

June 6, 2012

## Wasn't Wisconsin Wonderful?

This June may be one of the most pivotal months in years. It started with the disastrous jobs report and subsequent market fall, and continued with the victory of free markets and free peoples in yesterday's Wisconsin recall vote. As the month continues there is an election next week for the congressional seat vacated by Gabriel Giffords. We could also see the collapse of the EU. And later we will learn of the Supreme Court's decisions on healthcare and Arizona's immigration law. In the healthcare case, the Court might protect our freedoms using the Constitution's Commerce Clause. Almost 80 years ago the Court used the Commerce Clause in the case of the Schechter Brothers of Brooklyn. [The Freeman](#) tells the story of four Jewish brothers who stood in the way of the beginnings of FDR's New Deal. *Roosevelt created the National Recovery Administration (NRA) to enforce the NRA's provisions. It wrote or helped industries and labor write "codes" that governed production, prices, and labor relations. The AAA was a similar attempt to plan agricultural production. In the name of keeping prices up for farmers, millions of piglets were slaughtered and millions of acres of cotton were plowed under—while large numbers of Americans were hungry and cold.*

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- 1. Wisconsin becomes a key swing state, causing panic among those pundits who declared that Mitt Romney’s path to 270 electoral votes is “very narrow.”*
- 2. Rep. Paul Ryan (R-Wis.) zooms to the top of the VP list on the arguments that he’s so much less boring than the other front-runners, he can lock up Wisconsin, and the Ryan-Biden VP debate would be comedy gold, raising the question: After 30 minutes, should there be a mercy rule? ...*

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*The state's labor unions – including the AFL-CIO, AFSCME and the SEIU – could not get their favorite candidate, Kathleen Falk, nominated as the candidate to run against Walker. ...*

**Allysia Finley** tells us why Rahm Emanuel may be rooting for a Walker Wisconsin win.

*Chicago Mayor Rahm Emanuel helped raise money for Milwaukee Mayor Tom Barrett, a fellow Democrat who is trying to unseat Wisconsin Gov. Scott Walker in today's recall election. But part of Mr. Emanuel may be developing an appreciation for some of the Republican governor's reforms. The Chicago school district and teachers union can't agree on a new contract. The biggest roadblock? Collective bargaining, the same issue that sparked the Wisconsin recall effort.*

*The union is demanding a 30% raise over the next two years and class sizes capped at 23 students. Mr. Emanuel wants to give teachers a 2% raise next year and establish a merit pay pilot program. ...*

You may remember the Dem polling outfit PPP said Sunday Walker had only a 3% lead. Nice job PPP! Does that stand for Pretty Putrid Polling? **Ed Morrissey** has the story.

*What to think of the latest PPP poll in Wisconsin? On one hand, a narrow lead within the margin of error on the day before an election might signal a slight and final shift in momentum in Tom Barrett's favor. On the other, PPP is a Democratic pollster who might be looking for the best possible take on the race — and having the Democrat down three as a best case would be a positive for supporters of Scott Walker. The Hill reports on the results:*

*A new poll finds Republican Wisconsin Gov. Scott Walker with a narrowed lead over Democratic challenger Tom Barrett ahead of Tuesday's recall vote.*

*A **Public Policy Polling** survey released Monday shows Walker with the support of 50 percent of likely voters, ahead of Milwaukee Mayor Barrett at 47 percent.*

**The Economist** has pointed words about Obama's class war rhetoric.

*... Mr Obama has even managed to choke out a few kind words about private equity, which, he says, is "a healthy part of the free market", manned, in many cases, by "folks who do good work". He claims he has no problem with the industry itself, but simply does not consider it a good proving ground for future presidents (unlike, say, community organising). Mr Romney's contention that his experience in business will help him get the jobless back to work is flawed, Mr Obama's argument runs, since private equity exists "to maximise profits, and that's not always going to be good for communities or businesses or workers".*

*The disclaimers are more than a little disingenuous, since Mr Obama often does seem to suggest that financiers are greedy wreckers from whom America's economy must be saved. But that aside, and in spite of the Republicans' bluster, his rhetoric is hardly illegitimate or extreme. America's middle class is struggling. Median incomes are stagnant, while the rich have been getting richer. It is easy to argue that the average Joe is not getting a fair shake—or at least not the same shake he used to. The question is whether voters care most about that, or whether they simply want to see the economy humming again, equitably or not.*

