

A portrait of Scott Walker, the Governor of Wisconsin, smiling and wearing a dark suit, white shirt, and red tie. An American flag pin is visible on his lapel. The background is a blurred indoor setting with windows and greenery.

UNINTIMIDATED

A GOVERNOR'S STORY
AND A NATION'S CHALLENGE

GOVERNOR OF WISCONSIN

SCOTT WALKER

WITH MARC THIESSEN



UNINTIMIDATED

A Governor's Story and a Nation's Challenge

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Sentinel

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Version_1

For Tonette, whom I've been infatuated with for more than two decades,
and for Matt and Alex, because I want them to live in an America as great as the one I grew up in

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INTRODUCTION



“If It Can Happen in Wisconsin, It Can Happen Anywhere”

If you are like me, the view from Washington, D.C., these days is pretty grim. Barack Obama has been elected to a second term. Obamacare will not be repealed anytime soon. Congress has approved massive tax increases. The national debt is on track to double during Obama’s presidency. We are experiencing the worst economic recovery America has ever had.¹ Family income has plummeted, and more than three quarters of Americans are living from paycheck to paycheck.² Over twenty million Americans still cannot find work or have simply given up trying. And the Congressional Budget Office projects that we won’t return to full employment until the end 2017³—a year after President Obama leaves office.

Worse, a recent study by Rutgers University found that six in ten Americans believe that the nation’s economy has “undergone a permanent change” and that today’s dismal economic situation is the “new normal.”⁴

Think about that: Our citizens are poorer, our debt is larger, our growth is slower, and our people are less hopeful than at any time in recent memory—and a majority of Americans have come to expect and accept this sorry situation as “normal.”

Yet President Obama has laid out a second term agenda that doubles down on the failures of his first. And Republicans are being warned that they should not even try to stop him. The GOP, we are told, is increasingly out of touch with the American people. Our once center-right country is moving center-left. We are told that the only way for Republicans to avoid electoral annihilation is to stop opposing President Obama, abandon our conservative principles, and make peace with big government.

Depressed yet? Don’t be.

Things may look hopeless in Washington, D.C., but from where I sit in Wisconsin, the view is decidedly more hopeful and optimistic.

Here is a little-reported fact: Outside the Washington beltway, big-government liberals are on the ropes, while conservative reformers are winning elections and policy battles in state houses all across the country.

Consider some encouraging data:

- At the time of this writing, not one incumbent GOP governor has lost a general election since 2007.
- Quite the opposite: In the last four years, Republicans have picked up governorships from Democrats in Iowa, Michigan, Ohio, Pennsylvania, Kansas, New Mexico, Oklahoma, Tennessee, Wyoming, North Carolina, New Jersey,

Virginia, Maine, and in Wisconsin.

- ~~The number of GOP governors has risen since 2008 from twenty-one to thirty—~~ just four short of the all-time high of thirty-four Republican governors in the 1920s.
- When Barack Obama was first elected in 2008, Republicans held just 3,220 seats in state legislatures across the country. Today, two election cycles later, the number is 3,826—a net gain of 606 seats.
- In the 2012 elections, when President Obama was overwhelmingly elected to a second term, Republicans saw net gains in thirty-four legislative chambers, including chambers in four states won by President Obama: New Mexico, Ohio, Washington, and Wisconsin.
- When President Obama first took office, Republicans controlled just sixteen state houses of representatives and twenty state senate chambers. Today they control twenty-eight and twenty-nine, respectively. And they hold veto-proof majorities in sixteen states—a gain of three during the 2012 election that sent Obama back to the White House.
- Four years ago, Republicans controlled both the legislature and governor's mansion in just eight states. Today, the number is twenty-three—and nearly half our citizens live in states where both the legislature and the governorship are in Republican hands.

Does this sound like the record of a party that is out of touch with the priorities of the American people?

So the question is: Why are so many Republican governors and state legislators winning election at a time when national Republicans are faring so poorly?

The answer, in part, is that while Washington remains locked in endless battles that most Americans don't see as having much impact on their daily lives, Republican leaders at the state level are offering big, bold, positive reforms that are relevant to the lives of our citizens.

In Washington, politicians fight over “fiscal cliffs,” “debt limits,” and “sequesters.” In the states we are focused on improving education, caring for the poor, reforming government, lowering taxes, fixing entitlements, reducing dependency, and creating jobs and opportunity for the unemployed.

Just look at what some of our nation's Republican reformers have accomplished at the state level.

In Indiana, Governor Mitch Daniels inherited a two-year deficit of \$800 million,⁵ and left Indiana with a \$500 million annual surplus and \$2 billion in reserves, without raising taxes.⁶ He ended collective bargaining for state employees, privatized Indiana's toll roads, and created the largest school choice program for low-income students in the country.

In Louisiana, Governor Bobby Jindal took on his state's long history of corruption and enacted comprehensive ethics reform that restored integrity to state government—while at the same time closing a \$341 million budget shortfall and giving \$1.1 billion back to the hardworking taxpayers across his state over five years.

In New Jersey, Governor Chris Christie enacted a 2 percent cap on property taxes, passed public employee pension and health benefit reforms that will save taxpayers more than \$130 billion over the next thirty years, balanced four budgets without raising taxes,⁷ and gave taxpayers \$2.35 billion in job creating tax cuts.⁸

In New Mexico, Susana Martinez became the first Latina governor in United States history, and

turned a \$450 million budget deficit into a \$200 million surplus.⁹ In Michigan, Governor Rick Snyder closed a \$1.5 billion deficit while lowering personal income taxes and eliminating the state's job-killing business tax.¹⁰ In Idaho, Governor Butch Otter passed legislation in 2011 that restricts collective bargaining for Idaho schools, institutes merit pay, and eliminates teacher tenure.¹¹ And there are countless other examples.

