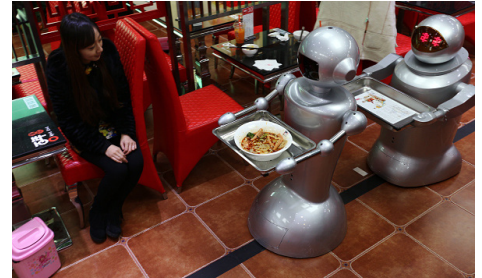


The Robot Revolution

Union-backed policies destroy human jobs, replacing people with intelligent machines

By Steven J. Allen and Alec Torres

Summary: Labor unions and their left-wing friends are imposing a host of laws and regulations that are dramatically raising the cost of hiring workers. Minimum wage laws, Obamacare requirements, and many other policies are causing businesses to rethink new hires. Even expensive robots and other forms of non-human labor begin to make sense to strapped companies. Who will suffer the most under the new regime? The least skilled and the poorest—the very persons who were supposedly going to benefit from the new laws and regulations created. Call it “the War on Jobs.”



New technology creates jobs. The invention of the lightbulb puts candle makers out of work and the invention of the automobile puts buggy-whip makers out of work, but more jobs are created in the new industries than were lost in the old ones.

Until now, perhaps. The nature of the U.S. economy is changing. To a greater degree than ever before, politicians and bureaucrats and activist groups are working to make it too expensive for businesses to hire people for many jobs.

Who will get those jobs? In many cases, robots.

Mechanical men

The term “robot” comes from the 1920 science fiction play *R.U.R.* (for Rossum’s Universal Robots), although the basic concept of a mechanical worker

Drones and other robots, touchscreens, and intelligent computer programs are taking jobs for which Big Government is making human workers too expensive.

was not new. (For example, there’s the Tin Woodman, a human turned into a mechanical worker, in the *Oz* series beginning in 1900.) Pop culture has featured countless depictions of robots replacing humans, but in reality, robots were long limited to mindless, repetitive tasks such as certain work on assembly lines. The first ATM, which accepted deposits but didn’t give out money, was installed in New York City in 1961 and promptly rejected by customers. By the 1970s, cash-dispensing ATMs were being installed across the U.S., and robots began to be used in increasingly sophisticated ways.

Now, things are getting serious. A recent book, *Rise of the Robots* by Mar-

tin Ford, depicts the robot revolution that is upon us, with the use of robots expanding in ways that hardly anyone expected. Ben Schiller of *Fast Company*/fastcoexist.com wrote of Ford:

Surveying all the fields now being affected by automation, Ford makes a compelling case that

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this is an historic disruption—a fundamental shift from most tasks being performed by humans to one where most tasks are done by machines. That includes obvious things like moving boxes around a warehouse, but also many “higher skill” jobs as well, such as radiology and stock trading. And don’t kid yourself about your own importance: that list almost certainly includes your job. . . .

“It’s possible that at some future point, rapid technological innovations might shift the expectations of consumers about the likelihood and duration of unemployment, causing them to aggressively cut their spending,” he adds. “If such an event occurred, it’s easy to see how that could precipitate a downward economic spiral that would impact even those workers whose jobs are not directly susceptible.”

Among the jobs that could be taken soon by robots: flipping burgers. In 2013, Momentum Machines created Alpha, a robot that can make up to 360 hamburgers in an hour and pays for itself in a year. It shapes patties from ground beef, grills them, and makes burgers with onions, pickles, and tomatoes; it can customize burgers, making patties out of, say, one-third

hamburger and two-thirds beefalo.

A typical fast food restaurant would be able to reduce management tasks and eliminate around \$135,000 a year in labor costs with Alpha. Alexandros Vardakostas, the company’s co-founder, said the machine isn’t meant to make workers’ jobs easier. “It’s meant to completely obviate them.”

Restaurant chains such as Olive Garden, White Castle, Taco Bell, Applebee’s, Panera Bread, Burger King, Subway, Arby’s, and Chili’s are using specialized computer tablets for taking orders.

A startup called E La Carte makes a tablet called Presto that goes for \$100 per month. According to Annie Lowrey of *New York* magazine, “If a restaurant serves meals eight hours a day, seven days a week, it works out to 42 cent per hour per table, making the Presto cheaper than even the very cheapest waiter. Moreover, no manager needs to train it, replace it if it quits, or offer it sick days. And it doesn’t forget to take off the cheese, walk off for 20 minutes, or accidentally offend with small talk, either.”

