DISSENT

Convenient Scapegoat: Public Workers under Assault

By Joseph A. McCartin

"WE may, at long last, have a way to liberate our nation from the domination of those who should be our public servants but instead are frequently our union masters." Conservative commentator and pollster Dick Morris wrote those words after the 2010 congressional elections. A quick glance at recent headlines, editorial pages, blog posts, and government initiatives indicates why Morris was so excited. A powerful wave of opposition against public sector unions is now taking shape, strengthened by Republican control of the federal budget-setting process in the House of Representatives, which is likely to stifle further aid to hard-pressed states and cities. These circumstances are setting up 2011 to be the worst year for government workers since collective bargaining first came to government a half-century ago.

If partisan conservatives such as Morris and his friends were all that public sector unions had to worry about, the situation would be difficult enough. But a growing bipartisan consensus, which stretches from New Jersey's Republican governor Chris Christie to New York's Democratic governor Andrew Cuomo and includes mainstream publications such as the *Economist* and the *Atlantic*, seems to have concluded that states and municipalities have been too generous with their employees, and that union contracts are a prime cause of the recent surge in government budget deficits. There is increasing talk of trimming pensions, benefits, and salaries for public sector workers and enacting laws that curb union political influence. "At some point," argues Christie, "there has to be parity between what is happening in the real world and what is happening in the public-sector world." Such arguments clearly resonate with voters. Recent polls have found both a significant drop-off in public support for government-employee unions over the past year and a rising level of passion among union opponents.

A Consensus Versus the Facts

Two widely shared misperceptions are helping to drive this shift of opinion. The first holds that public sector workers now earn more on average than their private sector counterparts, making them what Indiana's Republican governor, Mitch Daniels, calls "a new privileged class in America." The leading candidates for the 2012 Republican presidential nomination have helped promote this view. "Average government workers are now making $30,000 a year more than the average private-sector worker," declares Mitt Romney. "It used to be that public employees were underpaid and over-benefited," adds Tim Pawlenty. "Now they are over-benefited and overpaid compared to their private-sector counterparts." The second perception is that collective bargaining contracts have been major contributors to the growing budget deficits of the states, a view promoted by Chris Edwards, the director of tax policy studies at the Cato Institute.

Although there are arguably instances in which discrete groups of government workers have won benefits that are difficult to justify over the long run, the general perceptions that public sector workers are overcompensated as a group and that their contracts are the driving force behind government deficits are simply wrong. At first glance, aggregate data from the Bureau of Labor Statistics make it appear that public employees earn more on average than private employees. But the gap disappears completely when one compares similar workers in each sector. Government workers are slightly older and much better educated on average than private sector workers. Indeed, as John Schmitt of the Center for Economic and Policy Research and Jeffrey Keefe of Rutgers University point out, the supposed public sector wage premium turns into a wage penalty for government work if we control for workers' age and education. Government workers are on average about four years older, more likely to possess a college degree, and nearly three times as likely to hold an advanced degree as private sector workers. Once one moves beyond aggregate figures and begins to compare public and private sector workers with similar degrees of education and experience the allegation that government workers are somehow privileged falls apart. Indeed, a 2010 study published by John Schmitt found that government workers earned on average 4 percent *less* than private sector workers who possessed similar characteristics.

The facts also challenge the perception that public workers' collective bargaining contracts are driving state deficits and leading to pension obligations that taxpayers are unable to meet. There is no direct correlation between states with unionized public workers and those facing budget deficits. New York State, which boasts the highest percentage of unionized public employees of any state, is running a projected budget deficit of 16.9 percent for fiscal year 2012, while North Carolina, which prohibits public sector collective bargaining, faces an even larger budget deficit (20 percent) according to the data of the Center on Budget and Policy Priorities. Similarly, there is no direct correlation between collective bargaining and pension obligations that have gone unfunded. According to the conservative American Legislative Exchange Council, New York has done a better job at funding its pension obligations (currently at 100 percent funding) than Virginia, which does not permit public sector collective bargaining and is currently funding only 80 percent of its obligations.

Although the data do not support the politically motivated attacks on public sector workers and their unions, a confluence of powerful factors has created a perfect storm that is overriding the facts, abetting efforts to scapegoat public employees and their unions, and making it easier for anti-union opinion makers to use a few outlying cases to drive a larger assault against the very concept of public sector unionism itself. Four developments have helped lead to this moment.

