

CLOSEOUT FILES



Resolved: On balance, government employee labor unions have a positive impact on the United States.

Introduction

Congratulations to all you that qualified for Tournament of Champions! Although I think it's somewhat unfortunate that they'd have such a boring topic for it (again). Although I think it's a step up from corporate pension plans three years ago.

The resolution is pretty clear, so teams shouldn't really feel the need to waste time defining terms although I'm sure they will anyways. It should go without saying but make sure to impact your points. The resolution specifically refers to government employee labor unions which are not the same as private labor unions. As a result, a lot of the generic unions good/bad evidence still applies, but a lot of it does not. Overall, I think Americans find government unions much less tolerable than private unions, so I think the topic favors con. I don't think it's an insurmountable advantage though, and as always judge your judge. If you have a teacher as a judge that's probably in a government union, it would be wise to take that into consideration.

I predict there will be a lot of ugly rounds, because teams seldom weigh their points against their opponents' points. I hate judging when teams don't vocalize to me why X is more important than Y. I'm sure a lot of teams will argue government unions are beneficial, because they help ensure these employees get better fairer wages. The other team will come back with ya but these benefits come at the expense of the American people. Both statements are pretty decisively true, so if teams leave it at that how am I suppose to decide who wins the point. The second team would be much more effective adding something like which is much more important in a utilitarian sense because the unions hurt way more people than they seek to help. If you don't weigh your points, then you force me to weigh them for you which should be a scary thought to you.

Good luck debating! As always feel free to send us an email about any questions you might have about the topic or to run stuff by us at CloseoutFiles@yahoo.com.

Pro Analysis

First, let it be known that it is beneficial that public union workers get paid more than private sector workers. Con teams will try to make it seem as if this is actually a negative; therefore, you should take some time to show why it is obvious that higher wages is better for society. According to LECG Consulting, “The most immediate benefit workers can expect from joining a union is higher wages. Blanchflower, in a survey of US studies on wage differentials, concludes that union members earn on average about 15% more than their nonunion counterparts.” Even though the private sector cannot afford to continue to employ some individuals or pay them as much as they once could that doesn’t mean that government shouldn’t offer job security to individuals. DC Jobs with Justice states, “As we all know, our country is in an economic crisis. People are losing their jobs, their homes, their ability to provide their children with quality education, and their ability to retire with dignity and peace of mind. The cost of the most basic necessities such as health care, utilities, and fuel continue to skyrocket. The obscene amount of power that employers wield over workers has contributed to this economic crisis by stagnating wages to the point where workers have been forced to rely on credit to make the most basic ends meet.” Public unions offer the most essential support to the economy; they provide jobs to citizens. What’s the problem with having just this one employment safe zone where workers have higher wages, good benefits, and job security if they earn it? Think of it as somewhat of a stimulus package. It would be hypocritical of the U.S. government to continue with all of its economic policies while also decreasing wages and laying off workers. The government adds an aspect of stability to the markets by showing that they have confidence that the economy will continue to grow. This employment safe haven may even be the best way for the government to support the middle class. Ensuring wages extended consumer consumption in a way that is far more effective than a stimulus check.

An interesting aspect of public sector wage increase is that they serve to influence the rest of the economy. In many senses, the public sector sets the standard for other industries; therefore, an improvement in the public sector can often ripple down to the private sector. According to the Economic Policy Issue, “There are several ways that unionization's impact on wages goes beyond the workers covered by collective bargaining to affect nonunion wages and labor practices. For example, in industries and occupations where a strong core of workplaces are unionized, nonunion employers will frequently meet union standards or, at least, improve their compensation and labor practices beyond what they would have provided if there were no union presence.” From this we can draw a positive relationship between increased benefits for public unions and other non-union, private areas of the economy. For change to come to an industry sometimes someone just needs to raise the bar; public unions set this positive example for the rest of society to follow.

It’s also not as if the incentives offered to public union workers don’t have any benefit; they serve to motivate workers to be more productive. The Center for American Progress states, “Unionization and high worker productivity often go hand-in-hand. Fairness on the job and wages that reflect marketplace success contribute to more motivated workers. Given the pressures of globalization and competitiveness today, unions have been responsive to increasing

productivity and embracing new innovations.” Public sector jobs are often very important to society so it would be beneficial to the United States to improve these industries through its human capital. A North Carolina State University states, “Advocates for public sector unionization point to benefits that unions provide that may improve government productivity indirectly. These include an increased sense of satisfaction at work, a greater sharing of responsibility on the job, and inclusion in decision-making processes. Workers who feel that they are treated fairly by employers may be more cooperative in efforts to improve their performance. Furthermore, plans negotiated by public sector unions that reward employees for removing inefficient work rules from their labor contracts, or provide bonuses for employees who improve departmental efficiency, have been implemented in some areas of the country. These programs, referred to as ‘productivity bargaining’, have seen success in many areas including Flint, Michigan, Tacoma, Washington, and Orange, California.” We’ve seen similar actions taken by private sector employers, such as Costco, who have decided that it is more beneficial to pay above average salaries. It is necessary to understand that these benefits are not going to waste; they are instead going to improve all of the services that the government provides to the people.

In addition to higher productivity, strong benefits have many other directly valuable impacts of society. According to a North Carolina State University report, “The high turnover rates in public employment, which are estimated to be about fifteen percent annually, may be lowered by the improved compensation package offered to employees as the result of collective bargaining.” This would ensure that the public sectors would be able to minimize the cost of obtaining and training new employees. Decreasing the turnover rates serves to minimize useless spending that doesn’t improve the service being provided. Economic Policy Issue reports, “Unions reduce wage inequality because they raise wages more for low- and middle-wage workers than for higher-wage workers, more for blue-collar than for white-collar workers, and more for workers who do not have a college degree.” The fundamental part of any economy is a strong middle class; unions help to minimize the gap between the rich and the poor. A capitalistic system does not inherently promote this concept; therefore, society is better off even if it takes the influence of government to support a middle class. The North Carolina State University also claims, “Public sector unions have worked to improve wages and benefits for their members, while simultaneously remaining responsive to public opinion on these issues. In order to attract and retain the most qualified public servants, a comprehensive benefits package is crucial. If public employees such as firefighters and law enforcement cannot afford to live in the communities they protect, there is clearly a problem with recruitment, retention, and ultimately with service.” This ensures that the public sector will be able to attract and retain the best workers. This is of particular importance when we consider the role teachers have in society; public unions have had a very positive effect on the public school system. Higher wages and better benefits provide a legitimate boost to the effectiveness of government workers and helps to decrease waste in the system.

Unions play a critical role when it comes to politics and they are one of the nations largest group of members actively seeking improved benefits for workers. There needs to be someone on the side of employees and unions serve this role. According to the Center for American Progress, “Unions have helped pass important legislation that helps all Americans. In the political arena, unions have pressed for improved minimum wages, health care coverage,

retirement plan protections, overtime pay, and social security. When workers are able to join together in a democracy, the voice of workers can help balance out the power of business interests.” Public unions are not only looking out for themselves, they represent all employees and have influenced advantageous legislation that protects workers throughout the economy. Without public unions, these changes to society may have taken longer to become a reality or may not have ever manifested themselves.

The truth of the matter is that just like any other worker, public sector employees have the right to assemble. These shared beliefs do not only apply to private sector workers and it would be unfair not to let public sector unionism exist. The Realignment Project states, “The right to organize flows from the right of all citizens to assemble and associate, and is recognized by the U.N under Article 23 of the 1948 Declaration of Human Rights. This same right should hold whether one is working for the government or for a private employer – this becomes especially obvious when you compare workers in identical professions. A sanitation worker who works for the City Sanitation Department has to do the same work under the same conditions as a sanitation worker who works for City Sanitation Services, Inc. and should have the same rights to pursue their interests.” Workers should have the same rights no matter what industry they’re a part of. If public sector unions feels as though it is beneficial for them to unionize, then they have a legitimate right to do so, especially when (as you have proven) they are rewarding to society.

Con Analysis

While it is possible to argue that on the whole unions are not beneficial to society, if you lose that argument you may lose the round. If you do decide to run that argument, make sure to also show the judge that even if private unions may be positive this is certainly not correct for public unions. It will be important to make the distinction between public and private unions because, based on the evidence, it is clear that public unions are detrimental to society. There is an extreme evidence skew regarding this topic and make sure that you challenge your opponents to show why public unions are beneficial, not just unions in general.

The fact the of the matter is that public unions have come to dominate the union industry. The government should not be creating new industries, nor should they be taking away the competitive edge of private companies, but the public unions have started to abuse both. The Weekly Standard states, "Once upon a time public sector workers received less pay than their private sector counterparts in return for better benefits and greater job security. But that bargain has been breached. Public sector wages have more than caught up, while the differential between public and private sector benefits has increased so much that public sector work, particularly for the unskilled, is greatly coveted." There used to be a time when public and private unions were on a similar level; however, public union workers are paid much higher than their value to society. Look to some of the case-study evidence and you can easily show why it is ridiculous that state-troopers earn more than the governor. According to the Wall Street Journal article from 2009, "A study in 2005 by the nonpartisan Employee Benefit Research Institute estimated that the average public-sector worker earned 46% more in salary and benefits than comparable private-sector workers. The gap has only continued to grow. For example, state and local worker pay and benefits rose 3.1% in the last year, compared to 1.9% in the private sector, according to the Bureau of Labor Statistics (BLS)." These statistics show the disconnect between the government and main street; in times like these, the government should not be making wasteful economic decisions it cannot afford. The Wall Street Journal goes on to say, "Some five million private-sector workers have lost their jobs in the last year alone, and their unemployment rate is above 9% according to the BLS. By contrast, public-sector employment has grown in virtually every month of the recession, and the jobless rate for government workers is a mere 2.8%. For anyone who thinks such low unemployment numbers are good news, remember that the bulging public sector must be paid for with revenues that most governments don't currently have." These are not legitimate ways to add stability to the economy because any increase in wages has to be paid for by taxes.

Any attempt to increase wages and benefits to public unions workers should be viewed skeptically and critically. The Washington Examiner reports, "As the Heritage Foundation's James Sherk points out, these numbers ought to be red flags for taxpayers because "government employees don't strike to get higher wages from a private business -- they strike to get higher wages from you. Their pay is funded through your tax dollars. For government employee union members to get more, your taxes need to go up. So that is what unions now lobby for." Why should taxpayers have to bear the burden of unnecessary increases in wages for public union workers when taxpayers are losing their jobs, earning less, and have fewer benefits. Taxpayers

are very aware the the economy is not stable, but they should not harmed by policies that do not benefit society. Private companies have been able to to handle wages and pensions in difficult times by giving less to their shareholders or by limiting their obligations through bankruptcy. The government does not have this freedom; the only real way to deal with these requirements is to increase the tax base. Increased wages for few increase taxes for all.

The private sector is far more capable of adjusting to the market, they can easily cut jobs or limit wages in recessions while also being able to increase employment and benefits in growth periods. Unfortunately, government is unable to efficiently follow the market. According to the Oregonian, "Public employee benefits are not subject to market forces. Public employees are rarely fired, laid off and usually get annual salary increases, unlike the private sector where employees are often fired, laid off and face reduced salaries due to market conditions. Many in the private sector have no salary guarantees at all, which means public employees have the benefits with little risk, while many in the private sector have questionable benefits and all risk." The Washington Examiner says, "For it's more difficult to cut waste and unnecessary spending from government agencies than from private-sector businesses. When businesses must cut, they do so with an eye to profits -- which is to say, with an eye to providing consumers with goods and services they need enough to be willing to pay for. They tend to lay off unproductive employees while striving to retain productive ones." When governments need to decrease spending, they end up giving higher wages and benefits to even the lowest quality public union workers. If the government could afford it without harming taxpayers then they would be justified in raising wages, but in reality this is just not possible.

