Paycheck Protection is down, but not out.

In 1996, AFL-CIO President John Sweeney announced plans to spend $35 million to win back the House of Representatives for the Democratic Party. The campaign failed. Two years later, labor union bosses spent more than $30 million in California to stop Proposition 226, the Paycheck Protection Initiative, which would have required labor unions to obtain annual, written permission before deducting money from workers' paychecks to spend on politics.

It is a sign of the times that on June 3 Sweeney held a press conference to tell the world how delighted he was to have spent $30 million to maintain the status quo in California for another two years.

Labor unions continue to decline as an economic power. In 1996, there were 16.3 million union members in America, 14.5 percent of the total workforce. In 1997 there were only 16.1 million, or 14.1 percent. The latter year, in which total U.S. employment rose by 2.8 million, saw union membership drop by 159,000.

It was in this context that Sweeney and the rest of the AFL-CIO leadership viewed California's Prop. 226, which appeared on the June 2 ballot. Sweeney was desperate to protect the political power unions derive through their ability to coerce dues from their members--a financial power that has replaced the economic power they wielded when they represented one-third of the labor force.

Prop. 226 was written and organized by three Orange County businessmen, Frank Ury, Jim Righeimer, and Mark Bucher. Last fall, Governor Pete Wilson became its lead fundraiser and champion. A California Field poll in November 1997 showed 72 percent of Californians supporting the initiative. (Those results jibed with a nationwide Gallup poll taken the month before, which showed 72 percent support for the proposition that "Unions should be required to get written permission from each worker prior to using union dues for political purposes.")

Yet this June, California voters defeated Prop. 226 by a margin of 53-47. How did support fall by 25 percent in eight months? And what does this election augur for other Paycheck Protection measures, at the state and federal level?

There are two reasons for the defeat of Prop. 226.
First, the "No" camp vastly outspent their opponents roughly $30 million to $4.5 million. (The "No" forces reported spending only $22.5 million, but this figure does not include all internal communication with 2.2 million union members, "donated" time from paid union staff, or the costs of gathering signatures for anti-business initiatives that were used to blackmail the business community into neutrality.) They had an easy time raising money, simply taking it from union members. The California Teacher's Association contributed $6.2 million; the National Education Association, $2.6 million; the Washington office of the AFDCIO, $2.6 million; the California Labor Federation (AFLCIO), $1.1 million. Of the top 27 reported donors to the anti-Prop. 226 campaign, all were labor unions using compulsory dues to finance their contribution. There were no voluntary contributions raised.

Supporters of Paycheck Protection had expected to raise as much as $10 million, and believed that they could win if outspent only three-to-one. With another $2 million--which would have allowed pro-Prop. 226 television advertising to start two weeks earlier--the initiative would have won. Governor Wilson's leadership in raising funds and fighting for the issue has made an imprint on conservative Republicans looking ahead to the 2000 presidential race. He put Paycheck Protection on the national agenda, just as he had earlier done with California initiatives to end welfare for illegal aliens and to end racial preferences.

While the California Republican Party and Wilson's own political committee made significant contributions, Wilson found many businesses and business groups neutralized by organized labor. The California Association of Manufacturers went AWOL, sheepishly admitting that it was threatened by union initiatives that would have raised taxes on businesses. The California Chamber of Commerce was similarly cowed.

The good news for conservatives is that the national business community for once gave unprecedented support to a controversial state initiative. The U.S. Chamber of Commerce sent a mass-mailing to its California members, as did the National Federation of Businesses, the National Restaurant Association, the National Association of Manufacturers, and the Small Business Survival Committee.

The second reason Prop. 226 lost was Big Labor's misinformation campaign. The unions never tried to finish the sentence: "We should have the power to take money from members' paychecks and spend it on politics without permission because ...." In fact, they worked hard to avoid the issue, instead resorting to a version of the old segregationist argument that reform was supported by "outsiders," in this case those back East. (This was an odd argument for the unions to make, since they raised more money outside California than the pro-Prop. 226 forces spent in toto.)

