Talking Points Memo

http://tpmcafe.talkingpointsmemo.com/2009/04/29/crying_wolf_--_the_same_old_song/?ref=c1

Crying Wolf -- The Same Old Song

By Donald Cohen and Peter Dreier - April 29, 2009, 5:10PM

Universal health care and the reform of outdated labor laws are shaping up to be the two great policy battles of the year, if not the century. Business interests are dusting off decades of campaign rhetoric warning about the doomsday scenarios if Congress enacts "socialized" health care and the Employee Free Choice Act to give workers a decent shot a organizing unions. They're wrong about both issues, but will politicians and pundits believe them anyway?

Crying wolf has been a successful formula for business lobby groups. It has helped them thwart every attempt since the New Deal at achieving universal health care and leveling the playing field for workers. Now, after 40 years of declining wages for most employees, as well as growing numbers of uninsured and underinsured families, the stakes for workers and the economy couldn't be higher.

Business leaders and their front groups have assembled multi-million dollar warchests to do battle on these two issues. They are conducting mandatory worksite meetings with millions of their employees. They are blanketing the airwaves with paid TV advertising and rants on Fox News. At meetings and in conference calls, they are rallying the business troops with propaganda designed to persuade them that providing all Americans with decent health insurance and the right to unionize will destroy the economy. The leaders of the fight are the heavy hitters of the new non-union service economy like McDonalds, Citigroup, Walmart, Home Depot and Bank of America.

Polls show that 58% of non-management employees would like to see a union in their workplaces, but only 12.4% of American workers are union members. Why? Employers routinely intimidate, harass, and fire employees for supporting unions. EFCA is designed to level the playing field by increasing penalities for employers who violate the law and requiring employers to bargain with workers who decide that they want union representation.

In a recent conference call hosted by the Bank of America to organize industry opposition to EFCA, Bernie Marcus, co-founder of Home Depot, claimed that EFCA would lead to the "demise of a civilization."

In addition to the coming wave of rhetorical bluster, new front groups like the corporate-funded "Alliance to Save Main Street Jobs" are releasing studies with misleading claims of massive job loss. A recent Alliance report claimed that simply level the playing field by providing employees with the right to unionize without employer interference would somehow lead to the loss of 600,000 jobs. According to the report, job loss directly attributed to EFCA would ominously "be equal to the equal to the entire population of Boston or seventy-five percent of San Francisco."

The right-wing, corporate-funded Hoover Institution released a study that claimed that "the level of unrest in labor relations will increase, and do so in a time when the economy is still likely to suffer from a general slowdown." The study goes on to claim "EFCA will sure exert an overall negative effect on the wages and job opportunities of employees."

The U.S. Chamber of Commerce claimed EFCA "would upset the National Labor Relations Act's careful balance among union, employer and employee interests." It's the same Chamber of Commerce that testified before Congress in 1935 in opposition to the passage of the NLRA claiming that it would have "a very disastrous effect upon the economic life of the country."

In fact, industry claims about the NLRA in 1935 sound the same as the Armageddon warnings describing EFCA today. Back then, Philip Van Duyne, representing the New Jersey Chamber of Commerce, claimed that the NLRA would be "a policy of destruction, of restraint on initiative, upon energy, upon production." He went on to predict it would "cause a lessening in the pulse of industry, and a further decrease in employment in this country."

It turned out, of course, that the exact opposite became true. Increased union membership ensured that post-World War 2 economic prosperity was spread widely and created the largest middle class in American history. Since then, as legislative rollbacks and employer opposition to union organizing has made it virtually impossible for workers to form unions, the middle class continues to wither. "Over the past two or three decades, the top 1 percent of Americans have experienced a dramatic increase from 10 percent to more than 20 percent in the share of national income that's accruing to them," said Peter Orszag, Obama's budget director.

It's the same story in health care. Ever since FDR first considered a health insurance plan for all Americans, various lobby groups within the health care industry have repeated the same arguments against the idea. When President Harry S. Truman proposed national health insurance in 1945, Senior Republican Senator Robert Taft of Ohio declared, "I consider it socialism. It is to my mind the most socialistic measure this Congress has ever had before it."

Soon after President John F. Kennedy took office in 1961, the American Medical Association paid for and distributed a recording, "Ronald Reagan Speaks out Against Socialized Medicine," years before the veteran actor ever ran for office. In that propaganda message, Reagan claimed: "One of the traditional methods of imposing statism or socialism has been by way of medicine.... One of these days you and I are going to spend our sunset years telling our children and our children's children what it was like in America when men were free."

