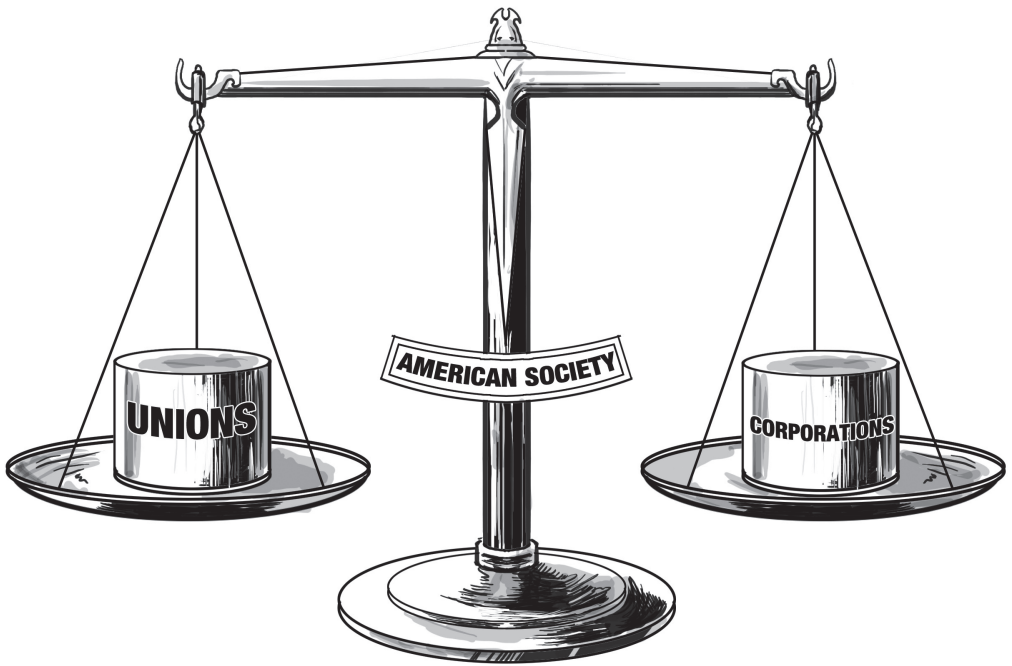


# Chapter One

## The Labor Movement—What Is It?



In the Beginning ... there were no labor unions.

The labor movement is the historical progression of working people joining forces to bargain with their employers for better working or living conditions, such as better hours and better pay. The labor movement may be seen as a part of the larger historical march of human beings toward human rights, self determination and justice. It is part of the long struggle of individuals banding together to defend themselves against tyranny and illegitimate authority.

The labor movement is not one single, coherent movement. It is a history of many diverse people struggling for their own interests, banding together to achieve their objectives in various ways. The history has had many twists and turns. Over and over again,



unions have made gains, then alternately suffered losses. Unions have had their problems struggling with management, and they have had their own problems from within.

But overall, unions in America have contributed greatly to the general welfare of the people and have helped create advances in the quality of life for large numbers of people. Unions have helped create balance between the rich and poor, and an economy that functions well for rich and poor because they have helped working people have money to spend to buy products and keep their producers in business. The benefits unions have created for their workers have also helped other workers who are not members of unions by raising the standards for all. The work of unions has helped to create the middle class. And, conversely, the decline of unions has precipitated a fall of the middle class.

What defines a union is people banding together, uniting, to combine forces to bring some power to bear on employers to force them to share more of their profits with workers. As such they have become an important part of the functioning of democracy. Unions have been the vehicle for working Americans to fight for themselves against the forces of big money who own the businesses and largely control the political system.

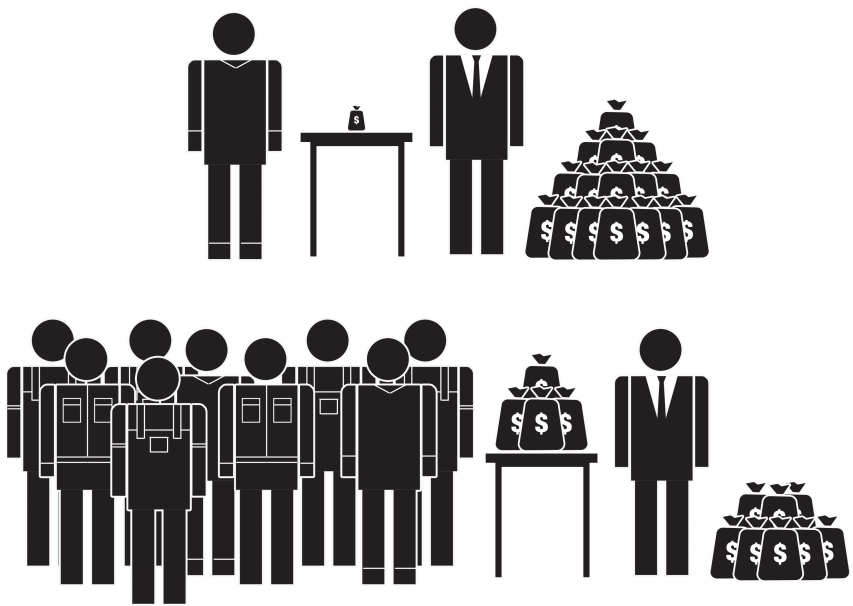
## **Collective Bargaining: How Unions Achieve Their Goals**

The essential principle behind unions is collective bargaining. People who share the same interests will naturally join together to fight for their shared interests. And their power as a group will be greater than their power as individuals. Collective bargaining is the tool by which working people without the power of capital or ownership fight for justice against those who hold the capital and power in society. Collective bargaining is one of the ways democratic societies are built.

