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THEY SAID IT

To tolerate or recognize any combination of civil service employees of the government as a labor organization or union is not only incompatible with the spirit of democracy, but inconsistent with every principle upon which our government is founded. Nothing is more dangerous to public welfare than to admit that hired servants of the State can dictate to the government the hours, the wages and conditions under which they will carry on essential services vital to the welfare, safety, and security of the citizen. To admit as true that government employees have power to halt or check the functions of government unless their demands are satisfied, is to transfer to them all legislative, executive and judicial power. Nothing would be more ridiculous.

New York State Supreme Court, *Railway Mail Association v. Murphy*, 1943.

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THE BATTLE OF WISCONSIN.

On August 3, 1981, the Professional Air Traffic Controllers Organization (PATCO) declared a strike – a strike that violated both the contract signed and oath taken by the members of the union. That morning, President Reagan issued a statement in which he said the following:

Let me make one thing plain. I respect the right of workers in the private sector to strike. Indeed, as president of my own union, I led the first strike ever called by that union. I guess I'm maybe the first one to ever hold this office who is a lifetime member of an AFL - CIO union. But we cannot compare labor-management relations in the private sector with government. Government cannot close down the assembly line. It has to provide without interruption the protective services which are government's reason for being.

Two days later, with the overwhelming majority of the controllers refusing to return to work – as dictated by law and demanded by the President – the Reagan administration took action, firing 11,345 members of PATCO – roughly 87% of the air traffic controllers in the country. The rest, as they say, is history.

Now, obviously, the parallels between the PATCO strike 30 years ago and the labor unrest in Madison, Wisconsin today are imperfect at best. Nobody in Wisconsin is striking (yet, anyway), and the current dispute centers on an effective cut to union members' pay, benefits, and organizing rights, as opposed to the 11% pay increase that Reagan et al. had offered PATCO. Nevertheless, in President Reagan's ultimatum to the air traffic controllers, we have a clear, concise, and largely incontestable explanation of the differences between private-

sector and public-sector unions, which is to say that we have an uncomplicated and essential depiction of the stakes involved – then and now.

A number of those who support the public employees unions and their currently disgruntled members have insisted that this is no mere budget crisis raging in Madison, but something more, something far more important and fundamental. Over the weekend, for example, William B. Gould, a former chairman of the National Labor Relations Board, declared that “Governor Walker’s policy undermines not just good labor-management relations, but the essence of democracy itself.” Likewise, the Nobel Prize winning economist and nominally sane columnist Paul Krugman insisted that “What Mr. Walker and his backers are trying to do is to make Wisconsin – and eventually, America – less of a functioning democracy”

At some level, these critics are right. This is about the fundamental nature of American democracy. And it is about the attempt by some people – in this case Governor Scott Walker – to change the character of the “democracy” to which we have, as a nation, grown accustomed over the last 50 to 75 years. The actual budget matter under discussion here – the existence of a deficit – is a secondary issue at best. The Battle of Madison is, at its heart, about the disposition of American governance.

At the same time, these critics could not be more wrong about when the battle started and which side represents the threat to democracy.

For most of the history of this nation, the idea that public workers could or should be unionized would have been deemed absurd, at the very least. Indeed, for most of the *Twentieth century* – the century that saw the rise and fall of the labor movement – the idea that government workers could or should be unionized would have been thought laughable. There is a quote on public-sector unionism from FDR that has been floating around the commentariat this week and that has been cited over and over again. Generally, we hesitate to use such commonplace quotes, but in this

case, we’ll make an exception, for a couple of reasons. First, it cuts to heart of the matter; and second it comes from Roosevelt of all people, the great champion of “the common man” and one of this nation’s biggest and most revered supporters of the labor movement, (which, of course, is why it’s been cited so often). To wit:

Meticulous attention should be paid to the special relations and obligations of public servants to the public itself and to the Government . . . The process of collective bargaining, as usually understood, cannot be transplanted into the public service.

