

Matt Yglesias

May 10th, 2010 at 4:44 pm

Conservative Affection for Property Rights Dims When the Property-Holders Are Unionized Workers

Recently, the Cato Institute's David Boaz [forecast cuts](#) in pensions for state and local government employees. Andrew Biggs, currently of Cato and now of the American Enterprise Institute, [replies](#):

I hope he's right, but I'm not feeling nearly so sanguine. In most states, accrued public-sector pension benefits carry an effective property right, either through legal rulings or outright constitutional provisions. As Donald Kohn, the vice chairman of the Federal Reserve Board, put it, "For all intents and purposes, accrued benefits have turned out to be riskless obligations."

Some states interpret these rights as prospective, meaning that not only does a public-sector employee have a right to the benefits he's already earned, but he has a right to continue earning benefits at the same rate no matter how financially unsustainable the pension formula may be. These provisions make state pension benefits far more assured than even Social Security, which the federal government can legally cut at anytime.

Biggs' analysis of the situation is interesting, and the looming pension-related budget problems in many states and localities deserves more attention. But it's worth noting the rhetoric here. Since when do right-wing analysts "hope" that forecasts of weak property rights are correct, but find themselves "not feeling nearly so sanguine" once they realize that property rights have strong legal protections? It turns out that the answer is: When the property is union members' pensions!

Meanwhile, public sector pensions are always a good pretext for [linking to this funny, albeit profane](#) AFSCME video.

- [Comments](#)
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64 Responses to "Conservative Affection for Property Rights Dims When the Property-Holders Are Unionized Workers"

1. *jamie* says:

[May 10th, 2010 at 4:47 pm](#)

when the property rights come from other people's tax dollars, it makes sense to not support them. i am less enthusiastic about farmer's profits when they come from subsidies.

2. [Justin Martyr](#) says:

[May 10th, 2010 at 4:52 pm](#)

Ditto on what Jamie said in comment #1. The fact that I am on the hook to pay the pensions of union workers is what changes the calculus. That is doubly true when they were negotiated with the moral hazard effect being perfectly well known. The only "property right" in play the right of union workers to a chunk of my paycheck.

3. [soullite](#) says:

[May 10th, 2010 at 4:52 pm](#)

All of the Elite hate unions, though. It appears the differences between parties on economic justice issues are nearly non-existent. One party just likes to play make-believe because the people who belonged to it 80 years ago gave a shit.

4. [soullite](#) says:

[May 10th, 2010 at 4:54 pm](#)

Justin, I know! Why can't those damned civil service workers work for free! Don't they know it's wrong to take money from tax-payers! WTF! Can't they just eat cow-shit and beans like good little peasants?

You people are the scum of the earth. Do the world a favor and eat a bullet.

5. [abb1](#) says:

[May 10th, 2010 at 4:55 pm](#)

Well, Cato has its moments, but AEI is nothing but a fucking disgrace.

6. [Brahma](#) says:

[May 10th, 2010 at 5:05 pm](#)

This reminds me of Megan McArdle's absurd special pleading regarding bailouts. In her mind, federal government bailouts of unionized autoworkers are bad, but bailouts of fatcat investment bankers are okay, because "we need to save the financial system." In other words, federal government bailouts are okay for the people we like living in New York City and Greenwich Connecticut.

7. [Walt](#) says:

[May 10th, 2010 at 5:05 pm](#)

Jamie makes a good point, and I hope he'll join me in calling for the US to repudiate all of its debt. Interest payments come out of other people's tax dollars, after all.

8. [lance](#) says:

[May 10th, 2010 at 5:10 pm](#)

There's a simple solution to this problem: move. They can't tax you if you don't live there. Pretty soon the only people left in California are going to be Steven Spielberg, illegal immigrants, and the public sector unions. Barbara Streisand moved to Vegas.

9. *cmholm* says:

[May 10th, 2010 at 5:16 pm](#)

In itself it's a good thing that one's pension be a property right.

Otherwise, to use a public sector example, a Morgan W.-type elected official might choose to cash out a state pension fund for an election year tax payer credit.

Or in the private sector, an "overfunded" pension plan might get cashed out by T. Boone Pickens. Oops, sorry, that actual happened.

