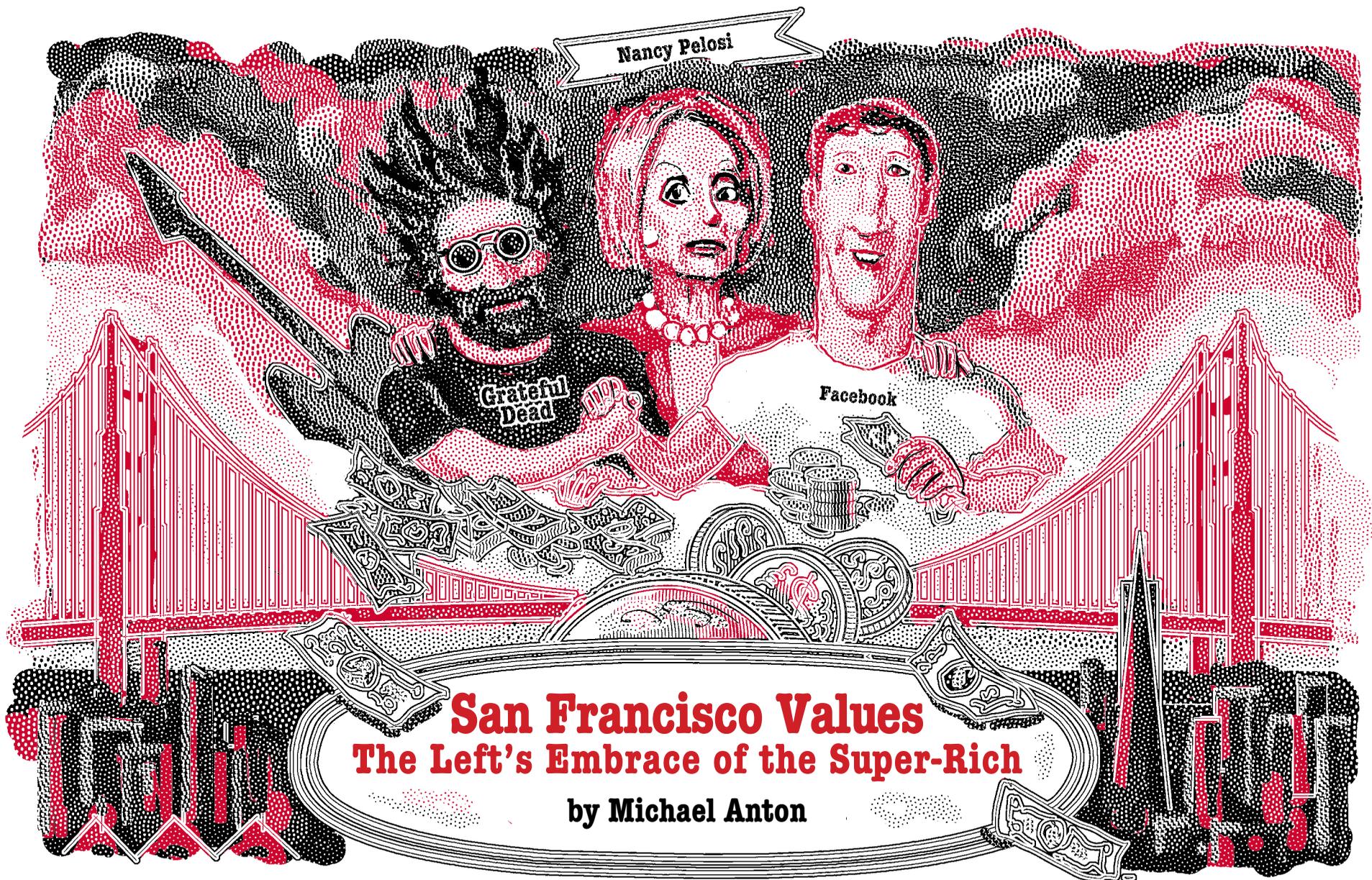


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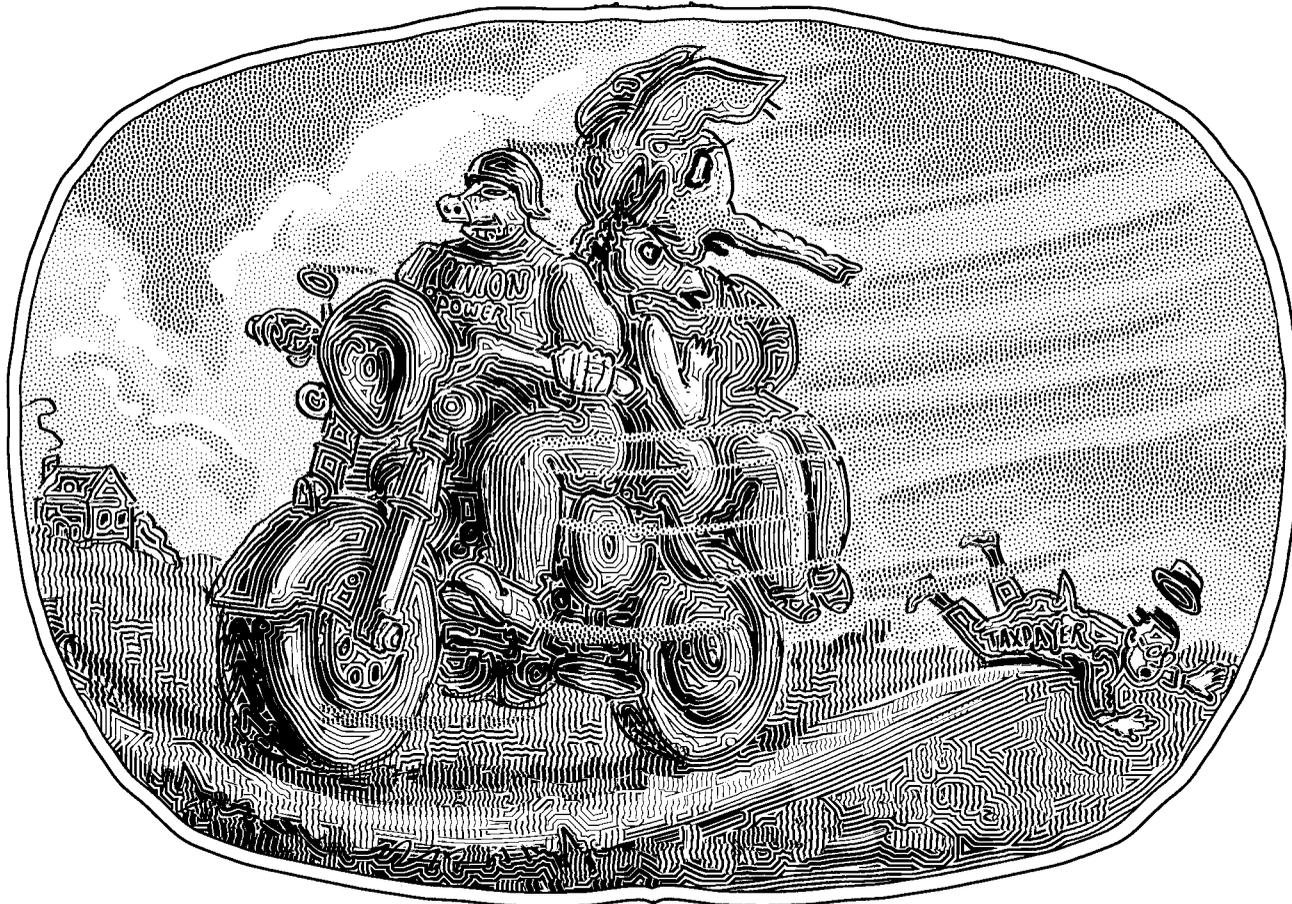
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Book Review by Joseph Postell

BOTH SIDES OF THE TABLE

Government Against Itself: Public Union Power and Its Consequences, by Daniel DiSalvo.
Oxford University Press, 304 pages, \$27.95