We should note here that Roosevelt was hardly alone. No less than George Meany, the longtime president of the AFL who oversaw the merger with the CIO and presided over the nation’s largest labor confederation for a quarter century, noted that it is “impossible to bargain collectively with the government.”

The reason for this, of course, is that the general rationale for collective bargaining – namely the idea that management holds all or most of the power and therefore has the superior negotiating position – is turned completely on its head when government and its employees are involved. In negotiating with government, public-sector workers hold all or nearly all of the power and can harm not only their employer through their demands, but society as a whole, and indeed the very concept of government.

When Reagan declared that “Government cannot close down the assembly line. It has to provide without interruption the protective services which are government’s reason for being,” he actually undersold the power of public-sector unions and the potential threat they pose to societal order.

The purpose of government – whether defined by Rousseau, Locke, Hobbes, or Jefferson – is to ensure for men (and women) those benefits that cannot be attained individually, which is to say that, under the social contract, government exists specifically to

provide those goods and services that are unobtainable without societal action. Given this, in a *contractarian* society (which ours is by virtue of our British democratic heritage, the Declaration of Independence and the Constitution), government is obligated to provide certain services for the governed, e.g. law enforcement, firefighting, air traffic control.

When individuals agree to take on the role of agents for the government, which is to say when they agree to work for the government, they agree as well to take on the responsibilities of the government. And that means that they take on the obligation – under the social contract – to ensure that those goods and services agreed to by the consent of the governed are delivered. That’s how we wound up with the notion that certain types of employment can or should be considered “public service.”

Now, when public-sector employees – who are, by definition, government agents – are allowed to bargain collectively, they are given the power to threaten the effective and orderly function of government. They are allowed to hold hostage the services they carry out on behalf of the government, which are the very fabric of the social contract. And that means that they are able to hold the public and the public good hostage to their own goals, desires, and ambitions.

Think, for a moment, about what we are seeing today in Wisconsin. For better or worse, the people of Wisconsin, and of the United States more broadly, have agreed that universal education is a significant enough public good that it should be provided by the government (or governments, more accurately, considering the input of federal, state, and local administrations). Public school teachers are hired by the various government entities to handle this task on their behalf and to the benefit of the common good.

Yet for four school days now, the teachers of Madison and Milwaukee – which again is to say the *agents of the government* in Madison and Milwaukee – have been derelict in their duties, preferring instead to protest Governor Scott Walker’s budget and labor proposal. Schools have been closed. Students have been at home, rather than school. Parents have

been scrambling to take care of children at home, rather than working. And the common good, as it is generally understood, has been suffering. And if the protesters are serious in that they plan to stay at the capitol until they win the governor’s concession, then the common good is most definitely being held hostage.

All of this violates the very premises of consensual government, of the social contract, and of societal or common good. It is absurd, destructive, and the complete and total reverse of labor relations as they are traditionally understood. Scott Walker has nothing but his own will and his perceived mandate to back up his position. The teachers, by contrast, have the well being of the families of Wisconsin in their hands.

If you pay careful attention to the cries of those who are most opposed to the collective bargaining provision in Scott Walker’s proposal, you’ll see that they are engaged in a rather brazen and rather necessary sleight of hand. They begin their conversations, essays, columns, and rants noting that the current conflict in Wisconsin is between the government and government employees, but move ever so seamlessly from there to a discussion of labor and unionism in general. Consider, for example, the words of Senate Majority Whip Dick Durbin, who was last seen comparing American servicemen and women to the Nazis, the Soviets, and Pol Pot’s Khmer Rouge.

There’s a much bigger issue at stake here. For over 80 years in America, we have recognized the rights of our workers to freely gather together, collectively bargain, so that they could have fairness in the workplace and fairness in compensation. And that is what’s at stake here. It goes way beyond this budget issue. This governor of Wisconsin is not setting out just to fix a budget, he’s setting out to break a union. That is a major move in terms of American history. I believe the president should have weighed in. I think we should all weigh in and say, “Do the right thing for Wisconsin’s budget,

but do not destroy decades of work to establish the rights of workers to speak for themselves.”