However, when a government gets a bit too generous with future tax receipts, that's a problem, albeit one w/o an obvious fix. If certain states/municipalities approach the theoretical point where they're a glorified TIAA-CREF, ways will be found to make the cuts. A court can't force elected officials to raise taxes, or issue bonds.

10. *Thomas* says:

[May 10th, 2010 at 5:21 pm](#)

I think the answer is, when it isn't a property right but is instead a contractual right granted by the legislature. The new property, I suppose. The better question is, since when do liberals fret about weak property rights?

11. *Thomas* says:

[May 10th, 2010 at 5:22 pm](#)

cm, you're wrong about the power of the courts.

12. *Sam L* says:

[May 10th, 2010 at 5:27 pm](#)

I think what liberals "fret" about is the evisceration of vital public services and the strangulation of the American middle class at the hands of reckless, greedy, phenomenally stupid elites who are now trying to steal other peoples' pensions.

But good try there, Thomas!

13. *Anon* says:

[May 10th, 2010 at 5:27 pm](#)

Greece and California. When progressives promise more than taxpayers can deliver, we get a Greece, complete with riots. Wait until young healthy people decide not to pay Obamacare taxes.

14. *Walt* says:

[May 10th, 2010 at 5:31 pm](#)

I think what you mean is “when the rich successfully evade their taxes”, Anon.

15. *bperk* says:

[May 10th, 2010 at 5:34 pm](#)

I don't understand this at all. If you work at a job your whole life and save (or not save) for retirement based on your projected pension, some people think it is okay to take that money? And what would happen to all those people who suddenly have no retirement money? The federal government changed from a defined benefit to a defined contribution plan back in the 80s. The states should have followed suit.

16. *Politico* says:

[May 10th, 2010 at 5:35 pm](#)

This fall, Republicans should get honest about it and campaign on the slogan “we need more judges who legislate from the bench.”

17. *rapier* says:

[May 10th, 2010 at 5:35 pm](#)

Firstly the government can cut SS payouts but they cannot renig on the payout of the SS trust fund because it is a constitutionally guaranteed obligation of the US Treasury which as the phrase says, is backed by the full faith and credit of the US. The US cannot default on any bond or IOU.

As to the right to the pension benefit if the question is put before higher courts you can be absolutely certain that the court will find the promised benefit is not a right and the only right pension holders have is to the existing balances.

Actually the court will find, if needs be, that the SS trust funds Treasury IOU's are not subject to the full faith and credit clause.

One way or another wage earning citizens assets will be stolen or otherwise debased or deflated away or the payout of the remainder will be made in dollars with far less buying power.

18. *Alanba42* says:

[May 10th, 2010 at 5:37 pm](#)

“Some states interpret these rights as prospective, meaning that not only does a public-sector employee have a right to the benefits he's already earned, but he has a right to continue earning benefits at the same rate no matter how financially unsustainable the pension formula may be”

I wonder what states he's talking about. All the public employees in every state I know of have contracts which are re-negotiated every few years. Cutting the state's contributions to the pension plan is always on management's wish list in negotiations, although those greedy workers always want to keep it the same. (Workers also tend to want pay increases EVERY CONTRACT.) I suspect his is not thinking of any states in particular and is just making things up.

19. *james Robertson* says:

[May 10th, 2010 at 5:39 pm](#)

This is way simpler than that – the money to pay all of those pensions doesn't exist, regardless of how they are classified. So it's all moot; at some point, those deals will be renegotiated because there's no other road open.

20. *timmie* says:

[May 10th, 2010 at 5:42 pm](#)

I don't know if its true but it looks like California will prove the first test of the pensions implosion and of course the sole question will be how high can the state and municipalities and counties hike taxes.

But what happens when citizens simply refuse to elect officials who will raise taxes enough and vote out those who do? Will the unions go to court and seize public lands and buildings? Will they force cuts in public assistance?

Probably the easiest will be to rewrite state constitutions.

Now that will be a referendum fight.

Man oh man, our 20/30 somethings are really screwed!

21. *Glaivester* says:

[May 10th, 2010 at 5:46 pm](#)

Although I wouldn't be quite so cavalier as Jamie and Justin in comments 1 and 2, they do have a point.

