

# USA: Wisconsin and Beyond

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*"I believe leaders of the business community, with few exceptions, have chosen to wage a one-sided class war in this country..."*

—Doug Fraser, UAW President, 1978

*"...20 years or so down the road we'll be talking about the 'before Wisconsin' and 'after Wisconsin' movements."*

—Tom Juravich, labor organizer and researcher 2011

*"...the organization does not supply the troops for the struggle, but the struggle, in an ever growing degree, supplies recruits for the organization."*

—Rosa Luxemburg, *The Mass Strike*, 1906

AS THE LAST decade or more have demonstrated, unions don't grow incrementally as a result of their patient, even persistence efforts to recruit. Rather, unions grow more or less rapidly in periods of intense conflict and labor upheaval. Such was the clear experience of the 1930s. In a somewhat more uneven fashion, the period from the mid-1960s through the 1970s saw rising numbers of strikes, increased rank and file rebellion, and the addition of four million members to the ranks of organized labor.

While some level of organization is required to spark a rise in labor's side of the class struggle, Rosa Luxemburg was essentially right that it is "the struggle, in an ever growing degree, (that) supplies recruits." The February-March events in Wisconsin, across the Midwest, and indeed around the country, have already ignited a spark that has drawn tens, perhaps hundreds of thousands into action.

It's not just that the demonstrations have been big and bold, which they certainly have been. Nor is it that fairly high placed union leaders called for actions, refreshing as that is. Rather it is that these events, the occupations, the growing numbers, the rallying of non-union supporters, the national outpouring, are the consequence of countless grassroots initiatives — of worker self-activity — that carried these events beyond what those who might have initiated them had ever imagined possible, or perhaps desirable.

Like the beginnings of upsurge in earlier times, the rebellion that began with Wisconsin's public workers — against one of the most far-reaching attacks on worker rights in some time — came as a result of anger building after years of pressure on public employees all across the nation.

Real wages of Wisconsin public employees, for example, grew by less than one percent from 1999 through 2009. Municipal employees in Madison hadn't had a wage increase for three years. But we are to imagine that they are to blame for the state's newly manufactured deficit, even though the research arm of the National Nurses United found that two-thirds of Wisconsin corporations paid no taxes. So, to injury was added insult.

## **Crisis and Pressure**

These kinds of pressures, of course, are not unique to public sector workers. Enormous pressures of work intensification have joined slumping income and attacks on benefits of all kinds. The Great Recession brought still more pressure on those with jobs, while continuing the shift of the workforce as a whole to lower paid work. I'm suggesting here that these same attacks and erosions of power, which have brought about labor's retreats and stalemates, may also be what impels people to rebellion.

Not surprisingly, the recent Great Recession dealt another blow to a very weakened labor movement. In 2009 and 2010, after a couple of years of moderate growth, the unions lost 1.4 million members, with all the net loss in the private sector. Collective bargaining outcomes followed suit. In 2008, according to Bureau of National Affairs reports, the average negotiated first year wage increase was 3.6%. By 2009 it had sunk to 2.3%, and by the first nine months of 2010 to 1.7%. State and local public workers did even worse as first year increases dropped from 3.2% in 2008 to 2.0% in 2009 and 1.3% in the first nine months of 2010. In this latter year 35% of all agreements contained no first year wage increase.

Benefits had been eroding for some time, and by 2009 only 20% of all workers still had a defined benefit pension. The percentage of workers with employer-provided health insurance fell from over 68% in 2000 to just under 62% in 2008. Of course, union workers are more likely to have such coverage, but here too erosion has been at work as more workers pay more in deductibles, co-pays, or even premiums. The results among different groups of workers varied, of course, but what seemed to be the object of capital was a gradual redefinition of what "subsistence" would amount to in the Marxist sense, i.e. the historically and culturally acceptable living standard for the "average" worker.

Ongoing increases in the intensity of work had become a regular feature of the 2000s, after the recession of 2000-01. From 2002-2007 productivity grew by 2.2% a year, much higher than even the rate of the 1983-89 recovery. The Great Recession provided still another opportunity to increase this rate even more, as production grew faster than hiring. Not surprisingly, corporate profits hit an all time high at \$1.7 trillion in the third quarter of 2010, an increase of 28% over the year before. And it was not the financial sector that brought these new profits, but the domestic profits of the non-financial sector where profits soared 40% in that period.