And what did the President say, you ask? How did he “weigh in?” Well, he said that it looked to him like Scott Walker was leading “an assault on unions.” Not “public-sector unions,” mind you, but “unions” in general. This is just about as intellectually dishonest as political discourse gets – and that is saying something. It is also quite important – critical, even – because it is intended specifically to confuse the vital issues under consideration here and to complicate the picture as it is presented to the public at large.

The Democrats – in Washington, in Madison, at the *New York Times* – want desperately for the public to think of this as a “labor issue,” as an attempt at “union busting” and nothing more. They want to portray it as a vicious attempt to deny the humble, middle-class servants of the people their right to have a say in their own future and to contribute to the enrichment of their vocations and the enhancement of the common good. They want badly for average Americans to see this as a case of “the people vs. the powerful” to borrow a theme from Al Gore’s blessedly failed presidential campaign, with the union members representing the people and Governor Scott Walker representing “the powerful.” In his column yesterday for the *New York Times*, Krugman made this very case:

In principle, every American citizen has an equal say in our political process. In practice, of course, some of us are more equal than others. Billionaires can field armies of lobbyists; they can finance think tanks that put the desired spin on policy issues; they can funnel cash to politicians with sympathetic views (as the Koch brothers did in the case of Mr. Walker). On paper, we’re a one-person-one-vote nation; in reality, we’re more than a bit of an oligarchy, in which a handful of wealthy people dominate.

Given this reality, it’s important to have institutions that can act as counterweights to the power of big money. And unions are among the most important of these institutions.

You don’t have to love unions, you don’t have to believe that their policy positions are always right, to recognize that they’re among the few influential players in our political system representing the interests of middle- and working-class Americans, as opposed to the wealthy. Indeed, if America has become more oligarchic and less democratic over the last 30 years — which it has — that’s to an important extent due to the decline of private-sector unions.

And now Mr. Walker and his backers are trying to get rid of public-sector unions, too.

This is not only completely dishonest, it has it *exactly* backward. There is no question, as Krugman claims, that “some of us are more equal than others.” As to who those “some” are, though, there is considerable question.

Krugman and his leftist cohorts like to prattle on about oligarchy and “big money,” but only when that big money supports Republicans. The rest of the time, like when George Soros is throwing money at every cause and organization on the left or when Wall Street is throwing money hand-over-fist at Obama, they find the “oligarchy” somewhat less threatening.

The fact of the matter is that this “oligarchy” is a myth or, at the very least, a dramatic exaggeration. For more than half a century now, anyone paying even the slightest bit of attention has known quite well that the real threat to democracy in this country is the administrative state – not “rule by the rich,” as Krugman whines, but rule by bureaucracy.

We won't bore you with our oft-repeated review of the rise of the administrative state. It should suffice to say that since at least the 1960s, the perversion of the democratic ideal by the existence and assertiveness of a large and growing administrative class has been largely undeniable. There is no doubt that the legislative bodies in this country have abdicated their role as independent actors in the policy-making process. But they have not done so in deference to some shadowy moneyed conspiracy as Krugman intimates, but to the bureaucracy. If democratic governance is being subverted and the expectations of the electorate distorted, it is at the hands of the over-powerful administrative class, not the purported oligarchs.

And this brings us back to the public-sector unions. In addition to the aforementioned perversion of the social contract, the existence of public-sector collective bargaining contributes heavily to the perversion of the democratic ideal and the rise of the administrative leviathan. As UCLA law professor Stephen Bainbridge has noted, public-sector unionism creates not only a massive and exceptionally potent interest group, but one with unique and destructive powers. To wit:

A core problem with public sector unionism is that it creates a uniquely powerful interest group. In theory, bureaucrats are supposed to work for and be accountable to the elected representatives of the people. But suppose those bureaucrats organize into large, well-funded, powerful unions that can tip election results. With very few and very unique exceptions, no workplace in which the employees elect the supervisors functions well for long.