The "property rights" issue here is not as black and white as it is in a lot of private sector cases, because paying the workers back "their" property comes not from funds earned in voluntary transactions, but from funds taken by threat of force from the populace.

Let's say that I work for a private company, and the owner of the company embezzled away the pension funds. I can sue him for my pension back, and claim a property right to my pension. However, if he has wasted all of the money and can't pay me the full value, that doesn't mean that I have the right to have the police take anyone who ever bought one of the company's products and force them to replenish the pension fund.

To the extent that the funding of these pensions will come from taxing the taxpayers more, you have competing property rights here, because by increasing taxes you are weakening the taxpayer's property rights in order to pay the pensions of the government employees. To argue that they have indisputable property rights to the pension funds, no matter how unreasonable the pension terms were or how unsustainable the pension system is, but that the taxpayer has no right to keep his own money, is a strange definition of property. (Essentially, you are saying that the taxpayer's money does not belong to him).

This is not necessarily to say that the government employees should get the shaft, but being a strong believer in property rights is not necessarily inconsistent with a position that the pensions ought to be "crammed down" (or whatever the appropriate term is). That is what would happen in the private sector if the funds to pay the pension simply were not there. In other words, the "property rights" issue here is not as clear as Matt is making it out to be.

22. *Chris* says:

[May 10th, 2010 at 5:47 pm](#)

In the Vallejo case, the judge seemed to suggest that the pension obligations were subject to negotiation; it appears the main rationale for not touching them was political, not legal.

At the moment, sufficient pressure doesn't exist to overwhelm the political power of public unions. If asset returns don't save the day, the downward pressure of underfunded pensions on the California economy will eventually force public unions to relent in future restructurings. The speed with which this happens also depends on the degree to which the federal government is expected to bail out California's irresponsible promises.

23. *Aaron* says:

[May 10th, 2010 at 5:58 pm](#)

Conservatives favor legal protection of property rights and contracts more generally; this does not imply opposition to legal arrangements other than property rights, or generally treating lots of things as property rights.

Biggs' analysis assumes the existence of a strong property rights regime; he is only regretful that pension obligations are property rights, not that property rights generally are protected. Further, the regret isn't even over the fact of property rights themselves; rather, it is that states may go bankrupt. He is less sanguine than Boaz about the ability of states to avoid bankruptcy.

24. *scathew* says:

[May 10th, 2010 at 6:00 pm](#)

So basically they're hoping that states will break a legal contract they entered into with an employee.

I assume these are the same people who criticize borrowers who abandon their loans when they're under water (upside down). Isn't that the same thing effectively – you make an obligation whether it's stupid and unfair and then you have to keep it.

These people hate unions and real benefits and despite any logic, or lack thereof, will take any stand no matter how stupid that supports their already determined ideology.

25. *Ed Marshall* says:

[May 10th, 2010 at 6:03 pm](#)

This is not necessarily to say that the government employees should get the shaft, but being a strong believer in property rights is not necessarily inconsistent with a position that the pensions ought to be “crammed down” (or whatever the appropriate term is).

That's what happened to my father after putting in thirty years in a tool-and-die shop paying into his pension. It got bought and sold about nine times in rapid succession and between all that creative buying and spinning off things, somehow the pension fund got used for something for else (whoops) during a strategic bankruptcy. I think he got \$2000 in the settlement. There is a special place in hell for those people.

26. *Aqua Regia* says:

[May 10th, 2010 at 6:04 pm](#)

I assume these are the same people who criticize borrowers who abandon their loans when they're under water (upside down). Isn't that the same thing effectively – you make an obligation whether it's stupid and unfair and then you have to keep it.

It's not really like a mortgage. If you can't pay and lose your house that isn't "breaking a contract", it's right there in the contract, spelled out as the consequences of not paying, and both parties have agreed it is a fine alternative. That isn't really anything comparable to a pension.

27. *Chris* says:

[May 10th, 2010 at 6:08 pm](#)

Note also that the obvious systematic "fix" for these pension problems is generally to transition to defined-contribution plans which aren't as susceptible to inaccurate assumptions that can later on blow up balance sheets. As an added bonus, the "rights" of workers in their 401(k) assets are much more obvious, and easier to defend, than their rights to a future cash flow which may or may not be practical to pay.

