of the Service Employees International Union, which had just [blasted Wal-Mart](#) on May 28 for getting off lightly even though it failed to prevent the trampling death of a temporary worker in 2008.



Neil Trautwein, vice president of the [National Retail Federation](#), said his group was “surprised and disappointed by Wal-Mart’s choice to embrace an employer mandate in exchange for a promise of cost savings.” Trautwein called an employer mandate “the single most destructive thing you could do to the health-care system shy of a single-payer system,” and warned that it “would quite possibly cut off the economic recovery we all desperately need.”

The [U.S. Chamber of Commerce](#) joined in denouncing Wal-Mart’s action. James Gelfand, the Chamber’s senior manager for health policy, hinted at Wal-Mart’s motives by saying that “some businesses make the decision to use the government as a weapon against their competition.” He added: “We do not agree with this method — the government is a blunt instrument and taxes have extreme unintended consequences, negatively affecting the economy as a whole. We also recognize that momentum is moving against an employer mandate. The business community will be stepping up our advocacy as necessary, too.”

These criticisms have merit, and considering Wal-Mart’s position as the nation’s largest private employer, perhaps it realized that it could weather the storm of a government-imposed insurance requirement better than smaller competitors and locally owned businesses. If Wal-Mart ended up facing less competition, the increase in business it could expect might offset the cost of mandated coverage.

“We are for an employer mandate which is fair and broad in its coverage,” the letter to the president declared, and quickly added, “but any alternative to an employer mandate should not create barriers to hiring entry level employees.” Wal-Mart appears to be revealing another motive here. It may be maneuvering to avoid other healthcare reform proposals that would have a more adverse effect on firms with predominantly low-wage employees. *The Hill* stated in a [June 30 article](#) that “the Senate Finance Committee has been weighing a policy under which companies would have to pay for a portion of the cost of their workers’ Medicaid benefits or other federal assistance. Wal-Mart would be particularly affected by such a requirement because its workforce consists largely of low-wage employees.”



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Perhaps Wal-Mart's move is explained by this dual desire to use government to put competitors at a disadvantage and to avoid government action that would decrease its profits. In any case, Wal-Mart has shown its willingness to make a deal with big government and to ally itself with some strange bedfellows. It is unfortunate that Wal-Mart did not choose to stand up for the same free market without government interference that allowed the retailer to enjoy such success in the first place. Wal-Mart's employees and customers ought to let the company know what they think about this.

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