The Making of an Anti-Union Moment

The most obvious is the nature of the current "Great Recession." This downturn, the worst economic calamity since the Great Depression, is the first crisis of this magnitude to occur at a time when public sector workers were organized in unions. Although some government workers were union members in the 1930s, they did not have the ability to bargain collectively. The advent of widespread public sector collective bargaining did not come until 1958, when New York City passed the "Little Wagner Act," which permitted municipal employees to organize. Shortly thereafter, Wisconsin became the first state to permit state and local workers to bargain collectively, and President John F. Kennedy introduced a limited form of federal sector collective bargaining (which let unions negotiate over work rules, but not compensation or benefits) through Executive Order 10988 in 1962. Public sector collective bargaining spread during the prosperous years between 1960 and 1973. When stagflation and recession struck in the 1970s, government workers came under attack, and public opinion polls traced a decline in support for public sector unions. But neither the economic nor public opinion downturns of the 1970s were as severe as those witnessed recently, and unlike the crisis of the 1970s, the current recession occurs after decades of growing income inequality during which wages stagnated and benefits eroded for most private sector workers.

A second development making the current moment dangerous for public sector workers is the enfeeblement of the private sector union movement. During the years of their rise, public sector unions relied on a strong private sector union movement: gains made by unionized private workers helped legitimize public workers' demands. When the economic crisis of the mid-1970s struck, more than 20 percent of private sector workers were in unions. To be sure, that crisis introduced some tensions between public and private sector organizations. In 1978, liberal journalist Nicholas von Hoffman believed that public opinion was turning "so ferociously against striking civil servants that non-governmental union members won't even support them." But union levels were high enough and the crisis of the 1970s was not severe enough to provoke an outright schism between government and private sector unions.

Today, with the private sector union density figures roughly one-third of what they were in the 1970s, and with government workers constituting a majority of American union members for the first time, there is a different dynamic. With private sector unions fighting for their lives, public sector workers are finding it more difficult than ever to defend wages and benefits. Some evidence—such as the enlistment of some building trades unions in Andrew Cuomo's crusade to confront public sector workers—points to the re-emergence of the public-private labor tensions of the 1970s. But it is not the erosion of solidarity between public and private sector unionists that makes government workers' unions more vulnerable than ever. Rather, it is the fact that labor solidarity in any form is becoming anachronistic. One traditional emblem of solidarity, the strike, is becoming quite rare. The Bureau of Labor Statistics registered only five strikes involving 1,000 workers during 2009, representing a 98 percent drop from the figures collected in 1979.

The consensus that has taken shape over the past generation regarding taxation constitutes a third development shaping this moment. Public sector unions arose in the 1960s and 1970s at a time when the tax system was robustly progressive and the top marginal federal income tax rate was 70 percent. The tax revolt of the 1970s, the Reagan Revolution of the 1980s, and the tax cuts secured by George W. Bush in 2001 have since driven down tax rates on upper income earners to half of what they were in the mid-1970s. The recent extension of the Bush tax cuts in the midst of a budget-busting, revenue-starving recession makes it difficult to imagine any circumstances under which significant tax increases on the wealthy—who are now wealthier in comparative terms than any previous generation of America's richest—will become politically feasible in the years ahead.

It is not just that Republicans are determined to block all tax increases, even for those most able to afford them. A significant proportion of Democrats appears to have given up on progressive taxation too. The Democratic co-chair of President Obama's deficit commission, Erskine Bowles, refused to consider a significant increase in taxes on the wealthy as a strategy for reducing deficits. Revealingly, the proposal he produced with co-chairman Alan Simpson listed "lower rates" as the first of seven goals for a reformed tax code; "reducing the deficit" was the last goal listed. Since California voters enacted the tax-cutting Proposition 13 in 1978, public sector unions have unsuccessfully resisted the relentless downward pressure on tax rates for the wealthy. It is now clear that anti-tax forces have won this long war. This means that the taxpayers who can least afford it are assuming a growing proportion of the share of the cost of public sector workers' salaries and benefits, creating a situation ripe for the current backlash.