So while the Koch brothers or other "oligarchs" may work to elect representatives who share their beliefs or policy preferences, public-sector employees, the physical embodiment of the nebulous "government," actually work to elect their own bosses, the people who would, in theory, have authority over them.

Bainbridge continues, citing education reformer Terry Moe, who argues that this is precisely what has happened in education and precisely the reason why the education bureaucracy in this country is so bloated, so powerful, so well funded, and yet continues to produce horrifyingly poor results.

The first study ... provides evidence that teachers, acting through their unions, are quite successful at getting their favored candidates elected to local school boards. When a candidate is supported by the unions, her probability of winning increases dramatically, so much so that the impact of union support appears to be roughly the same as the impact of incumbency. In terms of total impact, union influence may be even greater than this suggests, because union victories literally produce incumbents—and the power of incumbency then works for union candidates to boost their probability of victory still further in future elections.

The second study ... shows that public bureaucrats' turnout advantage over other citizens is much greater than the existing literature would lead us to expect. It also offers persuasive new grounds for believing that their high turnout is indeed motivated by occupational self-interest—and more generally, that they are actively and purposely engaged in an electoral effort to control their own superiors . . .

The prevailing theories treat bureaucrats as mere subordinates, controlled from above by political authorities. But the control relationship can run both ways, and not just because bureaucrats have expertise and other sources of private information. In a democratic system the authorities are elected, and this gives bureaucrats an opportunity to exercise

electoral power in determining who will occupy positions of authority and what choices they will make in office. It would be odd indeed if public bureaucrats and their unions did not invest in this kind of reverse control—and there is ample evidence that they do.

Krugman and countless others are concerned because the Koch brothers – who have replaced Richard Mellon Scaife as the omnipresent, omnipotent boogymen in the shadowy conservative conspiracy to destroy the Republic – give money to various like-minded candidates. Strangely, though, they are silent about the fact that public-sector unions give far more to various campaigns and with far greater expectations of return. Over the past two decades, the largest political players in this country have been the public sector unions, i.e., the National Education Association (NEA), the Service Employees International Union (SEIU), and the big-daddy of them all, the most generous political donor in the country over the last twenty years, the American Federation of State, County, and Municipal, Employees (AFSCME).

Given all of this, it is hardly surprising that Wisconsin Governor Scott Walker would want to rein in public-sector unions. What is surprising is that he's the first to make the play and that he isn't pushing to eliminate them altogether. Indeed, what Walker is asking of the unions is simply that they allow the state – which, in this case, represents the people – to be allowed a fair shake in any future negotiations.

One of the most pernicious aspects of the public-sector collective bargaining process is the fact that union reps are allowed, essentially, to negotiate with themselves. Or as Professor Bainbridge puts it:

In effect, public sector unionism thus means that representatives of the union will often be on both sides of the collective bargaining table. On the one side, the *de jure* union leaders. On the other side, the bought and paid for politicians.

In this negotiation, the people – the “governed,” upon whose consent the system is built – have no voice, no say at all in the outcome. And Paul Krugman is worried about the Koch brothers imperiling democracy? Is he nuts? (Don't bother answering this last question. It's rhetorical.)

Now, we have no idea how the Battle of Madison will turn out. We suspect that Governor Walker overplayed his hand a bit and got unnecessarily confrontational when he didn't need to. At the same time, he is fortunate enough to have the public-sector employees' unions and the rest of the ruling class as his opponents in the battle, which is to say that whatever his overreach, theirs has been and, we suspect, will continue to be even greater. No one wants teachers screwing kids over specifically in pursuit of making their personal political points; and even less so in an economic environment in which everybody is suffering, except, of course, a good many of those teachers and their union bosses who think that the “government” teat should never run dry.

