

# State Phobia, Then and Now: Three Waves of Conflict over Wisconsin's Public Sector, 1930–2013

Jane L. Collins and H. Jacob Carlson

*While state legislative rollbacks of public-sector workers' collective bargaining rights in Wisconsin and other US states in 2011 appeared to signal an unprecedented wave of hostility toward the public sector, such episodes have a long history. Drawing on recent work on "governance repertoires," this article compares antistate initiatives in Wisconsin in 2011 to two previous periods of conflict over the size and shape of government: the 1930s and the 1970s. We find that while small government advocates in all three periods used similar language and emphasized comparable themes, the outcomes of their advocacy were different due to the distinct historical moments in which they unfolded and the way local initiatives were linked to political projects at the national level. We explore the relationship of local versions of small government activism to their national-level counterparts in each period to show how national-level movements and the ideological, social, and material resources they provided shaped governance repertoires in Wisconsin. We argue that the three moments of conflict over the size of government are deeply intertwined with the prehistory, emergence, and rise to dominance of neoliberal political rationality and can provide insight into how that new "governance repertoire" was experienced and built at the local level.*

All those who share in the great state phobia should know that they are following the direction of the wind and that, in fact, for years and years an effective reduction of the state has been on the way.

—Michel Foucault, *The Birth of Biopolitics*

## Introduction: Three Moments of Contest over the Public Sector

In the summer of 2013, the state of Wisconsin was still reeling from massive 2011 protests over the end of public employee collective bargaining and the hotly contested gubernatorial recall campaign that ensued. Those who experienced these events first-hand felt that something unprecedented had occurred—that protestors had resisted a virulent new wave of hostility against the public sector engendered by an ascendant neoliberal political rationality. The governor's "austerity budget," rolled out at the same time as his attack on collective bargaining, touched off a fear that the public sector was under attack in ways it had never been before. Thus, working in the quiet reading room of the State Historical Society, the following quote from the pages of a 1939 issue of the *Wisconsin Taxpayer* (WT) took us by surprise:

The authors acknowledge support for this research from the National Science Foundation and the University of Wisconsin Graduate School.

Taxpayers, except those who directly benefit from state employees' salaries, are beginning to question the whys and wherefores of the recent increases in public salaries and payrolls. As taxes continue to rise, their questionings will continue to rise, and, as is already the case in many instances, will rise to the point of resentment. Public employees, their organizations and the departments that employ them, will rise in defiance. If present rumblings indicate coming events, an open clash may result. (WT, September 1, 1939)

Reading like an editorial torn from contemporary headlines, the quotation inspired us to engage in a search for information about previous episodes of conflict over the public sector.

This article compares three waves of contestation about the size of government and the role of the public sector in Wisconsin. Perhaps not surprisingly, these debates flared at moments of economic crisis—in the 1930s, 1970s, and 2010s. Despite remarkable consistency in themes and discursive frameworks across the three periods, the outcomes could not have been more different. Drawing on recent work that links repertoires of governance to power, we argue that similarities in discursive frameworks that circulated in Wisconsin across the three eras mask their ties to profoundly different national-level political projects and their distinct relationships to broader historical changes. We explore the relationship of local versions of small government activism to national-level counterparts in each period to show how these broader movements and the ideological, social, and material resources they provided shaped governance repertoires in Wisconsin and, in turn, how debates and events in Wisconsin influenced national politics and policy. We argue that the temporality of movements matter, particularly in shaping a group's ability to position itself as offering an alternative to the current governance repertoire. We argue further that when small-government initiatives at the local level do not have strong national-level counterparts and connections, they cannot express themselves in policy that changes governance.

Wisconsin is not a "typical" state regarding its public-sector dynamics. In the early twentieth century, it was at the forefront of public-sector innovation and change. Perhaps ironically, by the early twenty-first century, it had emerged as a leader in public-sector rollback. The state was an innovator in developing programs like workers' compensation, Social Security, and a state income tax. It was the birthplace of the American Federation of State, County, and Municipal Employees (AFSCME) and the first state to give public workers collective bargaining rights. In 2011, it became the first state to rescind those rights. It is thus not so much an average case as a bellwether or harbinger. Just as other states emulated Wisconsin's workers' compensation and income taxation programs in the early twentieth century, and followed its lead to grant collective bargaining rights to public workers at mid-century, more than a dozen other states have adopted limitations on public-sector bargaining since 2011.

As a window into these three moments of change, we relied heavily on the newsletter of the Wisconsin Taxpayers Alliance (WTA): *The Wisconsin Taxpayer*. Founded in 1932, the WTA studied taxation to reduce the cost of public services. While written

from a particular angle of vision that valued small government and parsimonious public finance, the newsletter provides a detailed recounting of debates and skirmishes surrounding government's role as these evolved over the course of the Great Depression, the New Deal, World War II, the Great Society, the Reagan era, and after. As historian David Beito (2009: xv) has noted, conflicts over taxation bring to light differing conceptions of the state's role in society and may represent distributional conflicts over the cost of public goods. The WTA's role in shaping governance repertoires at the local level waxed and waned over the period studied, but its newsletter consistently registered, reported, and commended on issues related to the size and scope of government. We supplemented our reading of the *Wisconsin Taxpayer* with newspaper accounts, local histories, and secondary sources, as well as with interviews with public-sector advocates and members of Wisconsin's business community.

## Repertoires of Governance and Power

Social scientists across many disciplines have used the concept of "governance repertoire" to explain durability and change in political institutions (Clemens and Cook 1999: 443). Governance repertoires are "toolkits" of ideas and practices for governing. They include ideological frameworks and rhetorical strategies, but also institutions of public administration, laws, rules, regulations, operating procedures, and conventional practices. Political scientist John Krinsky argues that they are policy "performances" that "mediate relationships among governmental, business, labor, and other civil actors" (2011: 385). Located within a broader literature on the "new institutionalism," those who adopt this approach criticize scholarship that conceptualizes the state as a monolithic actor and takes its stability for granted. As a remedy, they prescribe the concept of governance repertoires to "disaggregate institutions into schemas and resources; decompose institutional durability into processes of reproduction, disruption, and response to disruption; and, above all, appreciate the multiplicity and heterogeneity of the institutions that make up the social world" (Clemens and Cook 1999: 443).

Many who study governance repertoires emphasize the role of ideas in social change. As political scientist Mark Blyth emphasizes, economic ideas provide agents who build and enact these repertoires with an interpretive framework that "describes and accounts for the workings of the economy by defining its constitutive elements and proper interrelations" (2002: 11). Scholars like Blyth argue that concepts and frameworks are causally powerful, concurring with John Maynard Keynes that "the ideas of economists and political philosophers, both when they are right and when they are wrong, are more powerful than is commonly understood" (2016 [1936]: 382). Yet others who follow this approach caution that ideas alone rarely change anything. When they do, it is the result of their incorporation into the policies and practices of institutions. As historian Philip Mirowski has argued, economic ideas depend on promoters and funders to circulate them in the larger world and to inject them into quotidian politics (2014: 13). We suggest that the concept of governance repertoire is

most powerful when it articulates the study of conceptual frameworks with research on strategies, networks, institutions, laws, policies, and material resources.

Krinsky has argued that scholars who study repertoires often treat change as unpredictable (2011: 410). He introduces three innovations that he believes give the framework more theoretical purchase. First, he argues that the concept needs to be linked to power. As an example, he cites geographer David Harvey's account of the rise of neoliberal governmentality in New York City. Harvey argues that the 1975 fiscal crisis in New York was essentially a "coup by the financial institutions" and that the new governmental "solutions" they devised were a project to "restore class power" (Harvey 2005: 45, 49). For Krinsky, Harvey's account demonstrates the value of connecting governance repertoires to "durable political projects" that seek change in power relationships. Second, Krinsky insists that time—that is, history—matters. He argues that governance repertoires have what historian William Sewell Jr. has called "eventful temporality" (2008), including moments when old arrangements are destroyed and those when new ones are introduced. While the elements of a repertoire may appear to have stability over time, actors can mobilize them in support of different ends at different historical moments. Finally, Krinsky draws on Sewell's work to claim that scale matters, and that we need to tie the "eventful nature of local change to larger, often-secular trends that characterize capitalist development as a whole" (Krinsky 2011: 412; Sewell 2008).

