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Beware: Big Business is Targeting Moderate Dems with Campaign Dollars and Crying Wolf Arguments



By Peter Dreier - May 12, 2009, 1:49PM

Don't confuse the Republican Party's right-wing lunatic fringe with corporate America. When it comes to key legislation that challenges corporate priorities and moves America in a more progressive direction -- on health care, global warming, labor law reform, tax reform, and banking and housing reform -- the business community knows it can't just ally with the lunatic Limbaugh wing of the GOP. It has to persuade moderate Democrats in Congress to resist supporting a liberal agenda.

The right-wing lunatic fringe (Rush Limbaugh, Glenn Beck, Sean Hannity, Ann Coulter, Bill O'Reilly, Dick Cheney, the Heritage Foundation, the American Enterprise Institute, the *Wall Street Journal* editorial page, and the GOP leadership in the Senate, like Sen. Mitch McConnell, and in the House, like Rep. John Boehner) are becoming increasingly isolated from mainstream America. Because they have nothing positive to propose, they resort to demonizing Obama, unions, ACORN, environmentalists, and anything else that is vaguely liberal.

It isn't working. This explains why polls show a decline in the percentage of Americans who identify themselves as Republicans. And it explains why, according to an article in the *New York Times* last Sunday, "Gaps Appear in GOP Solidarity," a growing number of Republicans in Congress are bolting the leadership to vote for middle-of-the-road legislation.

That's why, as Donald Cohen and I wrote in our TPMCafe article on April 29, business is gearing up for a fight against health care reform and labor law reform. And, as we wrote in our Huffington Post column on May 11, big business is singing the same "crying wolf" song against Obama's environmental agenda

Business groups are "crying wolf" that any effort to bring about reform will kill jobs, hurt the economy, and destroy the American way of life. They've been doing this for over 100 years, on issues like child labor, auto safety, consumer protections, workplace safety, clean air legislation, and the minimum wage. Business is usually lying about this, but they keep repeating the same mantra, with the aid of corporate-backed think tanks and some hired academics. Unfortunately, lots of politicians and journalists believe them and

repeat their arguments. So one important task for progressives, including academics, is to keep challenging business's misleading "crying wolf" warnings.

Last week, for example, President Barack Obama called for closing loopholes that allow multinational corporations and wealthy individuals to avoid paying taxes when they ship jobs overseas and hide profits in secret offshore accounts. Predictably, business lobby groups warned that this would kill jobs and make American companies less competitive in the global economy. But shamefully, the nation's major newspapers repeated corporate America's claims without providing the necessary balance to allow readers to understand that the evidence to support business' warnings is no better than rumor, gossip, and anecdote. The headline in the *Los Angeles Times* reflects this: "Obama Tax Idea Alarms Business." (The headline in the on-line version was just as bad: "Business Leaders Sharply Critical of Obama's Plan to Crack Down on Overseas Tax Shelters").

The only people quoted in that story, besides the President, were business lobby groups and their hired-hand consultants, warning that Obama's proposals would lead to economic doomsday, despite the fact that the reporters could have found plenty of economists to challenge the Chamber of Commerce "crying wolf" claims. The stories in other major newspapers about Obama's tax plan weren't much better.

And a few weeks ago, the banking industry succeeded in defeating "cram-down" legislation that would help homeowners facing foreclosure renegotiate their mortgages with banks. According to the *New York Times* story: "The banking industry has also succeeded in working closely with Republicans to water down and then block a measure that would give bankruptcy judges greater authority to modify mortgages, including reducing principal payments. Senate Republican leaders say they have the support of all 41 of their members -- enough to kill the provision by making it impossible to get the 60 votes necessary to cut off debate." It is called "cram down" because, the *Times* explained, "it would give judges the authority to dictate terms to lenders and investors who own mortgages bundled into securities."

As even the conservative *Washington Times* story pointed out, "Mortgage banking industry lobbyists, who gave more than \$1.8 million in campaign contributions to Senate members in 2008, fought fiercely against the legislation, which was offered as an amendment to a housing bill."

But in addition to using its raw political muscle that comes from campaign contributions, the banking industry used its own "crying wolf" excuses in opposing the "cram-down" proposal. "The cram-down provision, if it became law, would raise the costs of all mortgages for everyone," Edward L. Yingling, president and chief executive of the American Bankers Association, told the *Times*. This is BS; Congress can regulate interest rates and fees and prohibit banks from ripping off consumers.

Public opinion polls show that a significant majority of Americans want an activist government that addresses the shaky economy, the widening economic gap, growing poverty, consumer and workplace safety, global warming and environment dangers,

progressive tax reform, and health care reform. A new study by John Halpin and Ruy Teixeira, summarized in their *American Prospect* [article](#) ("Progressivism Goes Mainstream"), documents these trends.

But we can't depend on Congress to simply translate that public opinion into legislation. Public opinion has to be mobilized - by unions, enviro groups, community organizations, civil rights and women's rights groups, and others. Obama can use his bully pulpit to encourage Americans to lobby and protest, but ultimately the responsibility falls on an organized citizenry to push for reform that results in shared prosperity. In particular, liberals and progressives have to put pressure on moderate Democrats in Congress to resist the influence of big business.

Since November, the political center-of-gravity has changed. The right-wing lunatics are still a political force, but they are increasingly isolated. The alliance between big business, the Religious Right, and the gun lobby was defeated in November, but big business isn't sitting around waiting to rebuild that coalition. It is now targeting the growing number of moderate Democrats, many from "swing" districts. Corporate America is fiercely fighting, with campaign contributions (shouldn't Congress limit companies who get federal bail-outs from making campaign donations?) and "crying wolf" arguments that progressive reforms will destroy the economy, kill jobs, and thwart prosperity.

We need to be ready to fight the biggest battles of the past 50 years -- battles that will shape the direction of our country for next generation or two -- over the environment, workers' rights, health care, and the economy. Liberals and progressives need to play the "inside" game (lobbying and compromising on legislation) and the "outside" game (protesting and mobilizing) simultaneously. That's the lessons from the successes of the New Deal and the Great Society. Public opinion is on our side, but it can only be effective if it shows itself in the halls of Congress and in the streets of our communities.