Not only are public unions negative for taxpayers, but they are also detrimental to states. The Weekly Standard reports, "Like banks, but with even less self-control, state governments make long-term promises in boom times while depending on the short-term flow of revenues. But when the boom ends, the benefits that have been ratcheted up have to be paid for out of a declining private sector economy. Barring a sharp recovery, state and local government tax-funded pension contributions in New York are likely to triple over the next five years in order to pay out the pension benefits guaranteed by the state constitution. (This is equally true in Illinois.) California's public pension fund liability has already topped \$200 billion, and in cities such as Oakland, Vallejo, and Rio Vista bankruptcy looms." The very existence of public unions, considering their higher wages, job security, and pension promises, levy a huge burden on state governments. The Washington Examiner states, "The results are plain to see. States such as New York, New Jersey and California, where public-sector unions are strong, now face enormous budget deficits and pension liabilities. In such states, the public sector has become a parasite sucking the life out of the private-sector economy. Not surprisingly, Americans have been steadily migrating out of such states and into states like Texas, where public- sector unions are weak and taxes are much lower." The evidence is very clear, those states with the highest amount of public unionism are also those that are the most economically unstable. The result of public unions on states is that they must either drastically increase taxes or significantly cut the services offered to the public. The resolutions asks us if public unions have a positive impact on the United States, but what is beneficial about putting extreme stress on state's abilities to provide for its citizens?

Public unions also have a negative effect on the political system as they throw around their power to influence the outcomes of elections. According to the Wall Street Journal, “Today, public-sector unions sit atop lists of organizations that devote the most money to lobbying and campaign contributions. In the public sector, however, more union members means more voters. And more voters means more dollars for political campaigns to elect sympathetic politicians who will enact higher taxes to foot the bill for the upward arc of government spending on workers. That will be the pattern for the indefinite future unless taxpayers find a way to roll back the enormous power public workers have acquired.” Public unions constitute a very large voting base and they understand that politicians greatly effect their wages, benefits, and employment. Public unions want to elect politicians who are favorable towards their cause; therefore, they are willing to contribute campaign funding and votes to ensure the most pro-union candidate is elected. The Wall Street Journal goes on to say, “Government unions used their influence this winter in Washington to ensure that a healthy chunk of the federal stimulus package was sent to states and cities to preserve public jobs. Now they are fighting tenacious and largely successful local battles to safeguard salaries and benefits. Their gains, of course, can only come at the expense of taxpayers, which is one reason why states and cities are approving tens of billions of dollars in tax increases.” In addition to their inherent negative qualities, public unions political influence ensures the continued existence of these net-negative public unions. They elect politicians that will continue to raise taxes, decrease services provided, and increase wasteful spending. According to the Cato Institute, “Unions have a broader effect on state finances than just pushing to increase employee compensation because they also lobby to increase government spending in general. Public sector unions are some of the most powerful special interest groups in the nation. The advent of public sector collective bargaining in the 1960s and 1970s essentially invited millions of public sector workers to become politically active. Government workers are more likely to vote than other Americans, which magnifies their political power. States that have mandatory union dues allow unions to build up large war chests to fund their public policy efforts.”

Looking to the big picture, unions simply aren’t necessary to represent workers. They may be necessary in the private arena to prevent against abusive employers but those same fears aren’t warranted for public unions. The government has too much at stake to treat their employees negatively so there isn’t really a need for unions. Instead of public unions attempting to increase wages from levels that are too low, they are trying to excessively increase wages above a normal pay-rate. Philip Greenspun reasons, “Politicians were traditionally opposed to public employees’ right to unionize, strike, or collectively bargain for wage and benefit increases. They saw their constituents as the taxpaying public and did not think that the government was such an abusive employer that unionization was necessary to protect workers. Calvin Coolidge, as governor of Massachusetts, summarized the feeling of the average politician: ‘There is no right to strike against the public safety by anyone, anywhere, any time.’” Public jobs are also too important to unionize because the negative consequences of many of the methods unions use to bargain have too much of an impact on the public. On the whole, public unions do far more to harm the United States than any minimal benefit they may have.

Pro Blocks

Public Unions have Higher Wages/Benefits than Private Sector

Gerald McEntree, the head of the American Federation of State, County & Municipal Employees, “argues that, according to the Bureau of Labor Statistics (BLS), ‘when comparing pay within occupations public employees do not receive more than their counterparts in the corporate world.’” Studies that claim differently aren’t comparing comparable employees, and thus are as valid as studies comparing apples to oranges. “High-paying professional and related occupations are relatively more common in State and local government than in private industry.” Few people would argue that public school teachers are paid too much, and furthermore even if you believe they are receiving higher wages because of the unions why is that inherently negative, perhaps they deserve it. Unions actually increase productivity. “Freeman and Medoff (1984) examined why unionized firms are more productive in *What Do Unions Do?* They found that about one-fifth of the union productivity effect came from reduced turnover. Unions improve communication channels giving workers the ability to improve their conditions short of “exiting.” Lower turnover means lower training costs, and the experience of more seasoned workers translates into higher productivity and quality. Moreover, higher compensation focuses the managerial mind: employers need to plan more effectively and focus on better methods.” Also higher wages increases consumer spending which drives nearly two-thirds of our economy.

Higher Taxes for People

See above this is just the negative impact. First of all, it’s hard to prove that government unions specifically lead to higher taxes. Also even if they do, it’s money well spent if it helps prevent abuse and corruption while increasing productivity. Also make sure to draw the distinction that all you’re arguing is that government employee labor unions have a positive impact not that what the government spends money on and hires people for has a positive impact. The difference is subtle but essential.

Unions Election Clout

Their clout isn’t inherently negative, and more importantly they don’t have a disproportionate amount of influence. The union members have just as much power as any other group of nearly 8 million people. Also harms related to campaign financing aren’t unique to unions, and aren’t harms specifically of government unions. The unions aren’t the problem.

Unions Prevent Progress by Restricting Getting Rid of Low-Quality Workers/ Teachers

This is just rhetoric. While it is true in certain situations layoffs and promotions are based on seniority, not always. If an employee is performing his duties poorly, he is going to get fired whether he is in a union or not. Fact. Don't let them portray the system as if it is based exclusively on seniority when it's not. Furthermore if an employee lasts long enough to achieve a degree of seniority, he's probably pretty competent at his job. In addition, you can also recycle a lot of your merit pay cards from earlier in the year.

Unions aren't Necessary because Government isn't Corporate America

Corporate America doesn't have a monopoly on abuse and intimidation in the workplace. Government officials are some of the least trusted in society. They aren't infallible as we've seen far too many times historically. Unions are necessary to help protect employees both in the public and private sector against potential abuse and promote fairness. All unions do is ensure that employees have a voice which is essential for all democracies and protected under the first amendment.

Con Blocks

Allow Workers to Communicate with Employers

While unions may or may not be necessary in the private sector, they are not needed in the public-sector. Even pro union advocates like George Meany recognize the distinction and potential for abuse. “When the movement among public-sector workers to unionize began gathering momentum in the 1950s, some critics, including private-sector labor leaders such as George Meany, observed that government is a monopoly not subject to the discipline of the marketplace. Allowing these workers – many already protected by civil-service law – to organize and bargain collectively might ultimately give them the power to hold politicians and taxpayers hostage.” There are myriad other ways for workers to communicate with employers without the unique harms posed by government unions. Overall, government employees don’t face the same threats as private-sector employees and are protected under their own special set of laws.

Increase Wages

This is exactly the problem. It comes at taxpayers’ expense and we simply can’t afford it. “Public sector employment has grown virtually every month of the recession, and the jobless rate for government workers is a mere 2.8%. For anyone who thinks such low unemployment numbers are good news, remember that the bulging public sector must be paid for with revenues that most governments don’t currently have. This is one reason for a spate of state and local tax increases, such as \$5 billion in tax increases in New York state passed in April...” Public sector spending chokes off private-sector growth. Also the higher wages are unfair to the private sector employees who have to pick up the tab. “A study in 2005 by the nonpartisan Employee Benefit Research Institute estimated that the average public-sector worker earned 46% more in salary and benefits than comparable private-sector workers. The gap has continued to grow. For example, state and local worker pay and benefits rose 3.1% in the last year, compared to 1.9% in the private sector, according the Bureau of Labor Statistics (BLS).”

Ensures Promises are Kept (Pensions)

Unions aren’t inherently necessary to ensure that government employees receive their pension promises. There are numerous laws in place to ensure promises are kept, and considering the federal government isn’t going to declare bankruptcy anytime soon (government bonds are still some of the safest forms of investment) government employees can rest assured they’re going to get their pensions. The big problem in regards to government pensions is government unions lobby successfully for exorbitant pensions that come at the expense of the American people (see above). These government pensions are one of the primary reasons so many states are currently out of money.

Public-Sector Workers Deserve the Same Rights as Private-Sector Workers

This isn't really topical. Just because someone is capable/deserves to have the right to do something doesn't make it beneficial. I have the right to smoke, but that doesn't make it good for me. Furthermore as stated above, government unions are very different than private unions. They have a different set of laws protecting them, and all government unions do is "give them the power to hold politicians and taxpayers hostage" which is hardly a positive impact.

Crossfire

C: Is it fair to say that generally the riskier something is the more you're going to get paid?

P: Yes

C: Would you agree that in terms of job security working in the government is one of the safest places a person can work?

P: Yes

C: So shouldn't we expect them to get paid comparatively less, but they're not so isn't that an indication that they're ripping off taxpayers?

C: This should go without saying, but would you agree that any financial gains by government unions come at the expense of taxpayers?

P: Taxes are the way the government makes money yes.

C: Then aren't public unions bad because they increase taxes?

P: You're not looking at the bigger picture. Which would you rather have the government give someone money for no reason or for the government to give someone money if they earn it.

C: Well obviously if they earn it.

P: So isn't it more justified to increase spending in society by increasing wages for those who work for the government instead of just sending out money to people?

P: Would you agree that unions help give workers a voice that they might not otherwise have?

C: There are many ways for workers to get their voice heard.

P: But isn't unionizing the most effective way for that to happen.

C: Maybe in the private sector, but there isn't a need to unions in the public sector because the government isn't an evil corporation.

P: So you think that the government, as financially unstable as they are, would willingly increase wages and benefits if the workers weren't asking them?

C: Every worker wants more money for their job, the people are never going to be satisfied.

Because of that I don't think it is justified to increase benefits any time a unions asks for it.

P: But when a wage increase is deserved unions are necessary.

C: Unlike private corporations, the government has additional incentive to adequately provide for its workers.

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Pro Evidence

Pros of Unionization

http://articles.techrepublic.com.com/5100-10878_11-5730959.html

Are unions the answer for government IT workers?

Ramon Padilla Jr.

Jun 03, 2005 6:09:00 PM

Pros

Higher salaries. Even though I worked very hard to keep our salaries competitive, the union positions paid higher wages—not by much, but enough to make it very tempting.

Job security (for some). Everyone knew that layoffs would come soon after the merger, so those with a great deal of time in the organization were tempted by union seniority rules. According to this rule, people who are laid off are able to bump someone else with less seniority out of his or her position.

Negotiated raises. Seeing the raises that the union workers got over the years compared to the non-union raises—this definitely was a plus for unionization.

People Support Unions

http://www.americanprogress.org/issues/2007/08/wtprw_unions.html

The Center for American Progress
What the Public Really Wants on Unions
August 29, 2007

The Gallup poll has tracked public sentiment about unions for many years. Their most recent survey on unions, conducted in August 2006, found that 59 percent of Americans approve of labor unions, compared to only 29 percent who disapprove.