With strikes at an all-time low, a little over 100 in 2009 according to the Federal Mediation and Conciliation Service, it might be concluded that Doug Fraser's "one-sided class war" was still the reality. But prolonged periods of massive pressure on work, particularly when joined by falling incomes, tend to build resentment and anger.

This may be expressed in both negative and positive ways. Disgusted union voters stay home or even vote for Republicans, as in 2010. A few may join the largely middle class Tea Party movement. But sooner or later the anger is likely to find the real culprits and explode. This is what happened in the 1930s after five years of speed-up and wage cuts, and in the mid-1960s as the impact of what Mike Davis calls "the management offensive of 1958-63" took its toll. This may well be what has happened

in Wisconsin and around the country in early 2011.

## **Create Crisis, Blame the Workers**

The fiscal crisis that the states find themselves in today has to be understood in the context of the massive shift of income that occurred in the last 30 years or so, as labor income shrank from 73.9% in 1979 to 70.4% in 2006. Much of this was simply the huge rise in the rate of surplus value extracted from the working class over this period (see “Crisis and Potential in Labor’s Wars,” Against the Current 145, March/April 2010), but some of this shift unquestionably derives from the reduction of taxes on corporate America.

Thus the annual share of after-tax profit as a proportion of total profits rose from 54-55% in the 1960s and 1970s to two-thirds in the 1990s and 2000s. At the state level corporate taxes fell from 9.7% of total (non-federal) receipts in 1970s to 6.7% in 2006. This underlying source of state fiscal problems would be enhanced in Wisconsin by the actions of Governor Scott Walker.

As noted above, Wisconsin public workers have not seen any real increase in weekly wages for a decade. Indeed, as one study by the Economic Policy Institute shows, Wisconsin public employees make 14.2% less than comparable private sector workers in annual wages and 10.7% less in hourly terms. They have better benefits, but they pay more for them: 26.7% of total public sector compensation goes to non-wage benefits, compared to 19.4 to 22.8% in the private sector.

Health insurance accounts for 12.9% of compensation for public employees, compared to 7% to 9.7% for those in the private sector. The comparable figures for retirement benefits are 8% to between 2.5% and 4.9%. Yet Governor Scott Walker and his big business allies, including the billionaire Tea Party backers David and Charles Koch and the far-right business group Club for Growth Wisconsin, are saying in ads and elsewhere that public sector workers aren’t sacrificing like everyone else (everyone?)

Demonizing public employees has been a nationwide campaign for some time, and recently no group of public workers has been more systematically targeted than teachers. Campaign after campaign has claimed that “bad teachers” are to blame for America’s slumping test results, as though these were the measure of everything. Newsweek ran a 2010 cover suggesting the solution to poor education was to fire poor teachers. Last August the Los Angeles Times rated thousands of teachers as bad, based on leaked test scores.

President Obama’s “Race to the Top” has also demonized teachers. The drive to deprive teachers of seniority and collective bargaining has gained momentum, despite the fact that states with strong teachers’ unions and collective bargaining are among the highest scoring. Furthermore, nationally between 2000 and 2006 teacher’s salaries have fallen behind inflation by 3%. Wisconsin teachers actually make \$2,600 a year less than the national average. Teachers, of course, played a big role in the Wisconsin rebellion.

Nevertheless, Walker’s entire case for his draconian anti-union legislation rests on the assertion that public workers are to blame for the state’s deficits, their wages and benefits said to be “unsustainable.” So it is necessary not only that these should be cut, but that the workers’ ability to resist such cuts be removed entirely.

On top of anger about their own economic reality is the fact that Wisconsin’s public sector workers know they are not the source of the deficits. It was known that Walker has ballooned the deficit for the next fiscal year, mainly by handing out \$140 million to various business and special interest

groups. Had he not done this, there would be no crisis with which to beat-up the state's public employees.

Indeed the problem in Wisconsin, as in many states and the federal government, goes back even farther. A study done by the research arm of the National Nurses United showed that two-thirds of Wisconsin corporations had paid no taxes for years. Public worker anger not only had more fuel, it also had a culprit — in fact, a cluster of very well-off culprits.