Here in Wisconsin, we are doing our part as well. When I took office in January 2011, our state faced a massive \$3.6 billion budget deficit and a stark choice: We could raise taxes or lay off more than ten thousand middle-class government workers to close the gap, or we could reform the corrupt system of political cronyism and collective bargaining—in which union bosses collected involuntary dues from every government employee, and had effective veto power over any changes to their pay, benefits, or working conditions—that was driving our state into fiscal ruin.

We chose reform. The state legislature passed my budget repair bill, known as Act 10, that requires public workers to contribute 5.8 percent of their salaries to their pensions (up from zero for most) and to pay 12.6 percent of their health insurance premiums (up from about 6 percent). We ended collective bargaining for everything except base wages. We ended compulsory union membership, and stopped the forced collection of union dues—allowing teachers and other public workers to choose for the first time whether they wanted to join the union and pay dues. And we freed school districts from the stranglehold of collective bargaining rules—allowing them, for example, to buy health insurance on the open market and hire and fire teachers based on merit for the first time.

Today, thanks to these reforms, the \$3.6 billion deficit we inherited has turned into more than a half-billion-dollar surplus.¹² School districts across Wisconsin have saved tens of millions of dollars—money they have used to offset state spending cuts and improve education, instead of laying off teachers. Property taxes dropped for the first time in over a decade. Unemployment is down. Our bonding rating is solid. For the first time in state history, we set aside money in two consecutive years for the rainy day fund. And Wisconsin's pension system is the only one in the country that is fully funded.

Seems like common sense, right?

Well, the union bosses in Washington and Madison didn't see it that way. They understood that our reforms were the leading edge of a national grassroots movement for fiscal reform—a movement that is flying below the radar of the mainstream media, but which holds the hope for a bold conservative resurgence across America.

They understood the threat this grassroots movement posed to their entrenched interests. So they decided to fight back.

And they made Wisconsin ground zero in their counteroffensive.

Why did they pick Wisconsin to draw their line in the sand? In part, it was because of our state's "progressive" history. Wisconsin was the birthplace of public sector unions in 1936, and the first state to allow collective bargaining for government employees in 1959. If the union bosses could not stop collective bargaining reform in the state where collective bargaining began, they had little hope of stopping it anywhere.

I suspect they also figured that Wisconsin was favorable political ground. The state has not voted for a Republican president since 1984, and Barack Obama won here in 2008 by a comfortable fourteen points. Moreover, our capital, Madison, is kind of the Berkeley of the Midwest (former governor Lee Dreyfus once called it "thirty square miles surrounded by reality"). In other words, there were plenty of students, teaching assistants, and leftover sixties radicals available for mass protests. It must have seemed like a natural place to push back, score an easy victory, and send a clear message to would-be reformers across the country: If you dare to take on the public sector union bosses, you will be writin

your own political epitaph.

But ultimately, the unions took their stand in Wisconsin because of the unprecedented nature of our reforms. We did not simply go after the money—the lavish benefits the unions had extorted from taxpayers over the years. We dismantled the entire system of corruption and cronyism by which the unions perpetuated their political power and dictated spending decisions to state and local government. We took the reins of power from the union bosses and put the taxpayers back in charge.

The big-government union bosses knew that if they did not stop our reforms in Wisconsin, the floodgates of change would open across the land. Other political leaders, emboldened by our success, would summon the courage to enact similar changes in their home states—and eventually in Washington, D.C.

The unions could not allow that to happen. The precedent we were setting in Madison had to be stopped. As one protester lamented to the *Los Angeles Times*, “If it can happen in Wisconsin, it can happen anywhere.”¹³

So they threw everything they had at us. They mobilized some one hundred thousand protesters to take over the Wisconsin State capitol in a sit-in that helped give birth to the Occupy movement.¹⁴ They transported agitators from Illinois, New York, Nevada, and other states; banged drums and blasted horns day and night; harassed and spit on lawmakers as they made their way through the capitol; and turned our historic rotunda into a theater of the absurd. They picketed my home and those of Republican lawmakers, harassed our families at school and even at the grocery store, and shouted us down at county fairs and ceremonial events across Wisconsin—all in an effort to intimidate us.

When their intimidation tactics failed to deter us, fourteen Democratic state senators fled the state—abdicating their constitutional duties in an effort to deny us a quorum needed to even take up our reforms.

When we found a way around their obstructionist tactics, they turned to the courts to stop us—targeting a good and decent Wisconsin supreme court justice for defeat simply because they *thought* he would vote to sustain our reforms.

When that judicial coup failed, they tried to recall six Republican state senators, guilty of no official misconduct, simply because they voted for our reforms.

When that effort failed to put the senate back in Democratic hands, they tried to recall more Republican senators. They tried to recall our lieutenant governor. And they tried to recall me.

They failed.

Despite everything they threw our way, we pressed forward with our reforms. And the results are there for all to see: Wisconsin is back in the black. Our economy is growing. Business is expanding. Jobs are being created. Taxes are falling. Educational opportunities are improving. The legislature remains in Republican hands. The state supreme court has upheld our reforms. So have the federal courts.

And I became the first governor in American history to beat a recall. As my wife, Tonette, likes to point out, I’m the only governor elected *twice* in the same term.