Our analysis in the pages that follow builds on new institutionalist work on repertoires of governance, but adds to it the elements that Krinsky outlines. In telling the story of successive waves of policy conflict surrounding the public sector in Wisconsin, we describe how multiple local political actors use discursive resources and schemas, and how their actions build institutions and practices that reproduce or disrupt existing arrangements. But we also seek to characterize these moves as political projects and to link them to a larger context of change that includes national-level institutions and movements. This allows us to explain why debates framed in similar terms across the three periods had dramatically different outcomes.

## The "Prehistory" of Hostility Toward Public Workers

Twenty-first-century advocates of small government like to invoke Thomas Jefferson when they describe the proper role of the state. They justify measures to flatten the tax code, defund entitlement programs, deregulate industry and finance, and exempt wealth from taxation with references to a Jeffersonian philosophy of limited government (Daly 2008). In this view, the New Deal represented a hijacking of the intent of our founding fathers and of an original economic liberalism. Yet a generation of scholars has documented that heated debates over the size and scope of the state were a vital part of the earliest days of our republic. As sociologist Theda Skocpol (1992) has written, recent historiography belies any essentialist, timeless, or holistic notion of American liberal values, and points to coexisting (and conflicting) ideas—from the very beginning.

As Skocpol (1992) has shown, the federal government's provision of Civil War pensions in the late nineteenth century marked the first significant growth in public expenditures for social welfare. While other industrializing nations were crafting universal or targeted social insurance programs at that time, America's system of social provision consisted solely of pensions for veterans and mothers. Yet a wide spectrum of the US population viewed even these programs as examples of government profligacy and patronage run amok. Skocpol argues that American elites constantly invoked the corruption they associated with them as a reason for "opposing or delaying any move toward more general old-age pensions" (ibid.: 59).

In Wisconsin, the earliest conflicts over the public sector played out between factions of the Republican Party. A small group of Whigs opposed to the Kansas-Nebraska Act formed what became the national Republican Party in the small town of Ripon, Wisconsin in 1854, but by the late nineteenth century, the state Republican Party was deeply divided. A group of railroad and lumber barons known as the Stalwarts, who advocated small government and low taxes, had dominated the state party from its inception. Beginning in the 1870s, however, farmers and other constituencies began to chafe at high shipping costs and concessions given to railroads. In 1891, Robert La Follette Sr. broke with party bosses to establish a progressive faction that championed regulation and taxation of the railroads (Conant 2006: 3–4). While La Follette did not win statewide office until 1900, the "progressive Republican" faction he spearheaded laid groundwork for new social welfare programs that would earn Wisconsin's reputation as a "laboratory of democracy." In 1934, this faction split from Republicans to become the Progressive Party.

Early-twentieth-century Progressives like La Follette Sr. echoed nineteenth-century themes of rooting out corruption and patronage, but in support of better, rather than less, government. As reformers called for regulations and programs to improve industrial working conditions, ensure better products for consumers, and contribute to social welfare, they enacted their faith in good governance. In Wisconsin, as in the rest of the nation, many of these reformers looked to Germany, Sweden, Britain, Australia, and Brazil for innovative ideas (Skocpol 1992: 160). In the early 1900s, for example, the Wisconsin State Federation of Labor introduced legislation for workers' compensation patterned on Britain's 1903 law. But it was not just the labor movement that supported these innovations. In 1900, prominent Wisconsin businessmen of German heritage urged implementation of elements of welfare capitalism similar to those they had known in the old country (Krohm 2011). Historians suggest that many Wisconsin employers were partisans of the Progressive movement and sympathetic to institutions such as workers' compensation, largely because they saw its acceptance in Germany and England (ibid.). They believed that these programs could contribute to "prosperity through regulated enterprise in a developing community," as well as to mitigating class conflict and insuring social stability (Ashton 1973–74).

These early-twentieth-century "conservative progressive" business leaders lent support to bills for a state income tax and corporate tax (1911), a living wage law (1913), a Legislative Research Bureau (1901), and an activist Industrial Commission (1911). Their stance was informed by a version of German free market ideology that

held that the full capacities of markets required their embedding in a robust legal and social order. Herbert Margulies has argued that most Progressives in Wisconsin during this period saw their support for social programs as fully consistent with principles of sound finance and balanced budgets (1968). For many business leaders, conservative progressivism represented a promising middle path between the socialism of Wisconsin's industrial unions and the corruption and inefficiency of government services in the past. Their views represented a powerful and persuasive, but often minority, position within the business class.

### **Conflict over the Public Sector during and after the Great Depression**

The economic dislocation caused by the Great Depression left, in Franklin Roosevelt's words, "a third of a nation ill-housed, ill-clad, ill-nourished." It also challenged the notion that markets, left to their own devices, would right themselves. As David Beito (2009) and Isaac Martin (2002) have argued, the Depression is often portrayed as a moment of revelation, when policy makers and citizens recognized that a complex industrializing economy required a strong government hand. But in fact, both note that the Depression was a cauldron of contradictions. While the unemployed marched on Washington and built Hoovervilles, other groups waged tax strikes and warned of government's expanding powers.

The Depression created unprecedented fiscal dilemmas for state and local governments. By 1931, in Wisconsin, cities and counties were faltering under the strain of providing relief, and governor Philip La Follette (son of Robert La Follette Sr.) wanted the state to take a stronger role. In October of that year, he called together a group of industrial leaders to discuss possible measures. Speaking for that group, the Wisconsin Manufacturers Association declared its members would oppose any mandate for reduced hours or unemployment insurance. The governor then called a special legislative session to consider a bill to raise income taxes to fund relief. The legislative debate drew more than 300 observers to the state capitol and rewarded them with a dramatic showdown between progressives of many stripes and fiscally conservative Stalwarts (Kasperek 2006).

The speeches given on the floor of the legislature reflected the Stalwarts' profound skepticism toward an expanding role for state government. Their first line of argument was that local governments could provide relief on their own and state revenues were not needed. Their second contention was that new taxes would drive manufacturers out of the state and ruin industry. A third was that government was already bloated and could realize savings. Spokespersons suggested, for example, that rather than raising taxes, the governor might cut salaries of teachers, public officials, and university faculty. Finally, their arguments had a moral dimension. The expansion of the state would impinge on the individual freedom of hard-working people, taking money from those who used it wisely and putting it in the pockets of those who would not use it well. It would also breed dependency among those who used social welfare programs. A judge who spoke for the industrialists proclaimed that persons accepting

relief compromised their citizenship and should lose their voting rights (Capital Times 1931).

Speaking in favor of La Follette's bill was an alliance of progressive Republicans, socialists, and Democrats. The mayor of Racine, Wisconsin, and representatives of white- and blue-collar labor unions contested the claim that localities could meet the needs of the unemployed on their own. In fact, union members charged, employers were forcing their workers to contribute to community chests for the unemployed under threat of firing and thus were making "labor pay for the illegitimate child of industry—the problem of unemployment" (ibid.: 2). Dairy farmers expressed support for the bill on the logic that more people would be able to buy milk. Small town officials insisted the bill was needed to respond to economic dislocation. Wisconsin progressives were unusual in this period in linking support for a robust relief system with public workers' rights, perhaps because of progressive Republicans' work on civil service reforms and due to the emergent organizational strength of public-sector workers (who formed the nation's first public-sector union in 1932).

Despite this show of support, in December 1931 the Stalwarts won the day, defeating the measure and leaving La Follette and supporters to decry the unwillingness of business "to make any contribution to the suffering people of this state out of their enormous profits." La Follette did not give up, however. He kept legislators working into January, when they passed a compromise bill—the Unemployment Reserves and Compensation Act (Kasperek 2006: 122). During this period, the strong ties of Wisconsin politicians and intellectuals to national policy makers, and their national status as leaders in crafting and enacting new progressive programs, bolstered their ability to change governance repertoires in Wisconsin.<sup>1</sup>

In February 1932, in the wake of these events, a group of disgruntled Stalwarts met to form the WTA. In their founding documents, they declared, "Mounting government expenditures have thrown a staggering burden upon the taxpayer, which with the general reduction in wages and earning power in both industry and agriculture ... has reached the point of confiscation" (Wisconsin Taxpayers Association 1932). By late October, the WTA had formed seventeen chapters across the state. That same year, WTA members gave seventy-two public addresses and held eighty-five conferences with local groups (WT, February 1982). In January 1933, they published the first issue of *Wisconsin Taxpayer*, a newsletter whose self-described mission was to "bring the 'old ship of state' back to an even keel" (WT, January 16, 1933).