Walker, along with other newly elected Republican governors and state lawmakers, are on a rampage to destroy public sector unions and collective bargaining. As any number of commentators have argued, this is about power, class power, not budgets. His legislation not only limits collective bargaining to wages, which he has vowed to cut, but eliminates dues checkoff and requires an annual decertification vote, a combination that would certainly destabilize most unions. This is, in short, an attack on the unions as institutions, a fact that in itself explains much about the origins of the fight in Wisconsin, above all the unusually militant response of the state's top level union officials.

### **Dynamics of the Struggle**

The call for escalating demonstrations beginning on Tuesday, February 15 from the state American Federation of State, County, and Municipal Employees (AFSCME), Wisconsin Education Association Council (WEAC) and American Federation of Teachers (AFT), was meant specifically to protest the bill that was to be introduced on that Thursday. The threat to the very institution of unionism was enough to stir the top leaders to action. AFSCME President Gerald McEntee came to Madison on the first day, John Nichols tells us in *The Nation* (February 15, 2001), "not merely to protest but to lobby."

In other words, militant tactics were tied to conventional strategies — lobbying to stop the bill. As the crisis deepened, WEAC took a step further and urged its members to call in sick and rally in Madison. After two days they would call off the "sick-in." Furthermore, with the institutional defense foremost in mind, these leaders agreed in advance to grant Walker the cuts he was asking, including an 8% wage cut.

Whatever the narrow, if understandable, objectives and means the top officials had in mind, they had set something in motion that would go far beyond conventional lobbying or protest and even, for some, beyond the official union goals. The escalating numbers, rising to 30,000 on Friday the 18<sup>th</sup> and then 70,000 on Saturday, the occupation of the Capitol's Rotunda night after night by workers and students, the growing out-of-state contingents, reaching a peak of perhaps 100,000 on Saturday the 26<sup>th</sup>, all spoke of grassroots initiatives.

Observers called the growing demonstrations and occupations "spontaneous," and pointed to the roles of volunteers in organizing the overnight occupations of the Capitol. Local unions took turns volunteering for "sleepover" duty on different nights. Car pools from around the state and then from out-of-state were organized by local unions, groups of activists, and even individuals.

In short, the union officialdom had called into being a movement that exceeded its expectation or intentions. A lobby and demonstration became a major disruption that drew thousands from their jobs into the streets of Madison, the halls of the statehouse, and, then cities around the country. The dynamics of class conflict had revealed themselves for all to see.

This truly mass movement has had unexpected and unconventional results. The 14 Democrats who

left the Capitol for Illinois on the 17<sup>th</sup> certainly did something out of character. The fact that they remained out-of-state for as long as they did was also a consequence of the mass movement — they had looked their electoral base in the eye and saw it demanding action. Indiana's Democratic legislators took the cue and did the same. If in the end, the movement could not stop the Republicans from ramming through their bill, it did disrupt politics as usual to an extent rarely seen in the United States.

The dynamics of the struggle also pushed past the expectations and intentions of most top union officials in at least three other ways. For one thing, the mass movement galvanized public opinion. "Which side are you on?" goes the old song and by almost 2-1 the public, both in Wisconsin and nationally, sided with the movement against the Governor.

Perhaps less desired by some union officials was the anti-concessions wing of the movement that developed around the National Nurses United (NNU). This led to a demonstration explicitly opposing the state labor leaders' agreement to accept Walker's cuts, including the 8% wage reduction and the cut which would cost 70,000 people Medicaid coverage. On March 3 a no-concessions "funeral" march, led off by a New Orleans-style brass band, drew 7,000 people. The march was addressed by Jim Cavanaugh, president of the South Central Federation of Labor (SCFL), which played a central role throughout the movement.

Then there was the resolution passed by SCFL calling for education and preparation for a general strike if the legislation passed. The resolution passed with the votes of all but one of its 97 affiliates in both the public and private sectors. A committee was set up to consult with European union about how they organize such strikes. General strike or not, the idea came from an on-the-ground central labor council composed of local union delegates caught up in the spirit of rebellion.

The fight against the anti-union laws proposed in several states didn't actually begin in Wisconsin. To the 400 or so Minnesotans who stormed their state legislature the week before belongs that honor. And of course workers and their unions in Ohio, Indiana and elsewhere launched their own demonstrations and occupations of resistance. But it was the massive nature of events in Wisconsin that brought union members into the streets across the entire nation on February 26 in support of their struggle.