*In that case, the election will revolve not around fairness, but competence. Mr Romney is fond of saying that Mr Obama has no idea how the economy works and how jobs are created. The way the Obama campaign talks about Bain Capital suggests that his criticism is correct. Mr Obama, as noted above, likes to insinuate that there is a conflict between pursuing profits and creating jobs. In the long run, however, in a competitive economy, that is nonsense. Only profitable firms can sustain any jobs, and the more profitable they are, the more money they have to invest in new ventures with new workers. Mr Obama is guilty not of rhetorical excess but of economic muddle. That is far more worrying.*

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## **The Freeman**

### **That's Not Kosher: How Four Jewish Butchers Brought Down the First New Deal**

by Steven Horwitz

Jewish-Americans have a long history of finding role models who broke barriers, accomplished great things, or engaged in more mundane acts of heroism. Jewish religious schools are full of discussions of athletes like Hank Greenberg and Sandy Koufax, or the legions of Jewish entertainers and scholars, as ways to demonstrate the accomplishments of American Jews.

But in all those stories many of us heard growing up, one set of brave heroes was never mentioned: the Schechter brothers of New York City. The Schechters were kosher butchers operating in the 1930s who stood fast to their commitment to the dietary laws of kashrut in the face of ferocious pressure and prosecution by a powerful government. They eventually took their case to the highest court in the land—and won—defeating one of the most popular and powerful administrations in American history.



One would think this story of Jewish heroism and commitment to Jewish values would be inspirational for generations of young American Jews. But the Schechter brothers were up against Franklin Delano Roosevelt.

It was the Roosevelt administration's prosecution of the Schechters for violating the National Industrial Recovery Act, one of the pillars of the New Deal, that led the Supreme Court to declare the act unconstitutional in 1935. FDR was, and remains, so beloved by American Jews that the heroism of the Schechters has been lost as a story of Jewish moral commitment in the face of power. In her history of the Great Depression, *The Forgotten Man*, Amity Shlaes begins the process of rescuing the Schechter brothers from obscurity by spending an entire chapter on their challenge to the New Deal. In this article I build on Shlaes's account to provide some broader context for their story and draw some implications for Jewish Americans.

To understand the Schechters' story one needs to understand how the Roosevelt administration understood the causes of the Great Depression and thus developed its policy solutions. The dominant theory at the time was that the Great Depression was caused by "underconsumptionism." Capitalism was supposedly incapable of creating enough purchasing power to buy all that was being produced, and this claim was often tied to concerns about income inequality. The rich were thought to save too much and spend too little. Some argued this was due to excessive monopoly, others to excessive competition. We now know that these arguments are confused and incorrect, but at the time many saw the Great Depression as a fundamental failure of the coordinative features of market-based production, requiring a significant role for government to fix. The problems were seen not as "macroeconomic" but as much more fundamental structural failures of the market economy.

The advisers around Roosevelt, many of whom were academics familiar with these arguments, accepted that explanation and favored a radical reform of the economic system. They had in mind a much more extensive role for government in planning and organizing production, as opposed to relying (largely) on independent decision-making coordinated by prices and profits. Both agriculture and industry were to be fundamentally restructured by government.

The two pillars of FDR's first hundred days—the Agricultural Adjustment Act (AAA) and the National Industrial Recovery Act (NIRA)—came from this thinking. Each was designed to impose order on the market through government-mandated cooperation among producers and

labor. It wasn't socialism, but it wasn't capitalism either. It was much closer to the economic institutions of fascism than in place in Italy. As Shlaes and others have documented, Roosevelt's advisers had been explicitly influenced by Mussolini, and he and Roosevelt had something of a mutual admiration society.

Roosevelt created the National Recovery Administration (NRA) to enforce the NRA's provisions. It wrote or helped industries and labor write "codes" that governed production, prices, and labor relations. The AAA was a similar attempt to plan agricultural production. In the name of keeping prices up for farmers, millions of piglets were slaughtered and millions of acres of cotton were plowed under—while large numbers of Americans were hungry and cold.

