

DSA Fact Sheet



Questions and Answers about Attacks on Public Employees

The governors of Wisconsin, Ohio and other states with Republican majorities in legislatures have introduced legislation to restrict or even eliminate the rights of public employees to bargain collectively for decent benefits. They claim that eliminating the rights of teachers to have any say in their conditions of employment is essential to balancing their state budgets. The Wisconsin governor even threatened to call out the National Guard to suppress resistance by public employee unions.

Q: Did our public school and university teachers, nurses, firefighters and police officers cause the budget deficits for our state and local governments?

A: No. The budget deficits that plague our state and local governments were caused by the recession triggered by the greed of Wall Street speculators and investment banks. As unemployment soared, tax revenues fell, while the costs of maintaining the public welfare grew. The wealthy and the banks were bailed out, while the federal stimulus funds that partially cushioned the impact on state and local governments are now drying up.

Q: Why are public employees and their unions being blamed for the crisis?

A: To balance budgets, state and local politicians are making severe cuts to essential public services like public education and health, police and fire protection. This has already meant cancelling scheduled wage increases and cutting benefits for millions of state and local government employees.

Mass layoffs of essential personnel are already underway. In January, Camden, N. J., already one of the most dangerous and distressed cities in the country, laid off several hundred firefighters and police officers. A vast “noise machine,” created by hundreds of right-wing “public policy institutes” scattered through the country and fueled by right-wing billionaires like the Koch brothers who fund the “Tea Party”, has launched an all-out campaign to make public-sector employees and their unions the culprits who must pay the heavy costs of the economic crisis. The media is filled with outrageous claims that state and local budget crises are caused by greedy schoolteachers, civil servants and firefighters who insist on receiving adequate health insurance and decent retirement benefits. The dream solution is to smash their unions, strip their benefits, and even declare state and local bankruptcies to shake off future pension obligations.

Q: Are state and local government employees over-compensated?

A: Many politicians claim that public employees are causing their budget crises by asking for too much in health care and pension benefits.

Many state and local government employees are members of unions that have accepted relatively low salaries in exchange for better health insurance and pensions. In contrast, largely non-unionized private sector employees have been forced out of defined-benefit pension plans and made to pay more for health insurance. Nonetheless, a series of studies by the Economic Policy Institute shows that in Wisconsin and Ohio, as well in other states, government employees receive less total compensation than counterparts in the private sector with comparable levels of education receive.

Q: Then why such a vicious attack on public employees and their unions?

A: The right-wing corporate attack on public sector unions is part and parcel of the class war of the super-rich against the rest of us. The super-rich are not satisfied with a growing share of national income and wealth. They are not satisfied with tax cuts that now mean that the poorest citizens pay a higher share of their income in taxes than do the wealthiest. They are not satisfied that the Supreme Court has declared that mega-dollars can buy elections. The corporate super-rich now mean to consolidate their economic and political power so that the balance will never be righted. With private sector unions reduced to their smallest role in 65 years, only public sector unions are left to provide support for Democrats. They remain the last organized obstacle to the total domination of American society by the very rich. Weakening or even eliminating the last strongholds of labor unions will consolidate the power of the wealthy over American society.

Q: What are the alternatives?

A: There will have to be painful compromises on state and local budgets. But restricting or eliminating public employee bargaining rights and further assaults on the jobs and livelihoods of public employees would be extremely dangerous to the future of American democracy and of the US economy. The right to join a union and bargain collectively is an internationally recognized human right. If state governments can smash unions, every other employer will want to try it. If nobody earns a living, nobody has money to spend, and the economy goes downhill. The resistance of workers in Wisconsin, and their growing ranks of supporters in other states is a promising beginning.

Q: Are state and local pensions too generous?

A: The average retirement benefit for the 7.7 million retired state and local government workers in 2008 was \$22,653, less than \$2000 a month. In many cases this represents their entire income, since typically they are not covered by Social Security.

Before the Great Recession, these pension plans were adequately covered by a combination of the employee’s own contributions, contributions from the public employer, and income generated from invested funds. The stock market collapse reduced the value and income generated by investments, and many governments eliminated or reduced pension trust fund deposits, creating a temporary shortfall. However current employer contributions for public employee pensions average only 3.8% of state and local government budgets. Increasing those contributions to a mere 5.0% would fully fund future pension obligations.

The alleged need for states and localities to declare bankruptcy to rid themselves of massive unfunded pension liabilities is not based on fact, and represents a deliberate attempt to raid the meager retirement security of teachers and other public servants in order to avoid restoring higher tax rates on the extremely wealthy.

Q: How can we overcome state and local budget crises?

A: 1. Reform state and local taxes to place less of a burden on the working/middle classes and more on the wealthiest 5% of all taxpayers. The Campaign To Save our Communities in Massachusetts would reduce the sales tax and increase the state income tax and corporate gains tax, while raising exemptions and thresholds to protect those less able to pay. Many other states could legally increase the progressivity of the income tax.

2. Reinstitute large scale federal revenue sharing to state and localities. This could be funded by a modest tax on financial transactions that would fall mainly on Wall Street speculators. Give back to Main Street what was stolen by Wall Street!

3. Cut bloated military spending, close hundreds of bases on foreign soil, and safely bring home the troops from Iraq and Afghanistan. We need to rebuild our own economy and society, not exhaust our resources in a deluded effort to run the world.

4. Maintain and create jobs, jobs, jobs! Instead of laying off people whose skills are desperately needed, keep them at work educating our children, caring for the most vulnerable, policing our streets. Create new jobs in the private sector by building infrastructure for mass transit and green technologies. Massive unemployment is THE major reason for the revenue shortfalls of governments at all levels.

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