Gallup's August 2005 poll also found that, for the first time since they started asking the question in 1999, a plurality of respondents (38 percent to 30 percent) said they wanted unions to have more, rather than less, influence in the country. The same poll asked whether, in labor disputes of the past two to three years, their sympathies had been with unions or companies. Survey participants sided with unions 52 percent to 34 percent—a wider margin in favor of unions than was seen back in 1999, and even in 1952 when Gallup asked the same question.

The 2006 Gallup poll asked the public whether unions mostly help or hurt workers who are union members. Seventy-one percent said unions mostly help members, and only 21 percent said unions mostly hurt them (the analogous figures for whether workers who are not union members are helped by unions were 33 percent help/51 percent hurt). In a similar question, 53 percent of respondents said unions help the U.S. economy and 39 percent said they harm it. Finally, by 50 percent to 39 percent, respondents said unions mostly help companies where workers are unionized.

Unions Create Better Work Environments

http://www.americanprogress.org/issues/2007/08/wtprw_unions.html

The Center for American Progress

What the Public Really Wants on Unions

August 29, 2007

Workers' increased interest in joining unions is probably due to workers' sense that job quality, employee benefits, and worker voice are all increasingly uncertain in today's workplace. This trend is shown very convincingly by data from 1999 and 2005 surveys conducted by Hart Research, where workers were asked the following question:

“Thinking generally about companies and other employers and the way they treat employees, let me mention some different aspects of work, and please tell me how well employers are doing on each item. Are employers doing very well, doing fairly well, falling somewhat short, or falling very short when it comes to ... [different workplace issues].”

According to analysis by Harvard economist Richard Freeman in a recent report for the Economic Policy Institute, the gap between the number who said employers are doing well on these issues and the number who said employers are falling short increased substantially between 1999 and 2005. For example, on four “bread and butter” issues—providing cost of living raises, providing retirement benefits, providing jobs that offer good benefits and job security, and paying a fair share of employees' health care costs—the average for employers' doing well was 45 percent in 1999, compared to 50 percent for falling short, a gap of five points. By 2005, that gap had ballooned to 31 points, as an average of just 33 percent thought employers were doing well on these issues, compared to 64 percent who thought they were falling short.

There was a more modest increase in the gap between employers doing well and falling short on four future opportunities/work conditions issues: providing opportunities for advancement, adopting policies that help working parents, giving employees the education and training they need, and providing women with equal pay. In 1999, the average gap was two points, a gap that increased to seven points in 2005, with an average of 43 percent saying employers were doing well on these issues, compared to 50 percent who thought employers were falling short.

But on four workplace relations issues—being loyal to long-term employees, showing concern for employees, not just the financial bottom line, listening to employees' ideas and concerns, and profit-sharing when a company does well—the increase in the gap was more substantial. In 1999, the average gap between employers doing well and falling short was 17 points; by 2005 that gap had increased to 29 points, with an average of just 33 percent thinking employers were doing well on these four issues, compared to 62 percent who believed employers were falling short.

Wages Higher for Workers in Unions

http://www.ncpa.org/sub/dpd/index.php?Article_ID=17712

Anne Layne-Farrar is Director at LECG Consulting.

March 3, 2009

The most immediate benefit workers can expect from joining a union is higher wages. Blanchflower, in a survey of US studies on wage differentials, concludes that union members earn on average about 15% more than their nonunion counterparts.¹⁵ Bookending this figure, Filer et al. place the union-nonunion differential at 8%-12% while Bratsberg and Ragan find that it reached 22% in the mid 1970s.¹⁶ While these studies present average differentials, it is important to understand that the union wage markup is not the same among all sectors of the economy or even among all unionized workers.

Higher Wages are Necessary

<http://www.dcjwj.org/node/365>

DC Jobs with Justice

Feb-10-2009

As we all know, our country is in an economic crisis. People are losing their jobs, their homes, their ability to provide their children with quality education, and their ability to retire with dignity and peace of mind. The cost of the most basic necessities such as health care, utilities, and fuel continue to skyrocket. In this current economic crisis, the worst since the Great Depression of the 1930's, workers and their communities need more opportunities to get ahead.

The obscene amount of power that employers wield over workers has contributed to this economic crisis by stagnating wages to the point where workers have been forced to rely on credit to make the most basic ends meet. Corporations have ruptured the critical relationship between wages and productivity.

http://www.peri.umass.edu/fileadmin/pdf/other_publication_types/efca_files/

[George_Miller_Business_Week_9.22.08.doc](#)

Business Week September 22, 2008

When it comes to our economic priorities, there is nothing more important than ensuring a strong middle class. The middle class is the backbone of our economy and our democracy.

Unfortunately, in recent years, the middle-class life has become increasingly difficult to maintain. Workers' wages have stagnated as the cost of everything from milk to college tuition has skyrocketed. The staples of a middle-class life—a fair wage, access to health care, a sound retirement—are getting squeezed. The percentage of national income going to workers' wages is at its lowest level since 1929, while the percentage of our nation's wealth going to corporate profits is at its highest since the 1940s.

Higher Wages are Necessary Cont'd

http://www.prospect.org/cs/articles?article=why_we_need_efca

The American Prospect

Peter Dreier and Kelly Candaele

December 2, 2008

The relative weakness of the American labor movement accounts for many of the most troublesome aspects of our society. The current business cycle has been the weakest on record for working families. Between 2000 and 2007 -- before the current mortgage meltdown and recession -- the median income of working-age households fell by more than \$2,000, even though workers' productivity increased. Why didn't American workers reap the benefits? Income inequality is greater today than at any other time since the 1920s. Families' declining purchasing power -- for example, their inability to keep up with mortgage, car, and other payments -- accounts for a major share of the nation's economic woes.

In fact, the U.S. has the most inequality and poverty of any industrialized country. And it's no coincidence that the U.S. has, by far, the fewest workers covered by a union contract among all major affluent nations.

Unions do not Increase Unemployment

http://tpmcafe.talkingpointsmemo.com/2009/03/13/unions_and_unemployment_the_battle_over_the_employ/?ref=n

Talking Points Memo

Dean Baker - March 13, 2009, 11:01AM

Recently, they have sought to promote the argument that unions lead to higher unemployment. To help push this case they have been circulating a study that examines differences in unionization rates and unemployment among Canadian provinces. [Chris Kromm has more on the funding of the study.] This study purports to find that a 3 percentage point increase in unionization rates leads to a 1 percentage point increase in unemployment. Based on this study, the opponents of the Employee Free Choice Act argue that any resulting increase in unionization will cost millions of jobs.

Of course the immediate response might be to ask, if this study's findings are accurate, why Canada's unemployment rate isn't 7 percentage points higher than the U.S. rate? Canada's unionization rate is about 20 percentage points higher than in the U.S., yet its unemployment rate is somewhat lower.

More substantively, there is a large body of research on this topic. While some of the research does find a correlation between unemployment and unionization rates, much of more recent research finds no link between unemployment and unionization rates. In 2006, the Organization of Economic Cooperation and Development (OECD) did an exhaustive analysis of the research on this topic and concluded that there was no link between unionization rates and unemployment. It is easy to find examples of countries with very high unionization rates and low levels of unemployment. For example Norway and Denmark have unionization rates near 80 percent. Before the current crisis their unemployment rate was under 3.0 percent.

Of course we don't have to go overseas to prove the case that unions don't lead to unemployment. If we go back 40 years, the unionization rate was over 30 percent. Presently, it is just over 12 percent. In the 60s, the unemployment rate fell as low as 3.0 percent and was below 5.0 percent for most of the decade.

It is possible for economists to produce studies that tie unions to unemployment just as industry funded studies have tied the minimum wage to unemployment, even though a large body of academic research shows the opposite. For this reason, the OECD has performed an extremely valuable service with its careful analysis of the data.

Higher Wages Make Better Workers

http://help.senate.gov/Hearings/2009_03_10/Voos.pdf

Dr. Paula B. Voos

Rutgers University March 10, 2009

Low labor costs are never going to be a reliable basis for U.S. competitiveness in a global economy – rather, the U.S. needs to compete on the basis of innovation, high value added, high quality, and high productivity. Unionization tends to promote the shift to these latter bases of competition by foreclosing the low-wage alternative.

Unions increase productivity through a variety of channels. They reduce turnover and, hence, firm-specific skills are retained. One benefit is that turnover costs are lowered for employers. Moreover, the lower turnover makes it economically rational for employers to provide more training to union-represented employees, increasing employee skills and productivity further. In addition, since unions increase compensation, firms are incentivized to invest in new technology (which tends to be labor -saving), increasing productivity. Unionized employers also tend to shift to higher value-added goods and services in their product mix. And in sectors in which there are union-supported apprenticeship programs, employers can take advantage of this source of highly-skilled labor.

http://www.aflcio.org/joinaunion/voiceatwork/efca/upload/EFCA_Shaiken_20070208.pdf

Harley Shaiken, Graduate School of Education and Department of Geography

University of California, Berkeley

February 8, 2007

Few dispute that the union advantage results in organized workers earning more than their nonunion counterparts. Some, however, argue that we can no longer afford this premium in a fiercely competitive domestic and global economy. Competitiveness, however, is linked to productivity, quality, and innovation as well as labor costs. And, when it comes to labor costs, low unit costs are critical, not simply low wages. For example, a worker producing 10 widgets an hour who earns \$20 has a unit labor cost of \$2 a widget; a worker producing 1 widget an hour who earns \$5 has a unit labor cost of \$5 a widget. In this case, higher wages lower labor costs. In fact, higher wages can serve to enhance productivity, quality, and innovation, as well as reducing turnover. The result is a high road path to competitive success that benefits workers and communities as well as shareholders.

Consider the role of productivity. When Henry Ford introduced the assembly line in 1913 in his Highland Park plant near Detroit, productivity shot up. So did costly turnover. In response Ford doubled the prevailing wage in the auto industry in January 1914 to what became the legendary five-dollar day. Many observers, including his competitors, predicted Ford's ruin.

Higher Wages Make Better Workers Cont'd

http://www.aflcio.org/joinaunion/voicework/efca/upload/EFCA_Shaiken_20070208.pdf

Harley Shaiken, Graduate School of Education and Department of Geography

University of California, Berkeley

February 8, 2007

Instead, he was able to cut the price of the Model T, pay his workers substantially more, and increase his profits significantly. "A low wage business is always insecure," Ford commented. The five-dollar day "was one of the finest cost cutting moves we ever made" (Raff and Summers, 1986: 3). Ford pioneered the high road to competitive success, but many factors caused American industry to seek exit ramps. It took the rapid rise of unions later in the century to link rising productivity to worker wages more permanently. The result was competitive firms and a growing middle class.

The economics literature indicates that unionization and high productivity often go hand-in-hand. Fairness on the job and wages that reflect marketplace success contribute to more motivated workers. Belman points out that unions "provide opportunities for firms to better their performance by eliciting greater commitment and information sharing effort from their employees" (Belman, 2003: 3). Without unions, day-to-day competitive pressures leave workers with quitting as the only option to address serious problems, a costly solution for all concerned. Given the pressures of globalization and competitiveness today, unions have been responsive to increasing productivity and embracing new methods. "If we don't make a profit, we don't have a plant," according to James Kaster, president of UAW Local 1714, representing the famed General Motor's plant in Lordstown, Ohio (Terlip, 2007).