The emergence of the WTA in Wisconsin mirrored developments across the country. The Depression sparked a wave of property tax revolts from 1930 to 1933. Beito reports that well more than 1,000 local groups formed during this period (2009: 161). Chicago was the scene of one of the largest illegal tax boycotts in US history (Beito 2009; Martin 2002). At its height, the Chicago movement, led by the Association of Real Estate Taxpayers, counted 30,000 members and nearly bankrupted the city of

1. The list included the La Follettes (Robert Sr., Robert Jr., and Philip), the University of Wisconsin economists who drafted national Social Security and unemployment insurance plans (John R. Commons, Edwin Witte, Wilbur Cohen, and others), and Arnold Zander, who led AFSCME from its formation until 1964.

Chicago (Upham-Bornstein 2009: 186). According to Martin, revolts were motivated by the fact that prior to the Depression people expected their property values would rise but assessments would not change, reducing their bills in real terms year after year. Yet, during the Depression, taxes remained the same as real property values sank, amounting to a yearly tax increase during a time when incomes plummeted (Martin 2002: 29).

In 1932, leaders of the Milwaukee Taxpayers' Advisory Council (MTAC) called for a tax strike patterned after Chicago, but backed off when the state's voters approved tax limits in the November election. While no strike occurred, the MTAC sparked public debate about the size and purpose of the public sector. Milwaukee's Socialist mayor, Daniel Hoan, produced a radio play entitled "Mr. Taxpayer versus Mr. Taxspender." Hoan, who referred to taxpayer associations as "tax dodger leagues," told the radio audience:

Much as we dislike to pay our tax bills, the fact is that government ... has stood like the Rock of Gibraltar during this frightful depression to save us the agonies of complete chaos. While the banks bailed, factories closed, shops went bankrupt, pyramided utilities collapsed, the government was expected to function with more vigor and energy than ever. (cited in Upham-Bornstein 2009: 191)

Defenders of state programs also launched a 1932 radio program called "You and Your Government" that made the case for public works spending during economic downturns. Nevertheless, the pressures from tax rebels forced city administrators to cut spending on many services during this period (Beito 2009: 23).

As Franklin Roosevelt tackled the effects of the Depression on the national scene, he faced a battle between those who felt "the one sound foundation of permanent economic recovery" was "a complete and honest balancing of the Federal budget" and those who "believed that the overriding economic need was for more spending" (Schlesinger 2003: 9, 11; see also Zelizer 2000). His initial approach was to push through a bill cutting the federal budget—an act well received by Wisconsin's business community (WT, March 15, 1933). As he rolled out his plans for the National Recovery Act, however, the same individuals reversed course, complaining that if the economy improved it would be despite, not due to, government programs (WT, January 15, 1934). They grumbled regularly over the next few years about the expense of federal works programs, claiming that the only voices heard in Washington and in Madison were those of "vested interests," "pressure groups," and "lobbies" (WT, October 15, 1936).

The WTA was a major party in these debates, weighing in on the side of fiscal austerity. Issues of the *Wisconsin Taxpayer* from this period featured cartoons of bloated government bureaucrats being pulled in carts by skinny taxpayers; taxpayers as packhorses, dead horses, and maple trees tapped by government programs; and government as Santa Claus. The publication repudiated proposals for new inheritance and estate taxes in terms that are remarkably contemporary—referring to them as "death taxes." The newsletter editors were explicit in rejecting Keynesianism, writing: "The



Wisconsin public works proposal now in the legislature is based upon an economic theory which many of our most reputable economists consider false ... the theory that public spending in and of itself can increase business activity to such an extent that prosperity will be at hand" (WT, June 1, 1934).

Instead, the editors claimed high taxes "hinder the individual, impoverish the farmer, cause the loss of homes" (WT, April 15, 1935). As the New Deal continued, they expressed skepticism about Roosevelt's Social Security program, running a cartoon of Mother Hubbard going to the Social Security "cabinet" and finding it bare, and warning workers: "[I]t is doubtful that the Social Security Act will raise the standard of living of either the aged or the unemployed" (WT, July 1, 1938). One WTA member, speaking to a business club in Appleton, warned of creeping totalitarianism: "The higher the taxation, the less liberty and more regimentation is indicated.... When government gets fifty percent of the national income, America will be a socialistic state" (Appleton Post-Crescent 1940: 12).

In response, public-sector defenders decried the "present popular tendency to assign to public employees the role of villain in the tragedy of present economic conditions," complaining that it was becoming "generally accepted as fact that public employees are extravagant bureaucrats, time-serving payrollers, and non-productive parasites" (cited in Beito 2009: 18). They worried that municipal reformers, who had labored for a generation to professionalize government and improve its image, would see new waves of hostility and cuts damage the reform edifice. The president of the University of Wisconsin weighed in, warning that the spread of antigovernment ideology would divert individuals from public service (ibid.: 19–20).

In Wisconsin, as in the nation, the New Deal both deepened social investments and bred resistance. In 1932, legislators inaugurated a new state-administered unemployment insurance program (Witte 1936). That same year, public-sector workers founded the Wisconsin State Employees Association, which in 1936 became the first chapter of AFSCME. University of Wisconsin economists participated in drafting the national Social Security Act.

In real dollars, the per capita increase in Wisconsin's public-sector expenditures from 1912 to 1934 was 144 percent—from \$23 to \$56 (WT, October 15, 1936). The *Wisconsin Taxpayer* attributed this increase to "contractors demanding that new roads be built, parent teachers' associations demanding that more money be spent for schools, real estate boards demanding more public improvements, public employee associations demanding increases in salaries" (ibid.: 1). In the early 1930s, as debate over La Follette's relief bill indicated, a proportion of those funds provided relief for the unemployed. But by 1933, federal funds began to support relief and public works programs, easing the burden on state and local taxes. With federal funds flowing in and recession abating, rhetorical assaults on public-sector workers quieted. Still, the "truce" between sides was an uneasy one. The quotation from *Wisconsin Taxpayer* that inspired this article warned, in 1939, that while circumstances had replaced the lid on Pandora's box, the "evils" of public-sector growth were still inside.

Small government activism in Wisconsin in the 1930s did not follow precise party lines. It coalesced around one faction of the Republican Party—the Stalwarts—but

included a variety of ad hoc antitax groups. While the new economic perspective that came to be known as neoliberalism was already brewing in Europe (Jones 2012; Peck 2010), the concepts that animated it did not inform Wisconsin activists' thinking. Their criticism of the state was rooted in older laissez-faire doctrines: regulations interfered with markets, taxes burdened business, state programs threatened liberty and bred dependence. As these business owners observed with distress the unprecedented growth in state programs under the New Deal, they formed organizations, such as Wisconsin Manufacturers Association and the WTA, to represent their views.

Emergent European neoliberalism of this period was critical of such perspectives, which its adherents saw as a mindless commitment to laissez-faire. As intellectual historians have shown, the Great Depression led many early neoliberals to accept the need for a significant state role in providing a safety net and sustaining market order (Jackson 2010; Jones 2012: 3; Peck 2010; Phillips-Fein 2009). This view, which found its fullest expression in Freiburg School of Ordoliberalism, was in fact much closer to that of Wisconsin's "conservative progressives," many of whom had ties to Germany and may have been exposed to such ideas.

Try as they might, Wisconsin's Stalwarts could not gain traction for their small government views during the Great Depression. This was a period when many intellectuals and citizens held classical free market liberalism responsible for the economy's crisis. Citizens perceived proponents of fiscal conservatism like the Stalwarts to be offering stale and discredited solutions to dire new problems. Of equal importance, after the election of Franklin Roosevelt, Wisconsin progressives who had engaged in creative acts of state building in their own backyards received substantial new support from national politicians. The New Deal political apparatus in Washington generated and popularized new ways of thinking about the state's role in the economy and provided resources to build institutions and programs around them. Temporality mattered, as policy makers sought *new* solutions to problems many citizens felt reigning ideologies and practices had created. And the connection to a successful national-level political project bolstered the ability of local progressives to build a new government repertoire at the state level.

