



National Right to Work Committee®

Fact Sheet

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A COALITION OF EMPLOYEES AND EMPLOYERS

109th Congress

Right to Work Supporters' Hopes For Floor Votes on National Right to Work Act Are Far Higher in the 109th Congress

On February 1, 2005, Rep. Joe Wilson (R-S.C.), along with 20 original cosponsors, introduced legislation (H.R. 500, the National Right to Work Act) in the U. S. House of Representatives to repeal federal labor-law provisions that authorize the firing of employees for refusal to pay dues to a union.

A Senate version of the bill (S. 370) was introduced by Senator Trent Lott (R-MS) on February 14, 2005.

President George W. Bush and the top leaders of both chambers of Congress are all on record in favor of forced-dues repeal.

With the White House's backing, congressional Right to Work supporters now have a window of opportunity to initiate a debate over whether federal labor policy should favor compulsory financial support for unions.

The National Right to Work Act would not add a single word to federal law. It would simply repeal five provisions in the National Labor Relations Act (NLRA) and one in the Railway Labor Act (RLA) that authorize the firing of workers for refusal to pay union dues or "fees" to union officials.

The National Right to Work Act would return to workers the freedom to decide as individuals whether or not a labor union, like any other private group, deserves their financial support.

Forced Dues Compound Injustice Of Forced Union Representation

Compulsory union dues are actually only half of a double-pronged attack on employee freedom by federal labor law.

Under the NLRA and RLA, individual employees subject to forced-dues payment are also barred from bargaining with their employer on their own behalf as well as from being

represented by any organization other than their federally-sanctioned "exclusive" bargaining agent.

The fact is, as thousands of complaints filed with the National Labor Relations Board (NLRB) every year by abused workers attest, many union officials systematically abuse their monopoly bargaining power.

For example, in one NLRB complaint recently reprinted in the newsletter Labor Relations Ink, a metal worker in Golden, Colo., charged that he had been fined \$50,000 by his union monopoly bargaining agent for exercising his legal right to resign from the union and return to his job during a strike. His hourly pay at the time was \$17.29!

Under current law, employees who are subject to such abusive tactics by union officials cannot withhold dues in protest – that is, stop paying for forced-union representation that is obviously contrary to their best interest – unless they are prepared to be fired from their jobs.

In addition to workers who are singled out for punishment by vengeful union officials, countless others are harmed simply because their talents don't serve Big Labor's agenda.

And pro-forced unionism intellectual Richard Rothstein, a fellow at the AFL-CIO-funded Economic Policy Institute in Washington, D.C., has even conceded that Big Labor-negotiated contracts usually have the effect of "reducing pay of the most productive workers."

Big Labor's Use of Forced Dues For Politics Dwarfs Acknowledged Federal Contributions

Citing Department of Labor reports and the Bureau of National Affairs, the National Institute for Labor Relations Research calculated that union officials filing federal disclosure forms collect \$7.0 billion in forced-union dues from workers every year. Overwhelmingly, these are private-sector workers, subject to the forced-dues provisions in federal law.

Organized Labor devotes a huge portion of its forced-dues income to politics.

Prior to the 2002 elections, the AFL-CIO levied a special dues hike on millions of workers to finance well-publicized \$35 million media and get-out-the-vote campaigns targeting mainly opponents of compulsory unionism in Congress.

These represented only the tip of the iceberg.

The bulk of union politicking is "under the table" – in the form of hidden "soft money" contributions such as phone banks, politically-oriented mail, and "loans" of paid union staff to select politicians.

Because unions are not required to report most "in-kind" contributions, it is not possible to calculate the exact scale of Big Labor's forced-dues politicking.

However, independent experts agree that union "in-kind" expenditures dwarfed Organized Labor's \$142 million in so-far reported contributions to federal candidates and union

boss-controlled "527" advocacy groups, which seek to influence federal elections through voter mobilization and "issue" ads, in 2003 and 2004.

Noted journalist Victor Riesel, a personal friend of long-time AFL-CIO chief George Meany, argued persuasively in a series of syndicated columns that unreported union campaign expenditures are worth up to 10 times as much as the reported cash contributions.