Freeman and Medoff (1984) examined why unionized firms are more productive in *What Do Unions Do?* They found that about one-fifth of the union productivity effect came from reduced turnover. Unions improve communication channels giving workers the ability to improve their conditions short of "exiting." Lower turnover means lower training costs, and the experience of more seasoned workers translates into higher productivity and quality. Moreover, higher compensation focuses the managerial mind: employers need to plan more effectively and focus on better methods.

http://www.americanprogress.org/issues/2008/12/efca_brief.html

Center for American Progress By Harley Shaiken

December 9, 2008

Unionization and high worker productivity often go hand-in-hand. Fairness on the job and wages that reflect marketplace success contribute to more motivated workers. Given the pressures of globalization and competitiveness today, unions have been responsive to increasing productivity and embracing new innovations. In the retail world, labor costs in 2005 for partially unionized retailer Costco were 40 percent higher than Sam's Club, but Costco produced almost double the operating profit per hourly employee in the United States

Unions Good for Economy

http://www.prospect.org/cs/articles?article=why_we_need_efca

The American Prospect

Peter Dreier and Kelly Candaele

December 2, 2008

Contrary to business propaganda, unions are good for the economy. A recent study by the nonprofit Economic Roundtable found that union workers in Los Angeles County earn 27 percent more than nonunion workers in the same job. The increased wages for the 800,000 union workers -- 17 percent of the labor force -- adds \$7.2 billion a year in pay. As these workers spend their wages on food, clothing, child care, car and home repairs, and other items, their additional buying power creates 64,800 jobs and \$11 billion in economic output. Many economists argue that any strategy Obama and Congress use to revitalize the economy should make higher wages -- and stronger unions -- a centerpiece.

If unions are good for workers and good for the economy, why are so few employees union members? Business leaders argue that employees' anti-union attitudes account for the decline in membership, which peaked at 35 percent in the 1950s. In fact, a recent poll found that 58 percent of non-managerial workers would join a union if they could. But they won't vote for a union, much less participate openly in a union-organizing drive, if they fear losing their jobs for doing so.

Unions Improve Wages for all Workers

http://www.epi.org/publications/entry/briefingpapers_bp143/

Economic Policy Issue

August 2003 | EPI Briefing Paper #143

There are several ways that unionization's impact on wages goes beyond the workers covered by collective bargaining to affect nonunion wages and labor practices. For example, in industries and occupations where a strong core of workplaces are unionized, nonunion employers will frequently meet union standards or, at least, improve their compensation and labor practices beyond what they would have provided if there were no union presence. This dynamic is sometimes called the "union threat effect," the degree to which nonunion workers get paid more because their employers are trying to forestall unionization.

There is a more general mechanism (without any specific "threat") in which unions have affected nonunion pay and practices: unions have set norms and established practices that become more generalized throughout the economy, thereby improving pay and working conditions for the entire workforce. This has been especially true for the 75% of workers who are not college educated. Many "fringe" benefits, such as pensions and health insurance, were first provided in the union sector and then became more generalized—though, as we have seen, not universal. Union grievance procedures, which provide "due process" in the workplace, have been mimicked in many nonunion workplaces. Union wage-setting, which has gained exposure through media coverage, has frequently established standards of what workers generally, including many nonunion workers, expect from their employers. Until, the mid-1980s, in fact, many sectors of the economy followed the "pattern" set in collective bargaining agreements. As unions weakened, especially in the manufacturing sector, their ability to set broader patterns has diminished. However, unions remain a source of innovation in work practices (e.g., training, worker participation) and in benefits (e.g., child care, work-time flexibility, sick leave).

The research evidence clearly shows that the labor protections enjoyed by the entire U.S. workforce can be attributed in large part to unions. The workplace laws and regulations, which unions helped to pass, constitute the majority of the labor and industrial relations policies of the United States. However, these laws in and of themselves are insufficient to change employer behavior and/or to regulate labor practices and policies. Research has shown convincingly that unions have played a significant role in enforcing these laws and ensuring that workers are protected and have access to benefits to which they are legally entitled. Unions make a substantial and measurable difference in the implementation of labor laws. Legislated labor protections are sometimes considered alternatives to collective bargaining in the workplace, but the fact of the matter is that a top-down strategy of legislating protections may not be influential unless there is also an effective voice and intermediary for workers at the workplace—unions. In all of the research surveyed, no institutional factor appears as capable as unions of acting in workers' interests (Weil 2003). Labor legislation and unionization are best thought of as complements, not substitutes.

Unions Improve Communication

http://www.americanprogress.org/issues/2008/12/efca_brief.html

Center for American Progress

By Harley Shaiken

December 9, 2008

Unions give workers a voice on the job and improve communication between workers and management. Without unions, day-to-day competitive pressures leave quitting as the only option for workers to address serious problems—an expensive solution for all concerned.

Unions Help Pass Important Legislation

http://www.americanprogress.org/issues/2008/12/efca_brief.html

Center for American Progress

By Harley Shaiken

December 9, 2008

Unions have helped pass important legislation that helps all Americans. In the political arena, unions have pressed for improved minimum wages, health care coverage, retirement plan protections, overtime pay, and [social security](#). When workers are able to join together in a democracy, the voice of workers can help balance out the power of business interests.

Unions Foster Political Participation

http://www.americanprogress.org/issues/2008/12/efca_brief.html

Center for American Progress

By Harley Shaiken

December 9, 2008

Unions are democratic membership organizations and foster the political participation of their members. They educate their members about the political process and train them how to work together for a common goal.

Unions Reduce Wage Inequality

http://www.epi.org/publications/entry/briefingpapers_bp143/

Economic Policy Issue

August 2003 | EPI Briefing Paper #143

Unions reduce wage inequality because they raise wages more for low- and middle-wage workers than for higher-wage workers, more for blue-collar than for white-collar workers, and more for workers who do not have a college degree.

Historically, unions have raised the wages to a greater degree for "low-skilled" than for "high-skilled" workers. Consequently, unions lessen wage inequality. Hirsch and Schumacher (1998) consider the conclusion that unions boost wages more for low- and middle-wage workers, a "universal finding" of the extensive literature on unions, wages, and worker skills. As they state:

The standard explanation for this result is that unions standardize wages by decreasing differentials across and within job positions (Freeman 1980) so that low-skilled workers receive a larger premium relative to their alternative nonunion wage.

The larger union wage premium for those with low wages, in lower-paid occupations and with less education is shown in Table 2. For instance, the union wage premium for blue-collar workers in 1997, 23.3%, was far larger than the 2.2% union wage premium for white-collar workers. Likewise, the 1997 union wage premium for high school graduates, 20.8%, was much higher than the 5.1% premium for college graduates. Gundersen (2003) estimated the union wage premium for those with a high school degree or less at 35.5%, significantly greater than the 24.5% premium for all workers.

Card's (1991) research provides a comprehensive picture of the impact of unions on employees by estimating the union wage premiums by "wage fifth," where the sample is split into five equal groups of workers from the lowest wage up to the highest wage workers. As Table 2 shows, the union wage premium was far greater among low-wage workers (27.9%) than among middle-wage (18.0%) or the highest-wage workers (10.5%).

Unions reduce wage inequalities because they raise wages more at the bottom and in the middle of the wage scale than at the top. Lower-wage, middle-wage, blue-collar, and high school educated workers are also more likely than high-wage, white-collar, and college-educated workers to be represented by unions (see Table 2). These two factors—the greater union representation and the larger union wage impact for low- and mid-wage workers—are key to unionization's role as a major factor in reducing wage inequalities (see Freeman 1980, 1982; and Freeman and Medoff 1984).

Unions Reduce Wage Inequality Cont'd

http://www.epi.org/publications/entry/briefingpapers_bp143/

Economic Policy Issue

August 2003 | EPI Briefing Paper #143

That unionization lessens wage inequality is also evident in the numerous studies that attribute a sizable share of the growth of wage inequality since 1979 to the erosion of union coverage (Freeman 1991; Card 1991; Dinardo et al. 1996; Blackburn et al. 1991; Card et al. 2003; Blanchflower and Bryson 2002). Several studies have shown that deunionization is responsible for at least 20% of the large increase in wage inequality (Mishel et al. 2003). This is especially the case among men, where steep declines in unionization among blue-collar and non-college-educated men has led to a rise in education and occupational wage gaps. Farber's (2002) estimate shows that deunionization can explain as much as 50% of the growth in the wage gap between workers with a college education and those with a high school education.

Public Unions Have Higher Productivity

<http://tinyurl.com/yflkewz>

The Impact of Public Sector Unions on Government Operations and Worker Welfare

Susan Twiddy and Jeffrey Leiter North Carolina State University

February 14, 2003

Advocates for public sector unionization point to benefits that unions provide that may improve government productivity indirectly. These include an increased sense of satisfaction at work, a greater sharing of responsibility on the job, and inclusion in decision-making processes. Workers who feel that they are treated fairly by employers may be more cooperative in efforts to improve their performance. Furthermore, plans negotiated by public sector unions that reward employees for removing inefficient work rules from their labor contracts, or provide bonuses for employees who improve departmental efficiency, have been implemented in some areas of the country.

These programs, referred to as “productivity bargaining”, have seen success in many areas including Flint, Michigan, Tacoma, Washington, and Orange, California (Kearney 2001).

Less Strikes for Public Unions

<http://tinyurl.com/yflkewz>

The Impact of Public Sector Unions on Government Operations and Worker Welfare

Susan Twiddy and Jeffrey Leiter North Carolina State University

February 14, 2003

Opposition to public sector unions frequently raises the fear that public employees may strike and interrupt such essential services as garbage collection and fire protection. However, the most recent evidence shows that public sector strikes have consistently declined in the past decade. Also, the few recent strikes have tended to be of shorter duration than those in the private sector (Kearney 2001). Fewer and shorter public sector strikes result from the development of more comprehensive bargaining and arbitration procedures (Freeman 1986). Employers and employees are required to bargain until an agreement is reached, and work stoppages are often illegal in the public sector under any circumstances. Overall, unionized public sector workers are using strikes less frequently than unionized private sector workers, even in an era of less frequent private sector strikes.

Private Sector Unions Have Higher Wages

<http://tinyurl.com/yflkewz>

The Impact of Public Sector Unions on Government Operations and Worker Welfare

Susan Twiddy and Jeffrey Leiter North Carolina State University

February 14, 2003

Similar research has been conducted comparing the wage benefits derived by public sector unions to those derived by private sector unions. In general, private sector workers earn higher wages than public sector workers. Overall, it appears that private sector unions raise wages more than public sector unions (Shapiro 1978, Freeman and Ichniowski 1988b). While the average gain for public sector unions is somewhere between five and eight percent, the average for private sector unions is between ten and fifteen percent (Kearney 2001). One well-established finding is that unionized low-level employees earn more in the public sector than those in comparable positions in the private sector. However, unionized higher-level public employees earn less than those in comparable positions in the private sector. Therefore, public sector blue-collar workers benefit more from unionization than white-collar employees, and unions somewhat equalize earnings among public sector workers (Shapiro 1978, Mitchell 1988, Kearney 2001).

Unionization Decreases Turnover

<http://tinyurl.com/yflkewz>

The Impact of Public Sector Unions on Government Operations and Worker Welfare

Susan Twiddy and Jeffrey Leiter North Carolina State University

February 14, 2003

The high turnover rates in public employment, which are estimated to be about fifteen percent annually (Kearney 2002), may be lowered by the improved compensation package offered to employees as the result of collective bargaining, but the benefits of public sector collective bargaining for turnover remains to be demonstrated.

Public Unions Attract Better Public Servants

<http://tinyurl.com/yflkewz>

The Impact of Public Sector Unions on Government Operations and Worker Welfare

Susan Twiddy and Jeffrey Leiter North Carolina State University

February 14, 2003

Public sector unions have worked to improve wages and benefits for their members, while simultaneously remaining responsive to public opinion on these issues. In order to attract and retain the most qualified public servants, a comprehensive benefits package is crucial. If public employees such as firefighters and law enforcement cannot afford to live in the communities they protect, there is clearly a problem with recruitment, retention, and ultimately with service. Public sector union representation could improve the welfare of these and other state and local employees and thereby their communities.