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## Central Casting

The four brothers were born in Hungary before their parents made their way to the United States. With heavily accented, broken English, they were right out of central casting for the oft-stereotyped immigrant Jewish rube—and the Roosevelt administration treated them that way. The Yiddish version of their last name, Shochet, is also the word for their profession: butcher. More specifically, they were poultry middlemen, buying chickens from across the country, then butchering and selling them to the New York City market, mostly to retailers who then sold directly to consumers. Middlemen of course were exactly the sort of "problem" the NRA was designed to deal with, because in the eyes of the FDR crowd they profited off consumers while providing little in return. Additionally, prejudice against middlemen has been historically difficult to disentangle from anti-Semitism, since Jews have long performed this role and borne the brunt of ignorance about how trade creates value.

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## Straight Killing or Prison



The problem for the Schechters was that Section 2, Article 7 of the NRA's Code of Fair Competition for the Live Poultry Industry of the Metropolitan Area in and about the City of New York, which sounds like something out of *Atlas Shrugged*, mandated "straight killing," which meant that customers could not select specific birds out of a coop. Instead they had to select a coop or half coop entirely. The code thus directly contradicted kashrut. This put the Schechters in an untenable position: Abide by the New Deal or abide by kashrut. Do the former and lose your customers. Do the latter and get arrested.

In June 1934 the Roosevelt administration expanded NRA inspections, and prosecutions began in earnest. The poultry industry was targeted because of alleged corruption. It is worth noting that corruption was not alleged to have caused the Great Depression, and the law said little about it. As is often the case, power assumed by the government for one purpose is very easy to use for other, more nefarious purposes. That summer federal agents swarmed the Schechters' business. In July a grand jury delivered a 60-count indictment against them, including "threatening violence against agents and inspectors" and violating code rules about hours and pay. Most important: They were charged with violating code rules about the selection of chickens and knowingly selling a chicken unfit for consumption to a customer. They were also charged with conducting a "conspiracy to violate the NRA code." As Shlaes notes, once they were charged with selling a sick chicken, they were tagged as not just law breakers but also bad Jews.

During the original criminal trial, at which the brothers were each found guilty and sentenced to several months in jail, the prosecutors tried to play them as rubes. When they appealed, the media used the usual anti-Semitic tropes to make them look silly for bucking the all-powerful federal government, including invoking standard anti-Semitic stereotypes against their lawyer, Joseph Heller. Shlaes offers additional details in her chapter; most of the attempts to make the Schechters look stupid backfired on the prosecutors since the attempts only served to demonstrate how much the brothers knew about their own market and how ignorant the NRA code enforcers were. The Schechters were hardly the only business targeted, but they were among the larger ones and had the most charges leveled against them.

At the same time, criticisms of the NRA grew, not the least from the African-American community, which correctly saw attempts to raise wages as a means of shutting black labor out of the market. Writers at the *Chicago Defender*, the local black paper, referred to the NRA as the "Negro Run Around" and the "Negro Removal Act." The NRA's harm of black workers fits into a longer story how of labor market regulation was used for racist purposes. (See Art Carden and my October 2011 *Freeman* article, ["Eugenics: Progressivism's Ultimate Social Engineering."](#))

On May 2, 1935, the Supreme Court heard the oral arguments. The federal government's case rested largely on emergency powers: There was a national crisis, and the government should have whatever powers it needed to fight it. At stake were competing interpretations of the Commerce Clause, which supposedly limited Congress's power to regulate commerce to interstate transactions. The government argued that the Schechters' business should be seen as interstate commerce in light of the Depression, while the Schechters' lawyer countered both that the business was not interstate commerce and, more powerfully, that the Schechters had never agreed to the NRA code, which interfered with their ability to best serve their customers. As Shlaes points out, attorney Heller was careful to explain the kosher practices in a way that avoided making them sound Jewish, again for fear of anti-Semitic backlash.

Part of the exchange between the Justices and Heller was over what “straight killing” meant for customers, leading to a discussion of reaching into chicken coops. The reaction in court was mostly amusement at the absurdity of the code, in both its level of detail and what it required of producers and consumers.

## Unanimous Decision

On May 27 a unanimous Court ruled that the NIRA did indeed violate the Commerce Clause and that even in “extraordinary conditions” Congress may not exceed its constitutional limits. Specifically, Congress had no legitimate power to delegate what amounted to law-making power to the NRA.

