



An Equal Shot

The Tortured Chamber Of Commerce

Michael Maiello, 10.19.09, 12:00 AM ET

The U.S. Chamber Of Commerce wants you to sign an online pledge "to support free enterprise and encourage policies that strengthen it." The Chamber can't be serious. If too many people signed, it could mean the end of billions in corporate aid programs from the federal government every year and billions more in company-specific handouts and tax incentives from states and cities. If free enterprise were the law of the land, a lot of the Chamber's members would find themselves out of business.

I have no problem with government payments to businesses when they can be demonstrated to serve the public good. When state- supported universities team up with private pharmaceutical companies and biotechs to develop life- and hair-saving drugs, count me as a supporter. When states contract with construction firms to build bridges and roads, I'm fine with it. Defense spending can be managed better, but I'll begrudgingly admit we need it.

The Chamber is the largest business lobby in the U.S. It is inextricably tied to government. Its board of directors includes executives from the Carlyle Group, Lockheed-Martin and Accenture. This is not the animal spirit of the capitalism club. It has long fought to win government support for its members.

So forgive me if I don't want a lecture on free enterprise from Chamber CEO Thomas Donahue who, last year around this time had the gall to write: "The defeat of the financial rescue plan in the House of Representatives yesterday dealt a needless blow to an already faltering economy." After detailing the investor hissy fit over the failure of the bailout plan, the defender of free enterprise wrote: "Confidence that our elected leaders are capable of solving big challenges was further shaken. And, we continue to invite an economic calamity of epic proportions every day we delay addressing this crisis. It's time for Congress to put aside partisan differences and act in the national interest." Shorter Donahue: "Just give us the money!"

In Donahue's defense, those were extraordinary times. Everybody needs a life line every now and then, even capitalists. It's not as if the Chamber of Commerce and its members are always badgering all levels of government for favors and handouts. The Chamber would never support such a thing.

Back in the late 1990s, an unlikely coalition of left- and right-wing folks, led by Republican John Kasich (formerly a congressional rep from Ohio), started to question something they called "corporate welfare"--payouts of public funds to specific businesses that at best questionably provided for the public good. I like to call this "corporate aid" because to me it's more reminiscent of no-strings-attached payments to foreign governments than it is to welfare. At the time, the Chamber's spokesperson huffed to the media that "one person's corporate welfare is another person's job."

The issue has created a hodgepodge of left-right alliances. Labor movements in the U.S. have teamed up with the Chamber to defend tax breaks given to big companies that want to build U.S. manufacturing facilities. Ralph Nader has teamed up with grass roots conservative activists to oppose such deals. That whole issue went to the Supreme Court a few years ago and resulted in Nader and the right-wingers vs. The Chamber and Labor. The Chamber and Labor sort of won when the Supremes decided that the people suing to stop an Ohio town from giving tax breaks to DaimlerChrysler lacked standing. The issue about whether or not governments should be giving special tax breaks to giant companies was successfully dodged by the nine in black.

There's no disputing that some corporate welfare creates jobs. Just look at AIG where executives in the financial products division are taking millions of dollars from taxpayers in retention bonuses or at Citigroup where the bank had to sell its energy trading unit to avoid handing \$100 million in taxpayer money to a single person. But look beyond that to the original bailouts of Lockheed Martin and then Chrysler. Or the subsidies for ethanol that have enriched Archer Daniels Midland.

The Chamber of Commerce wants to pretend that it stands for some sort of ethical ideal that it calls "free enterprise." Were that true, the Chamber would be out lobbying to close down government programs like the Import-Export Bank of the United States, a bank that uses money collected from free-enterprise taxpayers and then lends it to foreign purchasers so they can use the money to buy goods from U.S. multinationals. It's a clever layaway plan, but it's also a clear transfer of money from working

people to big companies.

Of course the Chamber is going to stand up for any advantage it can get for its members and since it's an advocacy group, that's exactly what it should do. I object, though, to its use of rhetoric and to the term "free enterprise." The Chamber stands for nothing of the sort. It is a political advocacy organization out to protect money making organizations that want to make a buck any legal way possible, and if manipulating lawmakers is the best way to accomplish that, so be it.

Of course, one man's subsidy is another's pet project. Arguments about government payments and tax breaks to corporations are a lot like arguments about federal pork-barrel projects (and sometimes they're the same argument, as with ethanol). Not everything is as clear cut as the "bridge to nowhere." In 2007 the libertarian CATO Institute suggested a fix for this--a bipartisan corporate welfare reform commission based on the military base closing commission to review federal grants and subsidies to corporations and to nix those that merely favor one company over another without providing for the general social welfare. Should the feds do that, state and local governments would be wise to form commissions of their own.

The Chamber should spare us the free market and apple pie pledges and just honestly be the Chamber: a well-capitalized lobbying organization that will fight against most government regulations and fight for most government bailouts and aid checks.

Michael Maiello is the editor of Markets and Intelligent Investing at Forbes. [An Equal Shot](#), his weekly column, runs on Mondays.

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