### Consolidating a New Governance Repertoire: 1940s–1960s

For the nation, World War II was a watershed moment in the growth of government. According to tax historian Elliott Brownlee, the back-to-back crises of the Depression and World War II "created huge demands for taxation that would produce new revenues, redistribute social power, and reallocate the tax burden" (Brownlee 2006: 21). The US government collected a variety of temporary and excise taxes in the eighteenth and nineteenth centuries, and the Sixteenth Amendment authorized a federal income tax. But in the early twentieth century, only about 2 percent of American households paid income taxes. Even during periods when the government needed revenues, such as World War I, it could not administer the tax on a mass basis because more than a third of citizens were farmers or self-employed and there was no way of discovering

their identities or income. This did not change until the Social Security program began collecting such data in the 1930s. With the Revenue Act of 1942, Roosevelt parlayed new wartime taxes into permanent support for government programs and newly available federal records made effective tax collection possible. As a result, the number of taxpayers grew from 3.9 million in 1939 to 42.6 million in 1945, and federal income-tax collections rose from \$2.2 billion to \$35.1 billion. By the end of the war, nearly 90 percent of workers submitted income-tax returns, and about 60 percent of the labor force paid income taxes (ibid.: 24).

These taxes funded an array of programs that regulated the economy and supported the US citizenry. With new resources and new popular support, the government put into place labor regulations to govern hours of work and wages and to establish the right to join a union. It introduced business regulations that restructured the banking industry and broke up public-utility holding companies. It devised a Social Security program that provided resources for old age and for widows and orphans of workers. It provided state resources for rural electrification, fostered farm ownership, and gave work to the unemployed. The new programs excluded many citizens: Most African American farmers did not benefit from the farm bills and domestic and agricultural workers (largely African American and also disproportionately female) were excluded from the National Labor Relations Act. Nevertheless, Roosevelt and his allies forged a new vision of what government could do to improve the everyday lives of its citizens, and an unprecedented governance repertoire designed to make that vision a reality.

As World War II began, the pages of the *Wisconsin Taxpayer* registered a discernable shift in attitude. In 1943, the editors admitted that their worst fears about the permanent dependency of the unemployed on relief had been disproven: “Wartime employment brought to light interesting facts about the ‘relief question.’ The WPA [Works Progress Association] worker did not continue in idleness but found useful employment in wartime activity” (WT, July 1, 1943). In early 1944, the magazine devoted five issues to explaining various public assistance programs and how they worked, with little critique or complaint. As New Deal institutions became part of American life, even those members of Wisconsin’s business community who had been most critical of government expansion seem to have adjusted to new realities. Their stance shifted from blanket skepticism to a guarded approval of state activities they felt provided development and stability, and from strident criticism to calls for audit improvements, cautious spending, lower property taxes, and a “pay as you go” fiscal policy.<sup>2</sup> The state experienced a short-lived lull in the ongoing struggle over the size and scope of government.

As US hegemony and the Cold War bolstered economic growth through the 1950s, and a growing tax base kept up with demands for state services, debates over the size of government remained muted. Growth, in Daniel Bell’s words, acted as a “political

2. In the fiftieth anniversary edition, editors of *Wisconsin Taxpayer* reported that while in its early years the magazine had vociferously advocated reduced government spending and taxes, they later abandoned this approach because WTA’s reports were seen as biased. After this policy change, they claimed, the WTA attempted to provide objective research in support of tax policy (WT, February 1982).

solvent,” by providing the means to finance social welfare expenditures and defense without reallocating income (1976: 238). This was true in Wisconsin as well as the nation. The state’s economy blossomed, from manufacturing on the shores of Lake Michigan to the paper mills of the Fox Valley and the dairies and vegetable farms in between.

But during what seemed to be a hiatus, some intellectuals were hotly debating the issue of the public sector. Scholars at Austria’s Mont Pelerin Society and in the University of Chicago Economics Department worked to systematize a new version of economic liberalism that would present an alternative to Keynesianism and social democratic principles. They sought to do more than oppose state expansion, working to articulate a positive vision and a reform agenda (Jackson 2010: 134). Their movement was a political as well as an intellectual one. Friedrich Hayek labored to build a “transnational network of sympathetic business founders and ideological entrepreneurs who ran think tanks” and to cultivate journalists and politicians who would popularize these “neoliberal” frameworks (Jones 2012: 4, 18). These efforts created what Verta Taylor has called a movement in “abeyance”—a social movement that manages to sustain and reinvent itself through unreceptive periods to mount a challenge in another period (1989). While the ideas brewing in Mont Pelerin and Chicago had little impact on concrete political programs at the high point of the US New Deal and of social democracy in Europe, “an increasingly confident group of ... scholars, businessmen, and policy entrepreneurs developed and refined a radical set of free market prescriptions” that would be on hand for future decades (Jones 2012: 7).

## Public-Sector Conflict in the 1970s

Beginning in the 1960s, the tone of the debate about the public sector, both nationally and in Wisconsin, began to shift. Even as the War on Poverty expanded, the social safety net and social movements advocated further state investments, frameworks brewing in conservative think tanks like the American Economic Foundation and the Liberty Fund and organizations like the John Birch Society began to gain a wider audience (*ibid.*: 160). Translating and circulating the concepts of economists like Hayek and blending them with libertarian themes, these groups reopened the question of whether a strong state was corrosive of the free market and individual liberty, and what its size and scope should be. Ronald Reagan’s 1964 Republican National Convention speech—in which he proclaimed that the US welfare state had broken with the nation’s founding principles and represented a threat to freedom as significant as Soviet communism—marked this change. In the mid-1960s, faced with deficits from expanding social programs and the Vietnam War, Lyndon Johnson appealed to Congress for tax increases. Led by the powerful chair of the House Ways and Means Committee, Wilbur Mills, Congress refused more funds until the administration agreed to more than \$6 billion in spending cuts. This maneuver, which left LBJ with the reputation of having sold out the poor to pay for the war, signified the

rising power of advocates of government “austerity” within a broader framework of ascendant neoliberalism (Zelizer 1998: 1).

As small government conservatism gained strength in the 1960s and 1970s, taxation reemerged as a site for debating the size and role of the state. According to the president of the WTA, the baby boom generation was “building homes, building subdivisions, needing streets, needing sewers, needing schools, and by late ‘60s—needing universities.” This put pressure on local property taxes, which by the early 1970s in Wisconsin reached a historic high of 6 percent of personal income (Berry 2014). Businesses demanded tax breaks and activism against the property tax resurged. In Racine, Wisconsin, a group called S.O.S. (Stop Outlandish Spending) lobbied against a local school bond issue, leading to closure of at least one school (Williams 2014: 163). The WTA’s president argued that Wisconsin’s 1970s property tax protests rivaled those that more famously gave rise to Proposition 13 in California. Nevertheless, he contends that Wisconsin successfully “let the air out of the balloon” in 1973 by passing a property tax relief bill and a “machinery and equipment tax exemption” for business (Berry 2014).

Unlike those of the Great Depression, 1970s tax protests were not driven by property depreciation but by a rapid rise in property values and a modernization of the collection system that made appeal difficult (Martin 2002). As in California, Wisconsin protests were shaped by suburbanization and “white flight” of the postwar era, facilitated by programs like the GI Bill, the mortgage-interest tax credit, investment in highways and roads, and racially discriminatory zoning policies and redlining. As white, middle-class families moved out of cities, urban areas saw their tax base shrink. At the same time, a growing public perception that citizens were “consumers” of government services shaped perceptions of what was fair. As sociologist Clarence Lo has written about California’s antiproperty tax activism: “Affluent activists objected that their high property taxes did not pay for amenities that would enhance their own properties but rather went for welfare and other social programs for the poor and recent immigrants” (1990: 163). Antitax activists argued that huge amounts of “waste” could be cut from government budgets without affecting services (*ibid.*: 17). This form of antitax militancy had a racial dimension that in the Wisconsin case focused white, middle-class rural and suburban anger on Milwaukee, Racine, and other cities with larger African American and immigrant populations.

As in the Depression, the broader economic context of the 1970s set the stage for conflict over the public sector. Southeastern Wisconsin, like other northern US industrial regions, was struggling to hold onto its industrial base. Manufacturing firms coped with oil price shocks and a profitability crisis by moving operations abroad and lowered labor costs by outsourcing production. Emerging technologies offered previously unimagined possibilities for managing spatially dispersed global enterprises while new trade rules and financial practices, and protections for Western intellectual property and technology, made it easier for firms to abandon their US facilities for more lucrative arrangements elsewhere. Between 1979 and 1995, the Milwaukee-Racine metropolitan area—Wisconsin’s most vibrant industrial region—lost more than 35 percent of its manufacturing jobs (Bernhardt et al. 2004).