This case and a related one that struck down the AAA ended the more radical provisions of what is often called the “First New Deal.” FDR’s reaction to the decision was his famous line about the Court taking the country “back to the horse and buggy age.” That sentiment was one reason Roosevelt later proposed his “court packing” plan to expand the Court. This case was one of the last Supreme Court decisions to uphold this narrow reading of the Commerce Clause. The same set of issues is at stake in the case against the Obama administration’s health care act.

There are many lessons one could draw from the story of the Schechter brothers, not the least of which is how much the Supreme Court’s jurisprudence has evolved over the years. Back then Congress had to prove it constitutionally possessed the powers it exercised; the Court did not place the burden of proof on those who claimed the exercise of some power is unconstitutional.

The Schechters’ story, however, raises other interesting questions. Why is it not better known, particularly among American Jews, that underdog immigrant small-business owners triumphed over a government that denied them the right to run their business according to their long-standing ethical-religious code? After all, this is the classic story of Jewish heroism: a group of Jews under siege by the State demonstrating grace under pressure by standing up for their beliefs.

It would seem that the overwhelming love that American Jews have had for FDR is likely one explanation. It might be difficult to hold up as heroes the men who helped bring down the First New Deal. The American Jews’ love for FDR is also something of a mystery when one considers his administration’s refusal to help Jews escape Nazi Germany as the Holocaust began to unfold.

The story of the Schechter brothers raises important questions about the power of the State. It’s a story still waiting to be told in its entirety.

### Right Turn

#### [What would follow a Scott Walker win in Wisconsin?](#)

by Jennifer Rubin

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2. Rep. Paul Ryan (R-Wis.) zooms to the top of the VP list on the arguments that he's so much less boring than the other front-runners, he can lock up Wisconsin, and the Ryan-Biden VP debate would be comedy gold, raising the question: After 30 minutes, should there be a mercy rule?
3. Romney packages proposals on repeal of Davis-Bacon, cutting the federal workforce, converting all federal employees to 401(k)s and anti-corruption legislation, making it illegal for elected officials who received campaign donations from a labor union to engage in collective bargaining with that same union.
4. Republican governors and state legislatures introduce Walker reform plans around the country.
5. New York Gov. Andrew Cuomo (D) introduces a Walker-lite plan, warning labor bosses that they should take what they can get.
6. Public employee union reform becomes an issue in the presidential, Senate, House, gubernatorial, mayoral, city council and dog catcher races across the country.
7. Obama "evolves" on the Keystone XL Pipeline, telling us Sasha and Malika think labor unions are really nice and those green people don't give enough in campaign donations.
8. A great whoosh is heard as the left punditocracy's previous support for recall elections goes down the memory hole. Fox News is blamed for coming up with the recall idea.
9. The [New York Times' spasm](#) of common sense ("Recall Battle in Wisconsin May Snarl Obama Camp") is, alas, short-lived.
10. Obama has someone new to blame for the poor economy. You guessed it: Scott Walker.

## **The Hill**

### **[Future of America's unions at stake in Wisconsin's recall vote](#)**

by Juan Williams

Ann Coulter on the right and Rachel Maddow on the left agree Wisconsin's vote this Tuesday on recalling Gov. Scott Walker is going to have national implications.

They've got that right.

If Walker wins, it will encourage Republican governors around the nation to enact more laws that diminish the power of public worker unions. Those efforts usually involve stripping unions of collective bargaining rights in an effort to shut off the money flowing from unions to Democrats.

Since the 2010 midterm elections, GOP governors have been intent on closing off the flow of cash from taxpayers to public sector unions which then support Democratic candidates.

In trying to choke the life out of unions, those governors have had varied degrees of success.

But if Walker wins, governors like Michigan's Rick Snyder, Ohio's John Kasich and Pennsylvania's Tom Corbett will find new pockets of money and political support for their anti-union fight.

By the same logic, if the unions cannot defeat an unpopular GOP governor whose policies have threatened their power – and their very existence in one of the most pro-union states in the country - Republicans and Democrats alike will perceive them as weak.

The state's labor unions – including the AFL-CIO, AFSCME and the SEIU – could not get their favorite candidate, Kathleen Falk, nominated as the candidate to run against Walker.

That was a loss among fellow Democrats.

Meanwhile the unions are being outspent by Walker's camp, which is playing with a bankroll of \$30 million compared to his challenger's \$4 million.

The Democratic Party and left-wing groups have not matched the financial punch from the right.