Collective bargaining may be a discussion over a negotiating table, but usually that occurs only when other kinds of action have



forced the employers to the bargaining table. Usually direct action taken by unions uses as leverage the ultimate purpose of corporations: creating profit. From a strictly business point of view, businesses exist primarily to create profit. But it is arguable that business is about more than making money. As Fezziwig in Charles Dickens' *A Christmas Carol* said, "Money is not the only reason one has a business. One has a business to maintain a way of life that one knew and loved." A newspaper publisher may love publishing and providing news and information to his community. A clothing manufacturer may enjoy creating the best clothes in the market. But as businesses get larger and become corporations, they are increasingly motivated by profit only.

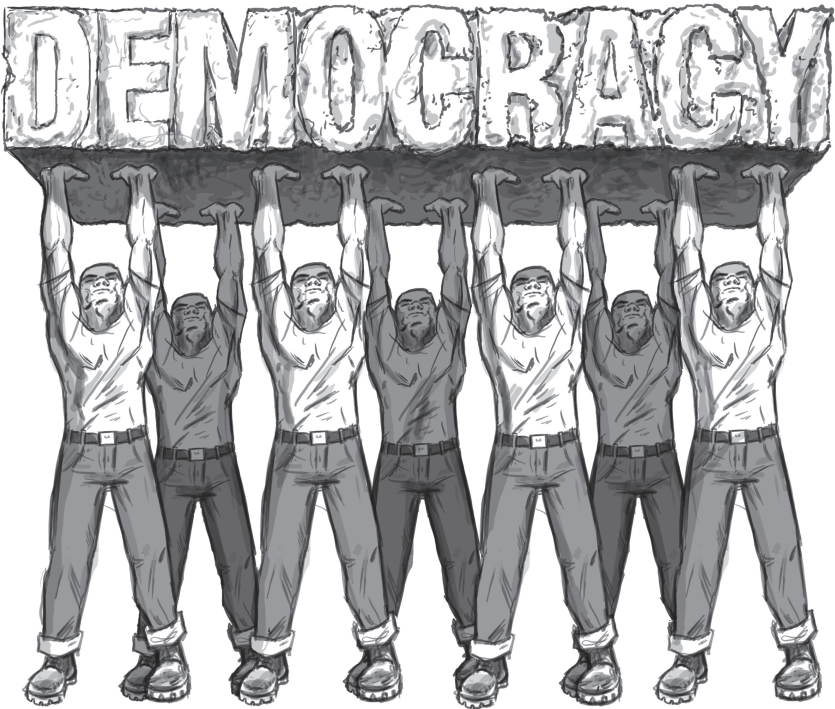


In fact, corporations are mandated by law to maximize shareholder value and that alone, and that means make as much profit as possible. There is no other purpose for the existence of corporations under existing corporate law. Workers with a grievance cannot appeal to the sympathy of the corporation. Corporations, though legally defined as people, are not people — they do not have hearts or souls. And though they are owned and directed by people who may have human feelings, the directors



of a public corporation are legally mandated to pursue only one goal, that of increasing profit. So the only way to appeal to a corporation is through its profits. Anything that threatens to reduce profits, whether it is a strike or work stoppage, losing too many employees, low employee morale or inciting public anger, can be an effective bargaining chip when dealing with the corporation.

Companies that are not public corporations may have more interest in other humanitarian values. And when they do, there is seldom a need for unions or collective bargaining actions. But for the most part, profit is what business is about in a capitalist society, and profit is the primary fulcrum upon which workers can exert power over employers.



## **A Pillar of Democracy**

The U.S. Constitution names the free press as an essential part of maintaining a democratic society. The free press is not an official part of government, it is free and independent by its very nature,



but the Constitution calls it the Fourth Estate. The Constitution names three branches of government: the judicial, the legislative and the executive branch. And then it designates the free press as the Fourth Estate. The press is not part of the government, but essential nevertheless for the maintenance of a democratic society.

Unions are also not named in the Constitution, but have come to be recognized as an essential force in maintaining the balance between the collective power of capital in a corporation and the general population. As such unions are an essential part of maintaining what the Constitution names in its opening paragraph as one of the essential reasons for the creation of a government: promoting the general welfare.

## **Unions and the General Welfare**

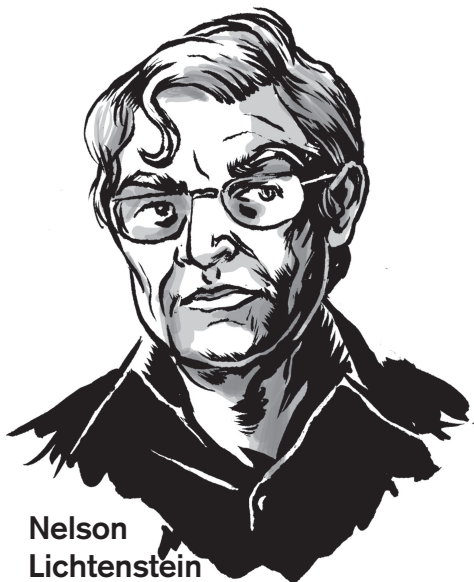
The purpose of government is defined by the document that created the U.S. government, the U.S. Constitution. The first paragraph of the Constitution says, “We the People of the United States, in Order to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity, do ordain and establish this Constitution for the United States of America.”

As the country evolved and corporations became stronger and wielded more power in society, they became more oppressive (power corrupts). To defend themselves, working people banded together. Unions became an important part of the maintenance of economic democracy, without which there can be no political democracy.