This book tells the story of how we won the battle for Wisconsin—the reforms we put in place, the mistakes we made, and the lessons we learned. In the pages that follow, I will discuss how we almost lost the “fairness” fight in Madison—and how we turned it around on the Democrats and their union allies. I will explain how we reached into President Obama’s base and won over the “Obama-Walker” voters in Wisconsin—and how conservatives can do it anywhere in the country. I will demonstrate how we balanced our budget while rejecting the dour politics of austerity—and found a way to make fiscal responsibility hopeful and optimistic. I will show why it is a myth that winning the center

requires moving to the center—and why the path to a conservative comeback lies not in abandoning our principles, but in championing bold, conservative reforms . . . and having the courage to see them through.

I firmly believe that the lessons we learned in Wisconsin can help conservatives win the fight for fiscal reform in Washington, D.C., and lead the way to greater prosperity for people all across America.

Our opponents in Madison were right about one thing: If we can do it in Wisconsin, we *can* do it anywhere—even in our nation's capital.

CHAPTER 1



“This Is What Democracy Looks Like”

Governor, we've lost control of the capitol.

The call came from my deputy chief of staff, Eric Schutt. Amid the chaos, his voice was calm and matter-of-fact: Thousands of protesters had overrun the police, and were rampaging through the historic Wisconsin state capitol building.

It was March 9, 2011, and the state senate had just held a sudden, unexpected vote on our legislation to reform collective bargaining. The move had caught the unions and the protesters by surprise. With fourteen Democratic senators still hiding out across state lines in Illinois, everyone had thought that the senate could not act. Under our state constitution, a vote on any bill that includes fiscal measures requires a quorum of at least twenty senators. There were only nineteen Republicans. Without at least one Democratic senator present, we could not pass the bill.

Unbeknownst to them, we had found a way to overcome their obstruction. Several weeks earlier, we discovered that if we split the bill into two—removing the fiscal provisions that required a quorum—the senate could pass the collective bargaining reforms as a stand-alone measure, without the missing Democratic senators present.

It was a simple, clean solution, and we urged the senate to do it right away. But the Republican senators hesitated. They were afraid that if they passed collective bargaining provisions alone, without the fiscal savings, they would be accused of union-bashing.

Of course, they were accused of union-bashing anyway. And as the weeks went on, while the senate was wringing its hands, their inaction had given the union bosses time to organize protests and build pressure.

In February, first hundreds and then thousands of people began living inside the capitol building. Every hour the protesters held a massive rally under the capitol dome, with bullhorns, drum circles, bagpipes, and chanting and singing. The roar of the crowd was nearly constant. The sound sometimes reached more than 105 decibels—louder than a Packers game at Lambeau Field. It literally shook the building.

The protesters in the capitol accosted anyone in a suit, shoving cameras in their faces and demanding to know who they were. The building was strewn with garbage and empty pizza boxes. It was so packed with human bodies that there was no way to move around, much less clean. After a while, the floors became covered with a disgusting film, and the odor of unwashed humanity wafted through the hallways. The place smelled like a Port-a-John. When the protesters eventually left, workers with power washers had to spend days scrubbing the building from floor to ceiling.

People were smoking pot inside the capitol. There were so many sleeping bags, inflatable mattresses, and tents that my staff often joked about how many “protest babies” there would be in nine

months' time.

After weeks of this chaos, on March 3 a judge finally ordered the police to clear out the capitol and restore a semblance of order. Instead of thousands, they allowed between five hundred and seven hundred protesters inside at a time, and required them to leave each night. In normal times, several hundred protesters inside the capitol would have been disruptive. But after weeks of occupation, it seemed like a relief.

Unfortunately, the relative calm would only last a few short days.

Outside the capitol, the protesters continued to march and chant and accost legislators. After enduring weeks of abuse, the Republican senators' frustration with the protests and the Democrats' obstruction grew. When it finally became clear their Democratic colleagues were never coming back from Illinois, the senate Republicans finally decided they had had enough. Opposition to splitting the bill melted away. The senate decided to act.

On the morning of March 9, I met with the Republican caucuses in the senate and the assembly. We laid out an orderly plan to end the standoff and pass the bill. Republican leaders would announce that they had scheduled a hearing of the conference committee for the following day. The committee would meet, split the bill, and send it to the full senate for a vote. The senate would act and then send it to the assembly for final passage. While this was going on, I would fly across the state to rally support for our plan. The whole process would take forty-eight hours.

I left the meetings and headed to the airport. I was both relieved that we were finally ending this impasse and energized that we would finally be enacting our reforms.

The capitol was quiet as I departed that morning. Since no one was expecting the senate to act until the following day, and the costs of security were soaring into the millions, at around 3:30 p.m. my secretary of administration, Mike Huebsch, sent home the two hundred or so reserve police officers in the basement of the capitol.

Big mistake.

At 4:10 p.m. Mike got an urgent call from Eric Schutt.

"The senate's going in at six p.m.," Eric told him.

"What the [EXPLETIVE] are you talking about?" Mike asked.

"They're going to pass the bill," Eric explained.

Senate Majority Leader Scott Fitzgerald had decided to throw our orderly plan out the window and vote on Act 10 that night. He was presiding over a skittish caucus, and did not know how long he would have the votes. He decided not to wait.

Mike's face blanched. "Oh God, I just let the police officers go."

There was no way to call them back.