A final development in setting the stage for the current assault on public sector workers concerns the turnabout experienced by one highly visible group of public workers: teachers. When government workers began to organize in large numbers in the 1960s, public school teachers helped lead the way. During the 1960s, the American Federation of Teachers and the National Education Association grew at a furious pace; in the 1970s, teachers were the most militant government workers, willing to strike even when it was illegal in order to press their demands. Through this period teachers elevated their pay and benefits and won significant reforms, especially reductions in class sizes and increases in education funding. As they did so, teachers successfully held the moral high ground, fighting not only for themselves but for their students' interests as well.

Recent developments, however, have tended to put the onus on teachers' unions. As incomes stagnated and the shape of the economy changed in the years since 1980, politicians of both parties placed increasing emphasis on improved education as a way to create good jobs and raise living standards. Public schools have coped unevenly with these elevated expectations. Highly funded suburban schools have flourished, while many urban schools have lagged. Increasingly, teachers' unions have been blamed for underperformance. Educational reformers propose charter schools, vouchers, and a weakening of union work rules as essential tools for the improvement of public education. For their part, the AFT and the NEA have advocated reforms, even supporting charter schools under some conditions. But they have been outflanked in the arena of public opinion. Figures such as the former chancellor of District of Columbia Public Schools, Michelle Rhee, have won renown for their criticisms of the unions, and the recent documentary film sensation, *Waiting for Superman*, promoted the view that non-union charter schools are the solution to the nation's education problems. The embrace of that film by the Obama White House indicates the degree to which teachers' unions have lost the moral high ground to their opponents. And the apparent ease with which politicians like Chris Christie have been able to portray teachers as greedy and self-serving has tended to put all public employees on the defensive.

The Long Rehearsal

Still, it was not inevitable that the current environment would give rise to an attack on public sector workers and their unions on the scale and of the magnitude that we are currently witnessing. The current crisis might have led instead to a defense of public workers' standards as providing a necessary stabilizing keel that could keep the economy steady in these turbulent times, preventing it from listing further into recession and taking on more water than it has already. Labor itself has made this argument: unions like the American Federation of State, County, and Municipal Employees and the Service Employees International Union continually remind politicians that their members make up the stable middle-class of their communities, upon whose spending local economies depend. That such arguments have been so thoroughly overwhelmed by the attacks on unions as "a new privileged class" has to do both with the circumstances of this moment, and with the careful long-term planning of union opponents.

Enemies of public sector unions have waited decades for this moment. The swift rise of the government workers' union movement took labor opponents by surprise in the 1960s. Not until 1973 did the National Right to Work Committee belatedly convene a conference to assess the threat posed by this sudden upsurge. The lead speaker at that gathering was the libertarian law professor Sylvester Petro, who presented a draft of his article, "Sovereignty and Compulsory Public-Sector Bargaining," which would be published in 1974 in the *Wake Forest Law Review*. It argued that the unionization of government workers would lead inevitably to tyranny. Petro's conference paper helped to spark the creation of the first organization dedicated to fighting government workers' unionization, the Public Service Research Council (PSRC). Under the direction of David Denholm, the PSRC spawned a newsletter (the *Government Union Critique*), an academic journal (the *Government Union Review*), and a lobbying arm (Americans Against Union Control of Government). The organization quickly made its presence felt, derailing efforts to pass a national bill that would have ensured the right to organize for all state and local workers in the mid-1970s. But the PSRC was unable to realize its ambitious mission to roll back the gains already made by government workers or to end what it saw as the scourge of "compulsory" public sector collective bargaining.

Ronald Reagan's breaking of the illegal 1981 strike by PATCO, the union of federal air traffic controllers, also produced disappointing long-term results for the enemies of government unions. Clearly, Reagan's action helped quell government workers' militancy: strikes had been on the rise among government workers especially at the municipal level between 1965 and 1980 before the PATCO strike reversed that trend. Teachers' strikes alone fell 42 percent within a year, and government workers' militancy never again reached pre-PATCO levels. But the PATCO strike had its most profoundly negative impact on private sector labor relations, where it helped legitimize the permanent replacement of striking workers in transportation, service, and manufacturing industries that has since all but destroyed the strike as a weapon of America's private sector workers. While both public and private sector workers saw their ability to strike diminish in the post-PATCO years, public workers compensated effectively for their loss of strike leverage with increasingly effective political action. Using their political clout, public sector unions were able to advance the interests of their members under Democratic and Republican presidents, governors, and mayors. Even the air traffic controllers were reorganized before Reagan left office: the replacements hired to break the PATCO strike joined the National Air Traffic Controllers Association (NATCA) in 1987, and their union has since lobbied to win many of the things that PATCO sought unsuccessfully to achieve in 1981.