Mike Flacy of *Digital Trends* wrote that, “Hypothetically, a fast food restaurant could also place digital touchscreen panels with credit card readers and cash machines at the counter in order to eliminate all cashiers as well. The consumer would simply place an order through the touchscreen and wait for the custom hamburger to appear at the end of the assembly line, likely tagged with an order number.” Such a system would effectively eliminate most fast-food jobs.

One of the more impressive innovations to hit a store near you is OSHbot, a robot helper at Lowes Home Improvement that speaks two languages, answers questions, and guides customers to items in the store either by name

or with a scanner that can identify objects and provide product information. When the OSHbot’s battery runs low, it directs itself to a recharge station.

McDonald’s has switched to touchscreen ordering at 7,000 locations in Europe, and the touchscreen/customization concept is now being used at some McDonald’s in San Francisco. *Lifehacker* reported in July that “Late last year, McDonald’s Australia introduced its first Create Your Taste restaurant: a premium dining experience focusing on gourmet ingredients, sit-down service and burger customization via in-store touch screens. The system is now available in every McDonald’s restaurant across [Australia]. That was quick.”

The Australian reported in May:

In the world of cafes and restaurants, android waiters are making their mark, with China, Japan, and South Korea leading the way. In northeast China at Ningbo, they take orders, serve food, and use an optical sensing system to navigate. But they can utter only a handful of phrases in Mandarin. Other robots can prepare food. The Wishdoing restaurant in Shanghai boasts robots that can cook dishes in less than three minutes. That means the vast slab of restaurant practices—taking orders, preparing food and serving dishes—can be mechanised.

The Daily Mail (London) reported in June that “A restaurant in Jiangsu Province, China, is staffed by 15 droids that carry food to tables, while a hotel that’s opening in Japan next month will be staffed by 10 eerily life-like robots.” In Sasebo in southwestern Japan, “The humanoids will check in new guests before carrying their luggage and cleaning their rooms at Hennna Hotel”—that is, “the Weird Hotel.”

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Foxconn, primary maker of Apple products, plans to deploy up to a million robots in its factories. A Nike executive noted a solution for rising wages in Indonesia: “engineering the labor out of the product.” Nick Romeo wrote in the *Daily Beast* that such a shift might “silence criticism about horrendous working conditions in international factories that make beloved American products.”

Using the term “robot” broadly to include all sorts of human-replacement technologies involving artificial intelligence, robots could do the jobs of pastry chefs, typists, paralegals, math teachers, and anesthesiologists. As *Fast Company*’s Schiller noted, there’s software that breaks projects into tasks that can be fully automated, tasks that can be crowdsourced (assigned to a networked group of humans), and tasks that must be, for now, handled directly by humans. Robots can write music, diagnose disease, and trade stocks. The number of traders on Wall Street has dropped by a third since 2001, thanks to trading algorithms.

Amazon, which started as an online bookseller, is quickly becoming an integrated online and physical operation, mixing the Internet with traditional bricks-and-mortar; the mix is called “clicks-and-mortar.” The company’s network of heavily robotized warehouses makes same-day deliveries possible in much of the country, and the company is famously experimenting with flying robots (drones) that could make those deliveries. In June, Google’s self-driving cars passed the million-mile mark in total travel, perhaps on their way toward taking the jobs now performed by bus drivers and cabbies.

If you think your job is safe, consider this bit of sports news: “Things looked bleak for the Angels when they trailed by two runs in the ninth inning, but

Los Angeles recovered thanks to a key single from Vladimir Guerrero to pull out a 7-6 victory over the Boston Red Sox at Fenway Park on Sunday.” A robot wrote that.

On the other hand...

The fear that technology will destroy jobs has long been a part of Western culture. Aristotle mused that if “the shuttle would weave and the plectrum touch the lyre without a hand to guide them, chief workmen would not want servants, nor masters slaves.” Queen Elizabeth I refused a patent for a knitting machine because she believed it would cause unemployment. In the 16th Century, the use of sheep for grazing was supposed to put humans out of work.

In contrast, some saw technology as a *creator* of jobs. The first great economist, Adam Smith, wrote in *The Wealth of Nations* (1776) about the effect of new technology for making pins. Suddenly, instead of making one pin a day or even 20 pins a day by hand, the average worker could make 4,800 pins a day. Were thousands of pin-makers thrown out of work? Hardly. The price of pins plummeted, increasing the demand for pins and the demand for people to work in pin factories, while businesses that used pins were able to cut costs, increase demand for their products, and hire more workers.