28. *Anon* says:

[May 10th, 2010 at 6:18 pm](#)

It is not these or those people.

It is the home owners in Fresno CA, 25% of homes are not currently paying property taxes. The county budget needs 25% of its income to pay retirees, the money is not there.

For us, like LA, bankruptcy is the only alternative. The same progressives who ran this county budget down are now in the CA legislature. So, bankruptcy is the only option. It is increasingly favored by all sides, the problem is now too vast for the legislature.

We have reached the point where being unemployed is substantially cheaper than work. The cops in nearby Clovis are taking to writing bogus tickets. As soon as a little liquidity shows up in the housing market, young people sell and move back home. So the total tax base erodes further as employers and employees avoid anything official that makes them vulnerable to pension obligations.

What I fear is that all of California counties will rush to the bankruptcy judge as soon as the first one does.

Look to the European PIGS as examples, once it starts, they are all repudiated.

29. *matt w* says:

[May 10th, 2010 at 6:29 pm](#)

The same progressives who ran this county budget down are now in the CA legislature.

Interesting, because two out of three state legislators from Fresno County are Republicans.

30. *urgs* says:

[May 10th, 2010 at 6:31 pm](#)

Handouts for the finance industry combined with a huge workload for the workers to learn about investing combined with the risk that they don't or get it wrong are not the answer. Defined contribution plans are

much less efficient than defined benefith pensions.

31. *The Lorax* says:

[May 10th, 2010 at 6:38 pm](#)

Look, the problem in California is due in no small part to Prop13, which caps property taxes for most corporations at real 1978 rates, as well as requires 2/3 of the legislature to raise taxes and pass a budget.

Also, [the rich aren't fleeing California](#). Why would they? As Warren Buffett famously said, he pays more in property taxes on his small Omaha house than he does on his giant California house.

32. *Cranky Observer* says:

[May 10th, 2010 at 6:45 pm](#)

> when the property rights come from other
> people's tax dollars, it makes sense to not
> support them.

1) The Native Americans called: they want their country back.

2) American Citizens (both native and settlers) called: they want their land back from the railroads, along with the \$10 trillion or so the railroads earned whilst they were improperly gifted with said public land.

Cranky

33. *Miles* says:

[May 10th, 2010 at 6:57 pm](#)

We all know that AFSCME retirees don't get Social Security, right?

Because they've got these pensions.

So, they don't pay into SS, they don't receive SS.

Also: this is their money. It was taken out of their paychecks.

In Cincinnati, there's been no imbalance in the pension fund; the City has merely stolen the money from the pension fund, and spent it on other stuff. Now the City conservatives are like "Oops! You get no pensions, because we stole your money to pay for property tax cuts."

34. *Omega Centauri* says:

[May 10th, 2010 at 7:07 pm](#)

It's a really really difficult transition coming up. Pensions are just the biggest category of institutions which were set up under the assumption that traditional rates of exponential economic growth would continue forever. Well, that is impositble, and it won't happen. But then we end up with the problem that someone in the past promised X, but it is going to be seen as an impossible burden. And those that are being forced to make good on the past promises are usually not the ones who made them, rather it was promises their parents generation made from their kids to themselves. The change from exponential growth to something sustainable isn't going to be an easy one. There simply won't be the resources to meet everyones

expectations. Those who think they are being cheated will be legion.

35. *Dude* says:

[May 10th, 2010 at 7:15 pm](#)

Jamie makes a good point, and I hope he'll join me in calling for the US to repudiate all of its debt. Interest payments come out of other people's tax dollars, after all.

36. *doctorrobert* says:

[May 10th, 2010 at 7:21 pm](#)

But uh *foams at the mouth* **RAWRRRRRR UNIONS!!!!** Those wicked awful unions that are always interfering with our benevolent do gooder corporations.

—————
Can *someone* explain Union hate to me? To economists they seem like Satanic death cults. I don't get it.

37. *Dude* says:

[May 10th, 2010 at 7:29 pm](#)

Jamie makes a good point, and I hope he'll join me in calling for the US to repudiate all of its debt. Interest payments come out of other people's tax dollars, after all.