Public sector unionism survived the Reagan era, adapted to the "reinventing government" initiative of the Clinton years, and held its own during the Bush years. It provided a measure of stability to an organized labor movement that was atrophying in the private sector. Its critics, meanwhile, bided their time, continually sharpening their arguments in preparation for this moment. Back in 1980, the PSRC's David Denholm predicted that the job of "ridding society of this blight"—public sector collective bargaining—would be a "long and arduous" struggle. Denholm and his organization are still in the fight thirty years later. But they are scarcely alone. These days the PSRC is a marginal player in a much larger, more broad-based, and far more sophisticated effort to combat government workers' unions that includes an army of talk radio hosts, Tea Party activists, anti-union Web sites, and organizations like the American Legislative Exchange Council (ALEC), which co-ordinates conservative legislative initiatives across the states, providing models and arguments for those seeking legislation to weaken public sector unions.

Today's union opponents have done a much more effective job advancing the anti-labor argument than their predecessors of the 1970s. This is in part because they have learned to master the populist language that was once labor's province. "They don't produce anything," says radio talker Rush Limbaugh of the public sector workers. "They live solely off of the output of the private sector." Framed in this way, Limbaugh's attacks sound startlingly like those once marshaled by the nineteenth-century Knights of Labor against Wall Street speculators and other social "parasites." That such attacks have functioned so well in displacing public anger against Wall Street for the greed and malfeasance that led to the recent financial meltdown onto blameless civil servants is a testament to how adept the Right has become at mobilizing populist appeals. Progressives, meanwhile, have yet to develop an effective counter-argument of their own, and the Obama administration has seemed positively disinterested in stirring populism on the left.

For now, momentum is clearly with those determined to roll back public sector unionism. How far that momentum will carry them is yet unclear. In the years immediately ahead it is unlikely that they will be able to eliminate collective bargaining for government workers in a significant number of states, as they hope. But even if they fall short they are poised to deliver a series of crippling blows to public sector unions in upcoming budget battles and legislative fights, further weakening organized labor as a whole. The situation could scarcely be more perilous for the battered labor movement.

The Stakes

Although many factors help explain how we have gotten to this point, the ultimate irony is that it has been the inability of the private sector to deliver rising standards for most American wage earners over the past three decades that is the unnamed yet essential precondition of this fraught moment. The high unemployment, dead-end jobs, stagnating incomes, lengthening workweeks, wobbly retirement plans, and fraying benefit packages of private sector workers have placed public sector workers in the political crosshairs. To this point, government workers have not faced the full force of the gale that has been eroding labor standards in the private sector. Now they too are being hit by the storm.

The weakness of the anti-labor argument is that it cannot credibly show how creating the sort of “parity” between public and private workers that Governor Christie advocates will help the larger economy. It is unclear how cutting taxes further will create better jobs or raise incomes for the many, how reducing government spending will bring back offshored manufacturing, or how scaling back the pension or health benefits of government workers will improve the retirement security or enhance the benefit packages of their private sector counterparts. It is this set of problems that is really at the crux of the matter. In the final analysis, public sector workers find themselves under attack not because they really are a “privileged class,” but because they are an attractive target of opportunity during hard times. Unfortunately, pressing government workers to surrender some of their salary and benefits at this moment offers a path of least political resistance that requires less political will and vision than building an economy that lifts up private sector workers, an economy in which all workers—public and private—can labor in dignity, security, and the confidence that their children’s lives will be better than their own.

Whether the United States can emerge from the Great Recession to confront this massive long-range failure of the private sector to generate good jobs, reliable benefits, and rising incomes for the many will depend greatly on how well public sector unions are able to weather this perilous moment. With less than 7 percent of nongovernmental workers unionized, private sector unions no longer have the leverage to improve wages and benefits for those beyond their ranks. Thus, by default, public sector unions have become the single most effective social force capable of speaking out for a just economy that lifts the standards of all workers, public and private. To preserve their credibility and their ability to fight effectively for both their members and a fairer economy for all, the unions would be wise at this moment to show that they are prepared to make sacrifices where necessary, appropriate, and fair. In turn, all who seek a fairer economy have a stake in coming together to resist the radical effort to roll back public sector unionism that is now gaining ground.

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