There’s an old story that a British weaver named Edward (Ned) Ludd (or Ludlam), one day in 1779, after being punished for idleness or taunted by local youths, went into a fit of rage and smashed two knitting frames. From this kernel of possible truth grew the legendary figure of General Ludd or King Ludd, the adversary of jobs-destroying technology. Beginning in 1811, a group of English craftsmen

known as the Luddites tried to bring the Industrial Revolution to a grinding halt. In the belief that new technology would destroy their jobs, they set out to smash textile machinery and put the torch to textile factories. It’s said that Belgian workers dropped their wooden shoes (sabots) into industrial machinery, becoming the first “saboteurs.”

Luddite ideas continued to impede human progress long after the original Luddites died. In 1930, John Maynard Keynes, the economist whose ideas led to many of the world’s economic problems today, wrote about a “new disease”: “technological unemployment . . . due to our discovery of means of economising the use of labour outrunning the pace at which we can find new uses for labour.”

When the direct-dial telephone was introduced, the Communication Workers of America union did everything it could to stop the new technology, because union officials mistakenly assumed that it would cut the number of jobs. “Fortunately, we were unsuccessful,” CWA President Glenn Watts admitted some 30 years ago, “because the resulting boom in demand for telephone service created thousands more jobs.”

In 1910, the Bell System had one employee for every 578 calls per year. By 1981, it had one employee for every 250,000 calls. The number of employees did not go down. It increased 1600 percent.

Yet neo-Luddites thought of technology as jobs-destroying. In 1980, radical activist Tom Hayden, perhaps most famous for marrying Jane Fonda, listed direct long-distance dialing as part of a plot by the telephone company to cheat its customers, as an example of “corporations . . . externalizing costs to the consumer.”

Another Jane Fonda associate, Karen Nussbaum, executive director of “9 to 5” (the National Association of Working Women), warned in the early 1980s that technology meant repression. “Women office workers are going to find themselves working in dull, dead-end jobs for less money and in conditions that are going to lead to serious health problems.” (Nussbaum was later a key player in the takeover of the AFL-CIO by the radical Left.) Also in the ‘80s, California Rural Legal Assistance, a “public interest” law firm funded by taxpayers, sued to block the University of California from creating labor-saving devices for use on farms unless the university had first determined the “social consequences” of such technology.

That attitude toward technology was reflected in President Obama’s remarks during a 2011 interview with the *Today* show’s Ann Curry. Obama, promoting the efforts of his Jobs Council, sought to explain the weak economy as, in part, the result of jobs-destroying technology:

There are some structural issues with our economy where a lot of businesses have learned to become much more efficient with a lot fewer workers. You see it when you go to a bank and you use an ATM; you don’t go to a bank teller. Or you go to the airport, and you’re using a kiosk instead of checking in at the gate. So all these things have created changes in the economy, and what we have to do now—and that’s what this job council is all about—is identifying where the jobs for the future are going to be; how do we make sure that there’s a match between what people are getting trained for and the jobs that exist; how do we make sure that capital is flowing into those places with the greatest opportunity.

Today, neo-Luddites seek to block new technologies such as GMO (genetically modified organism) foods, and they target companies like Uber.

Indeed, Hillary Clinton, who admittedly hasn’t driven a car since 1996, attacked Uber in a July speech on the “gig economy.” CNET’s Stephen Musil:

“Many Americans are making extra money renting out a small room, designing websites, selling products they design themselves at home, or even driving their own car,” Clinton said during a speech at the New School in New York City. “This on-demand, or so-called ‘gig economy,’ is creating exciting opportunities and unleashing innovation. But it’s also raising hard questions about workplace protections and what a good job will look like in the future.

“Fair pay and fair scheduling, paid family leave and earned sick days, child care are essential to our competitiveness and growth,” the former secretary of state said, referring to benefits not accorded to independent contractors such as drivers at Uber.

Emily Zanotti wrote on the *American Spectator* website that Clinton spent half her speech “complaining about these young whippersnappers and their newfangled smartphones with the texting and the Facebooking and the Ubering. I mean, who do they think they are, circumventing an antiquated and burdensome, union-driven transportation boondoggle with ingenuity and common sense and a cooperative network that allows individuals to purchase products on a free market that they themselves police?”