Fitzgerald posted a notice on the bulletin board outside the senate publicly announcing that the Joint Finance Committee would meet at 6:00 p.m. At the appointed time, the committee met for four minutes, split the bill, and voted it out. (Senate President Mike Ellis could be heard whispering under his breath as assembly Democrats protested, "Call the roll . . . call the roll . . . call the [EXPLETIVE] ing roll.") The senate then met, passed the bill, and adjourned. The whole process, from public notice to final passage, took about four hours.

As word about what the senate was doing spread, social media exploded. The unions and their supporters flooded Twitter and Facebook with urgent calls for protesters to rush the capitol.

Standing on the capitol steps at dusk, Mike Huebsch watched as an army of thousands formed on State Street and began marching toward him. Soon they had descended on the building, banging on the doors and windows, chanting, "Let us in! Let us in!"

The small contingent of capitol police was quickly overwhelmed. Protesters ripped the hinges off an antique oak door at the State Street entrance and streamed inside. Mike watched in disbelief as the window to Democratic Representative Cory Mason's office opened right in front of him and protesters began crawling into the building. Once inside, they began unlocking doors and bathroom windows until a sea of thousands had flooded the capitol.

Still standing outside, Mike called the deputy chief of the capitol police, Dan Blackdeer, to report what he was seeing.¹

"We've lost the ground floor, we're dropping back to the first floor," Blackdeer told him from inside the besieged capitol.

A few moments later, his phone rang:

"We've lost the first floor, we're dropping back to the second."

A few minutes later: "We've lost the second floor."

"For God's sake, don't give up the third floor," Mike said. That was where our command center was located.

"I know, sir," Blackdeer said. "I've got to go."

The protesters ran amok, chanting "This is our house!" and "This is what democracy looks like!"

And they began searching for the Republican senators who had dared to defy the will of the unions.

As the mob combed the building for the offending legislators, the police snuck the senators and my staff out through an underground tunnel that took them beneath the square outside, and then up into the Risser Justice Center across the street. Incredibly, a Democratic representative put out on social media that the senators were in the tunnels. So when the senators came up into the Risser Center lobby, the protesters were there waiting for them.

The tall windows that framed the lobby were plastered with people yelling and banging on the glass.

They were trapped.

The senators hid under a stairwell, out of view, while the police ordered a city bus to pull up in front of the building. Officers then formed a human wall on the sidewalk, parting the sea of protesters and creating a pathway for the senators to reach the bus. The door opened and they rushed out past the screaming throng to the bus. Once they were on board, the mob on the street began punching the windows and shaking the vehicle. Some lay down in front of it, trying to prevent the bus from pulling away. The police told the senators and staff inside to keep their heads down in case a window shattered.

Eventually, they cleared a path and slowly the bus inched away. The police decided to divert to the Department of Military Affairs, a secure area where any protesters following the bus could not enter. From there, they drove the senators back to their cars, away from the capitol.

Eric Schutt and my chief of staff, Keith Gilkes, escaped from the Risser building in a car driven by a very large and imposing police officer. They decamped to Lucky's, a bar a couple of miles from the capitol, where they called and filled me in on the harrowing escape. From a booth in the corner, Keith got firsthand reports from Mike, who was still on the capitol steps watching everything unfold, while Eric relayed the reports to me.

Mike was new on the job, so at first the protesters did not recognize him. But he was wearing a suit and talking on a cell phone, which made him suspect in their eyes. Soon a group of protesters was in his face, demanding to know who he was. He told me later it was the first time he had truly felt frightened for his safety. He made a quick escape and joined the rest of our team at Lucky's.

By morning, the police had regained control of the capitol, which was now being protected by SWAT teams in full body armor from the Justice Department's Division of Criminal Investigation (DCI)—the attorney general's police. It was like a scene out of *Call of Duty*.

The assembly met at 12:30 p.m. As Representative Michelle Litjens tried to say an opening prayer, the Democrats shouted her down. They wanted the Reverend Jesse Jackson—the former Democratic presidential candidate who had come to Wisconsin along with other B-list celebrities to join the protest movement—to deliver it. Incredibly, he was allowed to do so. I will never forget the image of Reverend Jackson, smiling in the well of the assembly while Representative Bill Kramer, the speaker pro tempore, sat next to him with his head in his hands. The Democratic leader offered a motion to remove Speaker Jeff Fitzgerald, which failed. After three hours of debate, Act 10 was approved by a vote of 53 to 42.

We wanted to avoid a repeat of the previous day's security disaster, so Keith asked Ed Wall, the head of the DCI team, if there was any way to get the legislators out of the building in secret. Ed said there was, so long as no other police units knew the plan. Dane County Sheriff David Mahoney had already declared that his force would not be used as my "palace guards."² Ed feared other units might tip off the protesters.

So Ed arranged for a "decoy bus" to be parked outside the capitol and told the Madison Police Department to help block off the street. Without telling the Madison police, Ed then secretly arranged for eighteen vans driven by DCI SWAT officers to be parked in the garage under the Risser building. When the heavily guarded bus pulled up on the Capitol Square, all the protesters went streaming toward it, ready to accost the legislators.

As they did, Ed quietly snuck the assembly members through the underground tunnel and into the waiting vehicles, which sped away one by one out of the Risser building before most of the protesters could figure out what was going on. A few of them noticed the last few vans spinning out of the garage and yelled to the crowd, "Hey, they're over here!" But it was too late.

