

A full-length photograph of Lou Dobbs, a man with short blonde hair, wearing a dark blue suit, a white shirt, and a yellow patterned tie. He is standing with his hands in his pockets, looking directly at the camera. The background is a blurred outdoor setting with stone steps and a wall.

WAR ON THE MIDDLE CLASS

**How the Government,
Big Business, and Special Interest Groups
Are Waging War on the American Dream and
HOW TO FIGHT BACK**

LOU DOBBS

LOU DOBBS

WAR ON THE
MIDDLE CLASS

*How the Government,
Big Business, and Special Interest Groups
Are Waging War on the American Dream and*

HOW TO FIGHT BACK

VIKING

VIKING

Published by the Penguin Group

Penguin Group (USA) Inc., 375 Hudson Street, New York, New York 10014, U.S.A. • Penguin Group (Canada), 90 Eglinton Avenue East, Suite 700, Toronto, Ontario, Canada M4P 2Y3 (a division of Pearson Penguin Canada Inc.) • Penguin Books Ltd, 80 Strand, London WC2R 0RL, England • Penguin Ireland, 25 St Stephen's Green, Dublin 2, Ireland (a division of Penguin Books Ltd) • Penguin Books Australia Ltd, 250 Camberwell Road, Camberwell, Victoria 3124, Australia (a division of Pearson Australia Group Pty Ltd) • Penguin Books India Pvt Ltd, 11 Community Centre, Panchsheel Park, New Delhi – 110 017, India • Penguin Group (NZ), Cnr Airborne and Rosedale Roads, Albany, Auckland 1310, New Zealand (a division of Pearson New Zealand Ltd) • Penguin Books (South Africa) (Pty) Ltd, 24 Sturdee Avenue, Rosebank, Johannesburg 2196, South Africa

Penguin Books Ltd, Registered Offices: 80 Strand, London WC2R 0RL, England

First published in 2006 by Viking Penguin, a member of Penguin Group (USA) Inc.

10 9 8 7 6 5

Copyright © The Dobbs Group, 2006
All rights reserved

ISBN 0-670-03792-3

Printed in the United States of America
Designed by Carla Bolte • Set in Dante

Without limiting the rights under copyright reserved above, no part of this publication may be reproduced, stored in or introduced into a retrieval system, or transmitted, in any form or by any means (electronic, mechanical, photocopying, recording, or otherwise), without the prior written permission of both the copyright owner and the above publisher of this book.

The scanning, uploading, and distribution of this book via the Internet or via any other means without the permission of the publisher is illegal and punishable by law. Please purchase only authorized electronic editions and do not participate in or encourage electronic piracy of copyrightable materials. Your support of the author's rights is appreciated.

ALSO BY LOU DOBBS

*Exporting America: Why Corporate Greed Is
Shipping American Jobs Overseas*

Space: The Next Business Frontier

*To my wife, Debi, and the kids:
Chance, Buffie, Jason, Michelle, Heather, and Hillary*

ACKNOWLEDGMENTS

First and always, thanks to my wonderful family for their love and support, and for putting up with me. Thanks also to a great team of journalists, who, yes, also put up with me, and each weekday evening produce *Lou Dobbs Tonight* and work tirelessly and diligently to report the events and issues that are shaping the lives of all Americans.

Together, we've been reporting for the past two years on what has become an undeclared war on the mainstay and bedrock of American society, our middle class. Our great group of journalists has researched and reported on a wide array of events and developments that have appeared to many, including us at the outset, to be independent and unrelated in any way to one another. But over time, those events became social, economic, and political trends that are demonstrably connected and, in many instances, orchestrated by the same forces and groups within our political economy.