Californians received millions of telephone calls telling them that passage of Prop. 226 would kill policemen. The reasoning behind this claim was that a policeman might include his home address when giving his union written permission to dock his paycheck; and that subsequently, in violation of five separate California laws, someone might release this address to gangsters. This lie was not repeated on television, but ran through phone hanks, one of which turned out to be in Tallahassee, Florida.
Another lie was put out by the United Way of America (UWA), which claimed that Prop. 226 would interfere with its ability to raise money for charity through paycheck deductions. But Elaine Chao, the former president and CEO of UWA, in a statement released in May, refuted this assertion. "Proposition 226 would not apply to charitable contributions for two reasons," she said. "First, such donations are not made for a political purpose; and second, they are made voluntarily, not compelled by another party. The legal definition of `contribution' and `expenditure' would not be changed by the passage of 226." On May 13, the UWA retracted its legislative alert and apologized for the lie, blaming the incident on inexperienced junior staff. The retraction never received as much press as the original attack.

The unions were able to misuse the charity because there is a little-known memorandum of agreement between the United Way and the AFL-CIO, giving the latter the power to "nominate" its own people to the "board of governors and other committees." Traditionally, five seats on the executive committee of the UWA are allotted for labor representation. (In fact, in addition to positions on local boards, most large local chapters of the United Way reserve one or two professional positions for labor representatives.) Also, "the Director of the UWA labor participation department will be nominated by the AFL-CIO subject to the approval of UWA. He will continue at the pleasure of both parties to this agreement." This agreement also requires that contributions sent to the United Way must be spent on "only union-made goods and services." This hidden relationship explains why the United Way so readily sacrificed its credibility to the needs of labor bosses in Washington.

The unions spent $30 million to confuse voters, and they succeeded. On May 31, David Broder reported in the Washington Post that, after interviewing twenty-four Californians, he had found four who planned to vote against Prop. 226 even though they agreed that unions should have to get permission from workers before spending their dues on politics. These four voters had been confused by the "No" camp's advertising. In other words, over 16 percent of Broder's small sample supported the initiative in principle but had been persuaded by misleading ads to oppose it. Recall that the measure lost by only six percent. (Broder quotes an anti-Prop. 226 strategist as saying, "We're not against confusion.")

The bad news for the labor leaders is that they spent $30 million to win one vote in one state, one time. But because they did not argue against the principle motivating Paycheck Protection--that all workers should have the right to decide on the political uses of their money--the unions did not change opinion. A poll conducted by Frank Luntz the day of the election found fully 68 percent of Californians agreeing that "unions should be required to get a member's written permission before using part of his or her dues for political purposes."

So, the union bosses dodged a bullet. But Pete Wilson and the supporters of Paycheck Protection gained a six-month national debate on the issue. Voters from Maine to Hawaii read columns by the likes of George Will and Bill Satire, and watched debates on CNN and C-Span. Now, most Americans know that there are only two institutions that can take money out of your paycheck without permission: the IRS and the AFL-CIO.

Paycheck Protection laws have already passed in Washington state (1992), Michigan (1994), Idaho 1997), and Wyoming (1998). This year legislation has been introduced in twenty-six
states, and in 1999 more than forty states will vote on paycheck protection. The best estimates are that it will pass in between five and ten. Signatures are being gathered to put paycheck protection on the November ballot in Oregon and Colorado (a similar effort was thrown out in June by a court in Union-strong Nevada). California will see Paycheck Protection back on the June 2000 primary ballot. As soon as a Republican president is elected, Paycheck Protection will be signed into federal law, first as an executive order and then legislation.

The civil rights movement won when America asked: Should we treat blacks as equals? The answer was "yes." Some institutions and individuals were able to delay implementation, but the war of ideas was won when the question was asked.

Today, as a result of the California election, we have asked the question, "Should workers have the right to control their own political contributions?" Americans have answered "yes," agreeing with Thomas Jefferson that "to compel a man to furnish contributions of money for the propagation of opinions which he disbelieves, is sinful and tyrannical."

The rest is just a mopping-up operation. Within ten years, every American worker will be protected from union bosses who want to use his money on politics.

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by Grover G. Norquist

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