The next morning, on March 11, 2011, my legal counsel Brian Hagedorn sent the bill to me at the governor's residence. My initial reaction was to rush and sign it then and there. The protests had eaten up a good month of our time, and I was eager to get back to my number one priority: helping the people of Wisconsin create more jobs. But Scott Matejov, one of my top aides, suggested that we should at least take a picture or two first to mark the historic moment. I stood for a moment and took it all in. But since we did not want to take any chances, I signed Act 10 into law right there at my dining room table.

After all we had been through, I was not going to simply sign this law in private, as if hiding from the crowds. We would also hold a formal signing ceremony in the capitol later that day.

Soon, I headed back to the statehouse via the Risser building. Once parked, I made my way through the underground tunnel to my office in the capitol. Up above, throngs of protesters were chanting on the Capitol Square, but down here it was eerily quiet.

We passed beneath a bakery, which filled the tunnel with the smell of warm fresh bread. Then, turning the corner, I stared down the hundred-yard underground corridor dotted with emplacements of riot gear every fifteen yards or so. It was a grim reminder of how serious things had gotten in and around the capitol.

As I walked up the back stairs to my office, I was greeted by Scott Fitzgerald and his brother, Assembly Speaker Jeff Fitzgerald; Assembly Majority Leader Scott Suder; Senate President Mike

Ellis; joint finance committee cochairs Representative Robin Vos and Senator Alberta Darling; as well as other courageous legislators who had voted for this bill.

These individuals had withstood intense pressure, and protests unlike anything seen in Madison before, in order to pass our reforms. And now that the legislation was finally law, they were still being threatened. As he raced back to Madison from hiding out in Illinois, Democratic senator Chris Larson issued a stark warning: “Everyone who is a party to this travesty is writing their political obituary.”³

So I would have understood if Act 10’s supporters had decided to skip the ceremony. But they wanted to be there. They were proud of what we had accomplished, and I was proud to stand beside them. We had become like a family.

As protesters outside chanted “Shame!” I took a dozen pens, one by one, and signed Act 10 before the cameras. I might well have been signing my own political death warrant. But as I formally affixed my signature to the new law, politics was the furthest thing from my mind. We had done something important for our state, something I knew would put Wisconsin on the path to fiscal solvency and greater prosperity. And perhaps our actions would inspire politicians in other states, and even Washington, to do the same.

“Some have asked whether this is going to set a national precedent,” I said after signing the law. “For us we’re doing this to lead the way in our own state, to get Wisconsin working again.” But if our actions ultimately inspired others “to stand up and make the tough decisions . . . so that our children in all states and across the country don’t have to face the dire consequences we face because previous leaders have failed to stand up and lead, I think that is a good thing.”

It was certainly my hope that others would eventually follow our lead. But at that particular moment, it was unlikely that anyone was looking to us as a model.

Since Election Day, my approval rating had dropped nearly ten points. One poll showed that if the 2010 gubernatorial race were held again, I would lose to my opponent, Milwaukee mayor Tom Barrett by a margin of 50 to 43 percent.

Time magazine declared me “Dead Man Walker.”⁴ Writing in *National Journal*, Paul Maslin, pollster to former California governor Grey Davis (who was removed from office in a recall election) warned that the same would happen to me.⁵ Democratic strategist Dean Debnam of Public Policy Polling said of my electoral prospects: “He’d be done if the vote was today, it’s just a question of whether that desire to put him out can continue to be sustained in the coming months.”

In fact, in the coming months, my approval would drop even further. In June 2011, a 53 percent majority of Wisconsinites said they either “very much” or “extremely disapproved” of the way I was handling the job of being governor of Wisconsin. At one point, my approval rating reached an all-time low of 37 percent.⁶ To put that in perspective, President George W. Bush’s average approval rating during his second term was 37 percent.⁷

Not good.

Support for our reforms was upside down as well. One poll showed that 74 percent of Wisconsin voters said that if public workers agreed to pay more for health care and pensions, they should be allowed to retain all their collective bargaining “rights.” That included nearly half (47 percent) of all Republicans. Only 21 percent of voters agreed collective bargaining should be curtailed.⁸

The protests and union propaganda were taking their toll. But standing there in the governor’s conference room, as the ink dried on Act 10, I was not the least bit worried.

That was for one reason: I knew our reforms were going to work.

CHAPTER 2



“Go Ahead and Do It!”

How could I be so sure our reforms would work? How could I be certain that, freed from the grip of collective bargaining, local officials could save millions, improve schools, and make government work better?

Because I had been a local official.

In 2002, I was elected to lead Milwaukee County, one of the most Democratic-leaning counties in the state. My predecessor as county executive, Tom Ament, had presided over a pension scandal in which county officials rewrote pension rules to give themselves six-figure lump-sum payments on retirement, on top of their already generous monthly pension checks.¹ Had he won reelection, Ament had stood to receive a lump-sum payment of \$2.3 million when we retired, in addition to an annual pension of \$136,000 a year for life.²

News of the payouts caused widespread public outrage and demands that Ament face a recall. Instead, he announced his retirement, and a few months later I won a special election to replace him with 55 percent of the vote.

When I took office in Milwaukee County, we inherited a fiscal mess. The cash payouts were only the beginning. Spiraling health care and pension costs had grown so out of control they were like a virus that was eating up more and more of our county budget. I had promised in my campaign not to raise property taxes, which were already astronomically high. And I did not want to have massive layoffs of county workers.

One of the things I spent the most time praying about when I was county executive was layoffs. I realized how such decisions affected people’s lives. Collective bargaining rules protected workers with seniority, which meant those most likely to get a pink slip were the people who could least afford it—younger workers, just starting off, with low pay and families to support. When I sent out layoff notices, I knew they were often going to people trying to meet mortgage payments or feed and clothe their kids.