Whether the issue is failing public education, corruption in Washington, rampant illegal immigration, the outsourcing of jobs to cheap foreign labor markets, massive U.S. budget and trade deficits, a crumbling national infrastructure, voter fraud, or runaway costs of energy and health care, the principal victim is the same: hardworking, taxpaying middle-class Americans and their families and those who aspire to be part of the middle class. Over time, we've managed to report the relationship among politicians of both parties, corporate and special interests, and lobbyists and the roles they are playing in attacking, often consciously and without conscience,

the very people who make up the foundation of our great country, the middle class. Thanks to my colleagues Jim McGinnis, Kevin Burke, Leslie Bella-Henry, Dierdre Hughes, Chris Billante, Deborah Davis, Kitty Pilgrim, Casey Wian, Bill Tucker, Christine Romans, Lisa Sylvester, Louise Schiavone, Peter Viles, Claudine Hutton, Philippa Holland, Adrienne Klein, Rene Brinkley, Nickie Bonner, Jessica Rosgaard, Jill Billante, Tom Evans, David Brandt, Lisa Dilallo, Paul Vitale, Marci Starzec, Kimberly Cardinal, Nicole Duignan, Vandana Agrawal, Jessie Anderson, Angela Ramos, Stacy Curtin, April Harris, Richard Dool, Diane Saltzman, Kaleigh Mountain, and Kathleen Goldrick.

My thanks to CNN News Group President Jim Walton for unstinting encouragement and support, and to Time Warner Chairman and CEO Dick Parsons and President Jeffrey Bewkes for their commitment to world-class journalism.

My thanks also to my friend and counselor Wayne Kabak of William Morris Agency for urging me to write this book, to Viking's Richard Kot, who both encouraged me and skillfully edited the book, and to my friend and compadre H. P. Newquist, whose talent, energy, and humor made this third book in six years possible. My gratitude as well to my colleague Slade Sohmer for editorial research and always helpful suggestions, to Lisa Lee for her research, and finally, to Arlene Forman and Mario Spagnola for their daily efforts to assist me in countless ways, and yes, also for putting up with me.

CONTENTS

Acknowledgments ix

Introduction 1

1	War on the Middle Class	13
2	Class Warfare	23
3	The Best Government Money Can Buy	37
4	The Politics of Deceit	65
5	He Says, She Says	76
6	The Exorbitant Cost of Free Trade	92
7	Exporting America	108
8	Broken Borders	131
9	A Generation of Failure	157
10	Health Care: It's Enough to Make You Sick	173
11	The Best of Intentions	186
12	Taking Back America	197

The Declaration of Independence 215

The Constitution of the United States 221

The Bill of Rights 237

The Constitution: Amendments 11–27 241

Notes 253

Index 269

Introduction

George W. Bush claimed through two presidential campaigns that America has become the “ownership society.” I couldn’t agree more. America has become a society owned by corporations and a political system dominated by corporate and special interests, and directed by elites who are hostile—or at best indifferent—to the interests of working men and women of the middle class and their families.

Corporate America holds dominion over the Republican and Democratic parties through campaign contributions, armies of lobbyists that have swamped Washington, and control of political and economic think tanks and media. What was for almost two hundred years a government of the people has become a government of corporations, and the consent of the governed is now little more than a quaint rubric of our Declaration of Independence, honored as a perfunctory exercise in artifice, and practiced every two to four years in midterm and presidential elections in which only about half of our eligible voters go to the polls.

We stand on the brink of being judged by future historians as the generation that failed to heed Abraham Lincoln’s call to assure that

the “government of the people, by the people, for the people, shall not perish from the earth.”

There is almost no countervailing influence in our society to mitigate, even at the margins, the awesome and all but total corporate ownership of our political system. Labor unions are nearing extinction, and those that survive are in the midst of internal leadership struggles to find relevance in our economy and our society. Most of our universities are rarely, if ever, bastions of independent thinking, social scholarship, and activism. Instead they are dependent and rely upon either the federal government or the favor of corporations and the wealthy for funding their very existences. Our churches are in decline and tend to expend their political energy on issues such as gay marriage and highly amorphous “family values” rather than on the relevant causes of our time, including the preservation of our traditional national values of independence, equality, personal freedom, the common good, and our national interest. Isn’t preserving the American Dream, and fighting back against those forces that would diminish or destroy it, a worthy cause for our traditional institutions and to all of us who care deeply about our great democracy and way of life?