Labor Rights are Universal

<http://realignmentproject.wordpress.com/2010/03/25/in-defense-of-public-sector-unionism-part-1/>

The Realignment Project

March 25, 2010

The right to organize flows from the right of all citizens to assemble and associate, and is recognized by the U.N under Article 23 of the 1948 Declaration of Human Rights. This same right should hold whether one is working for the government or for a private employer – this becomes especially obvious when you compare workers in identical professions. A sanitation worker who works for the City Sanitation Department has to do the same work under the same conditions as a sanitation worker who works for City Sanitation Services, Inc. and should have the same rights to pursue their interests.

Public Sector Employers as Bad as Private Sector

<http://realignmentproject.wordpress.com/2010/03/25/in-defense-of-public-sector-unionism-part-1/>

The Realignment Project

March 25, 2010

Even a cursory examination of labor history - [the 1968 Memphis sanitation worker's strike where Martin Luther King Jr. spent his last days, for example](#) – shows that public sector employers can be just as bad as private sector employers when it comes to wages and benefits, working conditions, safety standards, and hostility to their workers and to unions (more on this in future segments). That the public sector should be a better employer because its workers are also citizens who the public sector is supposed to serve and who have rights the public sector is supposed to respect (such that unions are unnecessary, goes the theory) does not mean that in reality it will be. Especially in the growing gray-area of privatized public services and public contractors, there literally is no difference between the two – if you have a boss, you need a union.

The ideal of the vocation, that public sector workers should be motivated by a higher mission, simply isn't appropriate to the modern world of work. It's a relic of medieval religion, the original "vocare" to teach or heal coming from God, and it ultimately means that public sector workers should embrace selfless denial – because it's good for the rest of us. At the end of the day, public sector workers aren't priests (by the way, public sector workers don't get free housing, food and clothing, education, health care, and retirement the way that priests, monks, and nuns do).

Public Unions Set the Standard

<http://realignmentproject.wordpress.com/2010/03/25/in-defense-of-public-sector-unionism-part-1/>

The Realignment Project

March 25, 2010

Third, the public sector should be a yardstick for the private labor market. As I've [discussed](#) in the past, one of the subtler powers of the government is that it can set the "moral plane of competition" in a market, deciding that child labor or carcinogenic materials in food is unacceptable behavior. While this usually takes the form of direct regulation – thou shalt not – it can also take the form of "yardsticking," in which a public utility is set up, both to provide consumers with an alternative to private monopolies, but also to give regulators an idea about what the fair market rate actually is for a given product – allowing them to shine a spotlight on monopolistic practices.

In a way, the public sector has been a yardstick for the private sector ever since the 1960s. It's a heavily unionized industry (37.4% compared to 7.2%) – which means that workers can't be exploited. As private employers have rushed to jettison health care plans and change defined benefit plans (in which the employer agrees to a basic pension) to defined contribution plans (in which the employer may or may not match an employee's 401k or the like), public sector workers have kept theirs – and are therefore protected against economic risks.

Minimal Difference Between Public and Private Wages

<http://realignmentproject.wordpress.com/2010/03/29/in-defense-of-public-sector-unions-part-2/>

The Realignment Project

March 25, 2010

The strange thing about the economic security of public sector workers is that it's raised an unhealthy amount of envy in the public discourse. News stories about budget deficits abound with scare stories about "over-paid bureaucrats" – which fuels a right-wing anti-union politics and the mistaken belief that tax increases are unnecessary because eliminating "waste, fraud, and abuse" will solve our fiscal problems without reducing public services. This in turn hides the reality that cutting public sector wages and benefits, forcing state employees to take unpaid furloughs, and firing thousands of teachers and other public servants is a major reduction in public services.

But the problem with stories like that is they overwhelmingly rely on broad comparisons between average public sector and private sector workers – which often has the effect of hiding a more complex statistical reality than the simple comparisons describe. Public sector workers are overwhelmingly likely to be full-time, whereas the private sector has many more low-wage part-time, temporary, and "contingent" workers – which distorts comparisons. Similarly, averages don't always show us the reality of the situation if you have heavy concentrations at the low or the high-end of the income scale pulling the average up or down.*

* For example, let's take education, where you can see a substantial gap between the highest and lowest paid. The median pay for elementary and secondary school teachers is [\\$49,000](#) and [\\$51,000](#) respectively – and the lowest paid teachers earn \$33,000 and \$34,000 respectively. The median pay for elementary and secondary school administrators is [\\$83,880](#) – and the lowest paid administrators still earn \$55,000 a year, more than the median for the workers they manage. And yet when the reports go out on public sector pay levels, workers and management are bundled together, which makes it look like the average wage in public education (and by extension in the public sector) is higher than it actually is.

If we [compare apples to apples](#) though, the difference largely disappears. The median weekly pay for public sector workers is \$842 and the median weekly pay for private-sector unionized workers is \$839 – in other words, the difference is about unions, since public and private-sector union workers earn essentially the same wage. When we look at the private sector, the union differential is clear: private-sector workers in the service sector earn 57% more if they're union than if they're not; union workers in sales earn 22% more than non-union workers; and union workers in construction earn 57% more than their non-union peers.

Minimal Difference Between Public and Private Wages Cont'd

<http://realignmentproject.wordpress.com/2010/03/29/in-defense-of-public-sector-unions-part-2/>

The Realignment Project

March 25, 2010

But what happens when we compare union public-sector to union private-sector, to compensate for the fact that public-sector workers are more likely to be union (37.4% unionization rate) than private-sector workers (a paltry 7.2%)? To continue using education as an example, the median weekly earnings for union private-sector workers in “educational services” are 18% higher than their non-union brethren, and median weekly earnings for union private-sector “education, training, and library” professionals (i.e, teachers, librarians, and the like) are 23% higher than their non-union brethren. And when we compare our unionized private-sector professionals with our unionized [public-sector teachers](#) (which isn’t the neatest comparison, but it was the best I could do), the total public vs. private sector differential is a whopping 8.2%. That’s not nothing – but it’s not the “61% more” than the conservative Manhattan Institute trumpets as the difference between public school teachers and private school teachers, and it’s not anything like the 23% gap between union and non-union.

It couldn’t be clearer: the major difference is union vs. non-union, not public vs. private. Because they lack union organization, too many private-sector workers are being under-paid.

Minimal Difference Between Public and Private Pensions

<http://realignmentproject.wordpress.com/2010/03/29/in-defense-of-public-sector-unions-part-2/>

The Realignment Project

March 25, 2010

Let's [take pensions](#), another sore spot. We hear a lot about over-funded, overly-generous public sector pensions, but if you actually burrow down in the stats, it gets more complicated. The median income of "aged units" (i.e, retirees) with only Social Security pensions is a paltry \$16,527. The median income for "aged units" with a private pension and Social Security is \$31,227, which shows how important pensions are to preventing old age poverty, and why the dismantling of private sector pensions is so troubling. The median income for "aged units" with Social Security and a Federal pension is a whopping \$33,918 – a whole .8% difference. Even in the case of "aged units" with Social Security and state, local, or military pensions, the median income is \$39,364. That's a more substantial 26% difference, but even then the spread would get smaller if you subtract out military pensions and account for the higher percentage of defined-benefit plans and higher contribution rates in the public sector.

But a median state or local public sector pension of \$22.8k a year isn't anything like the [horror stories of \\$100k public sector pensions](#) that get trumpeted in the media – and the reason is that, while those pensions do exist, they are a statistical blip. The number of public sector employees who receive affluent pensions is a mere 1.3% of the workforce. Moreover, the gaps between public sector workers and public sector managers make it very clear that the runaway pensions and overly generous wages are happening within the ranks of management, not the unions. If we look back at the asterisked section above, we see that elementary and secondary school teachers' salaries top out at \$78-80,000 (in the top 10% of teachers), which mean that they're not within the 15,000 California public employees making more than \$100,000 a year, and they're not within the 1,000 making more than \$200,000 a year. And since pensions are based on wages, they're not going to be among those drawing \$100,000 a year pensions either. Their bosses, however, are more likely suspects: the top 25% of education administrators make more than \$100,000 a year.

However, it remains the case that even public sector management golden parachutes still represent a statistical blip – and that you can't solve California's (or any other state's) budget crisis by attacking "waste, fraud and abuse." Even if you stripped out every last overpaid manager and got rid of that 1.3% of the public workforce who're receiving affluent pensions, you'd still be left with massive budget deficits – because the problem isn't overly-generous pensions, but a structural revenue gap between what the cost of the services we demand and the taxes we've been willing to pay.

Con Evidence

Cons on Unionization

http://articles.techrepublic.com.com/5100-10878_11-5730959.html

Are unions the answer for government IT workers?

Ramon Padilla Jr.

Jun 03, 2005 6:09:00 PM

Cons

Union dues. If workers join the union, they have to pay monthly dues for the privilege of being represented. I can't remember the exact amount, but it was significant enough to make the non-union employees think twice about it.

Representation by a group of people who really don't understand their jobs well. Since IT is usually a small minority of the total workers, the elected union leadership tends to reflect the less "technical" jobs in government. Therefore, many of the non-union staff felt that they would be represented by people who didn't have a clue what they did.

Promotion and layoff process. In a union environment, you are often forced to promote and lay off based on seniority. For workers with less seniority and those who believed that promotion should be based on hard work and skills, this was definitely a strike against unionization.

<http://www.amazon.com/Plunder-Employee-Treasuries-Controlling-Bankrupting/dp/0984275207>

Plunder: How Public Employee Unions are Raiding Treasuries, Controlling Our Lives and Bankrupting the Nation (Paperback) ~ Steven Greenhut (Author) Editorial Reviews Review

Government employees are supposed to work for the public- not the other way around. Unfortunately, because of the overwhelming political influence of government unions, public employees have gained an unsustainable level of pay and benefits. Taxpayers will be saddled with higher taxes, depleted services and unconscionable levels of debt. As Greenhut's timely book explains, the public servants have indeed become the public's masters. --- Robert W. Loewen, President of the Lincoln Club of Orange County

Changes in Unionization

<http://www.washingtonexaminer.com/opinion/Ban-government-employee-unions-8528271.html#ixzz0hgLuLpbh>

Washington Examiner Editorial

Ban government employee unions

November 16, 2009

There was a time in America when the typical union member was a blue-collar guy sweating in a Pittsburgh steel mill, screwing together Chevies in Detroit or loading and unloading ships on the San Francisco docks. But things are radically different today because Joe Lunchpail has been replaced by white-collar Todd and Margo Yuppierat processing Social Security checks in Baltimore, conducting environmental audits in Denver or keeping the lines moving at the Department of Motor Vehicles. The breakdown of union membership make this change clear:

Only 7.3 percent of all private sector employees are union members, while 37.6 percent of all government workers are unionized. Fifty-one percent of all union members are government workers.

Public Unions More Effective than Private Unions

<http://blogs.law.harvard.edu/philg/2009/09/07/history-of-public-employee-unions/>

History of Public Employee Unions -
September 7, 2009 @ 9:13 pm

According to the author of *While America Aged*, public employee unions should be able to win much higher wages and benefits than private company unions. The UAW could shut down GM or Ford with a strike, but they couldn't vote the GM and Ford CEOs out of office. Once a sufficiently high percentage of voters are unionized public employees, there is essentially no limit to the obligations imposed on the state. Because it would cause too much backlash from non-union non-government employed voters, most of the money extracted from taxpayers will be taken in the form of long-term health care and pension promises. A voter working at Walmart gets upset hearing that a bus driver is earning \$130,000 per year. If instead the bus driver is paid \$70,000 per year and able to retire at age 41 (MBTA here in Boston), it is tougher for a voter to figure out how much is being spent. Pushing most of the spending out 10-50 years gives the politicians who agreed to the obligations at least 10 years in which to move to the next level of government before the true cost of the agreement becomes apparent. That was essentially what the GM management and politicians who agreed to the pensions had relied on. The company or economy would expand forever at whatever rate it had in the best decade that anyone could remember.

