

## Incentives and Human Rights

At least in our neck of the woods (North Carolina), incentive deals for corporations are all the rage. These generous public subsidies are used to induce industries to move new operations into the state. The theory is that they might move into a neighboring state if you don't incentivize their move, or maybe they will even locate abroad. The subsidies vary greatly from tax forgiveness, to contributing state money to new roads and sewers, to gifts of public land. In some cases states have "gotten burned", by which I mean obvious cases in which it is clear to everyone living in the state (save perhaps a couple of CEO's from that plant and related plants) that the estimated and expected return on the initial gifts of public resources were not returned, not by any stretch of the imagination. For example, the cases in which the company skipped out on its promise to remain productive in that location X years, or to hire X people, or to pay X average salary. But even these well-known histories do not prevent additional deals from being made.

There are also cases of unknown outcome from incentives to relocate corporate facilities. In these cases the story has not yet played out, so no one knows whether they have paid off. Or, in a third scenario, the company has indeed stayed, remained productive and arguably produced the expected jobs and economic activity in the state. Even in this third scenario, economic gain will remain somewhat murky. Much of the calculated gain (calculations are always made when the incentives are first offered, before anyone actually lays a brick) involves indirect gains to the state. For example, the employees at the plant not only pay state taxes, but when they get their haircut or buy groceries their salaries turn over again into life sustaining earning (and another set of payroll taxes) to the barber/stylist and the grocer, who in turn go on to buy additional services and products in state, as well as pay their own income taxes and, of course, who turn the same money over again to other workers, store owners and landlords in the state.

Generally speaking liberals and progressives raise a loud ruckus whenever they hear about the governor and legislature conspiring to turn huge amounts of tax money over to some corporation, so that on a whole chain of contingencies that money might generate much more for the state than they made the gift check out for originally. Recently, in North Carolina such an incentive-packed deal was made with Dell computers. I didn't really notice that the general public was privy to any of the detailed calculations which supposedly might have indicated that we were going to earn back much more than we spent up front. Public scrutiny was not really judged to be necessary. Thus the ruckus was raised, especially given the simultaneous moans and cries from our state officials that the budget was horribly short and public services had to be cut back past the bone (to about the marrow now, I guess).

So, what could any reasonable liberal or progressive person possibly have to favorably say about incentives? Well, there may not be much favorable to say, but it has occurred to me that there is one illuminating principle arising from this demonstration by our state governments. It is highly instructive that our public officials are so willing, even eager, to take a chance on the corporate payback. This principle of their faith in possible future payback and in the political feasibility of acting boldly as if they were going to be praised

and supported for their largesse is of enormous significance for folks genuinely concerned with the public welfare, social justice equal opportunities.

I am involved intensely in work to fully establish the "Right to Health Care" as a fundamental human right in my state and in the nation. The work involves education about universal health care, but within the context of human rights. We make a close comparison to the historical precedent of the "Right to Education" (primary and secondary) which initially met the same resistance we find today against the "Right to Health Care" and which we believe generally indicates the effective method for grassroots struggle. We also can rely on established US and international law to a great extent (although existing human rights law is very poorly enforced in the US currently). The strategic benefits of focusing on the right to health care in the human rights context (rather than primarily focusing on the economics and particular financial plan) are of great significance to a small grassroots organization interested in the idea of "health care for all". But what does any of this have to do with our governor's love of corporate sweet talking and incentives?

Now, the fact that we choose to operate with a primary focus on the "right to health care" reflects our assessment that we need to get the vast majority of the state on the same page regarding fundamental reform of how we provide health care and that this needs to be a right that all assume and demand just like education. It is NOT our position that the economics or particular financial possible plans are unimportant, trivial or unworthy of discussion. We just need to get everyone agreed, as a first step, that this is what the state needs. It's not just what the low-income workers (who suffer most from the current system) need, or the less fortunate (sick) need, but what is also needed by business in general and by society to function in general as a whole without excluded, vastly underprivileged and uncared for portions of our population. Let's agree we're not just seeking a way to leave 10% or 5% or 2% of our people beyond care and discarded. That would be too many children left without basic education and its too many citizens to be left without access to health care. Besides, who exactly is volunteering to be among the excluded? Or are we just agreeing that the sickest 2% at any point in time are to be discarded as unworthy Americans or North Carolinians? And as many among us rotate into this unfortunate portion of the population (sickest 5% say) we'll just hold firmly to the same libertarian attitude we had when young and healthy right, about discarding this sector of humanity? Yeah, right.

So what do we say to fellow citizens and to business and government officials who want to know how the state could possibly afford to insure those now uninsured and underinsured? Well, there is a whole litany of facts: 1) about how we spend twice per capita what any other industrialized country does, although these others provide access of all their residents to health care, 2) or how our private insurance system operates presently with about a 25% overhead and profit, while medicare operates with 3% or less, or 3) how pharmaceutical companies profit at 5X the rate of other fortune 500 companies. These all indicate that there **MUST BE A WAY TO AFFORD CARE FOR ALL**, if we have that shared commitment. We can also talk about studies that have been completed indicating that providing care for the entire state need not be more expensive, or of lower

quality than the current system (many tax-funded studies have been completed in states in every region of the nation). Then we also remind the questioners that it should be the state legislators who devise a way to develop and monitor any such system together with local governments (as with state policies on education) and that a small organization like ours should not be expected to come up with some detailed plan that will satisfy all diverse stakeholders.

Even then, though, we inevitably find ourselves still getting brow-beaten about the extra money that will have to be poured into the current system in order to pay for insuring the presently uninsured and underinsured (they always assume that you are keeping your lousy flawed-system and just adding another feature to it, that's the legislature's choice maybe, but not my recommendation). The questioners, you see, would like to forget all of the many and various cost-savings that come into the state from a variety of directions after adopting a rational and whole system which serves the state population as a whole. They want to know where that initial bag of money is coming from to get going, even if its true that revamping the system will save the state money on the whole and within five or six years.

**BUT WAIT, THAT IS IT !!** That's where the brilliant position of our governor and state legislators comes in. You see, they have already demonstrated that it's politically feasible and thoroughly worthwhile to jump into something where all the cost-savings can be calculated and are indirect, complex and various. Cost savings in the 5 to 6 year-time frame will come pouring into the state coffers, from having a healthier, more productive and active population, it will come pouring in from having great drug rehabilitation, from having full and thorough mental health facilities, reduced crime and policing costs, from much less malpractice litigation (by having everyone included and valued within the system) to name just the first few indirect sources. Furthermore, small businesses will flock to the state from neighboring states so that the business owners can devote themselves to the business plans they are interested in, rather than spending half of their time working as health insurance brokers for their employees -and all those new startups bring jobs and tax money.

So it is really wonderful that we have all of that disagreement out of the way in advance and that even our most conservative legislators are already "on board" with making a large initial payment and commitment to something which the state needs, based on the calculated somewhat delayed savings from diverse sources.