IT'S A BIG DEAL WHEN SCOTT WALKER AND Chris Christie, Republican governors in states no GOP presidential nominee has carried since the 1980s, can antagonize government-employee unions and still go on to win second terms. But when Democrat Rahm Emanuel returns to Chicago from being President Obama's first chief of staff, wins the mayoral election, and proceeds to challenge public-sector unions over the cost and quality of public services, the game is changing to the point of being unrecognizable. The city's unions derided Emmanuel as "Mayor 1%" and avidly supported schoolteachers during an acrimonious strike, but could not prevent his reelection.

The growing evidence that their unions are now embattled argues that government workers' salaries, benefits, pension costs, and accountability are becoming critical issues. Daniel DiSalvo's timely book, *Government Against Itself*, provides a thorough, empirically rich assessment of the threat that

public-employee unions pose to solvency and democracy. A senior fellow at the Manhattan Institute and political science professor at the City College of New York, DiSalvo makes clear that "unions representing government workers are different from those found in the private sphere." For one thing, civil service laws already regulate employment terms such as grievance and termination procedures, which private-sector unions negotiate for their members. Governments can also borrow more cheaply than private businesses and raise revenue through taxation, partially exempting them from the market incentives that shape business firms' negotiations with workers. Moreover, as the monopoly provider of many services, governments lack the constraints which competition imposes on private firms. Above all, unions "exercise influence on both sides of the bargaining table." They represent their workers, and also influence management through political activism and campaign contributions.

TODAY, THE AMERICAN LABOR MOVEMENT is being transformed. While private-sector unions fade, public unions have expanded aggressively. In 2014, a mere 6.6% of private-sector workers belonged to labor unions. By contrast, 35.7% of government workers were union members, including 27.5% of those employed by the federal government, 29.8% of state government workers, and 41.9% of those in local government. Though advocates for public unions claim that private and public unions' interests are one and the same, the rise of public unions has produced "two worlds of work," according to DiSalvo. In the private sector, "competition is intense," whereas "stability and regularity predominate" in government. In the public sector, "Unions are powerful. Layoffs are rare. Retirements come early."