The point isn't whether or not we should pay them; the point is whether or not it actually constitutes a "property right." By Matt's reasoning, [subsidies that encourage greater domestic corn production](#) also constitute a "property right." This is based on a negative understanding of property rights which states that property rights are protected by the government, not provided by the government. What are your objections to this?

American Citizens (both native and settlers) called: they want their land back from the railroads, along with the \$10 trillion or so the railroads earned whilst they were improperly gifted with said public land.

So did they [call the liberal justices?](#)

38. *Dude* says:

[May 10th, 2010 at 7:31 pm](#)

This is based on a negative understanding of property rights which states that property rights are protected by the government, not provided by the government. What are your objections to this?

The libertarian understanding is based off of this, I mean.

39. *Dude* says:

[May 10th, 2010 at 7:34 pm](#)

By the way, I'm extremely libertarian on civil liberties issues such as torture, executive power, Four Amendment rights, etc. Just throwing that out there.

40. [StevenAttewell](#) says:

[May 10th, 2010 at 7:41 pm](#)

A few points:

1. It should be obvious to anyone that the only property rights that conservatives care about are the [property rights of the propertied](#) – property rights emerging from one’s labor are actually a threat to said rights, because they call into question the status of unearned property.
2. Conservative hatred for public sector unions has as much to do with the [practical politics of wanting to harm one’s opponents constituents as the ideological politics of believing that governments should resemble corporations.](#)

41. *Don K* says:

[May 10th, 2010 at 7:43 pm](#)

In lots of different states, under governors and legislatures of both parties, pensions were seen as really cool ways of keeping public-employee unions happy because, in periods of strong economic growth and rising stock prices, they didn’t require immediate cash outlays, so could be offered without raising taxes, thus kicking the problem down the road for some other poor schmuck to have to solve.

Well, the bill will be coming due, and today’s taxpayers will be asked to pay higher taxes for the public services their parents enjoyed. I’m not an advocate of defaulting on pensions by any means. I’m living on a pension, and I know without the pension once my 401k ran out I’d be living under a bridge if all I had was Social Security.

Having said that, there will be hell to pay for the first politician who says he has to raise taxes to fund pensions for retirees who finished their service years ago.

42. *jefft452* says:

[May 10th, 2010 at 7:49 pm](#)

The fact that I am on the hook to pay the pensions of union workers is what changes the calculus

i am less enthusiastic about farmer’s profits when they come from subsidies

too right, and the fact that im on the hook to pay rent makes me less enthusiastic about my landlords profit too

what? whada you mean “deadbeat”? you mean the sacred right of property depends on who’s ox is being gored?

im shocked

43. *urgs* says:

[May 10th, 2010 at 7:52 pm](#)

Also: this is their money. It was taken out of their paychecks.

Thats a pointless qualification. “paid out of their paycheck” doesnt matter, the workers earned the pension as part of their compensation no matter if they got some formal deduction from pay or a lower salary.

Note that our beloved blogger actually supported the stealing of pensions ongoing pensions and complete abolishment of pensions for public sector workers a while ago.

44. *The Lorax* says:

[May 10th, 2010 at 7:55 pm](#)

To economists they seem like Satanic death cults. I don't get it.

Well, to economists qua economists. To right-wing economists they are.

45. *Ed Marshall* says:

[May 10th, 2010 at 7:58 pm](#)

This is based on a negative understanding of property rights which states that property rights are protected by the government, not provided by the government. What are your objections to this?

I'm not understanding. Your pension as a public sector employee is something you contribute to and is part of your compensation. It's yours. It's something that you almost certainly took into consideration when you took the job because generally the pay is poor. Is there some confusion here because the job is working for the government? Then the government can't protect your property, because if they paid you what they owed you it would be a "subsidy"?

46. *urgs* says:

[May 10th, 2010 at 8:04 pm](#)

Can someone explain Union hate to me? To economists they seem like Satanic death cults. I don't get it.

Only to American and British economists. There's a general pro Union consensus in most non English speaking liberal democracies. This isn't to say that Unions positions are popular with the average economists, but the idea to denounce unions as a legitimate actor in society is typical US/UK rightwingery. There's also a broader pro corporatism consensus in most countries. The US system lives a bit of the fiction that no fraction has any power because no one is organized very well compared to other countries, including the corporations. That's ridiculous in practice because one big corporation already is a huge agglomeration that creates power and information asymmetries with the atomic workforce or small businesses.