The state's leading Democrats, Sen. Herb Kohl and Sen. Russ Feingold, both took a pass on running against Walker.

President Obama's campaign has given the union fight a cold shoulder, too, not wanting to be associated with a possible defeat.

Recently, the Progressive Change Committee pulled a comparatively small advertising buy of \$112,000 in support of Democratic candidate Tom Barrett, apparently concluding that the recall fight is already lost.

On the other side, Gov. Walker is getting big help from right-wing groups. They include Americans for Prosperity, the conservative group bankrolled by the billionaire Koch Brothers. AFP has helped Walker with a \$3-million ad campaign.

Walker has also added financial support for his fight against the recall from billionaire Republican donors outside the Badger State, like Nevada's Sheldon Adelson.

The result is that Walker has a tremendous cash advantage over Barrett.

Win or lose, the outcome will also leave a mark on the nationwide argument over pay and rights for public employees - part of the debate about the future of the middle class, the size of government, taxes and spending.

That conversation is at the heart of the forthcoming presidential contest between President Obama and the GOP's nominee, Mitt Romney.

If Walker survives, then Romney immediately inherits an energized GOP base in the state and improves his odds to win Wisconsin this November.

But what happens if the union-backed Barrett, Milwaukee's mayor, stages a comeback from polls that show him trailing and wins the statehouse in Madison?

It will be a tremendous affirmation of labor's political power to organize and mobilize voters despite Republican opposition.

The unions have put muscle into this fight from the start.

Their loud, large rallies in Madison got national attention and pushed the governor's approval ratings down to 42 percent in his first year in office. And the unions surprised the governor by getting almost twice the number of required signatures to put the recall measure on the ballot.

Walker has had to put time and energy into restoring his popularity. The most recent survey from PPP, a liberal polling outfit, has his approval rating at 49 percent with 47 percent disapproval.

But it is the power of the unions that put Walker in position to become only the third governor in American history to be recalled.

A poll of likely voters taken last week by Marquette University in Wisconsin gave Walker a seven-point lead over Barrett, 52 to 45. Another survey of likely voters by Lake Research, a Democrat polling firm, found the two candidates tied - each with 49 percent. Democrats argue the race is getting tight.

Pollsters note that recall elections are extremely difficult to poll because of the unique dynamics of the race.

This is why the polls taken in the run-up to the 2003 California recall that ousted incumbent Gray Davis, were so erratic.

Former President Bill Clinton agreed to come to Wisconsin in the final days of the campaign in a last-ditch effort to help Barrett and, more importantly, the unions.

This fight is about the future of America's public sector unions. In modern politics they remain the most reliable counterpunch to corporate money and organizing efforts on the right.

That's why history will note what happens in Wisconsin on Tuesday.

## **Political Diary**

### **Rahmbo vs. the Teachers Union**

by Allysia Finley

Chicago Mayor Rahm Emanuel helped raise money for Milwaukee Mayor Tom Barrett, a fellow Democrat who is trying to unseat Wisconsin Gov. Scott Walker in today's recall election. But part of Mr. Emanuel may be developing an appreciation for some of the Republican governor's

reforms. The Chicago school district and teachers union can't agree on a new contract. The biggest roadblock? Collective bargaining, the same issue that sparked the Wisconsin recall effort.

The union is demanding a 30% raise over the next two years and class sizes capped at 23 students. Mr. Emanuel wants to give teachers a 2% raise next year and establish a merit pay pilot program. The unions say they're entitled to more money since the district is requiring teachers to work 90 more minutes a day and 10 more days a year. A new law—which the state legislature passed almost unanimously last year—allows the district to impose such changes unilaterally.

Even so, the mayor and school district still have to bargain with the union over other changes to their contracts, including wages, benefits, work rules and seniority. Since the parties haven't been able to reach an agreement on many of these provisions, an independent arbitrator has been tasked with "fact-finding" and recommending a resolution. The report isn't due until mid-July, but here are some pertinent facts.

The average Chicago teacher makes \$76,450, nearly 30% more than the typical private sector worker in Cook County—and teachers work two months less a year. Their last five-year contract called for 4% annual raises. However, the district rescinded teachers' raises last year because its deficit ballooned to \$700 million. Its deficit is projected to grow to more than \$1 billion in the next two years due to soaring pension costs. Teachers can retire at age 60 with an annuity equal to 75% of their highest average salary, meaning that teachers earn more in retirement than most Chicagoans do on the job.

