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# FACT SHEET

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## Five Reasons Why Vermont Should Enact a Right to Work Law

### 1. Freedom to Associate Also Means Freedom Not to Associate

The average man on the street, as well as constitutional scholars, understands that any genuine personal right should include the freedom to refrain from exercising that right.

But federal labor law, like many state laws that are modeled after it, doesn't protect employees' freedom in the commonly accepted sense of the word.

It recognizes the right to join a labor union, but does almost nothing to protect those who don't want labor union affiliation.

Contrary to the false claims that Organized Labor and other advocates of forced unionism sometimes make, labor union officials can choose to *represent only their members* and allow non-members to bargain for themselves. An August 2007 legal brief filed with the National Labor Relations Board (NLRB) by the United Steelworkers of America (USWA) and six other large, AFL-CIO-affiliated unions openly acknowledged that such "members-only" bargaining has been permissible under federal law for decades. And a January 2008 NLRB petition filed by lawyers for the entire six million-member "Change to Win" union conglomerate, which broke off from the AFL-CIO in 2005, acknowledged the same thing.

However, since the early 1960's, union officials have rarely tried to exercise their members-only option. Instead, union organizers have focused their efforts on obtaining recognition from the employer as the monopoly-bargaining agent of all the employees in a so-called "bargaining unit." Private-sector monopoly bargaining is authorized and promoted by both the National Labor Relations Act (NLRA) and the Railway Labor Act (RLA).

Under monopoly bargaining, employees lose the individual right to bargain for themselves over their wages, benefits, and work rules, and must allow a union agent to negotiate in their stead, like it or not. This is the foundation of compulsory unionism.

And once union officials have rejected their members-only option and exploited NLRA or RLA provisions to seize monopoly power over private-sector employees, they then use that power as an excuse for demanding that the employer acquiesce to a contract forcing workers to pay union dues or “agency” fees to get or keep a job. Such demands are abetted by federal law and many state laws that authorize and promote the firing of employees for refusal to join or pay dues to an unwanted union.

This is just plain wrong.

What impact does the so-called “representation” have on workers who don’t want it? As academic allies of Big Labor and union officials themselves have admitted repeatedly over the years, all too often the best workers are actually harmed by monopoly bargaining.

For example, Richard Rothstein, a veteran researcher for the AFL-CIO-funded Economic Policy Institute and former New York *Times* columnist, has written in a review article that “union . . . negotiated contracts reduce wage dispersion . . . by reducing pay of the most productive workers.” Harvard economist Richard Freeman, arguably the leading academic apologist for forced unionism in the U.S., has also openly acknowledged that union officials have been “very successful in removing performance judgments as a factor in determining individual workers’ pay.” In the August 2007 legal brief cited above, a team of union lawyers actually wrote that nonunion employees “benefit” from members-only bargaining, because it leaves them “free to bargain individually, without union representation.” And in June 2012 Big Labor lobbyists successfully pressured a 54-45 majority of U.S. senators into opposing an appropriations amendment that would have allowed employers subject to union monopoly-bargaining agreements to reward their best workers with pay increases based solely on their merit, without first receiving union officials’ permission.

People should not be forced to contribute or pay dues to an organization that they do not wish to belong to, whether it’s a church, the Girl Scouts of America, or a labor union.

Today, there are roughly 10.5 million working Americans who, under federal and state laws, must pay dues or so-called “agency” fees to union officials on pain of being fired, and in exchange are typically receiving lower wages and/or less job security than they would if they were representing themselves.

However, 24 states have constitutional amendments or statutes that apply the freedom-to-refrain principle to labor-management relations by outlawing the forced payment of dues or fees as a condition of employment.

If a worker’s freedom to affiliate with a labor union merits government protection (and the overwhelming consensus is that it does), then it should follow that the freedom *not* to affiliate with a labor union also merits protection.

By protecting employees from both employers and union officials who would deny them freedom of association, a Vermont Right to Work law would prevent the exploitation of employees as a means to anyone's end. But policies currently in effect in Vermont authorize termination of workers for refusal to pay dues or fees to an unwanted union. These policies promote Big Labor exploitation of workers.

## **2. Right to Work Bolsters Job Creation, Personal Income Growth**

In addition to freeing roughly 31,000 workers who are currently forced to pay union dues as a condition of employment, a Vermont Right to Work law would be good for the state economy.

Study after study shows that states that have passed Right to Work laws have a huge advantage in creating jobs and expanding their economies.

Because independent-minded employees have the power to penalize Big Labor's irresponsible class-warfare tactics by resigning from a union and withholding their dues, in Right to Work states union bosses must rein in their militancy.

