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Patrick McIlheran

Walker's message on unions

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Scott Walker sent an electrifying message Tuesday on how he'd handle obstreperous unions when trying to cut state labor costs: "Anything from the decertify all the way through modifications of the current laws," said the governor-elect.

Those laws include the ones that allowed Wisconsin public-sector employees to unionize at all. What Gov. Gaylord Nelson and the Legislature granted from 1959 onward, new governors and legislators can alter. Walker is saying government unions could be put out of business.

But he wasn't saying it to unions. Walker's jolt was aimed in the other direction: not forward but behind.

Walker's correct, by the way, about labor costs. That's where the money is, both in state payrolls and in the aid to local governments and schools that constitutes most of the budget. Analyses find that unionization pushes up state and local-government labor costs by about 8%, economist Chris Edwards of the Cato Institute says. Unions also raise benefit costs remarkably with costly old-style pensions and expensive health coverage.

They also make expensive political demands, other analysts point out, lobbying to expand programs and opposing alternatives. Unions were key opponents in Wisconsin to restraining the rate at which taxes could rise. Unions have ferociously opposed school choice, since it allows parents to flee the unionized Milwaukee Public Schools.

So Walker, taking the reins of a state that is \$3.3 billion in the hole at the start of the next budget, is right to look at labor costs. Unions object. They're right to do so: Their members don't want a pay cut - who would? - and the chief purpose of unions is to bargain for as good a deal as they can get.

This doesn't mean their specific objections are reasonable. For instance, the contracts offered them by the outgoing Doyle administration, the ones that lame-duck Democrats may ram through the Legislature, are said by unions to be sufficiently austere. They increase employees' health premiums, for instance -

by \$5 a month, to \$82. For comparison, the average Wisconsin family pays \$242 a month and bears 20% of the cost of coverage. Walker has asked the outgoing Legislature to hold up on those contracts, since he wants to increase the share of coverage borne by employees to a mere 12%.

Walker also wants state employees to start paying toward their pensions, as law requires. They presently bear none of the cost; he seeks 5%. Since many of the rest of us have 401(k)s and often bear two-thirds or more of the cost, we might wonder what unions are talking about when they call Walker "extreme," but I guess it all depends on your present circumstances.

For public-sector unions, those are pretty good, so they're threatening trouble. Pickets, slowdowns and sickouts are all possible, said a memo from one disgruntled union faction. Marty Beil, head of the Wisconsin State Employees Union, said Walker wants to destroy the law underlying labor peace. "We certainly prefer negotiation to confrontation," he said.

Only the real dynamic has been that elected officials, right up through the governor's office, for decades have preferred *concession* to confrontation. Unions demand, but officials must agree, which they've too readily done, buying peace or unions' political support with your money.

Walker long was an outlier. For eight years in Milwaukee County, he pushed back, demanding concessions and cutting staff. His talk of changing laws, then, wasn't a warning to unions. They already knew what he'd seek. A letter Beil sent in November to members voting on those Doyle contracts conceded as much, urging a quick yes before Walker's inauguration.

Walker's message instead was aimed at fortifying his allies, especially incoming Republican legislative majorities. Earlier Republican control did not rein in costs nor threaten unions' privileged position. Even with a 60-38 advantage in the Assembly and a 19-14 one in the Senate, it isn't certain Republicans will now. Walker was telling the Legislature just how big a stick he'd bring to the table, how far he's willing to go.

Which is pretty far, though without some reality for the public sector, \$3.3 billion is an awfully deep hole to climb out of.

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