

Will right-to-work nearby hurt Illinois?

By Jim Nowlan

Neighboring Michigan recently joined Indiana, Iowa and the South as “right to work” (RTW) states, over desperate opposition from organized labor. Will this hurt economic development efforts in Illinois? Probably, but don’t expect Illinois to join them.

The Taft-Hartley Act by Congress in the late 1940s, an anti-union piece of legislation, gave states the authority to allow workers to reject joining a union or pay union dues (thus these workers had the “right to work” anyway). Twenty-four states are now RTW states.

In Illinois and the other states, in companies where a labor union has collective bargaining rights, workers must join the union or have union dues deducted from their pay.

Unions consider this only fair, as the non-union members also benefit from a gains achieved by a union in collective bargaining agreements. The non-union members are called “free riders.”

Proponents of RTW contend the policy provides a worker the liberty to choose (and also attendantly weakens the power of the union).

Job growth has been greater in recent years in RTW states, according to its proponents. Illinois’ Caterpillar has not located any new plants in Illinois, instead putting them in southern, RTW states.

The U.S. Department of Labor shows that in 2012 employer cost per worker was \$28.15 in the Midwest, which was until recently mostly union shop. In the South, which are RTW states,

the figure was \$26.32. Of course, the cost of living may be lower in the South than up here and many other factors are at play, so these figures should be taken with a grain of salt.

After World War, with Japan and Germany on its knees, and China in turmoil, American factories could basically buy union peace through generous contracts and add the costs to the price of the products. A new middle class emerged.

Today, labor is a global commodity, with the labor costs much lower in China and developing nations. As a result, pressure on workers' wages here is downward, and companies like Caterpillar have exacted some contracts that are humiliating to unions, with two tier-wages (much lower for new hires) and give-backs from once proud unions.

Today private sector unions struggle and represent less than 10 percent of private-sector workers. On the other hand, public sector unions are doing well, such as teacher and state government employee unions.

Which brings me to Illinois state government. Ninety-eight percent of the employees under the governor's jurisdiction are members of unions, primarily the American Federation of State, County and Municipal Employees (AFSCME).

How did this come about?

Under ex-governor Rod Blagojevich, rich contracts were inked between his office and the unions. The deals increased employee pay by 36 percent during the past decade, not including step increases for longevity of service. At the same time, supervisory and management employees saw their pay frozen throughout the period. Indeed, their pay was cut, as they have been required to take unpaid furlough days.

So what did the supervisory employees do? Even though many disliked the idea, they joined the unions, to take advantage of the pay jumps. Many union employees are paid more than the few non-union employees who supervise them.

And that is what I think we should, in effect, do in union and non-union relationships. Employees would have the right to reject union membership and the dues that go along with that. But they would not be able to benefit from the wage and benefit gains achieved for the union membership through collective bargaining.

If a union were effective at collective bargaining, most non-union members would join or at least pay dues, to take advantage of the bargaining agreements.

A labor relations expert told me that he has heard—I guess no one knows for sure—that about 85 percent of employees in RTW states do pay dues where unions have been recognized. More would do so if it benefited them *only* if they paid the dues.

With Democrats in firm control of the Illinois legislature and governor's office, the opposite of Michigan and Indiana, RTW won't be enacted in our state anytime soon. If ever the balance of power in Illinois shifts, my idea of letting workers stay outside a union, but not receive any benefits of collective bargaining, may be a middle ground.