

Alert

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Cozen Currents: The Changing Politics of Crises

The Cozen Lens

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Democrats and Republicans on Capitol Hill face differing political calculations on climate change policy but both are experiencing divisions in their parties and shifting public opinions.

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President Biden's recent statement that the "pandemic is over" was far more than an off-the-cuff statement — it will have serious consequences for Democratic priorities.

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In an era of acronyms like corporate social responsibility (CSR) and environmental and social governance (ESG), customers, employees, investors, and some voters expect corporations to play a part in tackling the crises of the moment. But speaking and acting out carries its own trade-offs for CEOs in a more fractured and politicized environment.

The Politics of Climate Change

Republicans Begin to Reckon with Climate Change. The decades-long GOP strategy of questioning the science of climate change is nearing its expiration date.

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There is a clear partisan gap on climate change. An August poll found that 77 percent of Democrats and 43 percent of Republicans believe climate change is caused "mostly" or "entirely" by human activities. But GOP views are evolving with younger generations. A May poll found that nearly half of 18- to 29-year old Republicans think that the federal government is doing too little to reduce the effects of climate change, compared to 18 percent of their peers 65 and up.

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Affordable Care Act. On the IRA though, while Republicans are discussing repealing specific elements if and when they are able, there is no push to revoke it wholesale.

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The lack of mobilizing around a full IRA repeal suggests an acknowledgement that aspects of the law are popular even with GOP constituencies. For example, many deep red states stand to benefit from the IRA. The top three wind producing states - Texas, Iowa, and Oklahoma - and half of the top ten solar producing states - Texas, Florida, Arizona, Georgia, Nevada, and Virginia - have GOP governors who will see these industries benefit. And red states have requested disaster relief funding without mention of its driver: Governor Ron DeSantis (R-FL) requested \$500 million in 2021 for protection from "extreme weather events" and Governor



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Greg Abbot (R-TX) spent \$1.6 billion on preparation for hurricane damage.

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Last week also saw a rare moment of bipartisanship on climate with Senate ratification of the Kigali Agreement, a climate treaty that phases out greenhouse gas emissions associated with refrigeration and air conditioning. Because it exists outside of the politics of energy production and the oil and gas sector, industry groups including the National Association of Manufacturers, the American Chemistry Council, and the United States Chamber of Commerce were supportive and 19 Senate Republicans voted with Democrats to approve the treaty.

Democratic Climate Goals Post-IRA. The issue of climate change has become a rallying cry for Democrats but there are still divisions within the party over how far to go.

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Progressives are hailing their unprecedented and, at times, unexpected victory on climate with the passage of the IRA. But they say that more policy is needed to still meet the commitments under the Paris Agreement and oppose most new fossil fuel projects.

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This contrasts with the moderate “all-of-the-above approach,” led by Senator Joe Manchin (D-WV) and joined by other Democrats from fossil fuel or red leaning states. Manchin has countered that switching too quickly or too completely to renewable energy would threaten the grid and that transitioning towards electric vehicles could mean a new reliance on foreign critical minerals supply chains.

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Also among the Manchin camp are concerns over balancing the politics of long-term management of an energy shift versus the more immediate politics of bringing down inflation, which is a top voter concern and the one that Republicans are homing in on before the midterms. The GOP has criticized environmental regulatory moves like the social cost of carbon as being inflationary, but progressives want to double down on and expand the climate regulatory agenda.

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Democrats are still looking for ways to expand their base through climate action. One notable example is the group of Western Democrats led by Senator Kyrsten Sinema (D-AZ) that added drought funding to the IRA. Sinema made her vote contingent on this issue, which is significant for voters in Arizona, Colorado, and New Mexico.

The Changing Politics of the Pandemic

The Pandemic is Over, at Least Politically. When President Biden said that the “pandemic is over” during his recent “60 Minutes” interview, he not only infuriated Democrats in Congress and public health officials, he also created new headaches in policy areas that rely on the existing public health emergency (PHE) declaration, which is expected to be extended through year end.

Telehealth. A PHE cessation would trigger a five-month countdown clock for passage of a law that would maintain current telehealth flexibilities; otherwise, telehealth policy would revert to pre-pandemic rules if Congress fails to pass a new law within that five-month window.

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The House of Representatives passed a bill this past summer that would extend the current rules around telehealth in Medicare until the end of calendar year 2024.