Zanotti’s article was entitled: “Hillary Clinton, Old Person, Does Not Like This Newfangled Uber App.”

Hurting the working class

History shows that technology creates jobs—that is, that far more jobs are created by technological change than are eliminated. But has that formula been changed by the growth of the welfare state, together with all the rules and regulations and bureaucratic red tape that make it expensive to hire real people? Have unskilled and low-skilled workers and many others been pushed out of the labor force?

As a presidential candidate, Barack Obama said he aspired to be a transformational president like Ronald Reagan. Reagan, he said, “changed the trajectory of America” and “put us on a fundamentally different path.” Just before the 2008 election, he declared that “We are five days away from fundamentally transforming the United States of America.”

In that, he has certainly succeeded. For one thing, the Labor Force Participation Rate—in effect, the employment rate—is the lowest it’s been since 1977. The current “recovery” is the first ever recorded in which the percentage of people with jobs declined. A study by the Federal Reserve Bank of St. Louis found that the U.S. was the only one of eight countries studied that was slipping backward by this measure, while a study by 38 developed countries by the international Organisation for Economic Co-operation and Development put the U.S. among only three countries with declining rates of labor-force participation.

The President brags about the decline in the unemployment rate—but that rate is relatively low only because it doesn’t count people who have given up looking for work (roughly 40 percent of the 8.5 million jobless, according to a Harris poll in May) and because it doesn’t count the 6.5 million who are stuck in part-time jobs when they want full-time work.

A visit to the drug store

by Alec Torres

Across the street from my apartment in Washington, D.C., is a CVS pharmacy. One day during allergy season, I went there for some Claritin. As I came to the checkout, I saw that, as usual, no one was behind the counter. Instead, four screens stood off to the side, each complete with a credit card reader, barcode scanner, and bagging station.

I approached one of the center screens, scanned my box of medicine, noted with amazement the price for 10 pills, and was greeted by a message on the screen: “Error. Please wait for an attendant.”

I looked around. Nobody else was there. One attendant, walking the aisles, was the only CVS employee I saw during my entire trip to the store, but I was alone at the checkout. I tried to scan my item again. “Error. Please wait for an attendant.” I scanned again. Same message. I eyed the door, wondering if it was worth it to go another night sneezing myself awake or if I should keep playing a battle of wits with a machine.

The attendant rounded the corner. “Sorry, I was busy with another customer.” She swiped a card in front of the screen and typed something. The error message, again. As she fiddled, people at the other checkout machines waited for her assistance as well. Finally, my order went through. She said: “And they want these to replace people!”

I wondered: Who are “they”?

Today, more businesses are dying than are being created, for the first time in the 37 years for which these statistics are available.

For the most part, the well-off are doing all right. Some 95 percent of the economic gains during the Obama “recovery” have gone to the top one-percent of income earners. It’s working-class people and small business people who have suffered the most. They have been targeted by the President and his friends, who lead a Democratic Party that has essentially stopped pursuing policies to help the working class (or, at least, the segment of the working class that they classify as “the white working class”). Liberal writer Thomas Edsall wrote in the *New York Times* in November 2011 that

preparations by Democratic operatives for the 2012 election make it clear for the first time that the party will explicitly abandon the white working class.

All pretense of trying to win a majority of the white working class has been effectively jettisoned in favor of cementing a center-left coalition made up, on the one hand, of voters who have gotten ahead on the basis of educational attainment—professors, artists, designers, editors, human resources managers, lawyers, librarians, social workers, teachers and therapists—and a second, substantial constituency of lower-income voters who are disproportionately African-American and Hispanic.

Meanwhile, many on the Left have found common cause with Big Business against smaller businesses. Larger businesses are usually in a better position to deal with Big Government—to spread the costs of regulatory compliance over a larger number of workers or workplace locations, to hire accountants and “human resources”

managers, and to lobby, conduct public relations campaigns, and make political contributions in order to receive better treatment. Businesses with bigger profit margins can pay regulatory costs that would sink businesses that are just getting by.

Indeed, regulations are often tailored to leave Big Business relatively unhurt while crushing the little guy. Often, companies like Walmart actually lobby in favor of regulations that force their less well-off competition to provide the level of wages and healthcare benefits that Walmart already provides or plans to provide in the near future. Similarly, Amazon once opposed sales taxes on Internet purchases, until the point at which such taxes actually came to benefit Amazon by helping the company weaken or eliminate the online competition.