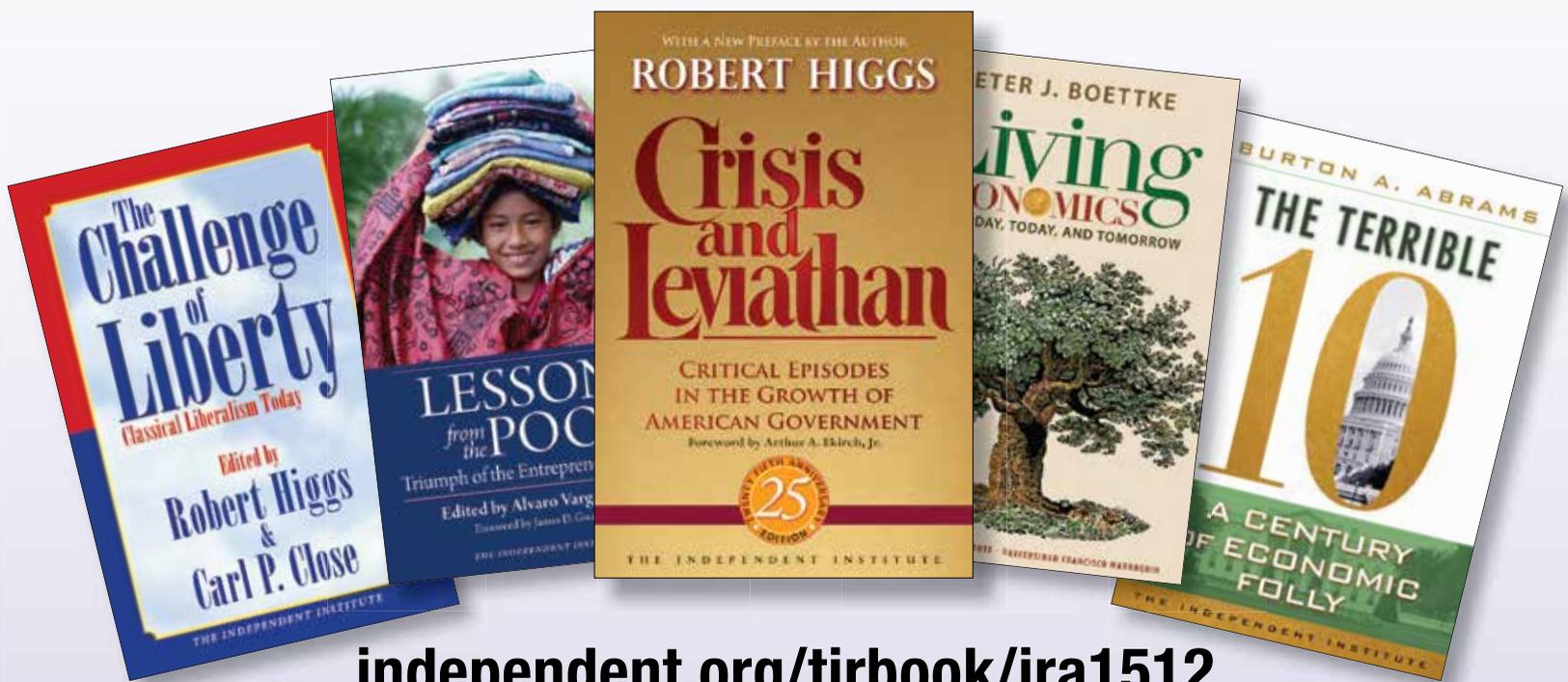
Maintaining this refuge from capitalism's creative destruction costs taxpayers dearly, however. When public employees move to the private sector, they typically receive lower salaries and reduced benefits. Wage com-

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pression is much greater in the public sector: lower-skilled employees benefit at the expense of higher-skilled employees, who are particularly apt to leave government for the private sector. Finally, fringe benefits “are much more generous in public than private employment,” DiSalvo writes. “Much public sector compensation is thus back-loaded into retirement. All told, public employees do better.”

The many studies connecting government workers’ advantages to their unions’ political clout explain why governments are spending more and delivering less. The increasing mobility of taxpaying businesses and residents makes this contradiction unsustainable, however. As municipal budgets strain to pay for basic services—parks, schools, libraries, transportation, public safety—a growing portion of government spending is devoted to retirees’ pensions and benefits, fulfilling stupid and cynical promises made during rosier economic times. New York City spends more on retired police officers’ benefits than on active cops’ salaries. Former mayor Michael Bloomberg said, “We now spend more on pensions than we do on the operating budget of the NYPD, the Fire Department, and the Sanitation Department—combined.” Oakland was forced to lay off over 100 police officers to pay for the retirement benefits of former officers. In Los Angeles, pensions consume 18% of the city’s budget, a figure projected to rise to 37%. Escalating pension costs for Chicago teachers forced Rahm Emanuel to close many elementary schools.

FOR DISALVO, HOWEVER, THE DEBATE over public unions is not simply about dollars and cents. Rather, it’s about “the character of democracy itself.” Unlike private-sector unions, public unions get “two bites at the apple.” The first bite occurs during the collective bargaining process, when the government employees negotiate against the government. In this sense, public unions perform a similar function to those in the private sector. But public-sector unions get a second bite through their political activities. They advance or thwart the political careers of the elected officials on the other side of the bargaining table, a power completely unlike any enjoyed by even the strongest unions in the private sector.

Thus, from 1989 to 2012 six of the 15 largest donors in national political campaigns were public unions. They gave almost exclusively to the Democratic Party: e.g., 98% of American Federation of State, County, and Municipal Employees (AFSCME) donations went to Democrats. Other large contributors, such as the National Association of Realtors or Goldman Sachs, hedge their bets and give relatively equal amounts to both parties. As DiSalvo makes clear, “The partisanship of union con-

tributions helps explain Democrats’ advantage over Republicans in contributions from the biggest donors: \$1.3 billion to \$844 million over the last 20 years.” These figures capture public unions’ spending only in federal elections. At the state level, public-sector unions spent about \$150 million in 2010 alone.