Most alarmingly, our federal government has become so dysfunctional that it no longer serves well the needs of the people, nor do our elected officials assert the common good against the power of money and capital.

No one believes more strongly than I do in our free enterprise democracy, or in the importance of capitalism as the driving force of our economy. At the same time, I also strongly reject unfettered capitalism, and those forces that now rampant corporatism has arrayed against our middle class and those who aspire to be part of it.

The title of this book reflects an evolution in my understanding of our failed public policies, business practices, and politics over the past five years, and of their disastrous impact on the single largest group of people in this country—our middle class. My understanding has,

admittedly, evolved far too slowly, and occasionally only haltingly—especially when I consider that the result of those failed policies, practices, and politics are now so painfully obvious: Middle-class working men and women and their families have been devastated.

In this conflict, the middle class is not collateral damage. Working men and women are not innocent bystanders in a great national accident. Our political, business, and academic elites are waging an outright war on Americans, and I doubt the middle class can survive the continued assault by forces unleashed over the past five years if they go on unchecked.

Whether the issue is a total lack of border security, an illegal immigration crisis, taxation, education, or jobs, big business and big government are unchecked in their attacks on the common good. Most of our elected officials, whether Democrat or Republican, have been bought and paid for through campaign donations from corporate lobbyists and other special interest groups. We've reached a stage where lobbyists no longer merely influence legislation but write the actual language of what becomes law.

The Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 is only one such example. Credit card, banking, and other financial institutions all but wrote this measure. As a law, it now means that many middle-class families cannot turn to the protection of bankruptcy—even though the leading cause of personal bankruptcy is the medical and health care costs incurred by catastrophic illness.

In conjunction with the Bush administration's unwavering commitment to faith-based economics and free trade at any cost, the effect of its failed public policies has been draconian. Our unrepresentative Congress has actually cheered on corporate America's business practices—practices that have destroyed millions of well-paying middle-class jobs, and continue to do so. We are witnessing something that would have been unimaginable a quarter century ago: the emergence of a House of Representatives and a Senate

that ignore the will of the majority of Americans, the middle class. Politicians have become viciously and vacuously partisan, and contemptuous of their constituencies. These forces are committed to a world order that views national sovereignty and borders as inconvenient impediments to trade and commerce, and our citizens as nothing more than consumers or units of labor in a global marketplace. That ideology has damaged, perhaps irreversibly, our manufacturing base as a result of the corporate offshoring of production facilities and the outsourcing of jobs to overseas cheap labor markets.

Each night, as I conclude my nightly broadcast on CNN, I have the gut-sick feeling that we have chronicled another twenty-four hours in the decline of our great democratic republic and the bankrupting of our free enterprise economy. Almost every night it seems we report on the erosion of individual rights and individual liberty, on ever bolder attempts by political and business elites to define what America now means, and on actions of elected officials, corporate leaders, and special interests who seemingly are determined to deny millions of Americans the same economic and educational opportunities that previous generations enjoyed.

A few years ago, on *Lou Dobbs Tonight*, we began reporting on the economic challenges facing most Americans in a series called "The Middle-Class Squeeze," which initially focused on health care, job losses in manufacturing, and the corporate outsourcing of jobs. In 2004, the Kerry campaign even adopted "The Middle-Class Squeeze" as a designation for some of the senator's policy positions. By the end of that election year, we had escalated our coverage, and changed the title of the series to "Assault on the Middle Class." The economy had finally started creating jobs, but they were low-paying ones; middle-class jobs were still being shipped overseas. Those who lost their positions were finding new work, but slowly, and they were forced to accept 20 to 25 percent less in wages or salary. At the same time, public education, despite the No

Child Left Behind Act (or perhaps because of it, as critics maintain), was failing millions of our students.