Nelson Lichtenstein, a professor and labor historian at the University of California Santa Barbara, writes, “If you look at the last 150 years of history across all nations with a working class of some sort, the maintenance of democracy and the maintenance of a union movement are joined at the hip. If democracy has a future, then so, too, must trade unionism.”



Political columnist Stephen Herrington wrote that, “Labor unions are not optional. Unions exist for a natural tidal socioeconomic reason in balance to and because of capitalism, and they are an integral part of the success of capitalism.”



The hardcore right wing industrialists, like the ubiquitous Koch brothers, David and Charles, push for a world in which there are no unions and they can do whatever they want with no resistance from employees. But in fact the big capitalists would also suffer from a collapse of economic balance in society. If the workers have no money to spend, the big capitalists have no one to buy their products. In the early 21st Century, multinational corporations no longer have as much stake in maintaining a middle class in America because they can find markets in the rich sectors of other countries. But as the Great Recession kicked off by the global financial meltdown enveloped the world, the economic slowdown took over virtually the whole planet.

As Republicans try to enrich their rich donors by destroying union resistance to their profit-seeking activities, and to protect the rich from having to pay taxes, they are tearing apart the foundations of civil and economic society. “If people are poor they only buy staples,” explains Herrington. “If governments are poor they can’t accomplish collective goals. Commerce is layered on top of these two fundamental behaviors of peoples. You may want to create something wonderful, but without a public sufficiently wealthy to buy it, your iPad will be a street corner vendor’s curiosity show instead of a multi-billion dollar market.”

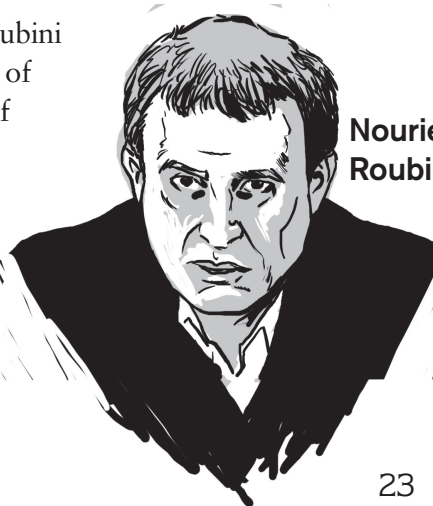
This is the underlying problem with the Great Recession of 2008. The American middle class has fallen so far in spending power,



and has used up all its credit, so that it is no longer able to drive the economy through consumer spending. For multinational corporations, the failure of the U.S. economy is not a problem unless it affects their profits adversely. And so far during Great Recession they have shown that it doesn't. As the middle class collapses, corporate profits continue to soar. Major corporations have no national loyalties. They are multinational by definition, and seek only profit, according to the corporate mandate.

However, for the American people, for whom the state of the economy and “general welfare” does matter, the destruction of the unions is disastrous. According to Herrington, “Economies are measured by what they consume. There is no other measure because there is no other reality... The highest median consuming publics, the largest economies, are those in which the populations are more highly paid. Economies are built on the median income of their citizens. It's not rational to believe otherwise. But the combined forces of increasingly irrational capitalism, including a dyspeptic legion of economic hired guns, seem hell bent to prove otherwise. The natural counter balance for capitalist irrationality is unions. That's not to say that in some other epoch that unions will or have not been irrational in their demands, it's just that the balance of economic power has so shifted to capital that unions are, once again, a countervailing force that is prudent and necessary.”

Nouriel Roubini, chairman of Roubini Global Economics, professor of economics at the Stern School of Business, New York University, and co-author of the book *Crisis Economics*, writes, “Mediocre income growth for everyone but the rich in the last few decades opened a gap between incomes and spending aspirations,” which led to the



**Nouriel  
Roubini**

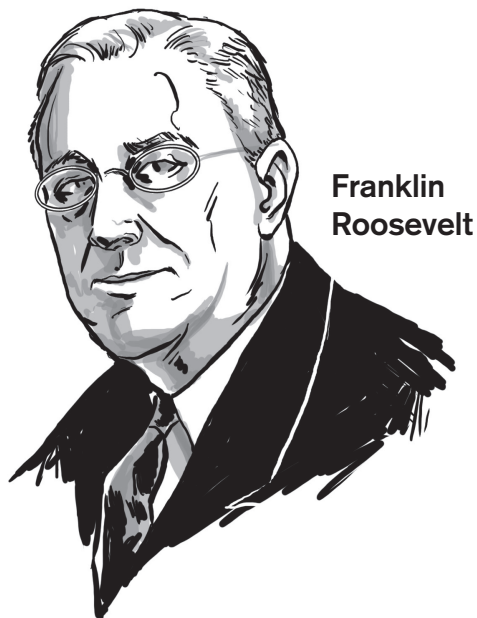


downturn in which businesses in the advanced economies of the world were cutting jobs because of inadequate demand leading to excess capacity. Cutting jobs weakens demand and weakens the economy further.

“The problem is not new,” writes Roubini. “Karl Marx oversold socialism, but he was right in claiming that globalization, unfettered financial capitalism, and redistribution of income and wealth from labor to capital could lead capitalism to self-destruct. As he argued, unregulated capitalism can lead to regular bouts of over-capacity, under-consumption, and the recurrence of destructive financial crises, fueled by credit bubbles and asset-price booms and busts. Even before the Great Depression, Europe’s enlightened ‘bourgeois’ classes recognized that, to avoid revolution, workers’ rights needed to be protected, wage and labor conditions improved, and a welfare state created to redistribute wealth and finance public goods—education, health care, and a social safety net. The push towards a modern welfare state accelerated after the Great Depression, when the state took on the responsibility for macroeconomic stabilization—a role that required the maintenance of a large middle class by widening the provision of public goods through progressive taxation of incomes and wealth and fostering economic opportunity for all.”

