

Mackinac Center editor's note: The author of this article described the Mackinac Center inaccurately as a "conservative" group that "promotes business interests." Those who know our 20-year history understand that our commitment is to the principles of liberty, sound policy and a market economy, which sometimes brings us into conflict with policies supported by many businesses.

Open-Shop Laws Threaten Unions

By Sharon Silke Carty, USA TODAY

DETROIT — Edward Sioui has always been able to make a living in Michigan without a college degree. So in July 2001, when his mom had a heart attack in Arizona, he figured it would be easy to pick up, move near her, and maybe enjoy living in a warmer climate for a while.

Exactly 364 days later, frustrated by his meager paychecks



By Rebecca Cook, Reuters

Chester Youmans, right, a retired autoworker still active in the UAW, joins in a rally this week seeking health care reform outside the Detroit location where union and GM negotiators are discussing new job contracts.

and sweltering in the desert heat, he and his wife, Debbie, headed back to Michigan.

He blamed his family's inability to make a living in Arizona on the state's open-shop, or right-to-work, laws, which hinder union growth. Even with cheaper housing, he couldn't make ends meet on \$12.25 an hour, and the work environment rankled him.

"You're not treated with any respect," Sioui says, who is happy to be back in Michigan even though he is currently laid off. "You're just dispensable, and they know it, so they treat you that way."

Sioui is among the blue-collar workers who are dismayed that business leaders and politicians are talking about making Michigan the country's 23rd state with an open-shop or right-to-work law. Right-to-work is the phrase union opponents use to describe what unions call open shops. Under such laws,

union membership is not required to get a job, and workers can choose whether they want to be in a union, even if a company is unionized. That makes it harder for unions to organize new members in already-unionized plants and makes it more difficult to bring unions to new sites. Ultimately, unions say, it means more non-union workers earning lower non-union wages.

That the discussion is even happening in Michigan, which ranks fourth in the nation for its number of union-represented employees, is dramatic. Union pride — and influence — runs deep here, the birthplace and current home base of the United Auto Workers. It's a state where holidays are extended by union days off, such as the Monday after Easter and a week around July Fourth. And where even non-unionized white-collar workers admit their wages and benefits wouldn't be where they are without the influence of the UAW.

Yet the issue has come up, including in the Michigan Legislature. And not at a good time for the UAW. Although in early stages — and perhaps without much hope for taking effect — the right-to-work movement is another pressure on the union, which has just launched negotiations on new contracts with Detroit's struggling automakers. The UAW and the automakers will spend the rest of the summer hashing out what may be monumental changes for union workers' wages, job security and health care benefits.

Proponents say a right-to-work law will help Michigan revive its economy because businesses will be more amenable to moving to the state. States with such laws, they argue, are among the fastest-growing in the country.

Waning hope

Michigan is a state that is quickly losing hope. It is in its longest stretch of job losses since the Great Depression, say economists at the University of Michigan. From 2000 to 2006, the state lost 336,000 jobs and is predicted to lose an additional 33,000 by the end of 2008. Its unemployment rate in June was 7.2%, the highest in the nation.

And the state's largest industry, automotive, shows little sign of turning around. Because of the cyclical nature of the auto industry, people in Michigan are used to economic ups and downs. But the downs are becoming longer-lived than the ups.

To regain some of its economic health, Michigan needs to attract different industries, such as alternative fuel production, health care and tourism. But right-to-work proponents say the strong union presence keeps new industry away. A weaker union base would help attract more businesses, they argue.

"We've got to do something bold, something dramatic," says Lawrence Reed, president of the Mackinac Center for

Public Policy, a conservative think tank in Michigan that promotes business interests. "This is the one best thing that can break the perception around the country that Michigan doesn't have a friendly work environment. Nothing would do that better than a right-to-work initiative."

Republican state Rep. Jack Hoogendyk introduced a right-to-work bill in March. It would change the state's closed-shop laws, which compel hourly employees in unionized workplaces to join the union. Although the bill likely won't go anywhere — it remains stuck in the Democrat-controlled House Labor Committee — there is a chance that a citizen's group could put a right-to-work initiative on the ballot.

"If Michigan were to become a right-to-work state, it would do a lot to move us in the right direction to become economically viable," Hoogendyk says. "Michigan has the most talented workforce, the best entrepreneurial spirit and work ethic. But the ones who make the investment decisions are not making the decision to come to Michigan."

The fact that lawmakers and business leaders feel comfortable introducing the idea of open-shop laws in Michigan demonstrates how much weaker unions already are in the state, which in the past dozen years has seen violence erupt over labor issues, as in the Detroit newspapers strikes in the mid-1990s. Job losses in the auto industry have trimmed UAW ranks to about 500,000 today from 1.5 million in 1979, making the union less of a threat as it shrinks.

