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Obama Plots Assault on Non-Union Businesses

by [Donald Lambro](#)
04/09/2010

9
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The Obama Administration, in one of its most sweeping socio-economic reforms to date, now plans to use the federal contracting system to reward higher-paying unionized firms that give workers bigger healthcare and pension benefits.

If this scheme is put into effect, very possibly through an executive order signed by President Obama, it would shatter decades-old, competitive contract rules that seek the best quality work at the lowest price.

In the still-little-known initiative taking shape in the White House, senior officials are working on regulations that would use the full power of the government's vast \$500 billion a year contracting business to favor firms ,that offer higher wages and economic benefits, while ruling out firms whose wage, pension and even environmental record may not meet with the administration's approval.

Randall K. Johnson, senior vice president for labor policies at the U.S. Chamber of Commerce, has called the scheme a "warmed-over version" of President Clinton's government contract rules that President George W. Bush repealed upon taking office.

"We strongly opposed the Clinton blacklist regulations and this appears worse than that," Johnson said.

Michael Tanner, the veteran social welfare analyst at the libertarian Cato Institute, told

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Human Events that "this is part of the price you pay when you get into bed with the devil. If you take federal money, you are going to get all of these strings attached."

"I think the administration is taking the strings tied to these contract rules further than anyone else has before," Tanner said.

The unprecedented shake-down plan is aimed at pressuring, though the government says prodding, private

contractors to boost the pay of millions of lower to middle-income workers. Or as the arch-liberal *New York Times* describes the Obama plan now taking shape:

"Because nearly one in four workers is employed by companies that have contracts with the federal government, administration officials see the plan as a way to shape social policy and lift more families into the middle class."

In a story last month on the secrecy-shrouded plan, called the High Road Procurement Policy, the *Wall Street Journal* described the White House's goals quite differently: "Business groups and unions are at odds over a union-backed proposal to make it easier for government agencies to bypass low bidders and award contracts to higher bidders that pay more wages and benefits..."

"This is an attempt by the unions to force their policy agenda on a wide swath of the economy by rigging the government procurement process,"

Glenn Spencer, executive director of the U.S. Chamber of Commerce's Workforce Freedom Initiative, told the Journal.

Two of Obama's left-wing allies have been the driving force behind the push to use the government contract process as a weapon to push up private sector pay and benefits: John Podesta, former White House chief of staff for President Clinton who headed Obama's transition team, and Andy Stern, president of the powerful, very liberal Service Employees International Union, who is virtually a fixture in the Obama White House.

Both have pushed the administration to use the contract rules to affect social policy, rewarding higher-paying businesses, mostly unionized firms with the government's business—to bring "more people into the middle class," as Stern puts it.

But opponents of their plan are not buying the argument that it will cut government procurement and contract costs, arguing that it will instead ultimately drive up spending and shove smaller, often minority-owned, firms out of the government-contract market.

"To some extent the federal government is entitled to hire anyone it wants, but the problem is that what they are proposing drives up the cost of the contracts which have to be paid by federal taxpayers," Tanner said.

In a letter that Sen. Tom Coburn of Oklahoma and three GOP Senate colleagues wrote

by Donald Lambro

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An advertisement for Stanley Martin Homes. At the top is a cartoon illustration of a ginger and white cat. Below the cat, the text reads: "Now Open: Darlington Oaks in Herndon" and "Opening Soon: Hope Hill Crossing in Woodbridge". Underneath is the text "LEARN MORE" in large, bold letters. At the bottom is the Stanley Martin Homes logo, which includes a house icon and the text "STANLEY MARTIN HOMES".

to White House budget chief Peter Orszag, they criticized the proposed policy changes, saying they could not come at a worse "time of significant economic turmoil...[that] could have serious, negative consequences, especially for our nation's small business."

"The other thing about this," adds Cato's Tanner, "they tend to squeeze out a lot of small, minority or women-owned businesses because they don't have the financial wherewithal to pay higher wages and their ability to compete for contracts is often based on their lower, nonunion wages and thus their lower prices."

"They couldn't necessarily compete with a lot of these larger, more establishment companies, and when you force higher wages you often freeze these companies out of the running," he said.

But this is only the latest scheme by the Obama Administration to go after businesses of one kind or another. Among the others:

-- The administration is using the IRS to audit businesses whom they charge are trying to hide employees as independent contractors to avoid paying Social Security, Medicare and unemployment insurance taxes.

Obama's 2010 budget assumes he can squeeze another \$7 billion out of such firms over 10 years by denying businesses their right to do hire contractors to cut costs. But the Chamber's Johnson told the New York Times that the line between employees and workers who agree to perform work as self-employed contractors is murky. "The goal of raising money is not a proper rationale for reclassifying who falls on what side of the line," he said.

Some the first actions Obama took when he became President last year were pro-union executive orders aimed at employers doing business with the government, repealing previous Bush orders.

Obama's orders included requiring employers to post notices in the workplace informing of their rights to join a union while repealing the "Beck notices" that workers cannot be required to join a union. Obama's orders also included requiring contractors servicing federal buildings to hire union workers when a new contractor is given the work.

Moreover, a wave of new draconian federal regulations is about to come crashing down on businesses as a result of the healthcare reform law and other bills now pending in Congress, including Obama's "cap and trade" energy tax legislation that has passed the House and the financial regulation bill now pending in the Senate that will unleash an army of bureaucrats and a sea of regulations, taxes and fees on businesses large and small.

One ominous sign: Preparations are in the works to hire thousands of new Internal Revenue Service agents to crack down on employers and workers alike to collect healthcare taxes and to impose penalties on workers and businesses who do not provide or purchase healthcare plans government bureaucrats approve of.

The business environment, which has been brutal throughout the 2008 and 2009 recession, is now about to get a lot tougher.



The advertisement features the text "Kindle Hello World" in large, stylized font. Below it, it says "Amazon Kindle now ships around the world with wireless delivery in over 100 countries." and includes the link "Amazon.com/kindle". At the bottom, there is an image of a Kindle device displaying a page of text.

Mr. Lambro is a nationally syndicated columnist and former chief political correspondent for the Washington Times.



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What's new? A red is a red is a red. All BHO is doing is trying to appease the moderates abroad (not doing a good job, by the way) so that he can carry out his Socialist agenda at home.

Humpty Dumpty, Nicaragua

Apr 09, 2010 @ 03:41 AM

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Why is it that liberals and labor unions hate competition? Hell when I ran track in school I didn't ask to take all of the faster guys off the track so I could win. Life and Freedom is all about competition.

S. Mineo, Flourtown PA

Apr 09, 2010 @ 04:03 AM

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This has been going on for years. I work for a non union construction company in Minneapolis,MN. The only way our company can qualify for federal tenders is when we have a couple of minorities on the crew and a so called prevailing wage (equal to union wage) is paid.

joe, minneapolis

Apr 09, 2010 @ 06:54 AM

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Unions need to be dissbanded and downright outlawed in this country. They have outlived tehir usefullness.

All unions do is destroy economic prosperity and destroy the economy as well as the American dream.

Hmm...health care bill, spending bill, TARP..cap and trade...all written by unions.

Lets not forget the total destruction of the American educatuion system bny ...who else...UNIONS.

To hell with unions.

LB, DC

Apr 09, 2010 @ 07:49 AM

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Right to work.

Pay for work.

No more sitting on your asses.

Prosperity according to personal output...Marx would roll over in his grave...Obama would be beside himself!

LB, DC

Apr 09, 2010 @ 07:52 AM