The rise of the social-welfare state was a response of market-oriented liberal democracies to the threat of popular revolutions, socialism, and communism that would recur during the periodic severe depressions of unregulated capitalism.

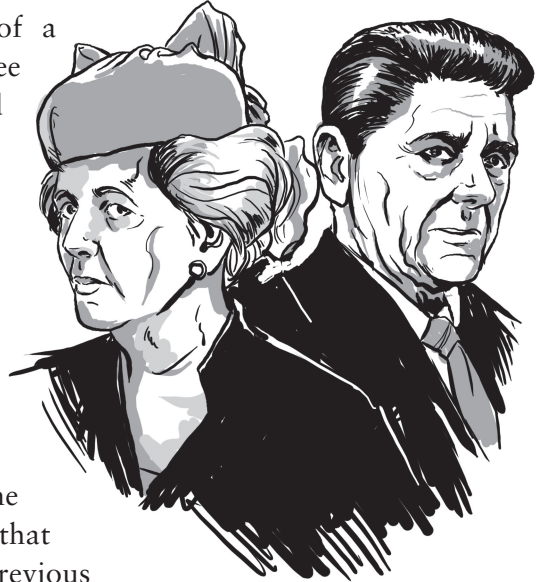
After regulations on the financial industries were instituted under President Franklin Roosevelt, the cruel boom-and-bust cycles of laissez-faire capitalism were



**Franklin  
Roosevelt**



somewhat tamed. Although the Supreme Court and conservative forces in the country blocked many of Roosevelt's initiatives to spur the economy, World War II ushered in a war economy. America had no arms industry. Roosevelt told the car manufacturers, you're going to make tanks now. It was the opposite of a laissez-faire, hands off free market, it was a command economy. But as a side effect of mounting a war effort, the economy was churned into productivity that produced a high standard of living in America in the post World War II years. From the late 1940s to the mid-1970s the U.S. enjoyed a period of relative calm in regard to the cruel boom and bust cycles that plagued capitalism of the previous two centuries.



**Margaret Thatcher  
& Ronald Reagan**

That cycle too played out and then came the 1980s and the rise of Reagan-Thatcher conservatism with its determination to slash regulation everywhere that it might hamper the profit seeking enterprises. It was a reaction to the excesses and failures of a bloated welfare state in Europe, which led, according to Roubini, to “yawning fiscal deficits, regulatory overkill, and a lack of economic dynamism that led to sclerotic growth then and the eurozone’s sovereign-debt crisis now.”

Thatcher went so far as to deny the very existence of society. On October 31, 1987, in an interview with *Women’s Own* magazine, Thatcher said, “I think we’ve been through a period where too many people have been given to understand that if they have a problem, it’s the government’s job to cope with it. ‘I have a problem, I’ll get a grant.’ ‘I’m homeless, the government must house me.’



They're casting their problem on society. *And, you know, there is no such thing as society.* There are individual men and women, and there are families. And no government can do anything except through people, and people must look to themselves first. It's our duty to look after ourselves and then, also to look after our neighbor. People have got the entitlements too much in mind, without the obligations. There's no such thing as entitlement, unless someone has first met an obligation." [Italics added]

Now at the dawn of the 21st Century, the pendulum has swung back to the other extreme, and the underlying principles of the Reagan/Thatcher revolution have become dead dogma, an empty ideology that no longer addresses the problems of contemporary society.

Thirty years after the advent of Reaganism, Roubini says, the "laissez-faire Anglo-Saxon model has also now failed miserably. To stabilize market-oriented economies requires a return to the right balance between markets and provision of public goods. That means moving away from both the Anglo-Saxon model of unregulated markets and the continental European model of deficit-driven welfare states."

According to Roubini, this is a very serious problem. "Any economic model that does not properly address inequality will eventually face a crisis of legitimacy. Unless the relative economic roles of the market and the state are rebalanced, the protests of 2011 will become more severe, with social and political instability eventually harming long-term economic growth and welfare."

Unions help protect the economic security of the middle class and protect the big capitalists against their own excesses.

## **Natural Enemies: Unions and Fascism**

Unions are the natural enemy of fascism. Opposition to unions is one of the primary defining characteristics of fascism. Dr. Lawrence Britt, who studied the fascist regimes of Hitler (Germany), Mussolini (Italy), Franco (Spain), Suharto (Indonesia) and several



Latin American regimes, found 14 defining characteristics common to all of them. Number 10 in that list says that under fascist regimes, “Labor Power is Suppressed - Because the organizing power of labor is the only real threat to a fascist government, labor unions are either eliminated entirely, or are severely suppressed.”

Remember, the creator of the first fascist state, Benito Mussolini, said, “Fascism might well be called corporatism because it is the merging of corporate and state power.” Fascism is the takeover of government by corporate power. Unions are the “only real threat to a fascist government.” Get the picture?