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Telehealth has been less of a priority for the Senate though and while it enjoys bipartisan support in the upper chamber, no committee chair or ranking member has yet drafted a

companion bill to the House measure.

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Congress has a limited amount of time before year end given the midterm elections and will need to focus primarily on “must-pass” bills during its lame duck session. Without an action-forcing mechanism, it will take the expiration of the PHE to focus members on the need to take action to extend telehealth.

Student loan debt forgiveness. The White House announced last month that for individuals with incomes under \$125,000, it intends to forgive up to \$20,000 for former Pell Grant recipients and \$10,000 for all other federal student loan borrowers.

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Biden’s statement declaring the pandemic over is a problem for student loan forgiveness as its legal basis relies on a pandemic-related law, which allows the federal government to forgive debts due to hardship caused by a “national emergency.”

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With the president saying the pandemic is over before the loan forgiveness has even officially begun, this provides further ammunition for conservatives looking to challenge the executive action.

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It is unclear whether the debt forgiveness can continue to occur after the PHE has been rescinded, which may mean that the PHE must be extended well into 2023 to match the expiration of the loan forgiveness window. Alternatively, it could end in January and the administration could argue that there was a PHE at the time forgiveness was announced and that was sufficient legal justification.

Medicaid eligibility and coverage determinations. Medicaid expansion hasn’t garnered as much public attention lately as telehealth and student loan forgiveness, but it will be just as impacted by the termination of the PHE.

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One of the early pandemic relief laws passed in 2020 created a [continuous coverage requirement for state Medicaid agencies](#) to receive a 6.2 percent increase in the Federal Medical Assistance Percentage. States received substantially more Medicaid funding, but they were prohibited from removing anyone from their Medicaid rolls.

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Several GOP-leaning states are champing at the bit to decrease their Medicaid rolls, as they believe too many able-bodied adults are taking advantage of the crisis, costing states billions. Meanwhile, Democrats are concerned that ending the PHE will create a tsunami of uninsured people, particularly among the poor and minorities.

The Changing Role of CEOs in Public Crises

CEOs of a Company and Humanity. Climate change, inflation, the Covid-19 pandemic, democracy, access to abortion, immigration, and gun violence are all issues that have taken center stage the past two years. A weary public is looking to CEOs for help.

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Declining trust in governments means increasing reliance on the C-Suite. The [2022 Edelman Trust barometer](#) shows people view companies as better equipped and trusted to solve societal problems.

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The politization of everything means a majority of consumers, employees, and investors interact with businesses based on their beliefs and values. Stakeholders want policy engagement, not endorsements of politicians.

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It's harder to tackle national and global problems today in a fractured landscape across nations, states, and communities. Globalization is turning inward after a pandemic and geopolitical tensions with China. The United States and the European Union feel less united during the age of Trumpism and Brexit. Political polarization means Republicans more often live with Republicans and Democrats more often live with Democrats, leading to growing regional differences.

Are CEOs Partners, Antagonists, or Both? Democrats and Republicans both love to hate big business today. But distrust of "big" doesn't mean there's no place for them in the policy world. Rather it just requires a different framing.

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Progressives view big business as a necessary evil in working to solve crises like climate change. Conservatives view corporations' involvement as evil "wokeism" from a corrupt ruling class.

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Partnering with the government to solve crises means embracing a more visible hand to the free market. Free trade is on the downswing while industrial policy is on the upswing. Legislation like the Inflation Reduction Act and the CHIPS and Science Act provide government "carrots" for the private sector.

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Making the big, smaller is key to navigating DC. "Big business" and "wokeism" are easy to malign. It's finding the local angle that creates opportunities for development with policymakers. Republicans voted against legislation like the American Rescue Plan and the Infrastructure Investment and Jobs Act, but they are happy to tout the jobs and business development in their state or congressional district.

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Anti-corporate rhetoric is harder to put into action at the federal legislative level, but not necessarily at the state or regulatory level. The filibuster and rules of Congress make it harder for partisans to implement an anti-business response to crises. Yet many states have one-party rule and no filibuster. There's no 60-vote threshold for regulations. In the face of legislative gridlock at the federal level, states and regulators will pick up the slack. Ambitious governors, whether Republican Ron DeSantis in Florida or Democrat Gavin Newsom in California, or ambitious regulators, like Lina Khan of the Federal Trade Commission or Rohit Chopra of the Consumer Financial Protection Bureau, will happily move the needle on perceived crises.