Public unions amass their war chests because many states’ laws provide them with consistent revenue streams. One provision is the “agency shop,” which requires nonunion workers to pay fees to the union. In another, the “dues check-off,” the government withholds a portion of employees’ salaries to pay dues. California has about 1 million unionized public-sector workers, with estimated average annual dues of \$500 per employee. Even if unions devote only 20% of their funds to political activity (a figure drawn from many unions’ estimates of their spending), this gives California public unions some \$100 million to spend on local, state, and national politics each year. They can fail at the bargaining stage, then, but spend millions to elect a friendly negotiator for the next round.

THESE REALITIES ENCOURAGE GOVERNMENTS and their workers to construct deals that benefit everyone sitting at the table—to the detriment of everyone who isn’t in the room. DiSalvo explores the fiscal consequences of this collusion, but also its effects on public employees’ accountability, as well as the democratic dysfunction this arrangement introduces into our political system. “In California, 0.002 percent (which is to say effectively zero) of teachers are dismissed for performance-based reasons in a given year.” For firefighters, the number of fires has fallen by more than 40% in recent decades, yet “the number of career firefighters has increased by more than 40 percent.” The reasonable response to the decreased incidence of fires is to adjust the number of firefighters to match the reduced need, yet “firefighters’ unions have negotiated contract rules that require their constant presence,” mandating bloated departments in many cities.

Ultimately, public-employee unions have become a paradigmatic example of the power of interest groups in the current American political system. American political parties, in decline for decades, have yielded their role to interest groups that advocate for a particular constituency’s narrow demands—not for policies that stitch together a large governing coalition. Individual candidates, no longer able to rely on party organizations and party resources for election, forge alliances with interest groups to win office.

DiSalvo presents a highly persuasive case that public-employee unions distort democ-

racy and threaten the financial sustainability of states and cities. His proposed remedies range from the incremental to the transformative. He suggests giving public employees a larger share of their compensation in the form of salaries by reducing pension and healthcare benefits, as well as slowing the rise in the pay scale to prevent pension “padding” at the end of a lengthy government career. Some other moderate reforms include: capping pension benefits, raising the retirement age for pensions, and expanding the range of “peak” earning years used to calculate pension benefits. (California Governor Jerry Brown has advocated some of these steps.)

More radical reforms include moving from defined-benefit to defined-contribution pensions, eliminating “agency shops,” and mandating that dues check-off fees be used only for bargaining, not political purposes. It is unclear, however, who will shepherd such reforms through the political process. Democrats who take on the public unions threaten core constituency groups that wield immense clout. Yet DiSalvo gives liberals good reasons to reconsider their attachment to public unions. If increased spending on pensions and benefits is not to crowd out important services which lower- and middle-class Americans rely on, true progressives must undertake serious reforms.

THE BOOK’S TITLE IS INTENDED TO evoke James Madison’s famous admonition in *The Federalist* about obliging government to control itself. But what DiSalvo describes is not government against itself, but government against the governed, the public. The very premise of collective bargaining rights for public employees is that government workers have an adversarial relationship with their employers—ultimately, the people.

A few years after the Constitution’s ratification, Madison reflected on the threats to the republic in an essay titled “Consolidation.” He feared that the people, disengaged from public concerns, would “by a universal silence and insensibility, leav[e] the whole government to that *self-directed course*, which, it must be owned, is the natural propensity of every government.” If our governments are to avoid that path, in which public employees benefit to the detriment of the public interest, citizens and statesmen must comprehend the consequences of public unions’ growing power, and then support reforms to place the public interest ahead of the government’s interest. Their work surely will be inspired and informed by *Government Against Itself*.

Joseph Postell is assistant professor of political science at the University of Colorado, Colorado Springs.

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