According to Bertram Gross, in *Friendly Fascism*, “In their march to power in Germany, Italy, and Japan the classic fascists were not stupid enough to concentrate on subverting the democratic machinery alone. They aimed their main attack, rather, against the non-government organizations most active in using and improving that machinery: namely, the labor movement and the political parties rooted in it. In Germany, where these organizations seemed immensely powerful, many German leaders thought that even with Adolf Hitler as chancellor, fascism could





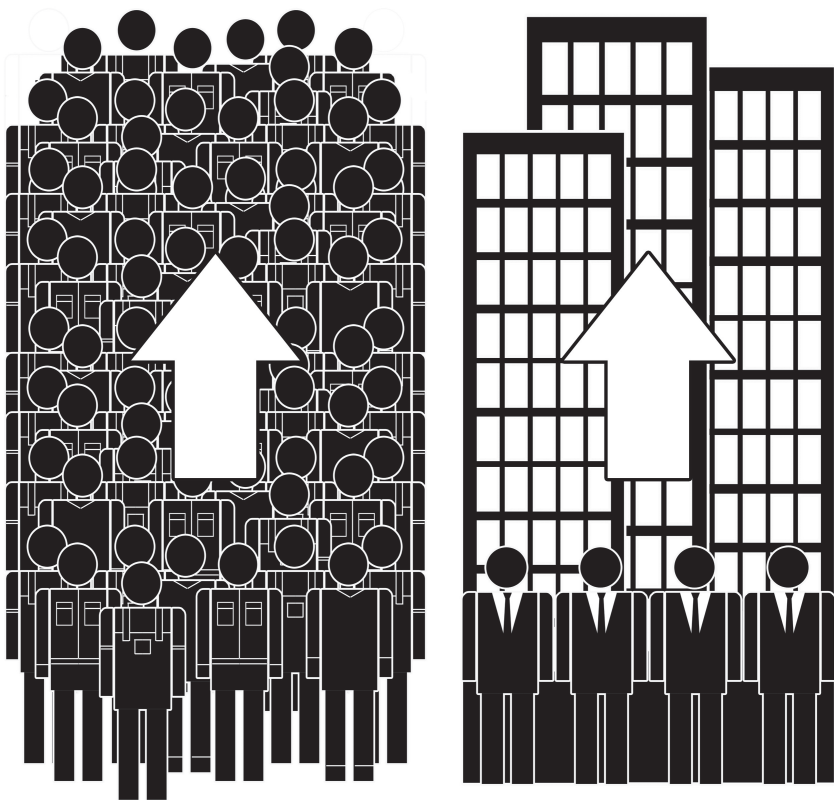
make little headway. They underestimated the Nazis and their Big Business backers. ‘All at once,’ observed Karl Polanyi, the historian, ‘the tremendous industrial and political organizations of labor and other devoted upholders of constitutional freedom would melt away and minute fascist forces would brush aside what seemed until then the overwhelming strength of democratic governments, parties and trade unions.’”

But even authoritarian states rely, in the end, on some measure of consent from the governed, or at least a belief in their legitimacy. According to Willis Harman in the book *Global Mind Change*, “Throughout history, the really fundamental changes in societies have come about not from dictates of governments and the results of battles but through vast numbers of people changing their minds—sometimes only a little bit. Some of the changes have amounted to profound transformations—for instance the transition from the Roman Empire to Medieval Europe, or from the Middle Ages to modern times. Others have been more specific, such as the constitution of democratic governments in England and America, or the termination of slavery as an accepted institution. In the latter cases, it is largely a matter of people recalling that no matter how powerful the economic or political or even military institution it persists because it has legitimacy, and that legitimacy comes from the perceptions of people. People give legitimacy and they can take it away. A challenge to legitimacy is probably the most powerful force for change to be found in history.”

## **Unions as the Mirror of Corporate Power**

The rise of organized labor mirrors the growth of corporate capitalism. Labor unions grew up in response to the rise and consolidation of ever larger corporate entities. Unions are a natural counterbalance, a countervailing force to the growth of corporate power. Ironically, unions are necessary for the success of capitalism. They protect capitalism from its own tendency to excess. Unions help protect democracy from capitalism run amuck. Unions are a force against the unhealthy concentration of capital and corporate power. Unions are one of the forces in society that help keep capitalism from evolving into fascism.





As corporate power becomes more concentrated and corporations pursue their mandate to maximize shareholder value, it is natural that they overstep the bounds of what is in the best interests of their employees and the communities they do business in. Quite simply, those interests do not appear on the corporate balance sheet.

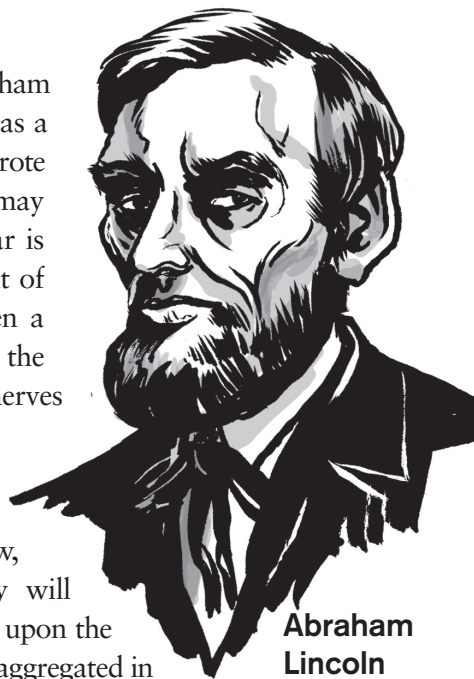
In the system of thinking in which corporations exist only for maximizing profit, employees are seen as an expense, not a participant, and not entitled to a share in the fruits of the operation. Keeping expenses down is part of the mandate of a corporation. It must hold employee compensation down in order to push shareholder value up. That leaves the workers to fend for themselves. One worker versus a large corporation is not much of a match. But if all the workers join together, they can bring greater leverage to the negotiation. Whether it's the underlying threat of a work stoppage, or just the fact that it is in a company's best interests to respect and cultivate its human resources, an organization that represents a large



number of people is stronger than an individual. When corporations in pursuit of profits push their prerogatives to the point that their employees feel cheated or abused, their employees begin to join forces to find ways to address their grievances.

The threat of corporations consolidating too much power was not lost on the early American leaders. Thomas Jefferson wrote, “I hope we shall crush... in its birth the aristocracy of our moneyed corporations, which dare already to challenge our government to a trial of strength and bid defiance to the laws of our country.” This of course did not happen.