Teachers want a bevy of other perks guaranteed in their contracts, which would cost the district an additional \$800 million. The union says the city could pay for the new contract by raising taxes on the rich and corporations, but schools' main source of local funding is property taxes—which would have to rise by 75% to meet all of the union's demands.

Teachers will vote this week to authorize a strike in the event that the union and the school district can't reach an agreement by the fall. Maybe Mr. Emanuel and the Chicago school board should vote to secede from Illinois and join Wisconsin, where they'd enjoy more discretion over worker contracts.

## Hot Air

### [PPP poll shows Walker up 3 in WI](#)

by Ed Morrissey

What to think of [the latest PPP poll](#) in Wisconsin? On one hand, a narrow lead within the margin of error on the day before an election might signal a slight and final shift in momentum in Tom Barrett's favor. On the other, PPP is a Democratic pollster who might be looking for the best possible take on the race — and having the Democrat down three as a *best* case would be a positive for supporters of Scott Walker. [The Hill](#) reports on the results:

A new poll finds Republican Wisconsin Gov. Scott Walker with a narrowed lead over Democratic challenger Tom Barrett ahead of Tuesday's recall vote.

A [Public Policy Polling](#) survey released Monday shows Walker with the support of 50 percent of likely voters, ahead of Milwaukee Mayor Barrett at 47 percent.

But Walker's support is down from a 50 to 45 percent edge in the same poll conducted three weeks ago and down from the seven-point 52-45 lead Walker held in a Marquette Law poll released last week.

PPP compares itself to Marquette as a way to argue for a changing electorate too, but that's a false comparison. One can make comparisons *within* a survey series for that kind of argument, as PPP also does when noting the change from the 50/45 from three weeks ago in its own polls, but a comparison against another pollster as a series is invalid. It's worth pointing out, too, that even within the PPP series, a change from 50/45 to 50/47 is statistical noise, well within the margin of error. It's basically no change at all.

PPP's own internals don't support an analysis that Walker has lost momentum, either:

Walker has a 51/47 approval rating. He's up with men (55-42), whites (52-46), seniors (58-39), and especially voters in the Milwaukee suburbs (70/29).

Barrett has a 46/46 favorability rating, improved from 43/46 on our first poll after the primary. He's winning with women (52/46), minorities (58-36), young voters (53-39), those in Milwaukee County (61-35), and ones in greater Madison (59-37).

This is a close race, closer than it was a couple weeks ago. Scott Walker's still the favorite but Barrett's prospects for an upset look better than they have in a long time.

*That* is an exercise in spin. First, as noted, the topline results haven't changed at all in the statistical sense. Second, Barrett only leads women by six points and barely holds a majority among younger voters — and that's *good* news for a Democrat? Walker has majority approval statewide, holds a +13 among men, and wins by almost 20 points among seniors. Barrett's only getting 59% in "greater Madison," which one presumes would be the area of Dane County most densely populated with public employee union members. Meanwhile, Walker's taking 70% of the suburbs around Barrett's own city.

Turnout will definitely be key, but don't take too much from this last PPP poll. The change in status PPP claims is overblown, and the internals point entirely to a different conclusion than a heightened chance of an upset.

## **Lexington's Notebook - The Economist**

### **The war over class war**

***Economic misunderstanding, not overblown rhetoric, is the real problem with the president***

IT DOES not take much to be accused of waging class warfare in America. The charge was levelled last year at Mitt Romney, of all the unlikely leftist agitators, when he suggested that certain tax breaks should be available only to those who earned less than \$200,000. Rick Santorum, one of Mr Romney's rivals for the Republican nomination, though he had promised never to use the word "class", earned a similar rebuke for pointing out that he came from



humble origins, supposedly an implicit contrast with Mr Romney, whose father was a governor and cabinet secretary.

For those who see such comments as tantamount to storming the Bastille, Barack Obama's recent behaviour might bring to mind St Petersburg in 1917. According to Mr Romney, he is attacking nothing less than capitalism and the free-enterprise system. An article in *Forbes* magazine calls Mr Obama a "socialist in the European reform-Marxism tradition" although not, to be fair, "a communist of the cold war tradition". John McCain, whom Mr Obama defeated to win the presidency in 2008, detects "class warfare at its worst".