Roger Bybee has argued that capital's newfound mobility in the 1970s led to emergence of a new "business climate consensus" in Wisconsin. While firms in every era complained about the business climate, he claimed that the ability to move jobs overseas provided corporate elites with new leverage over public policy, setting "acceptability to business" as the leading criterion for judging any new initiative (Bybee 2011: 130–31). A key moment in forging this consensus came in the early 1970s, when the *Milwaukee Journal-Sentinel* commissioned a series of articles by University of Wisconsin business professor Jon Udell, which made the case that tax rates were key to company decisions about locating and expanding their operations. According to the Wisconsin Legislative Reference Bureau, Udell's articles were a major factor stimulating a business tax exemption for manufacturing machinery and equipment and the property tax relief bill of 1973 (State of Wisconsin Blue Book 1991–92).

These trends set the stage for a major confrontation over the public sector in 1974. In the wake of the 1973 oil crisis, inflation rates that year reached 12 percent and workers in many sectors struck for raises to compensate for the declining value of their salaries. While strikes by public workers were illegal, they had become more frequent over the past decade due to poor provisions for dispute resolution and inflation pressures. Between 1969 and 1974 there were ninety-one public-sector strikes; fifty of these involved teachers (Mertz 2015: 3).

The decade's most contentious strike took place in the Outagamie County town of Hortonville, Wisconsin, a village of 2,000 that was home to several paper mills. After months of stalled labor negotiations, Hortonville's eighty-eight teachers went on strike in March 1974. They were asking for a double-digit raise to compensate for the inflation rate. Administrators offered 1.2 percent. In response, the teachers walked out and the school district fired them (Schirmer 2016; Schneider 2012). The teacher's union contested the firings in court (eventually both state and federal supreme courts declared them to be legal). But the community response made this incident noteworthy. A group of local men calling themselves "The Vigilantes" swore vengeance against the teachers, hanging them in effigy and making death threats. One man walked into the teachers' union hall brandishing a six-shooter (Mertz 2015; Schneider 2012).

In the heated debate surrounding the strike, many residents were quick to disparage teachers. NBC Evening News interviewed citizens who claimed the walkout showed that teachers were "no good" and that "dumb" farmers are smarter than teachers" (NBC Evening News, June 12, 1974). The school board decried teachers' "lack of concern" for students, while teachers responded that the board's hiring of unqualified substitutes showed their lack of regard for student education (Mertz 2015). As Mertz has documented, many Hortonville residents were union members, including a large contingent of paper mill workers, but they saw strikes by public employees as fundamentally different. As one resident wrote to a local paper: "Teachers must remember that their employers are the people of these communities ... who are obliged to finance education by heavy taxes imposed on them—not impersonal wealthy corporations" (ibid.: 10). A broader debate about the public sector's role lay just beneath the surface.

The Wisconsin Chamber of Commerce took the Hortonville Strike as evidence of the “increasing scope and arrogance of the public employee monopoly.” Their growing clout, the chamber argued, meant that public employees could secure salary and benefit gains “higher and increasing at a more rapid rate than those paid to privately employed taxpayers” (quoted in *ibid.*: 11).

In 1976, teachers in Madison, Wisconsin, struck over salaries, evaluation mechanisms, health insurance, and class size—nearly 90 percent of teachers stayed out of work for ten days. To avert such strikes in the future, in 1977 the legislature passed a landmark mediation-arbitration law that made binding arbitration of bargaining impasses compulsory for nearly all state and municipal employees (Mulcahy and Ruesch 1980: 103). While the mediation-arbitration agreement provided a mechanism to resolve disputes between public workers and their employers, it did not permanently resolve larger questions surrounding the role of public-sector unions.

At the moment the tax protests and furious response to teacher strikes in Hortonville occurred, the small state worldview developed at Mont Pelerin and University of Chicago was beginning to gain traction in broader political culture. As Jones has argued, by the 1970s, the “Keynes-inspired policies that governments had relied on to deliver a golden age of prosperity after 1945 seemed exhausted” (2012: 1). The collapse of the Bretton Woods international monetary system in 1971, the 1973 oil embargo, escalating Vietnam War spending, and stagflation all contributed to a sense that the nation needed a new paradigm. As think tanks circulated themes of small government conservatism, the state’s involvement in the economy came to be seen as a cause of crisis rather than its solution.

As Jones also notes, neoliberalism slipped into the American context “under the radar, subsumed under the banner of rugged individualism or libertarianism,” and often mingled with other strands of American conservatism (*ibid.*: 9). Neoliberal policy positions had not yet achieved mainstream acceptance or become strongly entrenched in political parties and those who espoused them locally did not yet find material or intellectual support in the halls of federal government. Nevertheless, the view that something was profoundly wrong in America and that government had something to do with it flared up in grassroots activism. These views emboldened the antitax movement and laid groundwork for the business climate consensus. With limited institutional resources, proponents of the neoliberal project achieved only modest gains. The Wisconsin legislature adjusted property and business taxes, but at the same time, it gave public employees a powerful new tool to negotiate salaries and benefits.

### **Building a Neoliberal Governance Repertoire: 1980s–2008**

If the 1970s saw small-government conservatism begin to flex its muscles, the 1980s saw it develop its strength. The movement found a charismatic spokesperson in Ronald Reagan, frequently credited with ushering in a new era of neoliberal political practice

in the United States. In 1981, Reagan showed what this new era would mean for labor when he used the Taft-Hartley Act to fire striking air traffic controllers and break their union. Reagan promoted tax cuts as a move to take money out of the hands of government and give it to average Americans. He then used the threat of deficits to justify cutting safety-net programs and government investments. The era's enthusiasm for small government was reflected in Grover Norquist's well-publicized 1985 founding of Americans for Tax Reform, with its mantra about shrinking government until it could be drowned in a bathtub.

During the 1980s, Wisconsin's Republican Governor Tommy Thompson introduced an array of new initiatives that, to use the language of Foucault, imposed a market grid on nonmarket spheres (2008: 240), reconfiguring government programs to meet tests of supply and demand, efficiency, and cost, rather than broader political and social aims. Implementing plans developed by conservative think tanks, Thompson initiated state-level welfare reforms that provided a model for Clinton's 1996 national reform, and that led to the dismantling of the state's cash welfare program. Milwaukee's Bradley Foundation and the Heritage Foundation also provided him with templates for the nation's first school voucher program. These programs were examples of what Peck and Tickell (2002) have called "roll-out" neoliberalism, which seeks to stabilize or entrench market principles through the introduction of new institutions, policies, and governmentalities.

Thompson's experiments continued through the 1990s, and the strong growth of that decade muted some of their social effects. Welfare-to-work policies hurt poor families less when there were jobs to be found and wages were rising. The resources that vouchers siphoned from school systems were less damaging than they would be when the economy ceased expanding. But that changed when the economy sank into recession in the following decade. The 2003 recession hit Wisconsin hard—particularly the southeastern cities. The far-worse 2008 downturn was deeper in Wisconsin than nationally and left the state trailing the US average in GDP growth, job growth, and wage growth (WT, September 2010: 1). The state downsized its responsibilities in response. According to the WTA, the state's tax burden fell from thirteenth greatest in the nation to twenty-sixth in 2007. Per capita public-sector employment fell from 1997 to 2008, leaving the size of state and local government 8.2 percent below the national average (WT, October 2009, February 2010).

## **The 2011 Wisconsin Uprising as a Battle over the Public Sector**

By 2011, Wisconsin was battered by these consecutive downturns, but its fiscal house was still in relatively good order. The budget was in deficit, but it was not the worst shortfall the state had seen (Ivey 2011). Wisconsin's public employee pension plan was one of a handful in the nation that was fully funded (Pew Charitable Trust 2012). Republican gubernatorial candidate Scott Walker had campaigned on a platform of moderate reforms. But once elected, he unveiled an agenda that had been forged in conservative think tanks and in the American Legislative Exchange



Council (ALEC)<sup>3</sup>—and that challenged both the rights of public-sector workers and the size and scope of government programs.