Businesses are thus naturally inclined to locate new jobs in and, when feasible, transfer existing jobs to jurisdictions where the Right to Work is protected.

Rutgers University professor Leo Troy, the preeminent labor economist in America, observed in a 2006 study that "right-to-work laws are strongly correlated with faster growth in jobs and personal income."

In a journal article published in early 2010, Ohio University economist Richard Vedder, the author of more than 100 academic papers as well as several books and a specialist in labor, taxation and education issues, reported his finding that there is a "very strong and highly statistically significant . . . positive relationship between" Right to Work laws "and economic growth."

As recently as 1970, 28.5% of Americans lived in Right to Work states, noted Vedder. By 2008, the "proportion" had risen to nearly 40%. And "the most important reason for the increase in the percentage of the U.S. population" living in Right to Work states has been "a huge migration of persons" from forced-unionism states "to those allowing greater personal liberty with respect to employment."

Adjusting U.S. Commerce Department data for interstate differences in living costs with the help of an index calculated by the nonpartisan Missouri Economic Research and Information Center (MERIC), in 2012 Right to Work states had an average per capita disposable income of \$37,665, or roughly \$2300 more than the aggregate average for forced-unionism states and nearly \$5300 higher than the average for Vermont alone. And academic studies carried out by economists and financial specialists over the past three decades have repeatedly shown that households in Right to Work states nationwide have higher cost of living-adjusted incomes.

For example, a study by Dr. Barry Poulson, an economics professor at the University of Colorado (UC) in Boulder and past president of the North American Economics and Finance Association, compared cost of living-adjusted household incomes for all the metropolitan areas located entirely in a Right to Work state (or states) or a non-Right to Work state (or states) for which data are available on the CD ROM *2004 MSA Profile*, from Woods and Poole Economics in Washington, D.C.

Poulson found that, when the number of households in each metro area is factored into the equation, the average cost of living-adjusted household income in Right to Work state metro areas in 2002 was \$50,571, compared to \$46,313 in non-Right to Work state metro areas.

Research by AFL-CIO-affiliated scholars reveals a similar Right to Work advantage, though union bosses naturally downplay the finding.

Data furnished in the American Federation of Teachers (AFT/AFL-CIO) union's "Survey and Analysis of Teacher Salary Trends 2002," published in July 2003, showed that on average, living costs (excluding all taxes) are roughly 15% higher in non-Right to Work states than in Right to Work states. Once Bureau of National Affairs data on mean weekly earnings in the 50 states are adjusted for cost of living, using the AFT index, and taxes, they reveal that real, spendable 2001 earnings were on average 5.6% higher in Right to Work states.

### **3. Right to Work's Benefits Reach Citizens at All Income Levels**

In addition to protecting the freedom of association and promoting economic development, a Vermont Right to Work law would be an anti-poverty program with a proven record of success.

Economists of all political stripes know that a buoyant employment market is especially beneficial to job-seekers who are striving to pull themselves and their families out of poverty. In a more vibrant economy, those just entering the work force find jobs more quickly and can command higher wages when they do.

Therefore, it's not surprising that a far larger share of citizens in compulsory-unionism states must depend on federal welfare payments to get by than in Right to Work states.

According to U.S. Administration for Children and Families data, over the 2012 calendar year an average of just 6.3 per 1000 residents of Right to Work states were recipients of the principal federal welfare program (Temporary Aid to Needy Families, or TANF). Welfare dependency in Right to Work states that year was less than 60% as great as in Vermont and only 36% as great as in non-Right to Work states combined.

Furthermore, over the past four-and-a-half decades, Right to Work states have made far more rapid progress than non-Right to Work states in cutting poverty as well as welfare rolls. As Paul Kersey of the Midland, Mich.-based Mackinac Center for Public Policy noted in a 2007 study, between 1969 and 2000, poverty rates "dropped by 6.7 [percentage points] on average in right-to-work states, compared to a reduction of 2.0 [percentage points] in non-right-to-work states." During the recession and initially halting recovery of 2001 to 2006, poverty increased in Right to Work states, but increased more in non-Right to Work states.

It shouldn't be surprising that welfare dependency is substantially lower in Right to Work states, because overall real earnings are higher. In 2012, according to cost of living-adjusted U.S. Commerce Department data (the adjustments again being made according to MERIC's indices), the average total compensation per private-sector employee in Right to Work states was \$42,777 nearly \$13,400 higher than in Vermont and nearly \$200 higher than in forced-unionism states collectively.

#### **4. Without a Right to Work Law, It Is Basically Impossible To Prevent Forced-Dues Politicking by Union Bosses**

If Vermont's Legislature enacts a Right to Work law, Vermont workers and other citizens will have a brighter economic future. But that's not all. It will also ensure Vermont workers have a practicable right to refuse to contribute to political candidates they do not wish to support.