After President Bill Clinton proposed a universal health care plan in 1993, the Health Insurance Association of America (HIAA) became the front group for a multi-industry opposition campaign. They created the infamous "Harry and Louise" TV ads that warned against the age-old specter of government controlled health care, the loss of choice of doctor, and rationing.

Today, the big players in the health care industry - the drug and insurance companies - are holding their fire, chastened by populist anger against big business. For the time being, they want to look like team players before they break ranks when they see how it might hit their bottom lines. For now, they are leaving the fight to the industry-funded right wing think tank machine (like the Heritage Foundation and the CATO Institute) and their allies in the conservative media echo chamber like Fox News and the Wall Street Journal.

A business-funded front group, Conservatives for Patients Rights (CPR), led by the former CEO of the Hospital Corporation of America, Richard Scott, recently launched a multimillion-dollar campaign in opposition to government-run coverage, going on TV, radio and the Web. Scott and his group are using the same free-market message used for 60 years of battles against universal health care. "If we have more government involvement we're going to have dramatically worse health care," said Scott. CPR's communications team includes veterans other right-wing propaganda campaigns, like the 2004 "Swift Boat" ads defaming Sen. John Kerry's Vietnam heroics.

The coming clashes over the Employee Free Choice Act and serious health care reform should remind us that, throughout the past century, business's dire warnings about the costs of regulations, more progressive taxes, and improved working conditions are typically empty threats. Businesses are often bluffing -- some would say, lying -- when they claim that these laws violate the inviolate laws of supply-and-demand and will destroy the "business climate."

For example, in the early 1900s, when housing reformers concerned about squalid urban slums lobbied for municipal laws to make new apartments buildings safer - for example, by adopting codes requiring more light and fresh air, and construction materials that were more resistant to fires - landlords and developers admonished them for being hostile to private enterprise. But the laws passed and developers adjusted to the higher standards.

During that same period, manufacturers warned state legislatures that enacting laws against child labor or improving safety conditions in factories would seriously damage the business climate. States passed the laws anyway, and manufacturers continued to do business, employing adults instead of children and saving workers from unnecessary injuries and deaths.

As unemployment skyrocketed in the 1930's, the National Association of Manufacturers cried wolf in response to every New Deal effort to help. Even unemployment insurance, they charged, would mean "ultimate socialistic control of life and industry."

When President Franklin D. Roosevelt proposed creating a federal minimum wage during the Depression to help stimulate the economy, most corporate leaders warned that doing so would destroy employees' drive to work hard and would force many firms out of business. Rep. Edward Cox of Georgia claimed that minimum wages and overtime pay "will destroy small industry." Despite these warnings, Congress passed the Fair Labor Standards Act in 1938.

Since then, each time Congress considers raising the minimum wage, business groups repackage the same arguments, but the dire predictions have never materialized. Milton Friedman, the father of free-market fanaticism, claimed that a California measure to increase the minimum wage in 1996 "will put people out of work and onto welfare."

In the late 1960s and 1970s -- when various environmental, consumer, and workplace safety laws like the Clean Air Act, the Occupational Safety and Health Act, and laws mandating seatbelts, and removing lead from gasoline were proposed -- manufacturers, automakers, and drug companies claimed that these proposals would seriously hurt business.

For example, in opposition to the Clean Air Act of 1970, the American Automobile Manufacturers Association cried that if air quality standards in the bill became law "manufacturers would be forced to shut down" During the debate over the 1990 Clean Air Act, auto industry officials claimed that further reducing auto emissions "is not feasible or necessary and that congressional dictates to do so would be financially ruinous."

Just last year, California legislation aimed at slowing residential foreclosures by simply requiring lenders to personally talk with borrowers before they started the default process failed when real estate supported politicians claimed the discussions would have a "chilling effect" and discourage companies from lending to Californians.

A generation later, we know that these are just the kind of laws that have improved our economic security, made our air cleaner, workplaces healthier, and drugs and cars safer, with no negative consequences for business.

In the coming battles over workplace rights and health care reform - both designed to strengthen the American middle class - we can expect business lobby groups to again cry wolf about pending economic disaster. They will recycle the same lies and arguments they've been using for over a century. When they do, politicians and the public should just use Ronald Reagan's famous and dismissive phrase "there they go again" and then do the right thing.

Donald Cohen is the co-founder and president of the Center on Policy Initiatives, a San Diego-based research, and policy center. He is a board member of the Partnership for Working Families and Green for All. Peter Dreier is professor of politics, and director of the Urban & Environmental Policy program, at Occidental College in Los Angeles, coauthor of Place Matters: Metropolitics for the 21st Century, and a board member of the Los Angeles Alliance for a New Economy and the National Housing Institute. Cohen and Dreier are both on the board of the Horizon Institute, a progressive Los Angeles-based think tank.