

# Policy Focus

## Unions Fail Women

RECIPES FOR RATIONAL GOVERNMENT FROM THE INDEPENDENT WOMEN'S FORUM

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### WHAT YOU NEED TO KNOW

Unions are supposed to represent workers' interests. Yet while unions increase compensation for their members, they create a less dynamic economy—and as such, increasingly fail to meet the true, long-term interests of workers. In particular, women pay a high price for this intervention.

While union workers on average receive higher pay than non-union workers, only some workers gain during this process—not all. For example, those (disproportionately female) workers who prefer less traditional work arrangements and would trade higher pay for more flexibility lose in union-created one-size-fits-all compensation regimes.

Unions' higher wages also create costs for the companies and consumers. Companies raise prices to compensate for higher employment costs. Unions make companies less competitive, which is why some union shops struggle to survive (and need taxpayer-financed bailouts to avoid bankruptcy). When businesses flounder, employees lose jobs.

In addition, the government's relationship with unions also takes a toll on the economy. Political corruption is inherent in these relationships, creating an unlevel playing field for non-union workers and a less dynamic economy.

At present, the federal government is advancing policies to encourage greater unionization. This is the wrong direction. A dynamic economy, in which new companies are created and existing firms expand, is the most important way to ensure workers have the variety of job opportunities that they want and need.

## WHY YOU SHOULD CARE

**O**ur economy is a mess. Unemployment is high. Government deficits are huge. And unions that protect out-dated employment models and work with government to fleece taxpayers are a big part of the problem.

Here's why you should oppose the latest push to give unions more power:

- **Overly-Generous Compensation Packages Make Our Companies (and Our Economy) Less Competitive:** Unions may succeed in gaining higher-than-average compensation packages for their members. However, high employment costs make companies less competitive and raise prices for consumers
- **Union Contracts Prevent the Flexibility Women Need:** Unions tend to negotiate one-size-fits-all compensation packages. Many women would prefer to have the flexibility to negotiate alternative working relationships.
- **Unions' Political Influence Is Corrupting and Bad for the Economy:** Unions give money to politicians, who then give sweetheart deals to unions. Unions work to reelect those politicians who are most generous with taxpayer money, creating a vicious, costly cycle. By encouraging waste and protecting inefficient and out-dated industries and companies, unions rob taxpayers, make our economy less competitive, and discourage the creation of sustainable jobs.

## MORE INFORMATION

### What Do Unions Do?

**P**eople like to think of unions as protecting workers from big businesses that might otherwise take advantage of employees. In the private sector, employers want to minimize compensation costs to make businesses more profitable and competitive. Unions enable workers to join together to secure fair compensation and safe working conditions from powerful employers.

That's how it's supposed to work, anyway!

However, today unions play an increasingly destructive role in our economy. Unions have become largely a political force, working with politicians (who they support with generous campaign contributions) to create rules that favor union workers and funnel taxpayer resources into union pockets.

In many cases, unions succeed in negotiating more generous benefit packages for members than the average non-union worker receives. However, these benefits come with high costs for the economy, consumers, taxpayers, and ultimately, often for workers themselves.

### Who Are Union Workers Today?

When most Americans hear the term "union workers," they think of men working on production

lines or in dangerous coal mines. Yet that's not an accurate picture of unions today.

According to the Bureau of Labor Statistics (BLS), less than 12 percent of American workers now belong to a [union](#)—down from more than 20 percent in 1983. As of 2010, there were 14.7 million wage and salary union workers. More than half of them (7.6 million) don't work for a company at all, but are government employees. That means that instead of negotiating with company executives, they negotiate with politicians (whose primary interest is to stay in power) in order to expand the size and scope of government, and thus, to increase the need for more unionized government employees.

### Unions Only Help Certain Workers

BLS data shows that among full-time wage and salary workers, union members' median earnings are 28 percent higher than non-union workers. Other [studies](#) that control for factors such as age, sex, education, and industry, find similar effects, with union workers earning between 15 and 25 percent more than similarly situated non-union workers.

However, while it's clear that unions benefit some workers, not all union workers are necessarily better off as a result of unionization. Union contracts tend to make it hard to fire or demote less productive workers. This may help some workers who might have otherwise lost their jobs. But it may also discourage companies from taking a chance on lower-skilled workers, with

companies instead hiring fewer, more productive workers. That's bad news for workers who need entry-level jobs.

Similarly, unionized pay schedules may benefit average employees, but by preventing companies from rewarding the best performers, some highly productive employees may be made worse off by their union contract.

### Union Rules Can Hurt Female Workers

Women are more likely than men to seek out part-time positions or non-traditional work relationships. Unionized contracts therefore can act as an impediment to giving women the flexible work opportunities they need.

For women who are already employed in union shops, this may mean that they simply have less freedom to create schedules that make sense for them. Those who would gladly trade higher pay for reduced hours may find that's impossible due to union rules. Women who aren't currently employed, but who are seeking part-time opportunities are likely to find that difficult in many union shops.

Union protocols can also deter women from entering or switching professions. As the Heritage Institute's [James Sherk](#) puts it, "unions function as labor cartels." They restrict the number of workers that an institution can employ, driving up wages for those in the limited labor pool. That's nice for those receiving higher wages, but bad news for those with fewer opportunities to work.

In highly unionized industries, like teaching, this means keeping many qualified women (or men) out of the job market. Across the country, union-negotiated rules tend to make it difficult (if not impossible) for school districts to hire the PhD math whiz that has been a stay-at-home mom but who now wants to teach part-time. Rules about certification and seniority benefit union members at the expense of other potential workers and students who would benefit from a more diverse, higher quality teaching force.