Every election year, forced union dues and "agency" fees finance phone banks, get-out-the-vote drives, and "volunteer" campaign organizing work by union staff who remain on the union payroll. The fact is that union bosses' direct PAC contributions to candidates are just the tip of the iceberg.

Well-informed political observers agree that the value of the union bosses' hidden forced-dues expenditures is far greater than that of all union and business reported PAC contributions to GOP and Democratic candidates combined. In a February 20, 2005 op-ed for the *Los Angeles Times*, Jonathan Tasini, former president of the AFL-CIO-affiliated National Writers Union and now a rabidly anti-Right to Work blogger and head of the Labor Research Association, a New York City-based consulting firm with a long list of Big Labor clients, spoke candidly about union officials' forced-dues politicking.

Tasini reported that several "union political experts" had told him "unions spend seven to 10 times what they give candidates and parties on internal political mobilization." So, said Tasini, "we're talking \$8 billion to as much as \$12 billion on federal elections alone" between 1979 and 2004.

And in many cases Big Labor bankrolls the campaigns of candidates workers oppose with their forced dues and fees. For example, as a post-2008 election wrap-up posted on the AFL-CIO web site accurately boasted, that year the "union movement put its full efforts into its largest political mobilization ever" in order to help "propel" Barack Obama and pro-forced unionism congressional candidates to victory. "Volunteers" organized and led by paid, full-time union staff made some "70 million phone calls," distributed roughly "27 million workplace flyers," and stuffed and posted an estimated "57 million union mail pieces."

Yet, according to the official 50-state presidential exit poll conducted by Edison Media Research (EMR) and cited by major national news organizations like CNN, 39% of union household members voted for the McCain-Palin ticket.

(While the original 2008 polls reported to the media by EMR and subsequently cited in news reports early Election Night were as in previous years generally off the mark, sometimes by a wide margin, experienced political observers consider the final exit poll to be highly credible.)

An estimated 10.4 million union household members voted for John McCain and Sarah Palin. Of these, roughly 80% -- or 8.3 million -- were either personally forced to pay union dues if they wished to keep their jobs, or had someone else who was so coerced in their households.

While Right to Work advocates have sought in the judiciary system for decades to curtail Big Labor's abuse of workers' forced dues to help elect and reelect politicians with whom they disagree, experience shows that state Right to Work laws are a far more effective means of combating forced dues for politics. Only by passing a Right to Work law can Vermont elected officials prevent union bosses from engaging in this outrageous form of political corruption with employees' conscripted dues and fees.

## **5. Right to Work Laws Deter Union Corruption**

The incestuous relationship between forced union dues and corruption was captured perfectly by the late U.S. Sen. John McClellan (D-Ark.): "Compulsory unionism and corruption go hand in hand." McClellan was referring to the corruption inherent within labor organizations that depend on the forced tribute of workers. Compulsory dues foster not only the misuse of union treasury funds for political purposes, but also union embezzlement, extortion, bribery, and bid-rigging. Since the late 1990's, seven international union presidents have been forced out of office after being implicated in felonies. And, according to the U.S. Labor Department's union-fraud unit, in Fiscal 2008 alone its investigations resulted in more than 100 convictions of corrupt union officials and their cohorts, primarily on charges related to embezzlement of workers' forced union dues and fees. However, "only a small percent of these crimes are detected," according to LaVern Duffy, former general counsel for the U.S. Senate Permanent Subcommittee on Investigations.

When an employee's Right to Work isn't protected, refusal to join or financially support a union he or she believes or knows to be corrupt can be grounds for dismissal. It shouldn't be surprising, therefore, that two scholarly studies of union corruption by journalist and labor-policy expert Carl Horowitz, issued in 1999 and 2004, found that union corruption is pervasive in non-Right to Work states, but relatively rare in Right to Work states. In a 2006 book-length expose of union corruption, lifelong union activist Robert Fitch explained the correlation this way:

"In the Western world, American unions like the Teamsters, the Longshoremens, UNITE, and the Laborers are the last refuge of premodern despotism. . . . More than any other single factor, what turns them into realms governed by petty warlords is a lack of consent." Horowitz similarly concluded in his 1999 monograph, *Union Corruption: Why It Happens, How to Combat It*: "Union corruption occurs most frequently, and involves greater sums of money, in states without a Right to Work law." Acting individually or in groups, employees should have the option of punishing union bosses as soon as they see wrongdoing by withholding their dues.

Nothing here is to be construed as an attempt to aid or hinder the passage of any bill before the Vermont Legislature.