"[N]oncash contributions consist of staff time – meaning union officials who are assigned to campaigns for months on end – printing costs, postage, telephone and various other support services financed entirely with compulsory union dues and fees," explained Mr. Riesel.

The Riesel formula puts the total value of Big Labor's hidden 2003-2004 federal slush fund at \$1.4 billion, overwhelmingly derived from forced dues and "fees"!

When confronted directly with Mr. Riesel's formula, union officials act deeply offended, but refuse to provide even an estimate of the value of their total "in-kind" campaign spending. At the same time, union officials' own offhand statements and published reports suggest that, as applied today, the Riesel formula remains pertinent in current politics.

Consider the following:

The total value of paid staff time for federal-ly-reporting unions alone (which excludes most public-employee unions) is \$3 billion a year, or nearly \$12 million per working day.

And a host of public statements by union officials themselves confirm that a large share of paid union staff time is devoted to partisan politics and lobbying.

For example, several AFL-CIO officers told *The New York Times*, in effect, that thousands of union organizers ceased their organizing activities for several months in 2000 to focus solely on electing and reelecting their favored politicians.

As reporter Stephen Greenhouse summarized their admission, "[U]nions organized fewer members last year because they threw so much money, energy and manpower into electoral politics."

All by themselves, the forced-dues-funded salaries and benefits of union staff while they are on political assignments would come to hundreds of millions of dollars each election year.

In February 2000, an AFL-CIO spokesman confirmed for *Washington Post* reporter Frank Swoboda that the \$40 million that the national AFL-CIO umbrella organization had announced it planned to spend on "in-kind" support for last year's federal campaigns did "not include any money spent by the federation's 68 member unions."

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*- Victor Riesel
Noted Journalist, Union Insider*

The total revenue of the AFL-CIO itself is under 5% of the revenue of the AFL-CIO's international affiliated unions (not to mention the revenue of thousands and thousands of state and local union subsidiaries).

And the officers of most of the larger international affiliates, such as the Teamsters, the American Federation of Teachers, the American Federation of State, County and Municipal Employees, and the Service Employees International Union, are at least as politically active as AFL-CIO officers themselves.

Therefore, Mr. Swoboda's report logically puts the total value of the AFL-CIO conglomerate's 1999-2000 federal slush fund in, at the least, the billion-dollar range.

Regulatory Approach Benefits Lawyers, Bureaucrats, Union Officials

The issue is not that union officials play politics – it is that they play politics with other people's money. Millions of Americans are forced, because they are compelled to pay union dues, to subsidize someone else's political agenda on pain of being fired for refusing.

This injustice can only be addressed by eliminating the forced-dues provisions in federal law, thus making dues payments voluntary and giving individual employees effective influence over how their money is spent.

Proposals to address the problem by giving union-represented workers merely the option to seek partial refunds of dues used for politics are doomed to failure. They ultimately reaffirm the system of compulsory unionism that is the root of the problem and force workers to enlist the help of lawyers and bureaucrats to retrieve money that should never have been taken from them in the first place.

"The union struggle is not against employers. It's against workers. One way you see this is to ask: Who gets beat up or killed during a strike? It's not owners or management; it's workers who've disagreed with the union and wished to work."

*- Walter Williams
Syndicated Columnist*

Compulsory Unionism Damages Competitiveness, Destroys Good Jobs

Moreover, remedies that focus solely on the political abuse of forced-union dues convey the false message that it is somehow less unjust to force workers to pay for hate-the-boss propaganda with which they disagree than for "in-kind" contributions to candidates they don't support.

Compulsory unionism itself violates the dignity of the individual worker, regardless of how the forced-union tribute is spent.

As the late Nobel Prize-winning economist Friedrich A. Von Hayek wrote, "[T]he coercion which unions have been permitted to exercise . . . is primarily the coercion of fellow workers."

Walter Williams, a respected economist and syndicated columnist, has been more blunt.

"The union struggle is not against employers," Mr. Williams wrote. "It's against workers. One way you see this is to ask: Who gets beat up or killed during a strike? It's not the owners or management; it's workers who've disagreed with the union and wish to work."