The speculation on the impact of all of this ranges from "D-day" to "Dunkirk," as labor analyst Harley Shaiken put it. Some union leaders seem genuinely inspired. The CWA, for example, intends to recruit veterans of the struggles in Wisconsin, Ohio and Indiana to help them organize 20,000 T-Mobile workers. Certainly the thousands who participated in one way or another have not only been inspired, but have learned much about the reality of class politics in America. There is an enormous opportunity here.

### **Labor Recovering in Hospital**

If the story of the American working class and its organization were simply one of disappearing rust belt industries, shrinking unions and faltering collective bargaining, even Wisconsin's public workers might not be enough to turn the tide in the private sector. But industry is not vanishing. There are still tens of thousands of auto workers to be organized in the South. In meatpacking, union membership and density have risen in the recent years. The victory of UNITE-HERE at Hilton International in three cities this year points to possibilities in America's growing "leisure" industry. Transportation, so key to modern "logistics," begs to be reorganized.

Labor's ills, however, may find their next biggest cure in America's hospitals — not as a basket case,

but as organizer of their workforce. The hospital workforce has grown more or less steadily through 2010 with only a slight drop in 2009. More importantly, union membership has grown even faster, by almost 200,000 members from 2000 to 2010, reaching nearly 900,000 with density rising slightly from 13.8% to 14.3% in those years, and this may be a low estimate.\* This is more than twice the overall union density of the private sector.

Today's hospital industry is big business. Despite the "non-profit" tax status of three-fifths of U.S. hospitals, these are profit-seeking institutions engaged in serious, often cut-throat competition. Competition was largely the result of the rise of employer-based insurance after World War II, the expansion of the healthcare market with Medicaid and Medicare in the 1960s, and the cost-cutting efforts of "managed care." This competition has had the same effect it would have in any private industry, consolidation. Between 2000 through 2009 there were 597 mergers and acquisitions, leading to the formation of hospital systems. Today 75% of private (non-profit and for-profit) hospitals are in corporate systems.

Competition has also meant that hospitals fail. Between 2000 and 2006, 42 hospitals filed for bankruptcy. To meet the competition, hospital managements had turned to investment in technology and expansion. Accumulated investment in the nation's hospitals now stands at more than \$500 billion, more than any manufacturing industry. As competition intensified in the 1990s real assets per production worker in hospitals, which had grown a modest 1.6% annually in the 1980s, soared to 5% per year throughout the 1990s and 2000s.

With competition and growing capital intensity came increased work intensity through lean production methods borrowed from manufacturing. Some hospitals such as Seattle's Children's Hospital are explicit in calling it the Toyota Production System. By 2010, it was possible for one study to state of American hospital managements, "Over the years, they have adapted Lean Manufacturing, Sigma Six and supply chain strategies in order to become more efficient..."

Aiding this process have been a number of technological innovations designed to standardize healthcare delivery. GPS systems for tracking employees are one blatant form of surveillance. Seemingly more neutral, even sensible, are Electronic Medical Records. But as one academic study points out, "the standardization required by computer technology deprives caregivers of the opportunity to tailor treatment to the needs of the patient."

Another computer-based technology is Clinical Decision Support Systems (CDSS), which is derived from critical path analysis in manufacturing and recommends treatments based on clinical studies that "systematically exclude women and minorities," according to a 2009 study by the NNU-backed Institute for Health & Socio-Economic Policy. Standardization is key to lean production, TQM (Total Quality Management) and other methods of work intensification and the resulting staff reductions.

Not surprisingly, hospitals have seen a significant number of strikes in recent years, at least when compared to the private sector as a whole. Indeed, at least three strikes involving nurses took place from December through early March. In Pennsylvania the union that led last year's strike at Temple University Hospital struck in Wilkes-Barre; in Washington, DC an NNU affiliate took one-day strike action; and in Los Angeles 1,000 nurses, members of the new National Union of Healthcare Workers struck Kaiser. The key issue in all three was staffing, a major problem in the face of lean production staff cuts. Altogether, in 2009 and 2010 through November in the 91 hospital contract negotiations reported by the BNA, there were 30 strike threats and eight actual strikes.

