



Pols turn on labor unions

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Spurred by state budget crunches and an angry public mood, Republican and some Democratic leaders are focusing with increasing intensity on public workers and the unions that represent them, casting them as overpaid obstacles to good government and demanding cuts in their often-generous benefits.

Unlike past battles over the high cost of labor, this time pitched battles over wages and pensions are being waged from Sacramento to Springfield to New York City and the conflict is marked by its bipartisan tone, with public employee unions emerging as an intransigent public enemy number one in cities and state capitals across the country.

They're the whipping boys for a new generation of governors who, thanks to a tanking economy and an assist from editorial boards, feel freer than ever to make political targets out of what was once a protected liberal class of teachers, cops, and other public servants.

Republicans around the nation have cheered New Jersey Gov. Chris Christie, [whose shouting match over budget cuts with an outraged teacher](#)—"You don't have to" teach, he told her without sympathy—became a YouTube sensation on the right last week.

And even Democrats, like the nominee for governor in New York, [Andrew Cuomo](#), have echoed the attacks on unions.

Christie is merely the most florid voice for a calculated, national effort to fundamentally reshape the debate on the labor costs that account for the bulk of government spending at every level. And at the core of the shift is a perception among many political leaders that public anger at civil servants is boiling over.

"We have a new privileged class in America," said Indiana Gov. [Mitch Daniels](#), who rescinded state workers' collective bargaining power on his first day in office in 2006. "We used to think of government workers as underpaid public servants. Now they are better paid than the people who pay their salaries."

"It's a part of a very large question the nation's got to face," Daniels told POLITICO in an interview. "Who serves whom here? Is the public sector—as some of us have always thought—there to serve the rest of society? Or is it the other way around?"

The new focus on public workers is the product of a perfect storm of anti-labor factors.

First are the very real financial obligations imposed by their salaries, health benefits and—especially—their traditional, defined-benefit pension plans, which have been sweetened over the years in many states by legislators eager for the support of politically-powerful unions. This is particularly true in the northern and western states that allow public workers to organize. A recent study from the Pew Center on the States found that states are short \$1 trillion toward the \$3.35 trillion in pension, health care and other retirement

benefits states have promised their current and retired workers, the product of a combination of political decisions and the recent recession.

But the immediate cause of the new spotlight on public sector unions is the collapse in tax revenues that came with the 2008 [Wall Street](#) crash, something that union leaders bitterly note is not their fault.

“It’s outrageous to blame a librarian – to blame a fireman for the financial mess that we find this country in,” the president of the American Federation of State County, and Municipal Employees, the largest national public workers union, Gerard McEntee, said. “We are the scapegoats in the states.”

The revenue crunch coincides with a bipartisan national resistance against teachers’ unions and the power they wield over classroom instruction, an effort financed – ironically -- largely by Wall Street and championed by figures ranging from Barack Obama to Newt Gingrich, Mike Bloomberg to Al Sharpton.

Governors have made sporadic attempts over the last decade to fundamentally alter the spiraling pension costs that have consumed increasing shares of state budgets, and which legislatures in states like New York and California often sweetened as a gift to political allies.

The recent revenue crunch, though, has given governors and big-city mayors new leverage. The early initiatives have largely been stopgap measures: everything from furloughs in the two biggest states, New York and California, to initiatives like Bloomberg’s deal last week in New York City with teacher unions to cancel raises in exchange for avoiding layoffs.

Other executives have won larger, structural changes. Illinois Gov. Pat Quinn, a Democrat, signed into law last month a bill changing benefits for all five of the state’s pension systems, raising the retirement age, limiting pension raises, capping maximum benefits and ending public pensions for people who work another public job.

California, however, remains ground zero for pension fights, as the seat of both the nation’s highest-profile budget crises and some of its most powerful public unions. Republican Gov. Arnold Schwarzenegger has been fighting them since he took office, and they have handed him his most stinging political defeats. He failed in 2003 and 2004 to attack pension costs through the legislature, then in 2005 backed ballot initiatives to shift public workers to a 401(k)-style pension system, to cap spending and to roll back teachers’ tenure. But he was forced to drop the pension measure amid claims it would cut death benefits for police widows, and lost the other measures in an expensive, bruising political fight that was the worst defeat of his tenure.