The coercive powers union officials wield courtesy of federal labor law not only rob individual employees of fundamental freedoms, but exert a damaging and corrupting influence on work places, the economy, and other aspects of everyday American life.

Union officials routinely wield their monopoly bargaining power to secure contracts full of wasteful and inefficient work rules that lead to payroll padding and job featherbedding.

Such practices, even as they enhance the union bosses' power by bringing more dues-payers under their control, drive business costs sky-high, and push some employers into bankruptcy, destroying jobs with the firms that created them.

Right to Work Creates Jobs, Higher Real Income

State Right to Work laws (now 22 in number) greatly mitigate the harm caused by federally-sanctioned union monopoly.

These laws protect private-sector employees from being fired under the forced-dues provisions in federal labor law. They also bar forced-union tribute in state and local government employment.

When employees' productivity and earning power are hamstrung by counterproductive union work rules, Right to Work laws empower them to fight back by withholding financial support for the union.

Therefore, it's not surprising that Right to Work states as a group consistently enjoy faster growth in jobs and personal income than non-Right to Work states.

Consider:

Right to Work states enjoyed a net 24% increase in non-farm, private-sector jobs between 1993 and 2003 (the last year for which figures are available), according to the U.S. Labor Department. Forced-unionism states registered only a 14% gain during the same period. Meanwhile, real personal income grew by 37% in Right to Work states, compared to 26% in forced-dues states.

Oklahoma is excluded from the above analysis because it passed the nation's 22nd state Right to Work law in September 2001. Between 2000-2001 and 2002-2003, Oklahoma's constant-dollar median-household income increased by \$779, while the national median fell by \$1014 as a result of the 2001 recession and subsequent slow recovery, according to the U.S. Census Bureau. During the same period, the Sooner poverty rate dropped by 1.5 percentage points, while poverty increased by 0.8 percentage points nationwide.

"The weighted average adjusted household income in [metropolitan areas] in Right to Work states is \$50,571; the weighted average adjusted household income in [metropolitan areas] in forced-unionism states is \$46,313"

*- Barry W. Poulson, Ph.D.
Professor of Economics
University of Colorado
Boulder, Colorado*

Census data also demonstrate that America's economic base continues to shift to Right to Work in recent years. **Voting with their feet, a net total of nearly two million Americans moved from non-Right to Work states to Right to Work states just since April 1, 2000.**

A study published in 2000 by Dr. James T. Bennett, a professor for George Mason University's Nobel Prize-winning Economics Department, demonstrated that real disposable income in metropolitan areas in Right to Work states is higher than in forced-unionism states' metro areas, where the cost of living, including state and local taxes, was at that time on average 15% higher.

Dr. Bennet's study determined that, in 2000, the mean two-income household in a Right to Work state had nearly \$2000 more in after-tax purchasing power than its counterpart in a non-Right to Work state.

Reinforcing Dr. Bennett's findings, a study published in January 2005 by Dr. Barry Poulson, a professor at the University of Colorado and former president of the North American Economics and Finance Association, demonstrates that real disposable income in metropolitan areas in Right to Work states is still higher than in forced-unionism states' metropolitan areas, where the cost of living, including state and local taxes, is currently on average 18% higher.

If cost-of-living differences are taken into account, the average metropolitan-area household in a Right to Work state has nearly \$4300 more in after-tax purchasing power than its counterpart in a non-Right to Work state, concluded the study.

(To determine the averages, Dr. Poulson weighted metropolitan areas based on the number of households they include.)

Dr. Poulson also concluded that Americans seeking to improve their living standards have a far easier time finding jobs in higher-income areas in Right to Work states than they do in higher-income areas in forced-unionism states.

Ironically, a cost-of-living index, created by one of the American Federation of Teachers' (AFT) veteran researchers, Dr. F. Howard Nelson, is helping confirm Dr. Poulson's independent findings. The more than 1.3 million member AFL-CIO affiliate's numbers cruncher calculated his "Interstate Cost-of-Living" Index (which can be downloaded at <http://www.aft.org/salary//2002/download/SalarySurvey02.pdf> -- see page 13) because it is sometimes in the AFT's interest to make accurate comparisons of teachers' earnings in different states.

