

UNIONS vs. TAXPAYERS

Organized Labor Has Become By Far The Most Powerful Political Force In Government

By STEVE MALANGA
Associated Press

Across the private sector, workers are swallowing hard as their employers freeze salaries, cancel bonuses, and institute longer work days. America's employees can see for themselves how steeply business has fallen off, which is why many are accepting cost-saving measures with equanimity -- especially compared to workers in France, where riots and plant takeovers have become regular news.

But then there is the U.S. public sector, where the mood seems very European these days. In New Jersey, which faces a \$3.3 billion budget deficit, angry state workers have demonstrated in Trenton and taken Gov. Jon Corzine to court over his plan to require unpaid furloughs for public employees. In New York, public-sector unions have hit the airwaves with caustic ads denouncing Gov. David Paterson's promise to lay off state workers if they continue refusing to forgo wage hikes as part of an effort to close a \$17.7 billion deficit. In Los Angeles County, where the schools face a budget deficit of nearly \$600 million, school employees have balked at a salary freeze and vowed to oppose any layoffs that the board of education says it will have to pursue if workers don't agree to concessions.

Call it a tale of two economies. Private-sector workers -- unionized and nonunion alike -- can largely see that without compromises they may be forced to join unemployment lines. Not so in the public sector.

Government unions used their influence this winter in Washington to ensure that a healthy chunk of the federal stimulus package was sent to states and cities to preserve public jobs. Now they are fighting tenacious and largely successful local battles to safeguard salaries and benefits. Their gains, of course, can only come at the expense of taxpayers, which is one reason why states and cities are approving tens of billions of dollars in tax increases.

It's not as if we haven't seen this coming. When the movement among public-sector workers to unionize began gathering momentum in the 1950s, some critics, including private-sector labor leaders such as George Meany, observed that government is a monopoly not subject to the discipline of the marketplace. Allowing these workers -- many already protected by civil-service law -- to organize and bargain collectively might ultimately give them the power to hold politicians and taxpayers hostage.

It wasn't long before such fears were realized. By the mid-1960s, dozens of cities across America were wracked by teachers' strikes that closed school systems. Groups like New York City's transit workers walked off the job in 1966, bringing business in Gotham to a near halt. The United Federation of Teachers led an illegal strike which closed down New York City schools in 1968.

Widespread ire against strikes by public workers produced legislation in many states outlawing them. That prompted government workers to retreat from the picket lines into the halls of government. In Washington, they organized political action committees, set up sophisticated lobbying efforts, and used their muscle to help elect sympathetic public officials.

continued next page

UNIONS vs TAXPAYERS

Today, public-sector unions sit atop lists of organizations that devote the most money to lobbying and campaign contributions.

In Pennsylvania, a local think tank, the Commonwealth Foundation, counted the resources of the state's teachers union a few years ago. It had 11 regional offices, 275 employees and \$66 million in annual dues. In Connecticut, representatives of the teachers union camped outside the legislators' doors in 2005 to keep tabs on school reformers who were calling on these officials to expand school choice.

And in California, unions spent more than \$50 million in 2005 to defeat a series of ballot proposals that would have capped growth in the state's budget. Now the state's teachers union is putting its clout behind a ballot initiative, to be voted on next week, that would restore more than \$9 billion in educational spending cut from the state's budget.

The results of such efforts are evident in the rich rewards that public-sector employees now enjoy. A study in 2005 by the nonpartisan Employee Benefit Research Institute estimated that the average public-sector worker earned 46% more in salary and benefits than comparable private-sector workers. The gap has only continued to grow. For example, state and local worker pay and benefits rose 3.1% in the last year, compared to 1.9% in the private sector, according to the Bureau of Labor Statistics (BLS).

But the real power of the public sector is showing through in this economic crisis. Some five million private-sector workers have lost their jobs in the last year alone, and their unemployment rate is above 9% according to the BLS. By contrast, public-sector employment has grown in virtually every month of the recession, and the jobless rate for government workers is a mere 2.8%. For anyone who thinks such low unemployment numbers are good news, remember that the bulging public sector must be paid for with revenues that most governments don't currently have. This is one reason for a spate of state and local tax increases, such as \$5 billion in tax increases New York state passed in April, and \$12 billion in tax increases California's legislature agreed to in February that will only become law if voters pass a series of ballot initiatives next week.

The next lesson we are likely to learn is that voter revolts against new taxes are no longer effective because of the might that these public-sector groups now wield. The tax-cut uprising of the late 1970s began in California with Proposition 13 capping property taxes. It then spread to more than a dozen states before it became a national movement that helped elect Ronald Reagan. The next tax revolt, during the recession of the early 1990s, helped sink officials like New Jersey Gov. James Florio and produced ballot propositions in places like Colorado that capped spending or made tax increases more difficult.

Now powerful and savvy, public unions have moved effectively to quash antitax movements. In New Jersey, public unions derailed a taxpayer revolt in 2005 by using their legislative clout to water down a bill that would have created a state constitutional convention to enact property-tax reform. Meanwhile, under pressure from unions, state legislatures in places like Florida have been tightening rules and requirements for passing voter initiatives and referenda -- blunting a favorite tool of antitax groups.

In states like Iowa where public unionization rates are still low government workers have had to accept concessions. But allies of the unions in Washington are working to rectify that situation with

UNIONS vs TAXPAYERS

union-friendly legislation like the card check bill, which will make organizing much easier.

In the private sector such efforts will still be subject to the demands of the marketplace. Employers who are too generous with pay and benefits will be punished. In the public sector, however, more union members means more voters. And more voters means more dollars for political campaigns to elect sympathetic politicians who will enact higher taxes to foot the bill for the upward arc of government spending on workers. That will be the pattern for the indefinite future unless taxpayers find a way to roll back the enormous power public workers have acquired.

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