Now, though, Schwarzenegger – in his final months as governor– is gearing up for what he views as a final, climactic battle over public sector pensions. And he told POLITICO in an interview that he feels the time is now ripe for elements of the fight he lost five years earlier.

“The atmosphere has changed,” Schwarzenegger said. “People understand that they have to lay off their workers or they don’t have the money for their family. What they don’t like is when there is a certain group that doesn’t like to make the sacrifices.”

Schwarzenegger said he “will not sign” a budget without pension reform.

“I will hold up the budget. It doesn’t matter how long it drags—into the summer or fall or into November or after my administration—and I think the people will support that,” he said.

Schwarzenegger’s political judgment reflects a growing national consensus that public sector unions may be at their most vulnerable point ever.

“The public mood is clearly changing regarding these issues,” said Minnesota Governor Tim Pawlenty. Pawlenty, a likely 2012 presidential candidate, boasts of weathering a 44-day bus strike in 2004, the longest in the nation’s history, and recalled that during that “knockdown, drag-out brawl,” he shored up support by telling the public that “bus drivers under one version of their contract could get retirement benefits for the rest of their lives after working for just 15 years.”

“If you inform the public and workers in the private sector about the inflated benefits and compensation packages of public employees, and then you remind the taxpayers that they’re footing the bill for that – they get on the reform train pretty quickly,” he told POLITICO.

The assault has caught the giant national unions that represent public employees largely flatfooted, and many leaders concede privately that they find themselves on defense.

“The Al Shankers and the Victor Gotbaumsthey’re not around any more,” said Norman Adler, the former political director of the New York City public workers union, referring to public sector union leaders who battled through the crises of the 1960s. “The people who have replaced them are either not as sophisticated or not as talented as the old guard was.”

But another consultant to major unions pointed to a different, more structural shift: Public sector unions are increasingly the face of American labor, and they have prospered as private sector unions disappeared and workers’ wages stagnated.

“The face of labor today is now public employee unions whose wages and benefits largely outstrip those of average Americans,” said the consultant.

But union leaders they also express outrage at what they see as the fundamental opportunism of politicians whose own Wall Street supporters caused an economic collapse using it to attack middle-class union members.

American Federation of Teachers President Randi Weingarten, for instance, blamed “the hedge fund folks” who, she said, are “trying to use charters as a way of demonizing public school teachers.

Democrats from Obama on down, however, have backed the pressure on teachers’ unions to drop inflexible work rules and accept private-sector style merit pay. But the sharp attacks on the workers and their leaders remain largely a Republican theme. Illinois Governor Pat Quinn, for instance, who won a major victory over unions in the pension changes (which start applying only to workers hired next January) distanced himself from

the Republican rhetoric.

“I don’t get involving in that kind of scapegoating – I don’t think it’s right,” he said, after hearing Daniels’ remarked about a “privileged class. “I respect public employees, I respect teachers, and I think they deserve a pension,” he said.

Quinn noted that pension liabilities had blossomed under the Republicans who governed Illinois from 1977 to 2002, and indeed, local Republicans from coast to coast have often accepted the support of unions and defended their perks. That day appears to be over, at least for now. Former eBay CEO Meg Whitman, campaigning to replace Schwarzenegger, has promised to cut 10 percent of the state work force, or 40,000 jobs.

The lingering question, however, is whether the turn against public sector unions is here to stay. Union leaders hope that rising state revenues will ease the pressure, while Republicans insist that there has been a deep shift in the perception of public workers and even of the typically popular teachers.

“The question now is, is there going to be a paradigm shift,” said E.J. McMahon, the director of the conservative Empire Center for New York State Policy.

“Or are the unions simply going to hunker down, let the wave wash over them, and emerge stronger than ever?”

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