The Obama administration and its ideological allies—including local governing boards in places like San Francisco, Seattle, and Washington, D.C.—are working to make it almost impossible to start or expand a small business. Indeed, there’s a term for the roadblocks built by politicians and bureaucrats that stand in the way of business creation: “barriers to entry.”

In California, where many burdensome regulations kick in once a company has 50 employees, companies avoid the burden by limiting themselves to 49 employees. (The companies are called “49ers.”) Under Obamacare, with obligations that kick in once an employee becomes “full-time” at 30 hours a week, some workers will be limited to 29 hours. (They’re called “29ers.”)

These policies are backed by unions that claim to represent poor, down-trodden workers. Yet, as we reported in the November 2013 *Labor Watch*, the grassroots lobbying for Obamacare was coordinated by unions, including

the AFL-CIO, the Communication Workers of America, the teachers' unions (both the National Education Association and the American Federation of Teachers), the American Federation of State, County and Municipal Employees (AFSCME), the United Food and Commercial Workers (UFCW), the United Auto Workers (UAW), and the Service Employees International Union (SEIU), along with Working America, an AFL-CIO front group run by the aforementioned Karen Nussbaum.

Regarding the "minimum wage," Elizabeth Stelle and John R. Boudier of the Commonwealth Foundation wrote:

So who gains from raising the minimum wage? Politicians and labor unions. Minimum wage increases tip the balance in favor of higher-skilled—and higher-wage—unionized workers by raising the floor from which they negotiate compensation. Politicians, on the other hand, can act like they did something for the little guy while receiving union support—which is no small matter. In 2012 alone, government union SEIU Local 668 spent more than \$200,000 of its members' dues on political activity and lobbying.

Mike DeRosa, a small business franchisee who owns several Burger Kings, points out that every time the minimum wage goes up, he has to fire employees. Asked about protesters calling for a \$15 minimum wage, he said, "Whenever I hear somebody say that, my first thought is to hand them the keys and tell them, 'You go run it.' If you start to raise the minimum wage that much, you're going to have to cut your staff by a third and you probably won't be hiring youngsters for any of this."

Regarding the Obamacare regulation that classifies a 30-hour-a-week

worker as full time, DeRosa said: "Like every outfit in the country, we have modified schedules, and there's a lot of people that have lost those two to five hours a week to get under the 30-hour-a-week hurdle."

Last October, the *Wall Street Journal* editorialized about the "minimum wage" campaign:

Amid a historically slow economic recovery, 1970s labor-participation rates and stagnant middle-class incomes, we understand that people are frustrated. Harder to understand is how so many of our media brethren have been persuaded that suddenly it's the job of America's burger joints to provide everyone with good pay and benefits. The result of their agitation will be more jobs for machines and fewer for the least skilled workers.

Dan Mishek, managing director of Vista Technologies, told the *New York Times* in 2011 about the "hidden costs" of hiring, beyond the expenses of salaries and benefits:

"I dread the process we have to go through when we want to bring somebody on," he said. "When we have a job posting these days, we get a flurry of résumés from people who aren't qualified at all: people with misspellings on their résumés, who have never been in the industry and want a career move from real estate or something. It's a huge distraction to sort through all those." Culling the résumés takes three days. Then he must make time to interview applicants, and spend \$150 for each drug test. Once a worker is hired, that person must complete a federally mandated safety program, which Vista pays an outside contractor a flat fee of \$7,000 annually to handle. Finally, Vista's best employees

spend several months training the new hire, reducing their own productivity. "You don't have to train machines," Mr. Mishek observes.

Will there be a point at which it just isn't worth it to hire people to do the jobs that robots can do?

Since the beginning of civilization, the course of history is that human ingenuity creates new technology and new technology means more jobs. Has Big Government grown so big that the course of history is changing?

From "minimum wages" so high that unskilled workers are effectively banned from the workplace... to overtime rules (being expanded to people making more than \$50,000 a year)... to Obamacare mandates (including a new IRS fine of \$36,500 a year per person for helping employees pay their insurance premiums)... to rules limiting employers' ability to use flexible, "just-in-time" scheduling... to requirements, current or proposed, for paid leave or paid vacations or "free" childcare... to licensing requirements (five percent of the working population needed a license or the equivalent in the 1950s; today, it's almost one-third)... to "non-discrimination" rules so varied and complex that they expose employers to unfair, possibly crippling lawsuits... to classifying contractors as employees and franchise businesses (often family-owned) as co-employers with their giant franchisors like McDonald's... federal, state, and local governments are engaged in a war on jobs.