The bottom line here is that this battle is just part and parcel of the escalation stage of the war over resources about which we have been writing and warning for the better part of a year now. And much to many public-sector employees' dismay, we're sure, the battle is also part and parcel of the New Political Paradigm we've been touting for over a decade and which we began concluding last summer will pit the “ruling class” against the “country class” or, to put it another way, the bureaucrats and the career politicians against the people.

If we are right about this, then the protest act will wear thin on the public rather quickly. And it will wear thin even quicker in states like Ohio and Tennessee that don't have Wisconsin's proud “progressive” and labor traditions.

If Scott Walker had asked our advice – and shockingly enough, he didn't – we would have suggested that he find a way to play his assault on the public-sector unions a little more conservatively. Maybe he could have proposed changes to the collective bargaining

arrangement, but not the effective budget cuts, at least not this year. Maybe he could have been more solicitous of the good men and women who comprise the public sector. Men and women who had no intention of exempting themselves from economic reality, and who have simply managed “the system” as it exists, but who have nonetheless been forced into an awkward position by their representatives in the labor movement, who have an agenda of their own. Who knows what he could have done? But he should have done something to soften the blow of his attack.

You see, thirty years removed from the decision now, almost no one – except die hard labor leaders and supporters – faults Reagan for firing the striking air traffic controllers. He was right, and they were wrong. Equally important, though, Reagan was the indisputable protagonist, while the controllers were the equally indisputable antagonists. They were trying to screw the public over in pursuit of their own ends. He was trying to prevent that. And to any rational person, there was never any question about any of this. And that is why the PATCO episode is nearly universally acknowledged as one of the most significant and most successful aspects of the Reagan presidency.

Like Reagan, Scott Walker may win his battle against the unions. But he will not do so because of any action of his own. If he wins, it will be strictly because of the overwhelming moral and practical strength of the case against public-sector unionism.

And for our purposes – and yours, we suspect – that’s enough.

THE REVOLUTION CONTINUES.

Ahhhh . . . revolution. It sounds like so much fun. No? And glamorous. And inspiring. Here we have a massive crowd of men and women who have, for all their lives, been denied basic human rights and basic human dignity, standing up to the cruel dictator, telling him “no more!” and demanding that he, not they, back down this time and run for his life. “Freedom!” they chant. And freedom they get.

But then the TV trucks, the camera crews, the foreign reporters, and the global wire services move on. The revolution is over, after all. What’s left to see?

Well, as it turns out, a great deal. And none of it good.

The camera crews from Al Jazeera have left Cairo and shuffled off to the shores of Tripoli, where the next great Arab rebellion is taking place. And why shouldn’t they? After all, this time, a real and serious murderer and tyrant is fighting for his life. And unlike Mubarak in Egypt, this one is really fighting. And killing.

It’s all so dangerous and thrilling. Freedom is on the march. And tyrants throughout the Muslim world have been put on notice: You could be next!

But back in Cairo a funny – and disturbing – thing is happening. The “people’s revolution” is turning ugly. Not that anyone could have predicted this – obviously. It’s all seemed so fun and glamorous. And, well, revolutionary.

And then CBS foreign correspondent Lara Logan had to turn up all bruised and battered, sexually assaulted by the “freedom fighters” in Tahrir Square. And, as it turns out, while the blonde-haired, blue-eyed South African was being assaulted, the crowd – that’s right, *the crowd* – chanted “Jew! Jew! Jew! Jew!” at her.

Ahhhh . . . the humanity of those “yearning for freedom.”

Meanwhile, in another part of town . . . actually, in another part of Tahrir Square, Google executive Wael Ghonim – who became, for many in the West, the face of the Egyptian revolution – was getting roughed up and pushed off stage during the Friday protests. And who was pushing Ghonim around and denying him access to the crowds he so confidently believed were just like him? Was it the dastardly remnants of the Mubarak clan? The army maybe? Or was it someone else altogether? We’ll let *Agence France-Presse* (AFP), the only wire service still interested enough to cover the story, tell it:

Google executive Wael Ghonim, who emerged as a leading voice in Egypt's uprising, was barred from the stage in Tahrir Square on Friday by security guards, an AFP photographer said.