47. *Chris* says:

[May 10th, 2010 at 8:08 pm](#)

Handouts for the finance industry combined with a huge workload for the workers to learn about investing combined with the risk that they don't or get it wrong are not the answer. Defined contribution plans are much less efficient than defined benefit pensions.

The solution to problems with worker education is to require plans to offer a variety of simple options for workers uninterested in active management, e.g. defaulting workers into a 100% investment in a target date plan.

As to the idea of handouts to financial industry, DB plans are far more lucrative for financial companies

than DC plans. Public DB plans are massive pools of public money that through a combination of (a) being underfunded and needing to catch up, (b) being not particularly transparent or accountable, and (c) being marked-to-fantasy rather than to market, are encouraged to invest in very risky, hard-to-understand assets with the potential for exceptional returns. These assets are the ones that generate the biggest fees for the big banks, hedge funds, and private equity firms.

Good DC plans tend to have low-fee index funds as prominent options; teach investors about the impact of fees on long-term returns (or default them into low-fee target date funds) and this effect is emphasized. The shady relationships between plan sponsors and servicers that sometimes force workers into higher-fee options would need to be a particular target of regulation.

48. *Dude* says:

[May 10th, 2010 at 8:30 pm](#)

I'm not understanding. Your pension as a public sector employee is something you contribute to and is part of your compensation. It's yours. It's something that you almost certainly took into consideration when you took the job because generally the pay is poor. Is there some confusion here because the job is working for the government? Then the government can't protect your property, because if they paid you what they owed you it would be a "subsidy"?

Good point. I guess that's the difference between the subsidies for various sundry industries and this; public sector employees work for their money rather than gain it via effective political lobbying. In this sense, public sector employees' payments in terms of salaries and benefits are indeed a negative property right, since they are earned from the government rather than provided by the government, so they are subject to the same negative protections as private sector workers, such as the duty to honor any contract agreed to by both parties. But to the extent that such compensation is greater than compensation for similar work in the private sector, such agreements are still due to gaming the political process rather than providing something at market value. (I'm not arguing that said market value is necessarily just, but that being compensated more than that is indicative of using politics to get yourself better compensation, and so the usage of politics to take away such compensation wouldn't necessarily be quite as unjust as a private company failing to deliver on their agreement to its employees. The politicians giveth and the politicians taketh away.)

49. *cmholm* says:

[May 10th, 2010 at 8:35 pm](#)

urgs (#43): Note that our beloved blogger actually supported the stealing of pensions ongoing pensions and complete abolishment of pensions for public sector workers a while ago.

Citation? Perhaps there are holes in my RSS archive, but the closest I'm seeing to your statement is a post where [Matt posits](#) that we should pay public employees more up front, rather than dangling the promise of a fat pension later. That way, they can collect a string of 401(k)s from various employers like I have, rather than stick with the same old boring job for 20+ years.

50. *cmholm* says:

[May 10th, 2010 at 8:53 pm](#)

And, per urgs (#30): Defined contribution plans are much less efficient than defined benefit

pensions.

If the DB pension is defined and administered prudently, which doesn't seem to always be the case. Even more efficient would be to pay people for the value of their labor now, rather than later. Yes, this does put more on an individual's shoulders re managing one's nest egg, but there are ways to reduce the effort, per Chris (#47).

In any case, that's why pretty much everyone is a FICA contributor nowadays, to provide the ultimate safety net.

51. *matt w* says:

[May 10th, 2010 at 9:23 pm](#)

But to the extent that such compensation is greater than compensation for similar work in the private sector, such agreements are still due to gaming the political process rather than providing something at market value.

Is that supposed to be grounds to retrospectively void the contract? That doesn't seem very libertarian — granting the government the power to retrospectively break any contract it's made. I suppose on some schools of libertarianism the resulting complete inability of the government to make any contracts (no point in making a contract the other party doesn't have to honor) would be a good thing, but there's no way in which selectively nuking the contracts of certain workers would be a good thing — except for people who are motivated by dislike of public sector workers, rather than by principle.