Walker's 2011 Budget Repair Bill, announced in February, effectively ended collective bargaining rights for public-sector unions—restricting them to bargaining over wages and limiting any raises negotiated to the rate of inflation. Under the guise of solving a budget shortfall, it prohibited negotiations over benefits, work rules, health and safety issues, work hours, shifts and overtime, grievance procedures, and seniority provisions. The bill also required all unions to gain 51 percent of the votes of all members, not just those voting, in yearly recertification campaigns. It eliminated arbitration rights and prohibited unions from collecting dues through payroll deduction.

While the public's immediate response to Act 10 focused on its implications for unions, it soon became clear that the dispute was—at its heart—a disagreement about the role of the public sector in the economy. Walker and other defenders of Act 10 argued that public services did not contribute to the state's economy and, in fact, were detrimental to it. Republican Senator Tom Coburn's response to the Wisconsin protests summarized this view: "Government employees, although they're fabulous and they overall do a great job, produce no net economic benefit in our country. Matter of fact, they produce a net negative economic benefit" (Tsing 2011). Walker drew on a rhetoric that called public employees "tax-eaters" who were "dependent" on the state (Manhattan Institute 2010: 6) and argued that the recession required austerity—society could no longer afford a government of the size and scope that citizens had come to expect.

The broader nature of the debate was reflected in the crowds that showed up to protest the measure. The tens of thousands of public workers who came to the capitol square were joined, not just by private-sector union members, but also by citizens who valued state and local government services and saw them as threatened by the attack on workers who provided them. The sense that the protests were a referendum on the public sector deepened when the governor released his budget in March, which included severe cuts to many state programs, including schools. Speaking of the protests, which continued through the spring and on several occasions drew as many as 100,000 people, one labor organizer said:

I think what was clear was that people really understood this to be an attack, not just on unions—that wasn't even the main thing. It was really an attack on public services, on public workers, and an attack on democracy.... Going up to the Capitol and living at those protests, I saw people that I knew from lots of different areas of my life that I would not associate with being involved in union protests or labor protests.... A lot of people responded because they saw this as an attack on their children's teachers—the people they count on every day. (Keillor 2014)

3. Michael Grebe, President and CEO of the Bradley Foundation, was Walker's campaign manager in 2010; he also headed of Walker's transition team. On the connection to ALEC, see Cronon (2011).

A speech at the Capitol in February 2011 illustrated what many of the protestors perceived to be at stake. A schoolteacher told the crowd: “They say I produce nothing. But I produce engineers and doctors, accountants and scientists, nurses and architects.” In speeches and in the signs they carried, the crowds echoed this theme. They spoke of their reliance on the services state and local government workers provided and the centrality of these services to their quality of life and daily survival. This discourse did not contradict, but reinforced, the labor message of the protests because the public workers who were losing their labor rights provided the services that were being cut by the austerity budget.

The state’s governor and legislature clearly disagreed with this view. Walker’s first line of argument was economic necessity. He argued that Act 10 gave local governments “tools” to bring budgets under control by releasing them from the terms of collective bargaining with public employee unions—mainly teachers’ unions. He argued this was necessary because the state faced an unprecedented budget crisis. In his 2011 State of the State address he declared: “Let me be clear, we have an economic and fiscal crisis in this state that demands our immediate attention” (State of Wisconsin, Office of the Governor 2011a). And in his Budget Address that same spring: “The facts are clear: Wisconsin is broke and it’s time to start paying our bills today” (State of Wisconsin, Office of the Governor 2011b).

Like his predecessors in the 1930s and 1970s, Walker spoke of the need to improve the state’s business climate. He argued that cutting government services would reduce tax burdens while reallocating state spending toward the business sector. The governor used a discourse of dependency that disparaged public workers in terms reminiscent of the 1930s. He claimed public employees were overpaid and dependent on tax dollars paid by private-sector workers. “We can no longer live in a society,” he declared, “where the public employees are the haves and the taxpayers who foot the bill are the have-nots” (Channel 3000.com 2010). He offered Wisconsinites a “beggar thy neighbor” logic that said: Why should someone else have these benefits if you don’t? Why should you pay for public workers to have secure retirements when you don’t have that luxury?

Finally, like his counterparts in the 1930s, Walker expounded on the notion that government was corrosive to liberty. In his January 2011 inaugural address, he proclaimed: “Our rights as free people are given by our Creator, not the government. Among these rights is the right to nurture our freedom and vitality through limited government.” And: “What is failing us is the expanse of government. But we can do something about that starting today.” Quoting Ronald Reagan, he continued: “There’s a clear cause and effect here that is as neat and predictable as a law of physics: as government expands, liberty contracts” (State of Wisconsin, Office of the Governor 2011b). Walker’s rationale for cutting government resonated with that of other national-level politicians in the state. In his televised response to President Obama’s 2011 State of the Union Address, Senator Paul Ryan proclaimed: “We believe, as our founders did, that the pursuit of happiness depends upon individual liberty and individual liberty requires limited government” (Ryan 2011).

Wisconsin business leaders did not necessarily speak in these terms. In interviews, past and present leaders of Wisconsin Manufacturers and Commerce, Wisconsin Economic Development Association, and WTA expressed support for Walker's initiatives and felt he had increased investor confidence and improved the state's business climate. But when asked about the public sector's role, they articulated very different themes. All acknowledged the need for government to play a role in the economy, not just in building roads and bridges, but also in providing a stable regulatory environment, a high-quality workforce, essential services, a safety net, and supportive programs for business. A former head of Wisconsin Manufacturers and Commerce (WMC) said: "You can have a regulatory system that's as strict as you want it; if it's fair and predictable and doesn't change with every administration, that's what [businesses] are looking for—the stability" (Haney 2014). Several business leaders saw a need for the state to provide countercyclical stimulus. The current head of WMC offered: "The public sector is important in some instances where you need to get an economy jump-started" (Bauer 2014). In these interviews, business leaders invoked precepts about sound finance that sounded much like those of the 1930s. Almost every individual quoted Oliver Wendell Holmes's adage that "taxes are what we pay for a civilized society." They expressed a desire for government to be efficient and streamlined and for regulation to be fair and consistent. They also expressed concern about the state's aging workforce and the need for reliable and affordable energy. Their comments on the size and scope of government resembled those of conservative Progressives of the 1930s more than those of contemporary small government think tanks and national-level conservatives.

The Wisconsin protests failed in overturning Act 10, or—after a major 2012 campaign to do so—in recalling the governor. In fact, Walker was reelected in 2014 by a comfortable margin. He succeeded in drastically limiting public workers' rights to bargain collectively, and dealt a severe blow to public-sector unions. The state's three AFSCME councils, which had 63,000 members in 2010, merged in 2015 after membership dropped to fewer than 20,000 (Verburg 2015). The Wisconsin State Employees Union went from 22,000 dues-paying members to fewer than 10,000 (Adshead 2013). The state's main teacher's union, Wisconsin Education Association Council, lost 16,000 of 98,000 members from 2011 to 2013 (Richards 2014). Total labor union membership, in both public and private sectors, dropped to 8.3 percent of Wisconsin workers in 2015, down from 14.2 percent in 2010 (US Department of Labor 2015). Unlike the Stalwarts and tax reformers of the 1930s, and the Hortonville Vigilantes of the 1970s, Walker succeeded in taking back from the public sector the funding, rights, and institutional resources built up over previous decades.

By the time of Act 10 and the 2011 protests, conservative activists at the national level had built strong platforms for the dissemination of small-government ideas and policies. The Tea Party wing of the Republican Party with its wealthy donors, as well as ALEC, the Bradley Foundation, the Manhattan Institute, and the McIver Institute, provided frameworks and funding for Scott Walker and for the 2010 electoral sweep that brought Republican majorities to both of Wisconsin's legislative bodies. In the words of WTA President Todd Berry: "There is no question that the national political

environment is driving the state political environment to a much greater degree than it used to” (Berry 2014). While still perceived as political “outsiders” contesting big government, politicians like Walker had a national base of support that allowed them to successfully pursue a program of change. In 2011, that included reducing the state’s responsibility for public worker benefits, imposing stiff new requirements on public-sector unions, and implementing severe cuts to safety-net programs.

