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Labour law in America

Showdown in Madison

The fight to bring a little private-sector discipline to America's public sector has begun at last

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Like 1991



ELECTIONS, Barack Obama once said, have consequences. The Republicans' triumph in last year's mid-terms was seen by many as an instruction from the electorate to hack away at America's sprawling government. In Washington, DC, that debate has gone nowhere. Both Mr Obama and his foes have produced fantastical budgets, full of illusory savings and ignoring the huge entitlement programmes. A government shutdown is looming. But look beyond the Beltway and something rather more promising is under way.

Unlike the federal government, which can borrow money to plug its budgetary gap, almost all the states are required to balance their budgets. Their revenues have been slashed by the recession; the stimulus funds that saw them through 2009 and 2010 have expired; medical costs are soaring. Tax rises remain unpopular, and so are deep cuts to important state-provided services like schools and the police. So governors are finally confronting the privileges that public-sector employees have managed to negotiate for themselves in recent decades.

For years politicians from both parties have given in to public-sector unions. The Democrats have been worse: witness their fealty to the teachers' unions. But Republicans have spoon-fed their allies in the firefighters and the police. In general, the goodies have come less in the form of pay rises (too visible), than in over-generous pensions and health care, early retirement and the sort of restrictive practices that were chased out of the private sector years ago. All these are bankrupting the states (estimates of the unfunded pension bill alone range from \$700 billion to \$3 trillion); they also make public-sector reform much harder. Try sacking a bad teacher.

A few Democratic governors have joined the fray—notably Andrew Cuomo in New York and Jerry Brown in California. But the fight is being led by Republicans. The main battleground is Wisconsin (see [article](#)), where a newly elected conservative governor, Scott Walker, is locked in combat with the unions. Up to 60,000 union supporters have been braving freezing temperatures to protest in Madison, the state capital.

Wisconsin pioneered welfare reform in the 1990s—arguably the last serious attempt to do something about America's straggling government. This time, to his credit, Mr Walker seems to have won one battle: the public-sector unions are now willing to pay more towards their health care and pensions (though his plan would still leave state workers with a better deal than most private-sector employees get). He deserves to win a second: to end the automatic deduction of union dues from salaries, which in effect casts state government as a fund-raiser for the union (with labour bosses recycling some of the cash back to tame politicians). However, in his third battle—trying to end the right to collective bargaining in the public sector—Mr Walker is going too far. If the public sector is to work more like the private sector, workers should have the same

rights. Abolishing the automatic deduction would help curb the abuses that Mr Walker wants to do away with.

A boss who can't say no

So Mr Walker is not completely right. But Mr Obama, who threw his weight behind the unions, not the taxpayers, at the first sign of political cannonfire, is completely wrong. No doubt the unions will now dutifully stuff more dollars into Mr Obama's campaign chest; but elections are won in the centre and, with the federal deficit bulging, reforming the state could be one of the main issues next year. Does America really want to retain a chief executive who appears to have so little interest in making the public sector work more efficiently? That is a question many independents should ponder.

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