<http://online.wsj.com/article/SB124227027965718333.html>

Wall Street Journal

By STEVE MALANGA

MAY 14, 2009

Across the private sector, workers are swallowing hard as their employers freeze salaries, cancel bonuses, and institute longer work days. America's employees can see for themselves how steeply business has fallen off, which is why many are accepting cost-saving measures with equanimity -- especially compared to workers in France, where riots and plant takeovers have become regular news.

But then there is the U.S. public sector, where the mood seems very European these days. In New Jersey, which faces a \$3.3 billion budget deficit, angry state workers have demonstrated in Trenton and taken Gov. Jon Corzine to court over his plan to require unpaid furloughs for public employees. In New York, public-sector unions have hit the airwaves with caustic ads denouncing Gov. David Paterson's promise to lay off state workers if they continue refusing to forgo wage hikes as part of an effort to close a \$17.7 billion deficit. In Los Angeles County, where the schools face a budget deficit of nearly \$600 million, school employees have balked at a salary freeze and vowed to oppose any layoffs that the board of education says it will have to pursue if workers don't agree to concessions.

Public Unions More Effective than Private Unions Cont'd

<http://online.wsj.com/article/SB124227027965718333.html>

Wall Street Journal

By STEVE MALANGA

MAY 14, 2009

Call it a tale of two economies. Private-sector workers -- unionized and nonunion alike -- can largely see that without compromises they may be forced to join unemployment lines. Not so in the public sector.

The results of such efforts are evident in the rich rewards that public-sector employees now enjoy. A study in 2005 by the nonpartisan Employee Benefit Research Institute estimated that the average public-sector worker earned 46% more in salary and benefits than comparable private-sector workers. The gap has only continued to grow. For example, state and local worker pay and benefits rose 3.1% in the last year, compared to 1.9% in the private sector, according to the Bureau of Labor Statistics (BLS).

Some five million private-sector workers have lost their jobs in the last year alone, and their unemployment rate is above 9% according to the BLS. By contrast, public-sector employment has grown in virtually every month of the recession, and the jobless rate for government workers is a mere 2.8%. For anyone who thinks such low unemployment numbers are good news, remember that the bulging public sector must be paid for with revenues that most governments don't currently have. This is one reason for a spate of state and local tax increases, such as \$5 billion in tax increases New York state passed in April, and \$12 billion in tax increases California's legislature agreed to in February that will only become law if voters pass a series of ballot initiatives next week.

<http://www.washingtonexaminer.com/politics/Public-sector-unions-bleed-taxpayers-to-help-Dems-83652517.html>

The Washington Examiner

By: Michael Barone Senior Political Analyst

February 7, 2010

Public-sector unionism is a very different animal from private-sector unionism. It is not adversarial but collusive. Public-sector unions strive to elect their management, which in turn can extract money from taxpayers to increase wages and benefits -- and can promise pensions that future taxpayers will have to fund.

Public Unions More Effective than Private Unions Cont'd

<http://www.amazon.com/Plunder-Employee-Treasuries-Controlling-Bankrupting/dp/0984275207>

Plunder: How Public Employee Unions are Raiding Treasuries, Controlling Our Lives and Bankrupting the Nation (Paperback) ~ Steven Greenhut (Author) Editorial Reviews Review

Public employees have become the new American elite. In the past, Government workers earned less money but had slightly better job security and benefits than Americans working in the private sector. These days, government workers not only earn more than other Americans, but they have vastly superior benefits, including pension plans that often allow them to retire as early as age 50 with 100 percent or more of their final year's salary. These pensions often to \$100,000 a year and come with cost of living adjustments and free lifetime medical care. Getting a government job and sticking with it is like winning the lottery. This plundering of treasuries, made possible by aggressive union tactics and spineless politicians, results in higher taxes and massive debts that ultimately will be borne by our grandchildren. The current situation is "unsustainable." The problem goes beyond finances. Government unions protect even the worst public employees from accountability. Schools don't attempt to fire incompetent teachers-and union protections make it nearly impossible to even fire ones accused of abuse and other misdeeds. As government gets bigger and more powerful, government officials have more uncontrolled power over the rest of us-to enrich and protect themselves at the expense of the public good. The public's servants have truly become the public's masters.

<http://www.washingtonexaminer.com/politics/Its-a-wonderful-life-working-for-the-government-8697601-80294522.html#ixzz0hgRYSO3g>

Washington Examiner

By: Michael Barone Senior Political Analyst

December 30, 2009

That's the takeaway from a recent Rasmussen poll that shows that 46 percent of government employees say the economy is getting better while just 31 percent say it's getting worse. In contrast, 32 percent of those with private-sector jobs say the economy is getting better, while 49 percent it is getting worse.

Nearly half, 44 percent, of government employees rate their personal finances as good or excellent. Only 33 percent of private-sector employees do.

It sounds like public- and private-sector employees are looking at different Americas. And they are.

Private-sector employment peaked at 115.8 million in December 2007, when the recession officially began. It was down to 108.5 million last November. That's a 6 percent decline.

Public Unions More Effective than Private Unions Cont'd

<http://www.washingtonexaminer.com/politics/Its-a-wonderful-life-working-for-the-government-8697601-80294522.html#ixzz0hgRYSO3g>

Washington Examiner

By: Michael Barone Senior Political Analyst

December 30, 2009

Public-sector employment peaked at 22.6 million in August 2008. It fell a bit in 2009, then has rebounded back to 22.5 million in November. That's less than a 1 percent decline.

This is not an accident; it is the result of deliberate public policy. About one-third of the \$787 billion stimulus package passed in February 2009 was directed at state and local governments, which have been facing declining revenues and are, mostly, required to balance their budgets.

The question now is whether they will become commonplace in the United States in the decade ahead. The decision by the Obama administration and the Democratic Congress to hold public-sector employees in place while the private sector is gravely weakened has the potential to place us on that trajectory.

The unemployment data show that this recession has had a much greater effect on private-sector workers than on public employees, on men than on women, on blue-collar workers than on white-collar employees.

This seems not to have gone unnoticed. Democrats have been surprised that so many downscale voters oppose their big spending programs. Maybe many of those voters have noticed how much of that spending has gone to public-sector union members, leaving the rest of America with a less than happy new year.

Public Unions More Effective than Private Unions Cont'd

<http://www.weeklystandard.com/Content/Public/Articles/000/000/017/031citja.asp>

Weekly Standard

BY Dan DiSalvo and Fred Siegel

October 12, 2009, Vol. 15, No. 04

Fred Siegel is a visiting professor at St. Francis College and a contributing editor to the Manhattan Institute's City Journal. Dan DiSalvo is a professor at City College of New York.

Once upon a time public sector workers received less pay than their private sector counterparts in return for better benefits and greater job security. But that bargain has been breached. Public sector wages have more than caught up, while the differential between public and private sector benefits has increased so much that public sector work, particularly for the unskilled, is greatly coveted. To protect such benefits, the unions have tenaciously opposed Senator Max Baucus's plan to tax expensive health insurance plans to finance an extension of coverage. Supporters of public sector union power have developed a rationale for the government employees' gold-plated perks. The argument is that public employees are the vanguard of the working class. As such, the benefits they achieve will eventually have to be matched by private sector employers. As Carla Katz, the leader of New Jersey's Communications Workers of America, explained to Paul Mulshine of the Newark Star-Ledger, reformers embrace "the progressive theory that unless you create a substantial wage and benefits package that reflects good jobs and the ability to have a middle-class life style, there will be a perpetual race to the bottom."

There is broad agreement among economists that public sector unions' political power increases government spending. As reported in the New York Times , public-sector wages and benefits over the past decade have grown twice as fast as those in the average private-sector. An Empire Center for New York State Policy study found that in 2006 state and local government employees in New York were paid higher average salaries in eight out of ten regions of the state. If one excludes jobs in finance in New York City and the Southern Tier, private sector employees earned slightly less than government ones statewide.

The downturn has been very tough on private sector workers. But the public sector, particularly when it comes to pensions for uniformed workers, has been a different matter. In New York City, where public sector union benefits have grown twice as fast as those in the private sector since 2000, firefighters may retire after 20 years at half pay. Pension benefits for a new retiree averaged just under \$73,000 (all exempt from state and local taxes). Many also collect an annual \$12,000 "Christmas bonus." To top it off, they receive a health insurance policy that is worth about \$10,000 annually. New York City is also paying benefits to 10,000 retired police officers under 50 years of age.

Public Unions More Effective than Private Unions Cont'd

<http://www.weeklystandard.com/Content/Public/Articles/000/000/017/031citja.asp>

Weekly Standard

BY Dan DiSalvo and Fred Siegel

October 12, 2009, Vol. 15, No. 04

Fred Siegel is a visiting professor at St. Francis College and a contributing editor to the Manhattan Institute's City Journal. Dan DiSalvo is a professor at City College of New York.

Such cases abound. According to the Boston Globe , 225 of the 2,338 Massachusetts state policeofficers made more than Governor Deval Patrick's \$140,535 annual salary in 2006. Four state troopers received more than \$200,000, and 123 others were paid more than \$150,000. The Chicago Sun-Times reports that in suburban Chicago, there are school administrators--a unionized profession--who are making over \$400,000. California teachers are represented by one of the country's most powerful teachers' unions and earn 25 percent more than the national average. Forbes has reported that there are California prison guards making \$300,000 a year.

While the wage parity between public and private sector workers is largely unchanged since 2002, public sector benefits are a different matter. For every \$1-an-hour pay increase, noted Dennis Cauchon in USA Today , public employees have gotten \$1.17 in new benefits. Private workers have gotten just . 58 cents in benefits for every \$1 raise. This gap worries left-liberal labor economist Barry Bluestone. The price of state and local public services increased by 41 percent nationally between 2000 and 2008. Private services only increased by 27 percent. The benefit growth has continued unabated into the Great Recession, and Bluestone says the gap will inevitably produce a backlash.

<http://www.openmarket.org/2010/01/05/public-sector-unions-heavy-burden-on-taxpayers/Public>

OpenMarket.org

Sector Unions' Heavy Burden on Taxpayers by Ivan Osorio

January 05, 2010 @ 6:36 pm

Meanwhile, BLS's 2008 National Compensation Survey finds mean hourly earnings for public sector workers as being just over \$5.00 higher than those for private sector workers. The difference is less "within occupations," as McEntee insists, and the 2006 edition of the Survey, which found a similar gap, includes a caveat that would seem to justify his distinction.

Earnings averaged \$19.29 per hour in June 2006 for civilian workers in the United States. Average hourly earnings were lower for private industry workers (\$18.56) than for State and local government workers (\$23.99). Part of this difference can be explained by differences in the occupational and industrial composition of the two sectors. For example, high-paying professional and related occupations are relatively more common in State and local government than in private industry.

Public Unions More Effective than Private Unions Cont'd

<http://www.openmarket.org/2010/01/05/public-sector-unions-heavy-burden-on-taxpayers/Public>

OpenMarket.org

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January 05, 2010 @ 6:36 pm

So far so good, right? Wrong! The Survey compares only “earnings,” which it describes as “regular payments from the employer to the employee as compensation for straight-time hourly work or for any salaried work performed.” In other words, this doesn't include benefits, which are far greater for public sector workers than for private sector ones.

The most recent BLS release on employee compensation (issued December 9, 2009) states that, during September 2009, “[p]rivate industry employer compensation costs averaged \$27.49 per hour worked,” while, “[s]tate and local government compensation costs averaged \$39.83 per hour worked” — a difference of over \$12.00 an hour.

