

TMG Update

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Labor Unions on Brink of Explosive Growth (by Tom Powell)

Labor unions half century long downward death spiral is about to end! Chart 1 shows that since 1955, the year that the American Federation of Labor (AFL) and the Congress of Industrial Unions (CIO) joined together in one labor federation, each year without fail, union membership as a percentage of the U.S. workforce has declined. The most recent U.S. Department of Labor statistics reported that in 2006, labor unions represented just 12% of the total U.S. workforce down from 36% when the AFL-CIO merged. In the private sector union membership plunged to 7.4%. While the U.S. workforce has expanded over the last 50 years, the number of employees who are represented by labor unions has hovered in the 15 million to 20 million range. In 2006, union membership declined to 15.4 million down from 20.1 million in 1983. As we entered the new century, traditional blue collar industries like auto making, steel and rubber have hemorrhaged union represented employees, further exasperating the potential demise of industrial based labor unions. As John Sweeney, the peripatetic

leader of the AFL-CIO has said, "If we don't make a greater effort to organize new members, the labor movement will soon be marginalized". Some labor leaders took Sweeney's words to heart in 2005, and bolted from the AFL-CIO forming a second labor federation called Change to Win (CTW), with a stronger commitment to organize new workers. Whether this divide and conquer approach will pay off has yet to be determined. Without the visible growth of labor unions in healthcare and the public sector, labor unions growth prospects would not be characterized as robust! With these grim realities facing labor unions why the cause for optimism?

2006 Mid-Term Elections

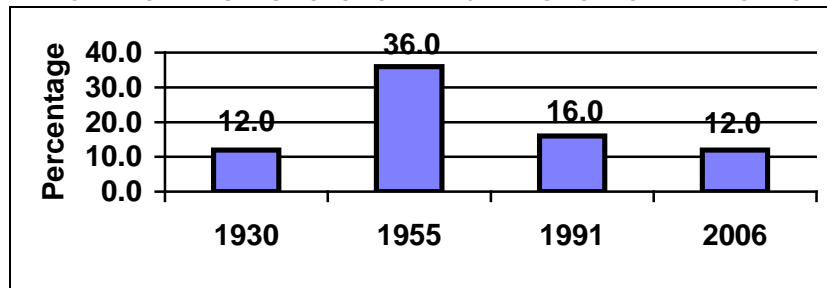
After spending mega millions of their members money on trying to elect a

Congress favorably disposed toward labor, in the 2006 mid-term elections, labor unions believe they have succeeded! Ignoring the impact that the Iraq war had on the elections outcome, both labor union federations are taking credit for electing a Congress they believe is favorably disposed to labors agenda. The reality is that for once the labor leadership could be right, because the leadership of both houses of Congress have shifted from pro business Republican leadership to pro labor Democratic leadership. This circumstance coupled with the continued decline in union membership raises the real possibility that some significant changes will be made in the National Labor Relations Act (NLRA), the federal Labor Law that governs how employees can de-

side whether or not they want to be represented by a labor union. With the 110th Congress stated legislative priority being passage of an increase in federal minimum wage legislation, passage of change to the NLRA legislation is next. Senator Kennedy and Representative George Michael have already sponsored legislation that, if passed and signed by the President, would change the way unions get selected to represent employees.

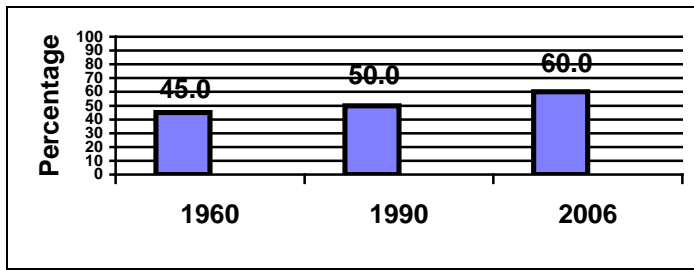
The *Employee Free Choice Act* would, if enacted, allow unions to gain the right to represent and bargain for appropriate groups of employees by simply having the majority of employees sign a union authorization card. Considering that the most common misconception about union representation is that

AMERICAN WORKERS IN UNIONS AS A PERCENTAGE OF TOTAL LABOR FORCE



Source: US Department of Labor
Bureau of Labor Statistics

UNION WIN RATES



Source: US Department of Labor
Bureau of Labor Statistics

union representation results in more money. Getting uninformed employees to sign union cards should be an easy task. Further, the representation process would be changed to allow the union to bargain with an employer over the particulars of how a card check would work, *before* the union was even designated as the collective bargaining representative of the employees in question, a provision that does not exist in the current selection process. If enacted, such change would greatly diminish the unions' use of the current provisions of the NLRA that the employees have the ability to make a free and uncoerced choice via the secret ballot election process. While Senator Kennedy pontificates that the Employee Free Choice Act, "would level the playing field for union organizing", the most recent NLRA statistics on secret ballot elections shows that unions in total win over 60% of these elections and in some select industries Labor Board statistics show that healthcare unions are winning over 70% of these secret ballot

elections. The unions' claim that the secret ballot election process does not work hardly stands the test of credibility. The reason the unions don't like the secret ballot election process is that it requires a lot of hard work on behalf of unions to campaign their position. Hard work is something labor union leadership is not disposed to do. Rather than work hard, what the labor unions want is an easier way to capture employees into the compulsory union membership trap. Compulsory union membership equates to a strong cash flow for unions and their leadership. That's really the core issue behind why unions are clamoring that they need an easier way to capture more union members because more union members means more money for labor unions and their leadership.

Will Card Check Pass?

After years of bankrolling politicians, can the unions expect a pay back in their efforts to change the NLRA? The answer is yes. Why? Because it's not only Democrats who owe a pay back to labor unions

for their increasing financial support – but the Republican members of Congress are more prone to support a change in the NLRA, not because a change is needed to make it easier for unions to gain new members, but to preserve the unions themselves as a necessary part of the fabric of U.S. industrial life. The Republican Senators and Representatives now have a politically correct position to support a change in the NLRA because by doing so, it will preserve and retain the existence of the union movement, as part of the U.S. workforce landscape. The potential exists that the Employee Free Choice Act could be passed by the 110th Congress. Even with a potential presidential veto there is a likelihood that a filibuster could be over ridden, like it was for the passage of the Taft-Hartley Amendments to the NLRA back in 1947.

With the passage of the Employee Free Choice Act employers last line of defense, the secret ballot election process, will be greatly diminished if not eliminated. Employers who wish to continue to run their businesses free of any third party

involvement will need to shift their management defense strategy to alerting their employees to their legal right to say "No Thanks" whenever they are approached by a union organizer to sign a union card. That employee information about the consequences of union representation coupled with a sound day-to-day management practice should create the environment where the employer may never be aware that his/her employees were targeted by a union organizer. Achieving that level of a positive direct cooperative working relationship works and works well regardless of what labor legislation says about how the employee might seek to be represented by some outside third party.

Will labor union membership increase?

Most likely it will, especially among employee groups, like the immigrant population, who do not understand American Labor Law. These are the most susceptible groups to the union misconception that signing a card will get more money. However, the potential exists that with a substantial increase in their cash flow many labor leaders will once again become even more complacent, thereby sowing the same seeds of their next decline in membership. To paraphrase, the old saying, "Those who cannot learn from history are doomed to repeat it". In the meantime, hang on for a wild ride!