Jobs for *humans*, at least.

Dr. Steven J. Allen (J.D., Ph.D.) is editor of Labor Watch. Alec Torres is a communications aide and speechwriter for House Majority Leader Kevin McCarthy. The opinions expressed are the authors' alone.

LW

The “dignity” of no job

by Steven J. Allen

Anti-jobs crusaders believe that no job is better than a job that requires long hours, or that doesn't provide the right set of benefits, or that is too messy or too menial or otherwise unsuitable for people like themselves. From the point of view of privileged, comfortable elites, it's clear: If you take such a job, you're being exploited by some greedy businessman. Why take a job like that when you could live off welfare, food stamps, and a myriad of other programs for low-income people?

► In 1989, when a man named Ego Brown set up a shoeshine business in Washington, D.C., giving jobs to homeless people, city officials tried to shut him down because, as one “civil rights lawyer” put it, “Mr. Brown's business is demeaning. At least if he were on welfare he could keep his dignity.”

► In 2011, an employee of the U.S. Department of Agriculture won an award for helping people in North Carolina overcome their “mountain pride” that prevented them from accepting taxpayers' assistance. “Eventually, many accepted assistance from the Low Income Energy Assistance Program, the Qualified Medicare Beneficiary program, and others, in some cases doubling a household's net income. In one year, SNAP [food stamp] participation increased over 10 percent,” the USDA exulted, having broken those rednecks' foolish “pride.”

► The food stamp program was intended, its sponsors claimed, to help a tiny percentage of Americans on the edge of starvation. In January 2012, after the number of people on food stamps hit a record 44.7 million—one

American in seven—former House Speaker Newt Gingrich (R-Ga.) called President Obama “the food stamp president.” David Gregory, then-host of *Meet the Press*, suggested that that characterization has “overtones of racism,” novelist Walter Mosely in a CNN commentary called Gingrich a “poet” of “fear-stoked hatred,” and the *Daily Kos* called Gingrich's comment a “race-baiting . . . dog whistle,” thus likening Gingrich's supporters to racists and dogs. [Disclosure: I was senior researcher for the 2012 Gingrich campaign.]

► In July, former Gov. Jeb Bush (R-Fla.), a presidential candidate, declared his “aspiration” for the U.S. economy to be sustained growth of four percent a year, “which means we have to be a lot more productive, workforce participation has to rise from its all-time modern lows. It means that people need to work longer hours and, through their productivity, gain more income for their families. That's the only way we're going to get out of this rut that we're in.” The Left pounced, claiming that Bush wants people to work harder. “I think that he stepped way out of bounds criticizing the American people for not working hard enough,” said Senate Democratic Leader Harry Reid of Nevada. “Jeb Bush Wants More Americans To Work Long Hours But Doesn't Want To Pay Them Overtime,” declared a headline at *ThinkProgress*. “Anyone who believes Americans aren't working hard enough hasn't met enough American workers,” tweeted Hillary Clinton, the Democratic frontrunner for president.

Bush is right, by the way. At the current, very low rate of economic growth, which is projected to con-

tinue—they call it the “new normal”—Americans in future decades will be too poor to fund government obligations, no matter how high taxes are raised. If one calculates the future cost of government in excess of the expected revenue, the average family is currently about \$3 million in the red. In other words, unless economic growth is returned to Reagan Era levels or higher, the U.S. is headed the way of Greece.

Speaking of Greece, late-night comedian Seth Myers said of the Greek bailout: “After 17 hours of negotiations, European leaders agreed early this morning [July 14] to a tentative deal to resolve the debt crisis in Greece. Seventeen hours—or as Greeks call that, a workweek.” Politicians obsessed with redistributing the wealth might want to consider the fact that wealth must first be created before it can be redistributed.

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**Many thanks,
Terrence Scanlon
President**

LaborNotes

The **Wisconsin Supreme Court** has spoken on the “John Doe” investigation—the effort by partisan prosecutors to harass and intimidate supporters of **Gov. Scott Walker**’s reforms (see the June *Labor Watch*.) In a 4-2 ruling, the Court ordered that the so-called investigation be shot down once and for all. **Justice Michael Gableman** wrote: “It is utterly clear that the special prosecutor has employed theories of law that do not exist in order to investigate citizens who were wholly innocent of any wrongdoing. In other words, the special prosecutor was the instigator of a ‘perfect storm’ of wrongs that was visited upon the innocent [targets] and those who dared to associate with them.”