## Conclusion

Why does “state phobia” (i.e., small-government conservatism) gain traction in some times and places and not others? The example of Wisconsin provides some insight into that question. The first part of the answer is that temporality matters. Economic crises are moments when governance repertoires become unstable and create openings for change. In the decades-long debate over the public sector, the ability of small government conservatives to influence responses to these crises was shaped, in part, by the role they were perceived to have played in creating them. As Sewell and Krinsky suggest, political projects to alter governance repertoires have an eventful temporality. Blyth makes the same point succinctly: “In understanding the role of ideas in institutional change, sequence is everything” (2002: 44). In his account of the political changes of the 1930s and 1970s, Blyth argues that social movements of the 1930s constituted what Austrian economist Karl Polanyi called a double movement (2001 [1944]). They pressured the state to develop new policies and programs that protected citizens from the economy’s violent uncertainties. As neoliberal political rationality gained strength and institutional ballast over the course of the twentieth century, its proponents began what Blyth calls a “counter double-movement,” working to dismantle the protective institutions and programs and thus to disembed (or in their terms “free”) market forces (2002: 5).

The three cases of conflict over the public sector described here can be understood in relation to this historical sequence. During the Great Depression, New Dealers succeeded in pinning blame for economic crisis on unregulated markets, and on the business community, creating an opening to experiment with welfare state institutions. Progressive interests in Wisconsin gained traction due to their connection to this durable political project at the national level. A substantial portion of the citizenry saw the protests of Stalwarts and antitax activists as backward looking and mired in failed solutions of the past. This is not to say that dominant paradigms can never weather a crisis. Neoliberalism’s survival of the 2008 economic crisis is but one counterexample. But arguments for doubling down on economic models in place when the Great Depression began faced headwinds.

For the next three decades, while proponents of a strong and active state constructed a new governance repertoire in the halls of power, small government advocates worked in think tanks and political movements to systematize and promote the political rationality we now call neoliberalism. The frameworks they developed were not all that different from older forms of economic liberalism, and they encompassed a great

deal of variation. But when the US and global economy faltered in the 1970s, the movement's intellectual entrepreneurs began to gain a hearing. They could promote small government and market fundamentalism as a "new" approach to governance. In the 1970s in Wisconsin, this new political rationality inspired grassroots antigovernment activists to attack teachers and protest taxes, but without strong institutions providing support, they did not yet achieve major changes in rights and governance repertoires.

In the wake of the Great Recession of 2008, events unfolded differently. Small-government conservatives and neo-Keynesians offered competing interpretations of the causes of the crisis and the best way forward. Those on the left argued that the neoliberal policy shift that began with the Reagan administration was the problem, while those on the right pointed to the Obama administration's stimulus plan as evidence that government remained too large. At the local level, this debate was resolved by power, and specifically by local actors' access to what Harvey has called "class projects" at the national level.

The importance of connections to larger political projects is evident across the three periods. In the early twentieth century, Wisconsin was a breeding ground for progressive ideas and institutions. Its politicians and intellectuals gained national reputations and developed strong relationships with individuals and institutions in Washington. Power flowed in both directions—Wisconsinites arguably influenced national politicians' visions of what it was possible and desirable for the state to do, but these national-level connections also bolstered the ability of the state's politicians to construct strong programs for regulating the economy and supporting citizens. When small government ideas were promoted by nascent neoliberal think tanks and circulated by business lobbies and conservative political organizations in the 1970s, local groups receptive to this message mounted tax protests and challenged striking public workers. But they did not receive the kind of material support from national-level political figures or institutions that allowed them to challenge and reconfigure the local governance repertoire.

By 2011, the context had changed significantly. Local actors who sought to "shrink the state" found backing not just in the national Republican Party and the Tea Party but a host of other well-financed national entities. These included ALEC, which offered templates for new legislative initiatives; a densely interconnected web of think tanks including the Bradley Foundation, Heritage Foundation, Manhattan Institute, McIver Institute, and Cato Institute; and a growing network of extremely wealthy donors freed by the Supreme Court's *Citizen's United* decision to fund a shifting set of issue organizations that funded both political campaigns and governance initiatives. Once again Wisconsin political figures—this time those on the side of small government—were well networked on the national political scene. Among others, Reince Preibus chaired the Republican National Committee, Paul Ryan played a leadership role in the party, Michael Grebe ran the nationally influential Bradley Foundation, and Eric O'Keefe was a founder of the Tea Party movement (Mayer 2016). As Scott Walker and state legislators crafted plans to roll back public-sector workers' rights and slash the state budget, they counted on abundant national support—backing that proved

crucial, for instance, in allowing Walker to survive the recall campaign mounted in response to his actions.

As countless scholars have shown, economic ideas play a powerful role in shaping our institutions and governance practices. Nevertheless, this comparison of three periods of contestation suggests they do not do so in the disembedded way some political entrepreneurs might suggest. Concepts and frameworks matter, but it is never simply a matter of “effective messaging” or “getting the framing right.” Governance repertoires have material, social, and discursive dimensions. Political actors do not develop blueprints in a vacuum, but within networks of social relationships, resources, and power. Like every other formative debate concerning the polity, the debate over the size and scope of the public sector is tied to “class projects” as these manifest themselves at the national and local level. Governance repertoires are made up of more than ideas. They are never simply technocratic but inextricably connected to these power dynamics and their historical trajectories.

## References

- Adshead, Kirsten (2013) “Public union membership plummets two years after Act 10.” *Wisconsin Reporter*, July 17.
- Appleton Post-Crescent (1940) “Tax official says rising costs threaten liberty.” January 11.
- Ashton, Robert (1973–74) “The 1911 Wisconsin Workmen’s Compensation law: A study in conservative labor reform.” *Wisconsin Magazine of History* 57 (2): 123–40.
- Bauer, Kurt (2014) Author interview, Madison, WI, April 15.
- Beito, David T. (2009) *Taxpayers in Revolt: Tax Resistance during the Great Depression*. Auburn, AL: The Ludwig von Mises Institute.
- Bell, Daniel (1976) *The Cultural Contradictions of Capitalism*. New York: Basic Books.
- Bernhardt, Annette, Laura Dresser, and Joel Rogers (2004) “Taking the high road in Milwaukee: The Wisconsin Regional Training Partnership,” in David Reynolds (ed.) *Partnering for Change: Unions and Community Groups Build Coalitions for Economic Justice*. New York: M. E. Sharpe: 231–48.
- Berry, Todd (2014) Author interview, Madison, WI, May 23.
- Blyth, Mark (2002) *Great Transformations: Economic Ideas and Institutional Change in the Twentieth Century*. New York: Cambridge University Press.
- Brownlee, W. Elliott (2006) “Social philosophy and tax regimes in the United States, 1763 to the present.” *Social Philosophy and Policy* 23 (2): 1–27.
- Bybee, Roger (2011) “The role of corporations,” in Mari Jo Buhle and Paul Buhle (eds.) *It Started in Wisconsin: Dispatches from the Front Lines of the New Labor Protest*. London: Verso: 127–43.
- Capital Times (1931) “Clashes mark ‘big business’ attack on jobless relief plan.” December 8.
- Channel 3000.com (2010) “Walker renews call for union concessions.” December 7. [www.channel3000.com/news/Walker-Renews-Calls-For-Union-Concessions/8312034](http://www.channel3000.com/news/Walker-Renews-Calls-For-Union-Concessions/8312034) (accessed March 3, 2014).
- Clemens, Elisabeth S., and James M. Cook (1999) “Politics and institutionalism: Explaining durability and change.” *Annual Review of Sociology* 25: 441–66.
- Conant, James K. (2006) *Wisconsin Politics and Government: America’s Laboratory of Democracy*. Lincoln: University of Nebraska Press.
- Cronon, William (2011) “Who’s really behind recent Republican legislation in Wisconsin and elsewhere.” *Scholar as Citizen Blog*, March 15. [scholarcitizen.williamcronon.net/2011/03/15/alec/](http://scholarcitizen.williamcronon.net/2011/03/15/alec/) (accessed March 20, 2011).
- Daly, Lew (2008) “What would Jefferson do? How limited government got turned upside down.” *Dissent* 55 (3): 59–66.