By the end of the Civil War, President Abraham Lincoln saw the rise of corporate power as a grave threat. On November 21, 1864, he wrote in a letter to Col. William F. Elkins, “We may congratulate ourselves that this cruel war is nearing its end. It has cost a vast amount of treasure and blood ... It has indeed been a trying hour for the Republic; but I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. As a result of the war, corporations have been enthroned and an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudices of the people until all wealth is aggregated in a few hands and the Republic is destroyed. I feel at this moment more anxiety for the safety of my country than ever before, even in the midst of war. God grant that my suspicions may prove groundless.”



In 1888, President Grover Cleveland said, “As we view the achievements of aggregated capital, we discover the existence of trusts, combinations, and monopolies, while the citizen is struggling far in the rear or is trampled to death beneath an iron heel. Corporations, which should be the carefully restrained



creatures of the law and the servants of the people, are fast becoming the people's masters.”

Franklin D. Roosevelt, in an April 29, 1938, message to Congress, warned that the growth of private power could lead to fascism. “The liberty of a democracy is not safe if the people tolerate the growth of private power to a point where it becomes stronger than their democratic state itself,” he said. “That, in its essence, is fascism—ownership of government by an individual, by a group, or by any other controlling private power.”

In his Farewell Address, his last message to the people as president, Dwight D. Eisenhower warned of unwarranted influence of a group of business interests based on war. He called that network of companies the military industrial complex.

The 20th Century, then only half over, had already seen three major wars that involved the U.S. That necessitated the creation of a permanent arms industry, Eisenhower said, which was unprecedented in America. “Until the latest of our world conflicts, the United States had no armaments industry...” he said. “This conjunction of an immense military establishment and a large arms industry is new in the American experience. The total influence—economic, political, even spiritual—is felt in every city, every Statehouse, every office of the Federal government. We recognize the imperative need for this development. Yet we must not fail to comprehend its grave implications. Our toil, resources and livelihood are all involved; so is the very structure of our society. In the councils of government, we must guard against the acquisition of unwarranted influence, whether sought or unsought, by the military-industrial complex. The potential for the disastrous rise of misplaced power exists and will persist.”

## **Corporate Propaganda: The Hidden Manipulators**

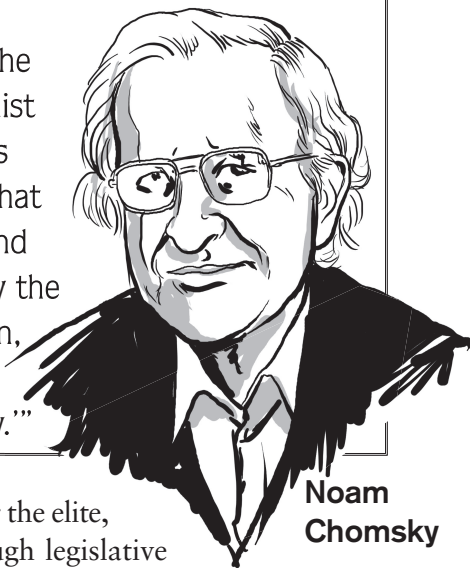
According to Alex Carey, an Australian social psychologist who studied corporate propaganda, “The twentieth century has been characterized by three developments of great political importance: the growth of democracy, the growth of corporate power, and the



growth of corporate propaganda as a means of protecting corporate power against democracy.”

According to Noam Chomsky,

“That the growth of corporate power would undermine freedom and democracy had been understood by classical liberal opinion well before the contours of the future industrial capitalist society could be clearly discerned. In his later years Thomas Jefferson warned that the newly rising ‘banking institutions and moneyed incorporations’ would destroy the freedoms won in the American revolution, becoming the foundation of a ‘single and splendid government of aristocracy.’”



Corporate law was shaped by the elite for the elite, not by expression of popular will through legislative processes, but by courts and lawyers acting in “technocratic insulation” from the public, as the World Bank describes its own recommended modus operandi.

This kind of behavior from self-appointed rulers of society has a long history, rooted in aristocratic traditions dating back to feudal times and farther. According to Chomsky, “At the time of the first modern democratic revolution in 17th Century England, the self-described ‘men of best quality’ expressed concern that the ‘rascal multitude’ might seek to enter the public arena, aroused by pamphleteers, itinerant preachers and other riffraff who had ‘made the people thereby so curious and so arrogant that they will never find humility enough to submit to a civil rule.’”

## **The Power of the Propaganda System**

Few people are aware of the extent to which their thoughts and the thoughts of others are influenced by propaganda, that is,



messages that are devised primarily for the purposes of persuasion. Often the messages transmitted through propaganda are transmitted subliminally, hidden under the overt message. The corporate elite is an aristocracy made up of the wealthiest corporations, which established themselves consciously and deliberately as a modern aristocracy. In a democratic society, where physical coercion was limited by law and custom, propaganda became the best way to control masses of people.

The class of people groomed to believe that they are born to be the rulers take whatever action they see as necessary to ensure that they remain in control. In Jack London's *The Iron Heel* he describes the ruling Oligarchy. "They, as a class, believed that they alone maintained civilization. It was their belief that if ever they weakened, the great beast would engulf them and everything of beauty and wonder and joy and good in its cavernous and slime-dripping maw. Without them, anarchy would reign and humanity would drop backward into the primitive night out of which it had so painfully emerged."