Anyway, there's no call (on the libertarian point of view, certainly) for the government to judge which contracts are fair. American CEOs almost certainly get unfair contracts by gaming their influence with the board of directors, who in awarding massive contracts aren't acting in the best interests of the stockholders, whose agents they're supposed to be. This gaming doesn't give the corporation the right to void the contract.

52. *Anon* says:

[May 10th, 2010 at 9:41 pm](#)

Public pensions are only as good as the taxpayer behind them. They are simply not protectable if the taxpayer has no money. One can cite the law, but the taxpayer can hide his little money faster than the law can catch up.

Like Obamacare. Government has made no promise except what healthy people are willing to pay. Judges and sheriffs can run around all they want, what are they going to take? The house? Good luck, the house is worth less in the county hands.

That is our problem in Fresno County. If the unions went after all our homes, there would be no Fresno county.

53. *Not as Stupid as Will Allen* says:

[May 10th, 2010 at 10:43 pm](#)

Anon wants us to pity the poor taxpayers whose demands for services outstripped their willingness to pay for them.

You know, in any other context I'm sure the good Anon would call folks like that 'deadbeats.'

But such is the way of "conservatives." Guys like Reagan came and showed the promised land where the government costs less because you simply kick the can down the road and hope some other poor sucker takes the fall for your incompetence. Like Bush's wars and his failure to do anything about the health care crisis.

Hm...I seem to have uncovered a pattern of irresponsible behavior on the part of Republicans and a desire on the part of Anon to shift the blame to those forced to clean up after them....probably just a coincidence.

54. *Dude* says:

[May 10th, 2010 at 10:58 pm](#)

@51 I think you have a good point. Ultimately, I think this is about a contradiction in libertarian ideology which has recently begun to bother me: the fact that we hate the fact that public sector unions and defense contractors and agriculture subsidy recipients and the like to play the political game to get more favorable contracts for themselves than they could get in the private sector (the public employees are the least bad in this regard since at least they aren't using resources to produce things we don't want or need), while at the same time we never really expect politicians to do the right thing and yet we defend unregulated campaign finance as freedom of speech. If you think that, for a number of reasons, it's very difficult for politicians to do the right thing, you don't like interest groups using their political clout to get money from the public coffers, yet you defend the right of those very interest groups to give all the money in the world to politicians, then how do you expect to change the situation for the better? I hadn't thought of this issue in those terms before your post, @51, but it's something I've been thinking about and it's something libertarians need to address.

55. *Dude* says:

[May 10th, 2010 at 11:00 pm](#)

Of course, maybe there isn't a contradiction there, but if there isn't somebody needs to point it out to me.

56. *Morgan Warstler* says:

[May 10th, 2010 at 11:37 pm](#)

noise, noise, pablum, noise.

#18 is correct. Contracts are short term.

We mostly aren't talking about claw backs.

Right now, what really happens is OLD union members when they are given the choice of saving their own pile and cutting the next group loose, they do it.

Unions naturally devolve out of individual member self-interest.

BUT, that said, when you work for the government, your claims end by the will of the voter.... just as government does.

If you want job safety, go find a real job.

57. *Not as Stupid as Will Allen* says:

[May 10th, 2010 at 11:48 pm](#)

Or, you can just be a fuckwit on the internet like Morgan Wanker and shout about how working people should be cheated at the whims of internet assholes.

Go tell it somewhere else you whining piece of shit. Just because you don't like paying taxes doesn't mean that the people who actually work for a living should have money stolen from them to benefit you.

58. *Kolohe* says:

[May 11th, 2010 at 2:13 am](#)

We all know that AFSCME retirees don't get Social Security, right?

Because they've got these pensions.

So, they don't pay into SS, they don't receive SS.

I think this is correct for many current retirees, but I think they changed the system in the 80's with the Reagan era SS reform where most if not all hires after that point pay into SS. My father worked for the fed govt most of his working life did not pay into SS, but I who has also been working for the fed govt most of my working life has always paid into SS from day one.

59. [Buying a Palm Beach Condo: A Dream Come True | First Home Buyers](#) says:

[May 11th, 2010 at 5:39 am](#)

[...] Matthew Yglesias » Conservative Affection for Property Rights Dims ... [...]