Moreover, I knew that mass layoffs would decimate public services. That is because under collective bargaining rules, decisions about whom to layoff have to be made without regard to merit. In the private sector, when managers downsize they can assess their operations, decide where people are most needed, and choose to retain the best and brightest while letting the least productive workers go.

Not in the public sector. The rules under collective bargaining are as simple as they are inane: If you’re the last to be hired, you’re the first to be fired. Period. That meant that if we were forced to hand out random pink slips, we would have to let go of some of our most productive workers. Meanwhile, many of the least productive would be able to hold on to their jobs only because of

seniority. That is no way to run anything.

~~I was determined to shrink the size of government, but I wanted to do it through attrition and reform, not random pink slips. So I did everything in my power to avoid massive layoffs.~~

To get the county on sound fiscal ground, I decided that we would all have to tighten our belts—starting with me. Over the course of my eight-year tenure in Milwaukee County, I gave about \$370,000 in salary back to Milwaukee County taxpayers. If I was going to ask other county workers to sacrifice, I had to be willing to sacrifice as well. Indeed, I took a bigger hit as a percentage of my salary than anything I asked of the rest of the county workforce.

Next, I proposed a series of alternatives to public-worker layoffs. I asked for modest increases to employee pension and health care contributions, which were the biggest driver of our debt. I proposed moving seasonal workers (such as snowplow drivers) into other jobs (such as cutting grass) in the off season to save money. I proposed going to a thirty-five-hour workweek, to spread the pain around in order to keep people working. At one point, I even proposed going to a thirty-five-hour workweek one week a month for four months.

But thanks to collective bargaining, all the proposals I put forward required the unions to sign off. And the union bosses made clear to me under no uncertain terms that they were not giving up any of the lavish benefits they enjoyed in order to save somebody else's job.

I will never forget sitting at the conference table in my office across from Rich Abelson, the head of AFSCME Council 48, explaining to him that without some of these modest changes we would have to lay off hundreds of workers.

He looked me in the eye and said: "Go ahead and do it!"

I was stunned. I explained again how many jobs would be lost if he stood in the way of our reform. He told me he didn't care how many workers I laid off, he wasn't giving up any benefits.

Perhaps Abelson and the other union leaders didn't think I would go through with it and were calling my bluff. Or maybe they thought that I was a short-termer—a Republican elected in a heavily Democratic district in a special election, thanks only to a political scandal. Better to absorb the layoffs, protect their benefits, and wait until a new county executive beholden to the unions replaced me in the next election.

If that was their logic, they certainly miscalculated. In 2004, two years after my special election, I was elected to a full term with 57 percent of the vote. Then in 2008, the year President Obama won Milwaukee County with 67.5 percent of the vote, I was reelected with nearly 60 percent of the vote—which meant there were at least some Obama-Walker voters. I won three elections in a row, with a larger percentage of the vote each time, proving that conservative reformers can prevail with a deep blue electorate if they make tough decisions on issues that are relevant to the voters. Americans reward politicians who keep their promises and get results. In times of crisis, we want leadership.

Despite the fact that voters repeatedly backed me at the polls, the unions would not give an inch during my time as county executive. They were perfectly willing to see hundreds, even thousands, of union workers lose their jobs in order to keep the prerogatives they had amassed for themselves.

So much for "solidarity."

With the unions unwilling to make changes under collective bargaining rules, I had no tools at my disposal to reduce spending and get our budget under control without layoffs. So we had no choice—we had to cut jobs.

When layoff notices went out, I remember people streaming into my office, usually young workers in tears, pleading for their own job or that of a coworker. They would beg me to reconsider, to try the thirty-five-hour workweek or some of these other ideas instead. It was heartbreaking, but I'd

have to tell them, “It’s not for me to reconsider—go talk to your union steward, go talk to your union leadership. They’re the ones who blocked the reforms.”

Sometimes an employee who had not received a notice would come to me and say, “I’d be willing to give up some time so that this coworker of mine could keep working.” I’d have to tell them that collective bargaining rules would not allow it.

Other times, a supervisor would come to me and say, “Scott, I know you have to lay people off, but so-and-so is doing such a great job. I can give you ten other people who are not producing and ought to go before her.” They knew that if productive workers were let go, the burden would fall on their backs to pick up the slack for the unproductive workers who stayed on. I had to explain that under collective bargaining, we could not take into account merit or effort in deciding who got laid off. The only thing that mattered was seniority.

We could not move seasonal workers from one job to another in the off-season, because people’s job duties were locked in by union contract—and the union refused to change them. Heck, we could hardly move a clerical worker from one office to another within the *same agency* without union sign-off. There was no flexibility. None.

So we had to let people go.

Laying off good workers was an agonizing experience, and it taught me an important lesson: Reforming collective bargaining was not just about saving money. It was not just about saving jobs. It was about making government work better for the people.

I believe that smaller government is better government. I am sometimes asked if I hate government. I don’t. I hate government that is too big and government that does not work. I believe that government at the federal, state, and local levels should be smaller. But in the areas where government has an appropriate role to play—be it local education or national defense—taxpayers not only deserve but should also expect and demand that government carry out its functions exceptionally well.

As conservatives, we believe that as many decisions as possible should be pushed down to the local level. This is not only a matter of efficiency, it is fundamental to our freedoms. As Milton Friedman explains in *Capitalism and Freedom*, “If government is to exercise power, better in the county than in the state, better in the state than in Washington. If I do not like what my local community does, be it in sewage disposal, or zoning, or schools, I can move to another local community. . . . If I do not like what my state does, I can move to another. If I do not like what Washington imposes, I have few alternatives in this world of jealous nations.”