One of the means by which self-appointed rulers maintain control of their subjects is by the use of propaganda. Theories of persuasion date back at least as far as 500 B.C. in Greece. But with the emergence of an industrial society with mass communications, many new possibilities were opened in the art of mass persuasion. In the 20th Century techniques of propaganda developed a degree of sophistication never seen before. Persuasion and manipulation became a science. "Consumers" were studied scientifically in terms of what they wanted, and what kind of symbols and techniques of persuasion they would respond to. With the coming of the first World War, the new techniques of mass propaganda were explored for the first time to rally people to the cause, to engender hate for the people targeted as The Enemy, and sympathy for those who were to be allies. For the first time mass propaganda became a central tool of politics and war. As Noam Chomsky has pointed out, propaganda is even more important in democratic societies than in authoritarian societies, where brute force can be used openly to suppress dissent and manage



societies. As the techniques of wartime propaganda were adapted to peacetime use, the practices became known as public relations.

## Propaganda in a Democratic Society

Although we are taught in school that we live in a democratic country ruled by the will of the people, according to Noam Chomsky, propaganda is even more important to the dominant forces in a free society than in an autocratic society. Since the power elite of a free society cannot freely use naked force to make the people comply, it is important to use persuasion to make people comply voluntarily. In a dictatorship, it doesn't matter as much what people think, because they can be forced to obey.

Robert Brady, who studied corporate propaganda in 1943, said, "The importance of public relations ... decreases as one moves away from countries with long and deep-seated liberal, democratic and parliamentary institutions." Italy and Japan had the most primitive propaganda. Germany, which had more of a democratic tradition, had propaganda that was "better organized ... more vociferous and more versatile." ...





And the countries with the longest experience of liberal, democratic institutions have always had the most sophisticated, subtle and effective propaganda. The country with the most effective, nuanced and ubiquitous techniques of subliminal persuasion is the United States. Turning on TV in America, one is immediately sucked into a world of enchantment, a fantasy more vivid and dazzling than reality. Millions of dollars are invested in a one-minute commercial, and the advertisers keep paying it because they get their money's worth. Advertising and public relations sell products and services, and political candidates, but underlying those specific objects, they also sell a world view, an ideology that supports the corporate consumer society.

## **The Development of Modern Propaganda**

The father of modern propaganda and of the public relations industry was Edward Bernays, the nephew of Sigmund Freud. Bernays worked for the U.S. government's propaganda operation in World War I. There were many German Americans and there were few clear reasons why America should choose to go to side with the British and French instead of the Germans. A propaganda campaign was launched to stir up hatred and fear of the Germans, calling them "the Huns." They went so far as to show false stories of Hessian soldiers bayoneting babies.

It's hard for historians today to state a justification for World War I. Jack London's portrayal of the push toward war in his fictional *The Iron Heel* shows the side of war that doesn't usually appear in the newspapers. "The Oligarchy wanted the war with Germany. And it wanted the war for a dozen reasons. In the juggling of events such a war would cause, in the reshuffling of international cards and the making of new treaties and alliances, the Oligarchy had much to gain. And furthermore, the war would consume many national surpluses, reduce the armies of unemployed that menaced all countries, and give the Oligarchy a breathing space in which to perfect its plans and carry them out. Such a war would virtually put the Oligarchy in possession of the world market. Also, such a war would create a large standing army that need

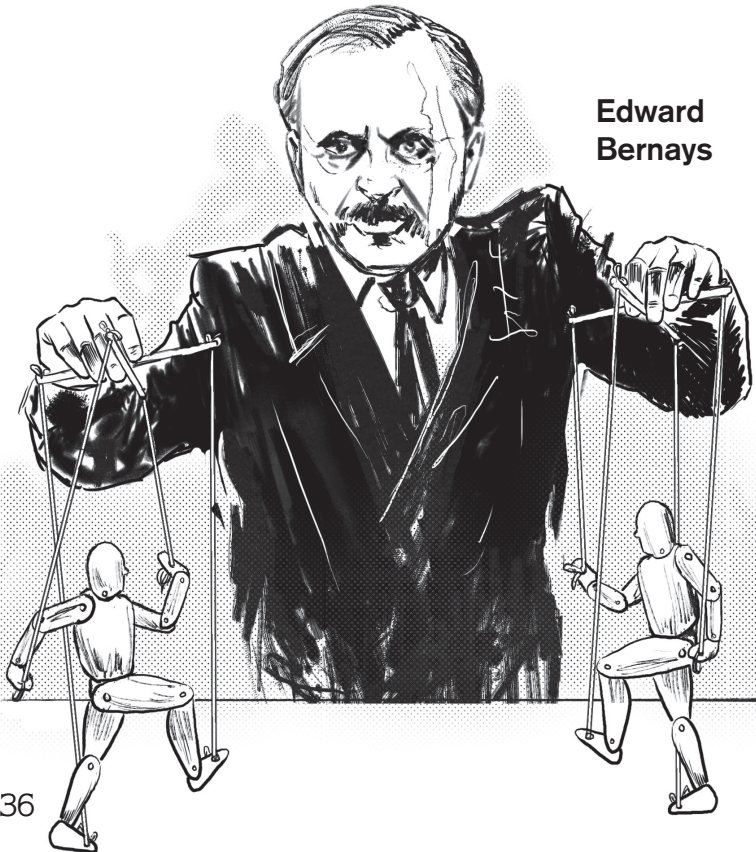


never be disbanded, while in the minds of the people would be substituted the issue ‘America versus Germany,’ in place of ‘Socialism versus Oligarchy.’”

The propaganda effort succeeded to the extent that the U.S. did go to war against Germany. Even today few people can come up with a coherent reason for why that war had to be fought, or what was accomplished by the millions of deaths, the massive destruction and misery that resulted from the war. But some of the family fortunes built on the war are probably still intact.