## Political Corruption

Increasingly, the most important dynamic in determining what union workers make isn't the balance between the union and companies. It's between *politicians* and unions.

As noted previously, today, most union workers get their paychecks from taxpayers. That means that politicians and government bureaucrats negotiate deals with government unions and decide how much union workers are paid and what benefits they receive.

These politicians' primary interest isn't the profitability of any enterprise or even making the most efficient use of their resources. Typically, they're focused on staying in power.

Ideally, that would mean providing citizens with efficient, effective services. But often it means pleasing the unions themselves. Unions are very politically

active, donating millions and providing legions of volunteers to work on campaigns and at polls for politicians "friendly" to government-union interests.

In other words, politicians who give generous deals to government-worker unions receive generous contributions back. Generous compensation packages therefore become a win-win for government workers and favored politicians, while the big losers are taxpayers who have to pay the bill.

Of course, it isn't just government employees who benefit from these corrupt political relationships. Politicians also work hard to steer taxpayer money to private sector unions. The American Recovery and Reinvestment Act of 2009, for example, empowered government officials to spend hundreds of billions of dollars on pet infrastructure and pork projects, an overwhelming number of which were contracted to union shops and workers (and the President's new "jobs" bill promises more of the same).

The federal government poured money into unionized auto companies to prevent mass layoffs, allowing them to hobble along. But since the auto companies' core problem—too-high labor costs—remains unaddressed, the long-term prospects of these companies (and these jobs) remain gloomy. Some workers may enjoy a few more years of oversized pay, but many would be better off making necessary career adjustments now. Certainly, the economy would be better off if resources flowed to

sectors where American companies are competitive, and to businesses that are creating economically-valuable jobs that will be there years from now. It is not, and should not be, the prerogative of government officials to determine which industries live and die; that should be up to the free market

## The Best Worker Protection: A Dynamic, Growing Economy

The United States faces a serious jobs crisis. Our official [unemployment rate](#) is 9.1 percent, but if we were to include discouraged and under-employed workers, a far higher number (16.2 percent of Americans) are facing hardship.

One reason why our economy is struggling is that it lacks flexibility, and too many of our national resources are being used to defend inefficient industries and jobs. Unions make this problem worse. Wasteful government spending increases the tax burden on America's private sector workers and adds to our ballooning government debt. Subsidizing union companies unfairly disadvantages non-union firms, discourages the creation of new start-ups, leads to higher prices for goods and services, and makes our economy less dynamic and innovative.

We all want workers to have good wages, benefits, and the flexibility to work in positions that meet their unique needs. Policymakers can best pursue that goal by returning power and resources to the private sector so that companies and individuals can channel resources to where they will

be put to best use. That will lead to more innovation, more start-ups, and a more dynamic, flexible economy that will create job opportunities for all.

### Government's Push to Grow Unions

In addition to showering money on unions in "stimulus" bills, the federal government is pushing policies to encourage greater unionization and disadvantage non-union workers.

The National Labor Relations Board recently targeted Boeing for attempting to open a \$1-billion factory in South Carolina, rather than in Washington State, where workers are unionized. Americans should be concerned about the federal government attempting to dictate where a company does business. Companies must be free to consider factors like labor costs when making business decisions.

The NLRB also issued a [194-page rule](#) requiring employers to display posters informing employees about the right to organize. NLRB proposed reducing the timeline between when unions file for an [election](#) and when the election must be held. And the Department of Labor is attempting to block small businesses from obtaining legal and other advice about how to talk to employees during a union organizing drive.

Frighteningly, it's unelected bureaucrats (not even our elected representatives) who are making these job-destroying decisions! This union cause is being advanced at a great cost to taxpayers and the economy, and needs to be stopped.



## WHAT YOU CAN DO

You can help fight for a free and dynamic economy!!

- **Get Informed:** Get the facts about government-worker unions. Visit:
  - The Independent Women's Forum ([www.iwf.org](http://www.iwf.org))
  - Union Facts (<http://unionfacts.org/>)
  - National Right to Work Legal Defense Fund ([www.nrtw.org](http://www.nrtw.org))
- **Talk to Your Friends:** Help your friends and family understand these important issues. Tell them about what's going on and encourage them to join you in getting involved.

- **Become a Leader in the Community:** Get a group together each month to talk about a political/policy issue (it will be fun!). Write a letter to the editor. Show up at local government meetings and make your opinions known. Go to rallies. Better yet, organize rallies! A few motivated people can change the world
- **Remain Engaged:** Too many good citizens see election time as the only time they need to pay attention to politics. We need everyone to pay attention and hold elected officials accountable. Let your Representatives know your opinions. After all, they are supposed to work for you!

## ABOUT THE INDEPENDENT WOMEN'S FORUM

The Independent Women's Forum (IWF) is dedicated to building support for free markets, limited government, and individual responsibility.

IWF, a non-partisan, 501(c)(3) research and educational institution, seeks to combat the too-common presumption that women want and benefit from big government, and build awareness of the ways that women are better served by greater economic freedom. By aggressively seeking earned media, providing easy-to-read, timely publications and commentary, and reaching out to the public, we seek to cultivate support for these important principles and encourage women to join us in working to return the country to limited, Constitutional government.

We rely on the support of people like you! Please visit us on our website [www.iwf.org](http://www.iwf.org) to get more information and consider making a donation to IWF.

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