- Foucault, Michel (2008) *The Birth of Biopolitics: Lectures at the Collège de France, 1978–79*, trans. Graham Burchell. London: Palgrave-MacMillan.
- Haney, James (2014) Author interview, Madison, WI, June 27.
- Harvey, David (2005) *A Brief History of Neoliberalism*. Oxford: Oxford University Press.
- Ivey, Mike (2011) “We do have a budget problem, but not a crisis.” *Capital Times*, February 18. [host.madison.com/news/local/govt-and-politics/analysis-we-do-have-a-budget-problem-but-not-a/article\\_90196216-3b66-11e0-a327-001cc4c03286.html](http://host.madison.com/news/local/govt-and-politics/analysis-we-do-have-a-budget-problem-but-not-a/article_90196216-3b66-11e0-a327-001cc4c03286.html) (accessed February 19, 2011).
- Jackson, Ben (2010) “At the origins of neoliberalism: The free economy and the strong state, 1930–1947.” *The History Journal* 53 (1): 129–51.
- Jones, Daniel Stedman (2012) *Masters of the Universe: Hayek, Friedman, and the Birth of Neoliberal Politics*. Princeton, NJ: Princeton University Press.
- Kasperek, Jonathan (2006) *Fighting Son: A Biography of Philip La Follette*. Madison: Wisconsin Historical Society Press.
- Keillor, Douglas (2014) Author interview, Madison, WI, March 25.
- Keynes, John Maynard (2016 [1936]) *General Theory of Employment, Interest, and Money*. Seattle, WA: Stellar Classics.
- Krinsky, John (2011) “Neoliberal times: Intersecting temporalities and the neoliberalization of New York City’s public-sector labor relations.” *Social Science History* 35 (3): 381–422.
- Krohm, Gregory (2011) *Workers’ Compensation: Wisconsin Pioneers the Nation’s First Constitutional Workers’ Compensation Law*. Report, International Association of Industrial Accident Boards and Commissions.
- Lo, Clarence (1990) *Small Property versus Big Government: Social Origins of the Property Tax Revolt*. Berkeley: University of California Press.
- Manhattan Institute (2010) *President’s Year-End Update*. New York: Manhattan Institute.
- Margulies, Herbert (1968) *The Decline of the Progressive Movement in Wisconsin, 1890–1920*. Madison: State Historical Society of Wisconsin.
- Martin, Isaac William (2002) *The Permanent Tax Revolt: How the Property Tax Transformed American Politics*. New York: Cambridge.
- Mayer, Jane (2016) *Dark Money: The Hidden History of the Billionaires behind the Rise of the Radical Right*. New York: Doubleday.
- Mertz, Adam (2015) “The 1974 Hortonville teacher strike and the public sector labor dilemma.” *Wisconsin Magazine of History* (Spring): 2–13.
- Mirowski, Philip (2014) *Never Let a Serious Crisis Go to Waste: How Neoliberalism Survived the Financial Meltdown*. New York: Verso.
- Mulcahy, Charles C., and Gary Ruesch (1980) “Wisconsin’s municipal labor law: A need for change.” *Marquette Law Review* 64 (1): 103–32.
- NBC Evening News (1974) “Teachers’ strike—Wisconsin.” June 12. Vanderbilt Television News Archive, [tvnews.vanderbilt.edu/program.pl?ID=477156](http://tvnews.vanderbilt.edu/program.pl?ID=477156) (accessed April 30, 2015).
- Peck, Jamie (2010) *Constructions of Neoliberal Reason*. New York: Oxford.
- Peck, Jamie, and Adam Tickell (2002) “Neoliberalizing space.” *Antipode* 34 (3): 380–404.
- Pew Charitable Trust (2012) “The widening gap update.” Report, June 18. [www.pewtrusts.org/en/research-and-analysis/reports/0001/01/01/the-widening-gap-update](http://www.pewtrusts.org/en/research-and-analysis/reports/0001/01/01/the-widening-gap-update) (accessed March 12, 2013).
- Phillips-Fein, Kim (2009) *Invisible Hands: The Making of the Conservative Movement from the New Deal to Reagan*. New York: Norton.
- Polanyi, Karl (2001 [1944]) *The Great Transformation: Political and Economic Origins of Our Time*, 2nd paperback ed. New York: Beacon.
- Richards, Erin (2014) “Diminished in wake of Act 10, two teachers unions explore merger.” *Milwaukee Journal Sentinel*, January 7.
- Ryan, Paul (2011) House of Representatives, Committee on the Budget, Speeches and Statements. “Remarks of Congressman Paul Ryan (R-WI).” January 25. [budget.house.gov/news/documentsingle.aspx?DocumentID=221249](http://budget.house.gov/news/documentsingle.aspx?DocumentID=221249) (accessed March 11, 2011).

- Schirmer, Eleni (2016) "When solidarity doesn't quite strike: The 1974 Hortonville, Wisconsin teachers' strike and the rise of neoliberalism." *Gender and Education* 29 (1): 8–27.
- Schlesinger, Arthur M. (2003) *The Coming of the New Deal: 1933–1935 (The Age of Roosevelt, Vol. 2)*. Boston: Houghton Mifflin.
- Schneider, Christian (2012) "The strike that changed Wisconsin." *Milwaukee Journal Sentinel*, September 11. [www.jsonline.com/news/opinion/the-strike-that-changed-wisconsin-1f6qgi4-169392356.html](http://www.jsonline.com/news/opinion/the-strike-that-changed-wisconsin-1f6qgi4-169392356.html) (accessed May 4, 2014).
- Sewell, William, Jr. (2008) "The Temporalities of Capitalism." *Socio-Economic Review* 6 (3): 417–37.
- Skocpol, Theda (1992) *Protecting Soldiers and Mothers: The Political Origins of Social Policy in the United States*. Cambridge, MA: Harvard University Press.
- State of Wisconsin Blue Book (1991–92) "Property tax and the business climate." Madison, WI: Wisconsin Legislative Reference Bureau: 144–57.
- State of Wisconsin, Office of the Governor (2011a) Scott Walker 2011 State of the State Address, February 1. [walker.wi.gov/newsroom/speech/excerpts-governor-walkers-state-state-address#sthash.iaewJhgu.dpuf](http://walker.wi.gov/newsroom/speech/excerpts-governor-walkers-state-state-address#sthash.iaewJhgu.dpuf) (accessed March 15, 2012).
- (2011b) Scott Walker 2011 Budget Address, March 1. [walker.wi.gov/newsroom/speech/2011-budget-address#sthash.BZG6XxKO.dpuf](http://walker.wi.gov/newsroom/speech/2011-budget-address#sthash.BZG6XxKO.dpuf) (accessed March 15, 2012).
- Taylor, Verta (1989) "Social movement continuity: The women's movement in abeyance." *American Sociological Review* 54 (5): 761–75.
- Tsing, Nin-Hai (2011) "Tom Coburn: Government employees are a drag on the economy." *Fortune*, March 7. [fortune.com/2011/03/07/tom-coburn-government-employees-are-a-drag-on-the-economy/](http://fortune.com/2011/03/07/tom-coburn-government-employees-are-a-drag-on-the-economy/) (accessed April 2, 2011).
- US Department of Labor, Bureau of Labor Statistics (2015) "News release: Union membership in Wisconsin—2015." [www.bls.gov/regions/midwest/news-release/unionmembership\\_wisconsin.htm](http://www.bls.gov/regions/midwest/news-release/unionmembership_wisconsin.htm) (accessed November 8, 2015).
- Upham-Bornstein, Linda (2009) "The taxpayer as reformer: 'Pocketbook politics' and the law, 1860–1940." PhD diss., University of New Hampshire.
- Verburg, Steven (2015) "With dues depleted, Wisconsin's three AFSCME councils merge." *Wisconsin State Journal*, May 1. [host.madison.com/news/local/govt-and-politics/with-dues-depleted-wisconsin-s-three-afscme-councils-merge/article\\_136e2e6e-c63a-503b-8aa5-ad4586ba9e1d.html](http://host.madison.com/news/local/govt-and-politics/with-dues-depleted-wisconsin-s-three-afscme-councils-merge/article_136e2e6e-c63a-503b-8aa5-ad4586ba9e1d.html) (accessed November 8, 2015).
- Williams, Naomi R. (2014) "Workers united: The labor movement and the shifting US economy, 1950s–1980s." PhD diss., University of Wisconsin—Madison.
- Wisconsin Taxpayer (1933–2015) Madison, WI: Wisconsin Taxpayers Alliance.
- Witte, Edwin E. (1936) "An historical account of unemployment insurance in the Social Security Act." *Law and Contemporary Problems* 3 (1): 157–69.
- Zelizer, Julian E. (1998) *Taxing America: Wilbur D. Mills, Congress and the State, 1945–75*. New York: Cambridge.
- (2000) "The forgotten legacy of the New Deal: Fiscal conservatism and the Roosevelt administration, 1933–1938." *Presidential Studies Quarterly* 30 (2): 331–58.