By now it had become evident to me that the problems beleaguering the middle class were about more than the erosion of jobs and pay, health care, and education. The issue was bigger than any of us could have imagined. When the realization that that was the case finally took hold last year, the title of our ongoing series was changed to “War on the Middle Class.”

Make no mistake: This is an outright war. To call it anything less is a disservice to the truth and to the American people. The mass capitulation of most Americans to political correctness over the past two decades has frequently provoked me to forgo gentle and indirect language in favor of simpler and more direct statements of meaning. I’m biased in my preference for direct language, but I’m convinced there is no other way to address the most critical issues facing the country.

I’ve found out the hard way that being direct and straightforward on my nightly broadcast is not always pleasing to those people trying to control the national agenda, define issues in their own narrow terms, and obfuscate their vested interests and motives. I was surprised early on that a discussion of something so seemingly boring as international trade and corporate business practices could be met with vicious personal attacks. These came by way of some of the country’s leading political figures and news columnists, who assailed me and the broadcast because we were reporting facts, analysis, and conclusions that contradicted, or were inconsistent with, their particular political or economic beliefs.

For instance, I told my audience in 2002 that the Bush administration was mistaken in calling our global war on terrorists simply a “war on terror.” I strongly believed then, as now, that we are fighting a global war not against terror, but against radical Islamist terrorists. I questioned, and still do, whether we can effectively

fight a war in which we are constrained by some bizarre construction of political correctness to name our enemy.

So I named the enemy. A lot of people didn't like this. Ibrahim Hooper, a spokesman for the Council on American-Islamic Relations, said that I had "taken the definition of Islamist from bigots and [was] trying to apply it to the war on terror." The American-Arab Anti-Discrimination Committee likewise took issue with me, and James Zogby, head of the Arab American Institute, said, "I think he has really added to the confusion."

The Bush White House press office went nuts. A White House press aide, Adam Levine, declared that I would not be permitted interviews with then secretary of state Colin Powell and former national security adviser Condoleezza Rice—in fact, with anyone at the White House. (Rice, by the way, has in fact declined interview requests by *Lou Dobbs Tonight* for the past four years. Knowing now the way this administration works, I doubt my audience will ever see her sitting comfortably across the desk from me in our New York studios.)

To their credit, Veterans Affairs secretary Jim Nicholson, now former trade representative Rob Portman, and UN ambassador John Bolton have all had the courage of intellect and character to come on the show to debate and discuss important issues and policies with me. And White House press secretary Tony Snow broke the four-year embargo that kept White House staffers from appearing on my show when he and I sat down on May 24, 2006, for his first prime-time interview. Snow was candid and engaging, something I appreciate in light of the way the Bush administration typically handles questions from journalists. Still, Snow is the exception in this otherwise insular administration, which absolutely will not tolerate public criticism of its policies and pursuits.

Four years ago I declared on my broadcast that the U.S. Justice Department's decision to indict the Enron auditing firm of Arthur

Andersen was a catastrophic mistake of judgment. Indicting the corporation rather than the culpable executives would needlessly destroy twenty-eight thousand jobs in this country. While some of my colleagues in the national press chose to construe my opinion as defending the firm of Arthur Andersen, I was in fact defending twenty-eight thousand innocent employees who ultimately were put out of work because the Justice Department would not indict the specific individuals who were responsible for any obstruction of justice in the federal investigation of Enron.

To this day I hear almost weekly from a few of the thousands of ex-employees of Andersen who thank me for our coverage and my defense of their jobs. Their gratitude over these years has been more than enough to make me firmly believe I was right in the position I took on the issue. It is also satisfying to note that since its wrongheaded indictment of Arthur Andersen as a firm, the Justice Department has adopted a policy of indicting individuals instead of corporations. My position on the issue was absolutely vindicated when in the case of *Arthur Andersen LLP v. The United States* the U.S. Supreme Court voted to overturn the firm's conviction on May 31, 2005. Nonetheless, all these years later, not a single Arthur Andersen executive involved in the fraud has served a single day in jail.