If we believe in local government, then the last thing we want to do is decimate the ability of local officials to effectively serve their citizens. We want local communities to keep our streets clean, keep our citizens safe, and give our children the best possible education.

Collective bargaining makes those legitimate tasks much harder. Government can’t work when unions siphon off taxpayer dollars meant for public works and public schools into excessive and unsustainable benefit packages. Government can’t work when local officials are denied the tools their private sector counterparts enjoy to reward good employees and fire bad ones. Government can’t work when managers have little or no authority to consolidate agencies, streamline functions, set performance standards, or change people’s duties without the permission of a union. And government can’t work when 10 percent of the public workforce is suddenly eliminated in random layoffs—and when managers are forced to get rid of some of the most productive workers while retaining some of the least productive.

Giving local officials tools to be more efficient and effective is a fundamentally conservative idea.

And freeing them from the grip of collective bargaining rules is the only way to let them do that.

For years, Americans have been presented with a false choice between raising taxes and cutting government services. If you own a business, you don't double the price of your product or cut its quality in half—at least not if you want to stay in business. You find ways to run your business more efficiently, and deliver a better product than your competitor at lower cost. I tried to do that as county executive, but it was next to impossible because I was tied down by the Lilliputian threads of collective bargaining.

Collective bargaining is the enemy of good government. Its supporters call it a “right,” but the fact is it is not a right enshrined in the U.S. or Wisconsin constitution. For most of American history, collective bargaining did not exist for government employees. Until 1959, when Wisconsin became the first state to allow collective bargaining for government workers, the pay, benefits, and working conditions of public employees were determined by the legislatures overseeing them as part of the regular budget process.

Even labor advocates like President Franklin Delano Roosevelt and AFL-CIO president George Meany were suspicious of collective bargaining for government employees. And as our experience in Milwaukee County showed, their suspicions were well founded. Rather than a right, collective bargaining has turned out to be an expensive entitlement. It allows union bosses to dictate spending decisions to state and local governments, and collect compulsory union dues to perpetuate their political power. But collective bargaining denies hardworking taxpayers their “right” to the efficient delivery of public services. It denies children their “right” to a decent education. And it denies citizens their “right” to a government that lives within its means.

During my eight years as county executive, we cut the number of county workers by 20 percent, and turned a \$3.5 million county deficit into a surplus. On one hand, that is an achievement because the county government needed to be smaller. But because of collective bargaining, we couldn't do it the best way. Being forced to get rid of productive workers while retaining slackers, and having my hands tied by union intransigence and collective bargaining rules, was a searing experience. That experience was the ultimate source of the reforms I enacted as governor.

I knew how many jobs I could have saved in Milwaukee County, how much more money I could have saved the taxpayers, how much more efficiently I could have run the county government if I had the tools we eventually enacted in Act 10. During my tenure, I can remember sharing that frustration often with Jim Villa, Linda Seemeyer, Bill Domina, and other key advisers. They understood that we easily could have avoided layoffs, balanced our budget, kept taxes low, and delivered better services. But those tools were not at my disposal.

Later, when I took the oath of office as governor in January 2011, I promised the people of Wisconsin in my inaugural address that, as we tackle our \$3.6 billion deficit, “we will not abandon our fundamental responsibilities to protect our families and our property, provide for a high-quality education for our children, ensure care for the most vulnerable among us, and enhance the quality of life for our citizens.

“Our government will not only be smaller. It will be better. More responsive, more efficient, more effective,” I declared.

That was a promise I intended to keep.

CHAPTER 3



“See What You’ve Gotten Yourself Into?”

The day after my election as governor, Mike Huebsch took me to the capitol for a briefing on the budget mess with the Legislative Fiscal Bureau to see just what kind of a fiscal disaster we had inherited.

Mike is a former speaker of the assembly who would soon become my secretary of the Department of Administration. He’s been my friend since we served together in the state assembly in the 1990s. He understood the budget process inside out.

We knew going in that there were some real budget problems, but the crisis was far worse than we had first thought.

During Governor Jim Doyle’s eight-year tenure, he borrowed vast sums of money and avoided making tough budget decisions while expanding government programs. In the three biennial budgets since he took office, new state bonding had exceeded new tax-revenue collections by \$2.1 billion. Doyle had been borrowing money to underwrite expansions of health care, education, and environmental programs.

The fiscal bureau staff walked us through the accounting gimmicks the Doyle administration had been using to balance the budget on paper while digging Wisconsin into a deeper and deeper hole with each passing year. Doyle had raided \$1.3 billion from the state’s transportation fund.¹ He had also raided \$200 million from the Patients Compensation Fund, a state fund set up for victims of medical malpractice. But the Wisconsin supreme court had ruled that the raid was unlawful and ordered the state to repay the money immediately, along with interest that was accumulating daily, eventually costing Wisconsin taxpayers an additional \$35 million. The state also owed another \$60 million or so to the state of Minnesota in unpaid IOUs under a tax reciprocity agreement—and Minnesota was tired of waiting for its money.

By 2009, Doyle had run out of accounting tricks and segregated funds to raid. Then, just as he was about to face the consequences of his fiscal irresponsibility, President Obama was elected and passed his stimulus spending bill. The federal stimulus funds were like manna from heaven for profligate politicians like Doyle, allowing them to put off tough decisions and go on spending—and even taking on new obligations—leading to even larger deficits down the road.