The main evidence of Mr Obama's proletarian sympathies is a couple of advertisements recently released by his campaign depicting Bain Capital, the private-equity firm Mr Romney founded and ran for 15 years, as a rapacious corporate raider. In one, downtrodden former employees of a steel mill in which Bain Capital invested describe the firm as a "vampire" which "sucked the life" out of the business, leaving them not only without work but without the health insurance or pensions they had been expecting. In another advertisement, a woman laid off from an office-supply factory asserts that Mr Romney "doesn't care anything about the middle-class or the lower-class people."

These ads are unfair, of course, ignoring as they do Bain Capital's many successful investments, fudging Mr Romney's role and leaving out many mitigating details. It might be possible to argue that Bain's financial engineers miscalculated in some instances, extracting too much profit from firms under their control and saddling them with ultimately ruinous debts. But the Obama campaign's hatchet men are much vaguer and more sweeping, painting a picture of Mr Romney as a callous asset-stripper—a claim for which there is little evidence. Several Democrats have criticised the ads as misleading and misguided—most notably Cory Booker, the Democratic (and black) mayor of Newark, New Jersey, who described as "nauseating" the fixation of the two campaigns with awkward moments from the candidates' past.

However, Mr Obama is not the first to raise such charges: during the primaries, all Mr Romney's Republican rivals did. One of them, Rick Perry, denounced Bain Capital's approach as "vulture capitalism". Nor are such gibes unusually incendiary for an American presidential campaign. Al Gore made "the people versus the powerful" one of the themes of his bid for the White House. Harry Truman had a much more virulent turn of phrase, fulminating against the "Republican gluttons of privilege" who had "stuck a pitchfork in the farmer's back".

By contrast, even as Mr Obama seeks to cast himself as the champion of the middle class and to make "fairness" the central theme of the campaign, he is careful to say that he does not want to demonise profits or success, and believes that the vast majority of people in financial services are well intentioned. He himself, he often notes, is a member of the 1%. In the speech in which he first framed the election as a choice between unfettered capitalism and a fairer, more regulated version, he still laboriously affirmed that "the free market is the greatest force for economic progress in human history". His talk of raising the top tax bracket to just under 40%, and making sure that millionaires pay at least as high a rate as their secretaries, is a far cry from François Hollande, let alone Robespierre.

Mr Obama has even managed to choke out a few kind words about private equity, which, he says, is "a healthy part of the free market", manned, in many cases, by "folks who do good work". He claims he has no problem with the industry itself, but simply does not consider it a good proving ground for future presidents (unlike, say, community organising). Mr Romney's

contention that his experience in business will help him get the jobless back to work is flawed, Mr Obama's argument runs, since private equity exists "to maximise profits, and that's not always going to be good for communities or businesses or workers".

### **What's fairness, anyway?**

The disclaimers are more than a little disingenuous, since Mr Obama often does seem to suggest that financiers are greedy wreckers from whom America's economy must be saved. But that aside, and in spite of the Republicans' bluster, his rhetoric is hardly illegitimate or extreme. America's middle class is struggling. Median incomes are stagnant, while the rich have been getting richer. It is easy to argue that the average Joe is not getting a fair shake—or at least not the same shake he used to. The question is whether voters care most about that, or whether they simply want to see the economy humming again, equitably or not.

In that case, the election will revolve not around fairness, but competence. Mr Romney is fond of saying that Mr Obama has no idea how the economy works and how jobs are created. The way the Obama campaign talks about Bain Capital suggests that his criticism is correct. Mr Obama, as noted above, likes to insinuate that there is a conflict between pursuing profits and creating jobs. In the long run, however, in a competitive economy, that is nonsense. Only profitable firms can sustain any jobs, and the more profitable they are, the more money they have to invest in new ventures with new workers. Mr Obama is guilty not of rhetorical excess but of economic muddle. That is far more worrying.

If workers are being denied their right to collectively bargain when I'm in the White House, I'll put on a comfortable pair of shoes myself

6,375 TWEETS	164 FOLLOWING	2,905,206 FOLLOWERS
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...I'll walk the picket line with you.  
For reals... ob

87 **Tweet**



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AT THE FUTURE UNVEILING OF PRESIDENT OBAMA'S PORTRAIT....



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BLOOMBERG'S NEWEST IDEA...