60. [abb1](#) says:

[May 11th, 2010 at 9:47 am](#)

I think this is correct for many current retirees, but I think they changed the system in the 80's with the Reagan era SS reform where most if not all hires after that point pay into SS.

No, that is not the case.

61. *Njorl* says:

[May 11th, 2010 at 10:16 am](#)

Libertarianism, and the belief which used to be known as liberalism, have always been about protecting the privileged from the powerful, protecting the ruling class from its rulers. The rights of the vast majority of the people have only been important as tools. This treatment of the union workers' property is consistent with those beliefs.

62. *Midland* says:

[May 11th, 2010 at 10:34 am](#)

"Can someone explain Union hate to me? To economists they seem like Satanic death cults. I don't

get it.” Only to American and British economists. There’s a general pro Union consensus in most non English speaking liberal democracies. This isn’t to say that Unions positions are popular with the average economists, but the idea to denounce unions as a legitimate actor in society is typical US/UK rightwingery.

Well put. In Europe, the class system was more starkly identified in the 19th Century and the need for Unions to counterbalance the power of corporate interests in government was more obvious. In the United States, we kept up, for a long time, the illusion that every man was a potential property owner and therefore a free agent in negotiating the price of his labor. Unions finally gained recognition in the late 19th and early 20th Centuries when it became obvious to enough people that the majority of factory workers were going to spend their working lives there. Only a few of them were ever going to become farmers or small businessmen, and therefore they had to have some means of improving those lives beyond the squalor and misery of tenements and sweatshops.

In spite of the success of unions in dragging the working class out of poverty and, by the 50s, giving most of them middle class social and cultural status, the old class resentments remain. If you own property, as land or a business, you’ve achieved a higher social rank and a union forces you to treat people of lower rank as equals.

As Urgs noted, unions are powerful enough politically in Europe that economists don’t have the option of pretending they don’t exist or that they are a transient phenomenon. In the United States, a more diverse population and economy kept unions from being as ubiquitous as in Europe. The corporate and economics establishment, and a lot of the American middle-class and working class has never accepted unions as socially legitimate.

The basic class distinction pops up even in the rational parts of these discussions. When business X negotiates a contract for goods with business Y or services with organization Z, this is considered a discussion among social equals and both are assumed, barring specific evidence to the contrary, as competent economic agents. If organization Y is a union, however, you usually see a far different reaction. Only busin: the union is viewed as a legitimate agent. The unions are described as greedy, coercive, even criminal, and likely to destroy the business. They are assumed to be economically incompetent, not fit to negotiate as equals with their social betters, the business owners and managers.

As has been variously noted, a lot of people who view contracts as a near-sacred obligation between businesses are quite ready to tear them off when they are contracts with unions. Of course, this is particularly intense feeling among our faux-libertarians, who view government and taxes as theft and government employees as parasites.

63. [StevenAttewell](#) says:
[May 11th, 2010 at 11:11 am](#)

Midland – I think you’re spot-on here. I’d also add that, intellectually, unions raise issues that economists don’t want to deal with. The modern discipline of economics, especially in the U.S and U.K (who were the centers of classical and then neoclassical economics), is based around a model that assumes equality between freely consenting economic agents – that’s how they can make supply and demand do everything.

Part of economists' problem with unions is that they screw with this model – all of the sudden, they have to deal with power differentials and bargaining strength as well as supply and demand. This means that you can't just do equations anymore, you need to do empirical observation and historical analysis to explain what's going on. Now, this might not be a problem for historical or institutional (or Marxist) economists – who are historically stronger on the Continent – but it is for neoclassicals.

It also poses a big normative problem. Economists are not value-free, they have a big investment in the idea of free markets as efficient and morally just institutions. The existence of unions makes them have to re-evaluate instances of efficiency as possible instances of exploitation instead. It pushes them to ask about how profits are divided between management and labor, etc., which make them afraid they'll start to get into ownership of the means of production and other heretical ideas.

64. [Property Rights for Public Employees: What's Not to Love? « The Enterprise Blog](#) says:
[May 11th, 2010 at 11:58 am](#)

[...] state and local government to trim them when bankruptcy comes knocking on their door. Matt Yglesias sees irony here, in that a conservative's defense of property rights (seemingly) falls short for public [...]

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