Assuming they see the light of day, the reforms in Obama's Patient Protection and Affordable Care Act (ACA) will bring the nation's hospitals millions of new paying patients. Billions will go to the insurance industry, but much of it will flow to hospitals. Because Medicare payments will be reduced



and productivity increases are mandatory, the government's monitor predicts that 15% of hospitals taking Medicare will "become unprofitable within the 10-year projection period as a result of the productivity adjustments." The pressure on the workforce will intensify as hospitals struggle to survive at the expense of the workforce.

There is clearly an opportunity here for extending unionism. The 14%-plus density is heavily concentrated on the two coasts, where SEIU (450,000 members) and AFT (50,000 members) have most of their hospital members. Several other unions represent hospital workers in much smaller numbers and little geographic concentration. The new NNU (160,000 members) is somewhat better located in the Midwest. NNU activists were involved in the Wisconsin events, both through their state affiliate and those members and leaders who came from around the country, even helping to organize the "no concessions" march. While they only organize nurses, it has been nurses in many cases who are taking the lead in strikes and recruitment.

### **An "After Wisconsin" Movement?**

If there is to be the sort of growth organized labor desperately needs, it will not be just a matter of more and better organizing tactics and strategies. It will have to come through an intensification of the level of struggle that, as Luxemburg put it, "supplies the recruits to the organization."

There are at least two ways in which the recent events, including the passage of the anti-union legislation in Wisconsin and soon across the Midwest, can aid this process. The first is the obvious possibility that thousands of people who participated and/or were inspired by the Wisconsin upsurge will become the volunteer army that U.S. labor has long needed to grow. The second flows from the fact that the Republicans have made labor rights a political issue in a way they have not been for a long time.

Like the "black box" of work itself, labor rights are seldom considered media-worthy despite the alarming state into which they have fallen or been pushed. The relative invisibility of labor rights in mainstream political discourse was one reason why it was so easy for Obama and the Congressional Democrats to bury the Employee Free Choice Act (EFCA). No one outside the unions themselves and a handful of academics saw this as a make or break political issue.

With public opinion now running 2-1 in favor of labor rights as a basic cornerstone of democracy, it is possible that this could become the national debate it needs to be — perhaps even to the point of reviving the EFCA as an issue in the 2012 elections. This must not, however, be just another election techno-mobilization à la 2008, but a grassroots movement in the streets, schools, and workplaces (union or not) of the nation. As with the labor movement of the 1930s and the social movements of the 1960s and 1970s, it is mass action that alters the political agenda in U.S. politics.

Both these possibilities depend to a dangerous degree on the ability of the labor officialdom to provide leadership, resources, and support to such a movement. I say "dangerous" because the track record is not good. The almost congenital proclivity of America's top labor leaders to turn progressive mood swings into a conventional, though no doubt well-funded and staffed, Democratic Party election campaign may well prove irresistible. If this is all that happens, a great opportunity will have been lost.

Among the many lessons of the Wisconsin events is that politicians develop backbone to the degree their base is in the streets and "out of control." Should the Democrats take back various statehouses, perhaps even Congress, and the mass movement subsides, they will fall back into their pattern of compromise and retreat. Post-Wisconsin politics need to be a politics of mobilization and direct

action if the debate on worker rights is to replace that of austerity and increasing impoverishment.

For the past two years, the right and their Tea Party shock troops dominated political discourse in the style of a semi-mass movement, sometimes attracting the angry and frustrated with their sharp rhetoric. This year in Wisconsin and across the Midwest, the Tea Party efforts to support these Republican governors were pathetic and that movement was reduced to its true proportion as a middle class minority. This year, the working class majority spoke in the loudest voice and clearest terms it has for decades, and attracted broad support in the process.

A growing labor movement can drown the sound of the right, but growth will not be orderly or commanded from some center. The events in Wisconsin did not reach the point of a mass strike movement. Nevertheless, once again the words of Rosa Luxemburg concerning the fears of union officials that their organizations will “fall in pieces in a revolutionary whirlwind like rare porcelain” remind us that, on the contrary, “from the whirlwind and the storm, out of the fire and glow of the mass strike and the street fighting rise again, like Venus from the foam, fresh, young, powerful, buoyant trade unions.”

**Kim Moody**

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**P.S.**

\* From Against the Current (ATC) # 152, May-June 2011.