Ghonim tried to take the stage in Tahrir, the epicentre of anti-regime protests that toppled President Hosni Mubarak, but men who appeared to be guarding influential Muslim cleric Yusuf al-Qaradawi barred him from doing so.

Ghonim, who was angered by the episode, then left the square with his face hidden by an Egyptian flag.

And who is Qaradawi, you ask? Well, he's a big shot in the Muslim Brotherhood, the ideological and spiritual heart of the movement. He's the man who was exiled by Hosni Mubarak because of his teachings and his adherence to the Islamist line. And now he's back in town to really shake 'em down. As the researcher and author Barry Rubin puts it:

Qaradawi, though some in the West view him as a moderate, supports the straight Islamist line: anti-American, anti-Western, wipe Israel off the map, foment Jihad, stone homosexuals, in short the works.

One of Qaradawi's initiatives has been urging Muslims to settle in the West, of which he said, "that powerful West, which has come to rule the world, should not be left to the influence of the Jews alone." He contends that the three major threats Muslims face are Zionism, internal integration, and globalization. To survive, he argues, Muslims must fight the Zionists, Crusaders, idolators, and Communists.

Make no mistake, Qaradawi is not some fossilized Islamic ideologue. He is brilliant and innovative, tactically flexible

and strategically sophisticated. He is subtle enough to sell himself as a moderate to those who don't understand the implications of his words or look beneath the surface of his presentation

...

Have no doubt. It is Qaradawi, not bin Laden, who is the most dangerous revolutionary Islamist in the world and he is about to unleash the full force of his power and persuasion on Egypt.

As it turns out, old Qaradawi whipped the crowd into quite a frenzy and, before he was finished, had the protesters chanting: "To Jerusalem We go, for us to be the Martyrs of the Millions." That's just lovely, isn't it?

Given that the overwhelming majority of the men who will be swept from power in this "Arab Spring" are very bad men, we would like very much to be supportive of what is happening these days in the Middle East. And while we'll never argue that mobs attacking, capturing, and hanging someone like Moammar Gadhafi should be discouraged, we don't happen to believe that the successor regimes in that part of the world are likely to be much better than those they replace and may well be considerably worse – as hard as that may be to believe.

Already, it's apparent that the Arab insurgents throughout the region – and in Egypt in particular – will revert to form and follow centuries of tradition, trying to make the Jews the scapegoat for all their ills. And it is also apparent that those ills will continue unabated for a rather extended period of time, which is to say that the rage and the fury at the scapegoats are only likely to get stronger and more violent over time.

At present, it strikes us that the region is going to be "in flux," as they say, for many years to come. The primary motivator for the wave of insurgency was the price of wheat. The majority of people were unable to afford price increases, and the government was unable to afford to increase subsidies further.

Given that the factors underpinning these circumstances – the fact that Asians are now rich enough, relatively, to pay for grains, irrespective of price; and that most of the Arab world has no chance whatsoever of increasing its GDP through trade or industry – are all but certain to remain constant for years to come, we expect the unrest in the region to remain constant as well. The Muslim Brothers may well take over in Egypt, but they're not going to be any more successful at feeding the world's largest wheat-importing population than old Hosni was. If anything, they will be less successful, which is to say that the revolutionary unrest in that part of the world is all but certain to continue, at least for the foreseeable future.

We hope we're wrong, of course. We hope that the region rids itself of its tyrants, settles down quickly, and embraces democratic governance, just like the wild-eyed optimists like *The New York Times* columnist Nicholas Kristoff expect. But we wouldn't bet on it.

Instead, we'd bet on long-term unrest. On long-term violence. And on long-term scapegoating of Americans and especially of Jews. And that means that we'd also bet on increased volatility, increased isolation for Israel, and increased oil process.

Viva la revolucion, eh?

Or something like that.

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