Like a gambler with a new line of credit, Doyle used the one-time stimulus money to cover the ongoing costs of Medicaid and education. Now, as he prepared to leave office, the one-time money had run out, and we were left with no way to cover these ongoing costs in the next budget.

As I looked at the numbers, I realized why Doyle had chosen not to run for reelection. If he had somehow managed to win, he would have had to clean up the fiscal mess that he had helped to create.

We were faced with two impending budget crises: In the short term, we had to close an immediate

budget deficit of \$137 million² before the end of the fiscal year on June 30, 2011. That meant we had to start cutting spending right away. And that was the easy part. The deficit for the biennial budget that started on July 1, 2011, was a whopping \$3.6 billion—one of the largest per capita deficits in the country.³

We had just a few months to figure out how to close it.

After leaving the budget briefing, Mike turned to me and said with a smile, “See what you’ve gotten yourself into?”

“I’ve seen worse,” I told him. “You’ve got to remember, I come from Milwaukee County.”

That was a bit of bravado. Truth be told, the situation was far worse than anything I’d seen in Milwaukee County. And the more I learned, the more resolved I became to fix this once and for all.

As we began crunching the numbers, it became clear that the plan I had campaigned on to have state workers contribute 5.8 percent of their salaries to pensions and 12.6 percent of their health insurance premiums would not be enough to close the gap. Even when we expanded this policy to county and local public workers, the numbers still did not add up. It was a drop in the bucket.

We had to find the money somewhere. There were only a few limited options:

I could raise taxes, as the governor across the border in Illinois ended up doing. But I had promised on the campaign trail not to raise taxes. I knew that doing so would harm economic growth, reduce state revenues in the long run, and hurt job creation when I had pledged to jump-start it. So tax increases were off the table.

I could lay off thousands of public workers, as governors ended up doing in California, New York, and Connecticut. But that would devastate middle-class jobs in the midst of the worst economy in a generation. I had promised to protect them.

I could cut Medicaid, as other governors ended up doing. But absent fundamental Medicaid reform in Washington, that would hurt needy families, children, and seniors—the poorest and most vulnerable of our citizens. I was not going to do that.

That left cuts in aid to schools and local governments, which make up more than half of the state budget. But as a former local official, I knew that the kinds of cuts necessary to balance the budget, if not accompanied by structural reforms, would devastate public education and cripple public services.

We were in a bind and there seemed to be no way out.

This much I knew for certain: I was going to balance the budget. I was going to do it without relying on budget gimmicks and temporary fixes. I was going to keep my campaign promises. I was not going to lay off tens of thousands of workers. And I was not going to decimate public schools and local governments.

I didn’t tell my staff, but it was then that I started thinking: What if we cut aid to schools and local governments, but gave them the freedom to replace the lost aid through efficiencies that collective bargaining had prevented? What if we increased health care and pension contributions for public workers, but allowed them to make up for part of the lost money by giving them a choice as to whether to pay their union dues? What if we could find a way to balance the budget—while protecting taxpayers, protecting the poor, protecting schools, protecting local governments, protecting teachers and public workers—by taking the money from the unions instead?

What if we got rid of collective bargaining?

CHAPTER 4



Super-Size It

On November 19, a few weeks after that eye-popping budget briefing, I traveled to San Diego for the annual meeting of the Republican Governors Association. At that meeting, I spent a lot of time with Indiana governor Mitch Daniels. Our discussions proved to be a critical turning point in my thinking about how to address the budget crisis in Madison.

Since taking office in 2005, Mitch had been a whirlwind of reform. He made tough decisions to close an \$800 million deficit, pushed through controversial plans to adopt daylight saving time, and privatized Indiana's toll roads. I was particularly interested in learning more about one of his first acts as governor, when he eliminated collective bargaining for state employees. I wanted to hear everything he had learned from his experience with collective bargaining in Indiana—how he did it, how his opponents responded, and what the results had been.

Mitch told me his reforms had been a huge success. Eliminating collective bargaining saved taxpayers buckets of money, he said, but those savings were only the secondary benefit. The primary benefit was the flexibility to make state government perform better.

None of the hundreds of operational reforms he enacted during his two terms in office—from consolidating state agencies to privatizing toll roads—would have been possible if he had been required to put each decision through excruciating negotiations and compromises with the unions. Getting rid of collective bargaining freed him to act—to downsize government offices, shift workers from one job to another, and to make dysfunctional agencies functional again.

By the time he faced reelection, Mitch said, he had dozens of examples of agencies that were working better. The Department of Motor Vehicles, which most everyone hated when he took office, was soon rated the best in the United States and Canada. The same was true of other government agencies. Collective bargaining reform had not only helped him balance Indiana's state budget, it had also freed him to deliver services more efficiently to the taxpayers. Indiana voters recognized it and overwhelmingly elected him to a second term. During the campaign, his opponents were able to say a lot of things about him, but nobody was able to say, "The state government's a mess."

Mitch told me that he really hesitated over his decision on collective bargaining—and he was not one to dally. He said he had a mental view of mass protests erupting, and major opposition from the public-worker unions—the kinds of things that neither of us at that moment could have imagined would soon grip Wisconsin.

When he finally issued his executive order, he said he was surprised that it had caused so little a stir. It ended up being one of the least controversial decisions he had made as governor. Putting Indiana on daylight savings time had sparked a far greater public uproar. I'd have to evaluate for myself what the reaction in Wisconsin would be if I went ahead, he told me.

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