Of course, neither Dr. Nelson nor the AFT hierarchy intended for the index to be used to calculate relative living costs in Right to Work states, where employees may not be fired for refusal to join or pay dues to a union, and non-Right to Work states. Nonetheless, the latest version of Dr. Nelson's index shows that the typical family in non-Right to Work New York must take in 34% more in nominal income to secure the same standard of living as a family in Right to Work Texas.

Meanwhile, it costs a family in non-Right to Work California 25% more dollars to live equally as well as a family in Right to Work Florida.

Non-Right to Work New Jersey is 27% more expensive to live in than Right to Work Virginia.

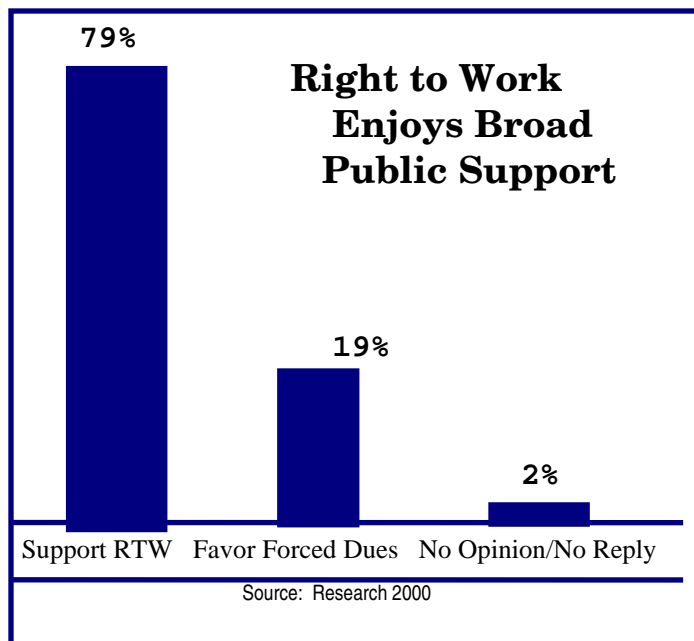
A 2004 study by the National Institute for Labor Relations Research (NILRR), "Real Earnings Remain Higher in Right to Work States: Fresh Evidence From the AFL-CIO," employs the cost-of-living differences documented by the AFT, differences in tax burdens calculated by the nonpartisan Tax Foundation, and raw weekly earnings reported by the Business News Association and the Public Service Research Foundation to compare real, spendable earnings in Right to Work and non-Right to Work states.

The NILRR study (available at www.nilrr.org) finds that, after adjusting for cost of living and total taxes, the mean weekly earnings of full-time employees in Right to Work states in 2001 was \$469, compared to just \$444 in non-Right to Work states.

Public Opinion Strongly Supports End to Forced Unionism

For decades, national opinion polls have shown that the American people believe it is wrong to force an employee to pay union dues in order to work and feed his or her family.

A 2004 national opinion survey by Research 2000 showed that 79% of Americans who regularly vote in federal elections support employees' Right to Work whether or not they choose to affiliate with a union.



Opinion surveys taken in 2001, 2000, 1997, 1995, 1993, 1984 and 1980 showed virtually identical results.

And every time Congress has voted on a forced-unionism issue, going back nearly 40 years, the result has been a gain in support for Right to Work after the next election cycle.

For example, in 1996, the Senate voted for the first time on the National Right to Work Act.

Although the measure was defeated and Big Labor went on to spend an estimated half-a-billion dollars or more trying to buy the

1996 elections, the end result was a net gain of five Right to Work supporters in the Senate by early 1997.

Recorded votes on the Right to Work Bill in 2005 or 2006 would likely prove even more effective at mobilizing freedom-loving citizens to "convert" or oust forced-unionism proponents in Congress, because President George W. Bush is publicly committed to signing such legislation.

The record shows that the American people want an end to federally-authorized compulsory union dues, and only Congress can do that. It's the congressional opponents of Right to Work who will have to explain their actions if they prevent the Right to Work Bill from reaching Mr. Bush's desk.