Moreover, a greater proportion of public employees get benefits, and they get a greater employer contributions. According to a July 2009 BLS release

- Medical care benefits were available to 71 percent of private industry workers, compared with 88 percent among State and local government workers. About half of private industry workers participated in a plan, less than the 73 percent of State and local government workers. (See table 2.)
- Employers paid 82 percent of the cost of premiums for single coverage and 71 percent of the cost for family coverage, for workers participating in employer sponsored medical plans. The employer share for single coverage was greater in State and local government (90 percent) than in private industry (80 percent). For family coverage, the employer share of premiums was similar for private industry and State and local government, 70 and 73 percent, respectively. (See tables 3 and 4.)
- Among full-time State and local government workers, virtually all (99 percent) had access to retirement and medical care benefits. Of full-time workers in private industry, only 76 percent had access to retirement benefits and 86 percent to medical care. Part-time workers had less access to these benefits in both private industry and in State and local government; about 40 percent of parttime workers had access to retirement benefits and about 25 percent had access to medical care benefits. (See tables 1 and 2.)

Public Unions More Effective than Private Unions Cont'd

<http://www.openmarket.org/2010/01/05/public-sector-unions-heavy-burden-on-taxpayers/Public>

OpenMarket.org

Sector Unions' Heavy Burden on Taxpayers by Ivan Osorio

January 05, 2010 @ 6:36 pm

- Sixty-seven percent of private industry employees had access to retirement benefits, compared with 90 percent of State and local government employees. Eighty-six percent of State and local government employees participated in a retirement plan, a significantly greater percentage than for private industry workers, at 51 percent.

And still that's not all. As Don Bellante of the University of South Florida, David Denholm of the Public Service Research Foundation, and I note in our Cato Institute study on the topic, another benefit unionized government workers get is job security unlike any found in the private sector. (The online edition of *The Economist* also features a letter to the editor by Bellante, Denholm, and me.)

[O]ne of the earliest studies (using 1975 data) to take fringe benefits and the incidence of unemployment into account is by Don Bellante and James Long, although their study does not distinguish between union and nonunion employees. The study found that on the basis of hourly pay alone, there was not a significant difference between local-government employees and comparable workers in the private sector. However, adding in the significantly higher value of fringe benefits received at that time by local-government workers gave a slight advantage to local public employees. Further, adding in the effect of differential probability of unemployment spells on expected annual earnings raised the rent element in local government pay levels to over 10 percent.

So what's wrong with public employees earning well? Nothing. The problem lies in their making so much above private sector workers — and that we're all paying for it. Taking all of the above into account, McEntee's assertion that, "it is not government employees who brought the American economy and state and local budgets to the brink of disaster" falls flat.

Cost to Taxpayers

<http://www.washingtonexaminer.com/opinion/Ban-government-employee-unions-8528271.html#ixzz0hgLuLpbh>

Washington Examiner Editorial

Ban government employee unions

November 16, 2009

As the Heritage Foundation's James Sherk points out, these numbers ought to be red flags for taxpayers because "government employees don't strike to get higher wages from a private business -- they strike to get higher wages from you."

"Their pay is funded through your tax dollars," he adds. "For government employee union members to get more, your taxes need to go up. So that is what unions now lobby for." And as with so much else in this country, Sherk cautions that what is happening on the West Coast is likely a portent of disturbing things to come for the rest of us:

* In Oregon, public employee unions are funding ballot initiatives to raise personal income and business taxes in order to protect gold-plated medical benefits from state spending reductions.

* In California, the Service Employees International Union spent at least \$1 million on a massive television ad campaign demanding that desperate state government officials raise oil, gas and liquor taxes instead of cutting spending.

These actions point to the hard reality that the interests of government employee unions are fundamentally opposed to the interests of taxpayers. The unions are serving their own members, while the government officials who oversee them are serving the public, which usually means delivering the most efficient service at the lowest possible cost

<http://www.washingtontimes.com/news/2010/feb/23/unions-out-of-step-with-us-private-sector/>

Washington Times

By Daniel Griswold, director of the Cato Institutes Center for Trade Policy studies

Tuesday, February 23, 2010

After studying the effects of unions on company performance, Barry Hirsch of Georgia State University concluded that unions will typically raise labor costs to a firm by 15 percent to 20 percent, while delivering a negligible increase in productivity. As a result, "Unionization is associated with lower investment in physical and intangible capital and slower growth. The combination of a union tax and sluggish governance is proving debilitating in economic environments that are highly competitive and dynamic," Mr. Hirsch wrote in a 2008 study.

Cost to Taxpayers Cont'd

<http://blogs.law.harvard.edu/philg/2009/09/07/history-of-public-employee-unions/>

History of Public Employee Unions -
September 7, 2009 @ 9:13 pm

Reading this book makes it clear that recovery from the Crash of 2008 is speculative. In the previous severe economic downturns, e.g., the 1980 Jimmy Carter malaise, U.S. workers did not face effective competition from workers in India and China. Government was a smaller percentage of GDP and public employees were not paid so much more than private sector workers. Most importantly, the pension obligations of governments were tiny compared to today because they'd only had a decade or two to develop. As all of the wealth and value that was in GM eventually had to be transferred to retirees (and then another \$100 billion of taxpayer money, when the value of GM's business was not sufficient), it may be the case that most of society's wealth has to be transferred to the 41-year-old retired bus drivers of the MBTA here in Massachusetts, the 50-year-old retired fire department workers of California, et al.

Private companies have gotten out of this trap by wiping out their shareholders and shedding their obligations in bankruptcy. For governments, however, there is essentially only one way out of this trap: grow the tax base dramatically. According to classical economics, however, wage growth is impossible without capital investment. If a company spends \$1 billion to equip its factories with better machines, an hour of labor will have more value and the company will bid up wages until the factory is fully staffed. In our prostrate economic condition, however, business isn't investing. So the tax base isn't going to grow via wage increases. The alternative is to grow the population size until the U.S. is as densely populated as mainland China

http://www.americanthinker.com/blog/2010/02/hop_on_board_the_public_employ.html

American Thinker
February 28, 2010

Wisconsin is just one example of greedy government unions placing the gold-plated contracts and retirement and health benefits of their members over the interests of taxpayers. Taxpayers who worry over their own budgets, their kids futures and their own retirements should make these demands on their politicians: publicize all salaries of all public employees, along with their benefit and retirement packages; have an independent study show how these compare to similar jobs in the private sector; insist that all future contracts that provide for retirement benefits require large employee contributions and be of the defined contribution type (as opposed to defined benefit, where future obligations are set in stone and become legally enforceable, regardless of how the investments that back these pensions fare). Furthermore, these employees almost never lose their jobs. That job security should be worth something in and of itself.

In other words, treat public employees as private employees are treated.

Public Unions and Pensions

<http://www.openmarket.org/2010/01/05/public-sector-unions-heavy-burden-on-taxpayers/Public>

OpenMarket.org

Sector Unions' Heavy Burden on Taxpayers by Ivan Osorio

January 05, 2010 @ 6:36 pm

Even worse, the greatest costs associated with public sector unions often do not become apparent for many years, in the form of pensions. As we also point out, "Politicians can further shield themselves from public scrutiny by back-loading the rents paid to their union supporters, so that they come due at a later time, when they will be somebody else's problem." As Cato's Chris Edwards notes, "state and local workers have very generous defined-benefit (DB) pension plans compared to private sector workers. These plans have been overpromised and underfunded, which has created huge long-term gaps in government budgets." The Pacific Research Institute's Steven Greenhut, in his cover story in the new issue of Reason explains the severity of this problem ;:

Public pensions have swollen to unrecognizable proportions during the last decade. In June 2005, BusinessWeek reported that "more than 14 million public servants and 6 million retirees are owed \$2.37 trillion by more than 2,000 different states, cities and agencies," numbers that have risen since then. State and local pension payouts, the magazine found, had increased 50 percent in just five years.

None of this is likely to deter union efforts to increase unionization in government — and to even stretch the definition of government's reach. Again, as Don Bellante, David Denholm, and I note:

Now some unions are trying to expand the definition of "public" by trying to organize government contractors. Washington state provides a good example of this. There, the trend began in 2001, when voters approved a ballot measure, Initiative 775, to allow independent long-term health care providers to unionize and bargain collectively over hours, compensation, and working conditions.³⁹ Then in 2007, Washington state authorized collective bargaining for adult-home-care providers who receive Medicaid and other state aid.⁴⁰ Stretching the definition of "public employee" to any home-care provider who may contract with the state can give a public employee union a foothold in the private sector

States Have to Cut Spending Because of Unions

<http://www.nytimes.com/2009/03/25/nyregion/25layoffs.html>

New York Times

With No Union Concessions, State Plans to Cut 9,000 Jobs

Published: March 25, 2009

Gov. Davis A. Paterson's office said Tuesday that the state plans to eliminate nearly 9,000 jobs, mostly through layoffs, after failing to get public employee unions to agree to cost-cutting concessions. It is hard to predict whether the cuts, scheduled to begin in July, will actually occur or whether the threat of the reductions will spur the unions to accept contract changes. The Public Employees Federation responded to the call for layoffs by asking the state to hire even more workers as a way to reduce overtime costs — a less than promising sign for those hoping for a quick compromise on the concessions.

Mr. Paterson's announcement comes as budget officials said the estimate for the deficit for the fiscal year that begins April 1 had risen another \$2.2 billion, bringing it to more than \$16 billion. The job cuts would come from both layoffs and attrition. They represent 6.4 percent of the work force, not counting employees of public universities, who would not be included in the reduction. The cuts are projected to save the \$481 million over two years.

Mr. Paterson wants employees to forgo previously negotiated raises for the coming year and to defer one week's pay until retirement, or after the fiscal crisis. He also wants to provide newly hired employees less generous pension benefits and for future retirees to contribute more for their health insurance. While the governor needs union approval to re-open the contracts to gain these concessions, he has the authority to impose layoffs. "Throughout the year, the governor was asking for labor concessions, saying he did not want to do wholesale layoffs," said Laura Anglin, the state's budget director, on Tuesday. "Up until yesterday, we kept trying to negotiate. They wouldn't accept anything."

Danny Donohue, the president of the Civil Service Employees Union, which represents 70,000 state employees, said, "If Governor Paterson really believes putting nearly 9,000 New Yorkers out of work is a good idea, he really is out of touch with life on Main Street." Ken Brynien, the president of the Public Employees Federation, which represents 59,000 state workers, said he disagreed with the assertion that "the public employees have offered no counterproposals."

But the counterproposals he outlined were, for the most part, not actually cuts to worker pay or benefits. Instead, they included ideas to raise revenue by taxing the wealthy, to hire more workers to reduce overtime costs and to raise taxes on health maintenance organizations. Mr. Brynien called the governor's move "a negotiating strategy," adding, "I am sure we will continue discussions."

More Difficult for Public Sector to Cut Costs

<http://www.washingtonexaminer.com/politics/Its-a-wonderful-life-working-for-the-government-8697601-80294522.html#ixzz0hgRYSO3g>

Washington Examiner

By: Michael Barone Senior Political Analyst

December 30, 2009

For it's more difficult to cut waste and unnecessary spending from government agencies than from private-sector businesses.

As Charles Peters, founder of the neoliberal Washington Monthly, noted years ago, when government is ordered to cut spending, it does things like closing the Washington Monument to visitors. Tourists from the 50 states and 435 congressional districts quickly squawk to their members of Congress, and the spending cuts are rescinded.

When businesses must cut, they do so with an eye to profits -- which is to say, with an eye to providing consumers with goods and services they need enough to be willing to pay for. They tend to lay off unproductive employees while striving to retain productive ones.

Governments, restrained by civil service rules and often by union contracts, do not have similar incentives.

Public Unions are Significant Harm to States

http://www.oregonlive.com/business/index.ssf/2009/10/looking_down_the_barrel_of_per.html

Climbing PERS expenses face Oregon pension board, agency budget writers By Ted Sickinger, The Oregonian October 24, 2009, 7:29PM

The cost of Oregon's Public Employees Retirement System is about to skyrocket to budget-busting levels.