Unions not sitting back

Still, the unions, which made up 19.6% of Michigan's workforce in 2006, aren't going to sit by and let the state enact rules that will weaken them. The day after Hoogendyk introduced his legislation, an e-mail from the AFL-CIO hit the inboxes of all of the state's representatives and staffers outlining the downsides to open-shop laws.

While UAW President Ron Gettelfinger dismissed the issue as a non-starter in Michigan, James P. Hoffa, president of the International Brotherhood of Teamsters, said his union is ready to fight.

"We will mobilize our members," says Hoffa, whose union has a smaller presence in Michigan than the UAW does. "Right-to-work causes divisions among the workers when the workers need to be united."

Oklahoma is the most recent state to enact open-shop laws. In 2001, with 8% of its population represented by unions, compared with a national average 12%, state Republicans took on the battle

to enact right-to-work with support of businesses including Wal-Mart (WMT), the state Chamber of Commerce, and most of the state's newspapers. Labor groups led the opposition. The two sides spent \$11.4 million in the showdown over a ballot initiative. Supporters of right-to-work painted the issue as one of individual liberty, arguing that workers should not be compelled to join a union if they don't want to. Opponents argued that the law would lead to lower wages and benefits.

The issue drew nearly a million votes, passing with 54% of the vote.

Since it became Oklahoma law in 2003, "The effect has probably been rather minimal, plus or minus either way," says Mickey Hepner, associate professor of economics at the University of Central Oklahoma.

Personal income in Oklahoma grew 7.6% last year, the third-highest growth in the nation, according to the Department of Commerce, but that was attributed to growth in the oil and gas industry, which has been in Oklahoma for decades. Businesses have invested \$2.5 billion in the state since 2001, according to the Oklahoma Department of Commerce, and about 28,000 jobs have been added.

Yet, there have been some big hits to the economy, as well. General Motors (GM) closed its Oklahoma City plant in February 2006, eliminating 2,000 jobs. Bridgestone Firestone closed its Dayton Tire plant in Oklahoma City in December. And the clothing manufacturer that makes Wrangler jeans shut a Seminole, Okla., plant in 2003, moving operations to Mexico. Union membership in Oklahoma is now 5.4%.

Right-to-work laws make less sense as businesses become more globalized, Hepner says. "We're competing against Mexico and China and Honduras and India for labor, and frankly, no matter how far labor costs go down (in the USA), it's still going to be cheaper to produce things over there than here in Oklahoma. Right-to-work is not going to stop that globalization process."

Michigan's prospects

Proponents of right-to-work could be helped by a growing dissatisfaction in Michigan with the unions. A recent spate of automaker buyouts that gave hourly workers up to \$140,000 in some cases or paid-in-full college educations in others irked white-collar workers at the same companies, many of whom were laid off without any safety net at all.

And the automaker jobs bank — which preserves hourly workers' jobs even when there is nothing for them to do — has earned the UAW the derisive

nickname "U Ain't Working."

In the past few years, the UAW also has drawn criticism from some labor supporters for its spending. The union last year was still taking local leaders on conferences to places such as Las Vegas, Palm Springs and Cape May, N.J., and spending \$65,000 on pens and keychain gift sets.

Even as its members fear wage cuts and job losses, the union pays its own staff well. According to documents filed with the Department of Labor, out of 1,100 employees, the UAW pays about 650 of them more than \$95,000 a year.

The UAW would not comment.

"What's disheartening about the UAW is that, despite their rapid decline in membership, there's still a shocking amount of national staff to members," says Chris Kotalik, labor activist and co-director of *Labor Notes*, a union newspaper.

Bureaucratization is an ongoing problem for the UAW, Kotalik says, one that it can't afford to ignore for too much longer because it hurts the union's credibility with its members and with the general public. "With all the cards that are stacked against unions today, it really weakens them."

Still, open-shop laws are not the answer, he says. It's the massive amount of layoffs that "are sucking the economic base out of the state," not unions. "Wrecking the right for representation for unions and the ability for working people to defend against these giants is going to exacerbate the problems," he says.

Ellis Boal, a Michigan attorney who has represented union members in lawsuits against the UAW, says workers have more legal rights in a union.

"Union workers face powerful companies they are working for," Boal says. "Workers always will do better if they band together and bargain together rather than if they have individual deals separately."

Michigan voters won't have to make a decision this year. A citizens group led by an anonymous businessman has met several times to talk about bringing right-to-work to the ballot but decided it didn't have enough funding this year to wage what would no doubt be an expensive, ugly campaign against Michigan's unions.

"I think Michigan will one day be a right-to-work state," says Leon Drolet, a former Michigan state representative who is involved with the citizens group. "It's just a question if there's going to be anyone left in the state for it to matter."

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