### **Bernays and the Creation of the PR Industry**

After World War I ended, Bernays, who had perfected the U.S. war propaganda machine, turned his efforts to peacetime. Bernays saw the power of information and persuasion during the war. It was, he said, “the first time the U.S. used ideas as weapons of war.” And, he reasoned that “If this could be used for war, it can be used for peace.”





He founded the first PR firm in 1919. His efforts helped to bring about the building of Route 66, a transcontinental highway that was the forerunner of the interstate highway system. His client, Mack Trucks, wanted the taxpayer to fund roads to help its business.

He also helped to win over women for the tobacco industry, helping to make smoking an acceptable practice for women. Bernays created fashion magazine spreads showing stylish models holding cigarettes. The New York Times and papers across the country ran front page photos of women smokers marching in the 1934 New York Easter Parade.

The new practice of public relations found favor and rapidly spread throughout corporate America. It was, after all tax deductible. Money spent on PR, as a business expense, is not taxed, which in fact creates an indirect public subsidy on the practice.

## **The PR War on Unions**

In the battle between corporate power and union resistance, propaganda has played and continues to play a key role. At the onset of the 21st Century, the world view of Americans is largely shaped by Corporate propaganda, including the public's view of unions, what they are and what they mean to American history and the quality of life of Americans.

Alex Carey, an Australian scholar to whom Noam Chomsky gives credit for the pioneering research that led to Chomsky's *Manufacturing Consent*, said, "The twentieth century has been characterized by three developments of great political importance: the growth of democracy, the growth of corporate power, and the growth of corporate propaganda as a means of protecting corporate power against democracy."

To Carey, the role of unions in this dynamic is central. "There have been two principal aspects to the growth of democracy in this century," Carey says, "the extension of the franchise (i.e. the right to vote) and the growth of the union movement. These



developments have presented corporations with potential threats to their power from the people at large (i.e. from public opinion) and from organized labor. American corporations have met this threat by learning to use propaganda, both inside and outside the corporation, as an effective weapon for managing governments and public opinion. They have thereby been able to subordinate the expression of democratic aspirations and the interests of larger public purposes to their own narrow corporate purposes.”

Carey defines propaganda as “communications where the form and content is selected with the single-minded purpose of bringing some target audience to adopt the attitudes and beliefs chosen in advance by the sponsors of the communications.”

Corporate propaganda, or what is known as corporate communications, is targeted in two directions: within, to employees of the corporation, and without, to the public at large. That which is focused on the public has two objectives. One is to identify the free market system in popular consciousness with every cherished value of the culture. The other is to identify the adversaries of corporate power with “tyranny, oppression and even subversion.” The adversaries the corporate state recognizes and targets are “interventionist governments and strong unions (the only agencies capable of checking the complete domination of society by the corporations).”

According to Carey, corporations direct propaganda to employees that is designed to undermine their relationships with and their confidence in their unions. The techniques used are deceptively titled “human relations”, “employee participation” and “employee communications.” From the beginning of the 20th Century American businesses have mounted large scale, professionally coordinated propaganda campaigns. The widespread use of these techniques over a long period has brought into being a large complex of institutions that are involved in this process, specializing in social research and propaganda. This amounts to what Carey calls a 75-year multi-billion dollar social engineering



project on a national scale. For 50 years U.S. businesses refined and perfected these practices and in the 1970s the practices started moving overseas to other countries.

In the 1930s and 1940s, Carey says, the battleground between corporations and unions shifted from the field of direct action and picket line organizing to the field of public opinion using the weapons of mass media. In this realm corporations had a great advantage because of their superior resources and capital. The expert skills of public relations went to work undermining the public opinion about unions. The turning point was the Steel Strike of 1919.

### Propaganda and the Steel Strike of 1919

The corporatocracy's first test of business employing propaganda as a peacetime weapon, public relations, came in 1919. "At the outset, public opinion favored the strikers, who worked 84-hour





weeks under notoriously bad conditions,” said Carey. But five days after the strike began, the Steel Corporation launched a campaign with full-page ads urging strikers to return to work, saying union leaders were “trying to establish the red rule of anarchy and bolshevism,” that the strike was “un-American” and that “the Huns had a hand in fomenting the strike.” The Huns were the current villain in mass propaganda and the idea of the Germans as the enemy had already been driven hard by tremendous war propaganda campaigns.

The strike was monitored by the Interchurch World Movement (IWM), which was made up of 26 Protestant churches. The organization produced a two-volume report that said that the strike was defeated by “the strike breaking methods of the Steel companies and their effective mobilization of public opinion against the strikers through charges of radicalism, bolshevism and the closed shop, none of which were justified by the facts” and through “the hostility of the press giving biased and colored news.” According to historian Robert Murray, “When the strike ended in 1920 the men had gained not a single concession ... 20 lives had been sacrificed and ... \$112 million ... lost in wages. Backed by a favorable public opinion which was based on an exaggerated fear of bolshevism, this corporation proved that not even 350,000 striking workers could prevail against it.”

It was a turning point. The battle for power between corporations and unions had shifted. When legislation had proven ineffective against unfair labor practices, unions had moved to collective bargaining, direct action. But the breaking of the steel strike in 1920 proved that those methods had now been rendered ineffective by more sophisticated techniques of propaganda employed by the corporations.

## **Mightier than the Sword**

In 1935 when the U.S. government got around to recognizing some rights of working people, the corporate world put aside physical force and turned to propaganda and public relations to achieve its ends.



“Beginning in 1945,” Carey said, “the post-war conservative assault on public opinion revived the two dominant themes of the 1930s: (1) Identification of the traditional American free enterprise system with social harmony, freedom, democracy, family, church and patriotism, and (2) identification of all government regulation of affairs of business, and all liberals who supported such interference, with communism and subversion.”