A loss and a win for taxpayers in the battle to rein in ruinous retirement benefits: In May, the **Illinois Supreme Court** invalidated reforms passed in 2013 to deal with the state’s public employee pensions, which are underfunded in the amount of \$34,000 per family-of-four in that state. But in June, the **New Jersey Supreme Court** ruled 5-2 that **Gov. Chris Christie** (R) did have the power he claimed to delay two years’ contributions (almost \$2.5 billion) to the state’s public employee pension system.

Carl Horowitz of *Union Corruption Update* reports: **Richard Wayne Johnson**, former secretary-treasurer of the **Amalgamated Transit Union Local 1433** in **Arizona**, pleaded guilty to embezzlement, fraud, and forgery regarding \$275,000 stolen from the union. **Jesse Morgan**, former president of **American Federation of State, County and Municipal Employees Local 1707** in **Kansas City, Missouri**, pleaded guilty to wire fraud in connection with more than \$185,000 in missing union money. And **Eric Givens**, former secretary-treasurer of **Fraternal Order of Police Lodge 189** in the **New York** area, pleaded guilty to embezzling at least \$100,000 from union groups.

Few political observers believe that **Sen. Bernie Sanders** (I-Vermont) can win the **Democratic Party**’s nomination for President next year, but there is a serious possibility he could damage his rival, **Hillary Clinton**, perhaps knocking her out of the race (the sort of thing that happened when **Sen. Eugene McCarthy** challenged **President Lyndon Johnson** in 1968). The **South Carolina** and **Vermont AFL-CIO** passed resolutions in support of Sanders, and it’s believed that a large number of local union leaders favor the self-described socialist. *Politico* noted, “**Richard Trumka** has a message for state and local AFL-CIO leaders tempted to endorse Bernie Sanders: Don’t. In a memo [in July] to state, central and area divisions of the labor federation, . . . the AFL-CIO chief reminded the groups that its bylaws don’t permit them to ‘endorse a presidential candidate’ or ‘introduce, consider, debate, or pass resolutions or statements that indicate a preference for one candidate over another.’ Even ‘personal’ statements” of candidate preference are verboten, Trumka said.”

Union officials told reporters that there was a “clear understanding” among 56 national and international unions that none would make an endorsement until after July 30, when the Democratic candidates were scheduled to face a grilling at AFL-CIO headquarters. So you can imagine the anger among AFL-CIO honchos when the 1.6-million-member **American Federation of Teachers**, the nation’s second-largest teachers’ union, went ahead and endorsed Hillary Clinton. Several union chiefs called the action “an insult.” “There was no internal discussion. Zero. Zip. This is wrong and something needs to be done,” complained **Steve Conn**, president of the **Detroit Federation of Teachers**. Several thousand pro-Sanders AFT members helped create an online petition and **Facebook** page to protest the decision.

AFT head **Randi Weingarten**, who co-chaired Clinton’s race for the U.S. Senate in 2000, claimed recently that she was aware of Clinton’s “hdr22@clintonemail.com” e-mail account prior to the *New York Times* story that revealed its existence to the world. (Clinton used the account to conduct official business during her time as U.S. Secretary of State, stealing at least 66,000 e-mails, of which, Clinton has said, she kept and ultimately destroyed some 30,000.) According to the website of the **Bill, Hillary, and Chelsea Clinton Foundation**, the organization has received donations from the AFT of between \$1 million and \$5 million, including \$250,000 last year. The AFL-CIO, meanwhile, donated up to \$50,000.

Weingarten is on the board of **Priorities USA Action**, a superPAC supporting Clinton, and she is active in the **Democracy Alliance**, an organization that passes money to left-wing causes from likeminded billionaires. (See our sister publication *Foundation Watch*, October 2014.) **Lachlan Markay** of the *Washington Free Beacon* reported last year that Weingarten “confirmed that her union is supporting the Democracy Alliance to the tune of \$230,000 annually.” The AFT itself spends heavily on politics—a reported \$19.5 million in 2014, with roughly one percent of its direct campaign contributions going to **Republicans**.