When I began criticizing corporate America over the issue of outsourcing American jobs to cheap overseas labor markets, I was again besieged by personal criticism. John Castellani, the executive director of the Business Roundtable, couldn't believe that I would speak out against outsourcing, especially since I'm a lifelong Republican and a strong believer in free enterprise. In a speech, Castellani said, "It's as if whatever made Linda Blair's head spin around in *The Exorcist* has invaded the body of Lou Dobbs and left him with the brain of [Democratic presidential candidate] Dennis Kucinich."

It didn't stop there. Gerard Baker of the *Financial Times* called me the "high priest of demotic sensationalism," while James Glass-

man of the *Washington Post* said, "Once a sensible, if self-important and sycophantic, CNN anchor, he has suddenly become a table-thumping protectionist."

Over the years I've grown accustomed to nasty personal reactions whenever I take a stand against the increasingly entrenched establishment that runs this country. Our privileged elites, along with the orthodoxies of the left and right, demand that they alone will determine our nation's future, and they are dismissive of anyone who would have the temerity to raise his or her voice and speak directly and critically against those in power. I've learned hard lessons along the way, and my skin has thickened, and I will never fail to take strong positions on issues I believe to be critically important to the well-being of working men and women in this country, and to our common good. While columnist Michael Kinsley of the *Washington Post* may describe me as a "raving populist xenophobe," I make no apologies for having more confidence in our middle class than in our elites, or for calling for higher levels of legal immigration, while at the same time demanding the government secure our borders and stop illegal immigration.

Pulitzer Prize-winning *New York Times* columnist Thomas Friedman calls me "a blithering idiot." Columnist Andres Oppenheimer of the *Miami Herald* calls me part of some "isolationist media brotherhood." The ad hominem attacks on me in this debate reveal far more about my critics' reasoning than the issue we're debating.

We open our nightly broadcast announcing an hour of news, debate, and opinion. My commitment is to getting to the facts and the truth whenever and wherever possible. That's what my audience expects, and my audience also expects to hear my opinion on the events and issues that matter most to them. I don't do "fair and balanced," as some would have it, and I don't do the dominant brand of "he says, she says" journalism.

Much of what passes for journalism in this country allows the

elites in government and big business to promote their agendas without investigating underlying facts and motivations. By forsaking its role as the institution entrusted by the public to present the truth, the media has become complicit in the war on the middle class. The truth is no longer its goal; meeting deadlines and achieving profitability are now the sacrosanct objectives of news reporting. I truly believe that he says, she says journalism is nothing more than a rationalization for a news organization's failure to commit its journalists and resources to an independent search for the facts and the admittedly elusive truth. When a newspaper, magazine, or news network presents a Republican's view along with that of a Democrat, and passes off such fair and balanced reporting as the truth, it involves a lot less mental heavy lifting for journalists; it's a way for the news organization to avoid the costly, time-and-resource-consuming demands of gathering data and analyzing it before reporting a story. It may even be somewhat satisfying for a reader, viewer, or listener who gets to see or hear his own partisan view expressed for as much as one half of the report. Unfortunately, the result of that approach is that the media usually doesn't even manage to produce half-truths.

He says, she says journalism is a poor substitute for the investigative groundwork, analysis—and yes, opinion—that aims to offer a nonpartisan, independent reality. The truth is seldom fair and balanced, and rarely captured by simply balancing a Democratic view against a Republican view. I have no interest in being objective in my practice of journalism if objectivity can only be achieved through neutrality. I'm never neutral on any issue that affects the common good, our national interest, and the working men and women of this country.

If ever there were a time for truth in America, it is now. For more than two hundred years, the American middle class has been the core of a work ethic, a tradition of values, and a belief that every citi-