As a result of PERS' \$17 billion investment loss in 2008, every state agency, municipality and school district that participates in the system is staring at an average 50 percent increase in the base rates PERS charges to fund their employees' retirement benefits in 2011 and 2012.

That's not a doomsday scenario. Unless the pension fund's board changes its rate-setting rules, or its investment portfolio generates a 26 percent return in 2009, these rate increases are guaranteed. What does that mean to you? Fewer teachers, cops and firefighters. Less of every service that government provides. Higher fees and taxes. Perhaps all of the above.

Consider financially strapped Bend, which just completed its fifth round of layoffs since 2007. Projected increases in Bend's PERS costs for public safety employees alone are equal to paying 17 police officers. That's in a department that is currently considered understaffed with 86.

For Salem-Keizer Public Schools, which pared \$27 million in costs from its latest budget, the looming PERS increases equal almost 220 teachers, or 16 school days. Looking at it another way, state agencies' new PERS costs next biennium would equal nearly 60 percent of the \$733 million in corporate and personal income tax increases that voters will be asked to approve in January.

Statewide, it's at least a \$1 billion problem in the next biennium. After that, it gets worse. The base rate that public agencies pay to support employees' retirement benefits could double in the next five years, according to the PERS actuary, Mercer Inc. If rates reach that level, the retirement system will gobble one quarter of every tax dollar that goes into a public agency to support payrolls.

Oregon isn't alone.

Public pensions nationwide are in crisis mode, and state Treasurer Ben Westlund points out that Oregon's pension system is still better funded than most. PERS officials also note that a major recovery in the stock market could alleviate, or even eliminate, the pain. Indeed, the system's investment portfolio has already bounced back 14 percent this year.

Public Unions are Significant Harm to States Cont'd

http://www.oregonlive.com/business/index.ssf/2009/10/looking_down_the_barrel_of_per.html

Climbing PERS expenses face Oregon pension board, agency budget writers By Ted Sickinger, The Oregonian October 24, 2009, 7:29PM

But here's the rub: Even if the pension system's investments return an average 10.5 percent annually for the next three years - their historical average - PERS rates will still increase to 21 percent of payroll in July 2013, according to Mercer's modeling.

If, in a slower growth scenario, investment returns are closer to their 10-year average of 4.5 percent, all bets are off. PERS' executive director, Paul Cleary, recently told the citizens board that oversees investment of the \$50 billion pension fund that if 4.5 percent is the new normal, "our business model doesn't work."

<http://www.weeklystandard.com/Content/Public/Articles/000/000/017/031citja.asp>

Weekly Standard

BY Dan DiSalvo and Fred Siegel

October 12, 2009, Vol. 15, No. 04

Fred Siegel is a visiting professor at St. Francis College and a contributing editor to the Manhattan Institute's City Journal. Dan DiSalvo is a professor at City College of New York.

Like banks, but with even less self-control, state governments make long-term promises in boom times while depending on the short-term flow of revenues. But when the boom ends, the benefits that have been ratcheted up have to be paid for out of a declining private sector economy.

Barring a sharp recovery, state and local government tax-funded pension contributions in New York are likely to triple over the next five years in order to pay out the pension benefits guaranteed by the state constitution. (This is equally true in Illinois.) California's public pension fund liability has already topped \$200 billion, and in cities such as Oakland, Vallejo, and Rio Vista bankruptcy looms.

<http://www.washingtonexaminer.com/politics/Public-sector-unions-bleed-taxpayers-to-help-Dems-83652517.html>

The Washington Examiner

By: Michael Barone Senior Political Analyst

February 7, 2010

The results are plain to see. States such as New York, New Jersey and California, where public-sector unions are strong, now face enormous budget deficits and pension liabilities. In such states, the public sector has become a parasite sucking the life out of the private-sector economy. Not surprisingly, Americans have been steadily migrating out of such states and into states like Texas, where public-sector unions are weak and taxes are much lower.

Public Unions are Significant Harm to States Cont'd

<http://www.washingtonexaminer.com/politics/Low-tax-Texas-beats-big-government-California-86681467.html>

Washington Examiner

By: Michael Barone Senior Political Analyst

March 7, 2010 Read more at the

His point was that the big-government policies of the Obama administration and Democratic congressional leaders are resented and fiercely opposed not just because of their dire fiscal effects but also as an intrusion on voters' independence and ability to make decisions for themselves. No one would include Perry on a list of serious presidential candidates, including himself, even in the flush of victory. But in his 10 years as governor, the longest in the state's history, Texas has been teaching some lessons to which the rest of the nation should pay heed. They are lessons that are particularly vivid when you contrast Texas, the nation's second most populous state, with the most populous, California. Both were once Mexican territory, secured for the United States in the 1840s. Both have grown prodigiously over the past half-century. Both have populations that today are about one-third Hispanic. But they differ vividly in public policy and in their economic progress -- or lack of it -- over the last decade. California has gone in for big government in a big way. Democrats hold big margins in the legislature largely because affluent voters in Los Angeles and the San Francisco Bay area favor their liberal positions on cultural issues.

Those Democratic majorities have obediently done the bidding of public employee unions to the point that state government faces huge budget deficits. Gov. Arnold Schwarzenegger's attempt to reduce the power of the Democratic-union combine with referenda was defeated in 2005 when public employee unions poured \$100 million -- all originally extracted from taxpayers -- into effective TV ads.

Californians have responded by leaving the state. From 2000 to 2009, the Census Bureau estimates, there has been a domestic outflow of 1,509,000 people from California -- almost as many as the number of immigrants coming in. Population growth has not been above the national average and, for the first time in history, it appears that California will gain no House seats or electoral votes from the reapportionment following the 2010 census.

Texas is a different story. Texas has low taxes -- and no state income taxes -- and a much smaller government. Its legislature meets for only 90 days every two years, compared with California's year-round legislature. Its fiscal condition is sound. Public employee unions are weak or nonexistent.

But Texas seems to be delivering superior services. Its teachers are paid less than California's. But its test scores -- and with a demographically similar school population -- are higher.

Public Unions are Significant Harm to States Cont'd

<http://www.lasvegassun.com/news/2010/jan/10/recession-stung-governments-target-unions/>

Las Vegas Sun

Sunday, Jan. 10, 2010 | 2 a.m

Here, the unions also battle the perception that they do much better than their colleagues nationwide. For example, the average firefighter in Nevada makes nearly \$95,000, or 48 percent more than the national average, according to data compiled and analyzed by the Sun last year. Local police officers make nearly \$79,000, or 30 percent more than the national average.

Nevada labor leaders say their unions are being targeted unfairly, especially because their members make up the workforce of the leanest government in the country. Workers, they say, are compensated well but must do the jobs of many, at a time when demand for public services is at an all-time high.

Public Unions Influence Politics

<http://online.wsj.com/article/SB124227027965718333.html>

Wall Street Journal

By STEVE MALANGA

MAY 14, 2009

Today, public-sector unions sit atop lists of organizations that devote the most money to lobbying and campaign contributions. In Pennsylvania, a local think tank, the Commonwealth Foundation, counted the resources of the state's teachers union a few years ago. It had 11 regional offices, 275 employees and \$66 million in annual dues. In Connecticut, representatives of the teachers union camped outside the legislators' doors in 2005 to keep tabs on school reformers who were calling on these officials to expand school choice.

And in California, unions spent more than \$50 million in 2005 to defeat a series of ballot proposals that would have capped growth in the state's budget. Now the state's teachers union is putting its clout behind a ballot initiative, to be voted on next week, that would restore more than \$9 billion in educational spending cut from the state's budget.

Now powerful and savvy, public unions have moved effectively to quash antitax movements. In New Jersey, public unions derailed a taxpayer revolt in 2005 by using their legislative clout to water down a bill that would have created a state constitutional convention to enact property-tax reform. Meanwhile, under pressure from unions, state legislatures in places like Florida have been tightening rules and requirements for passing voter initiatives and referenda -- blunting a favorite tool of antitax groups.

In the public sector, however, more union members means more voters. And more voters means more dollars for political campaigns to elect sympathetic politicians who will enact higher taxes to foot the bill for the upward arc of government spending on workers. That will be the pattern for the indefinite future unless taxpayers find a way to roll back the enormous power public workers have acquired.

Public Unions Influence Politics Cont'd

<http://www.washingtonexaminer.com/politics/Its-a-wonderful-life-working-for-the-government-8697601-80294522.html#ixzz0hgRYSO3g>

Washington Examiner

By: Michael Barone Senior Political Analyst

December 30, 2009

The policy aim, Democrats say, was to maintain public services and aid. The political aim, although Democrats don't say so, was to maintain public-sector jobs -- and the flow of union dues to the public employees unions that represent almost 40 percent of public-sector workers.

Those unions in turn have contributed generously to Democrats. Services Employee International Union head Andy Stern, the most frequent nongovernment visitor to the Obama White House, has boasted that his union steered \$60 million to Democrats in the 2008 cycle. The total union contribution to Democrats has been estimated at \$400 million.

One must concede that there is something to the argument that maintaining government spending levels helps people in need and provides essential public services. Something, but not everythin

Public Unionization Effect on Politics

<http://www.washingtonexaminer.com/opinion/Ban-government-employee-unions-8528271.html#ixzz0hgLuLpbh>

Washington Examiner Editorial
Ban government employee unions
November 16, 2009

These diverging interests are perfectly illustrated at the federal level by the political endorsements of the American Federation of Government Employees, which actively backed Barack Obama. For his part, the president is now pushing federal spending to unprecedented heights while expanding the federal work force and working with Congress to raise taxes. Between elections, AFGE, along with other federal employee unions like the National Treasury Employees Union and the National Federation of Federal Employees, constantly lobby Congress against any proposal to rein in the spiraling compensation costs of the federal civil service. Hard-pressed taxpayers shouldn't have to fight tax-happy congressmen and greedy government worker unions at the same time. Public service employees should be forced to bargain as 92.7 percent of the work force does -- in a way that recognizes the best interests of both sides and does not assume that government is a Daddy Warbucks with limited resources.

<http://online.wsj.com/article/SB124227027965718333.html>

Wall Street Journal
By STEVE MALANGA
MAY 14, 2009

Government unions used their influence this winter in Washington to ensure that a healthy chunk of the federal stimulus package was sent to states and cities to preserve public jobs. Now they are fighting tenacious and largely successful local battles to safeguard salaries and benefits. Their gains, of course, can only come at the expense of taxpayers, which is one reason why states and cities are approving tens of billions of dollars in tax increases.

Public Unionization Effect on Politics Cont'd

<http://www.weeklystandard.com/Content/Public/Articles/000/000/017/031citja.asp>

Weekly Standard

BY Dan DiSalvo and Fred Siegel

October 12, 2009, Vol. 15, No. 04

Fred Siegel is a visiting professor at St. Francis College and a contributing editor to the Manhattan Institute's City Journal. Dan DiSalvo is a professor at City College of New York.

Katz not only represents thousands of state employees, she is also the richly rewarded former girlfriend of New Jersey governor Jon Corzine. Katz's influence on Corzine became clear in 2006 when the impassioned governor spoke to a Trenton rally of roughly 10,000 public workers and shouted out: "We will fight for a fair contract." Corzine was of course management in that situation, not labor. But with the power of the public sector unions to drive election outcomes, they now sit on both sides of the bargaining table. Unlike private sector unions, the sheer number of workers represented is not the linchpin of their influence. Private sector unions have a natural adversary in the owners of the companies with whom they negotiate. But public sector unions have no such natural counterweight. They are a classic case of "client politics," where an interest group's concentrated efforts to secure rewards impose diffused costs on the mass of unorganized taxpayers. Also unlike private sector unions, those in the public sector can achieve influence on both sides of the bargaining table by making campaign contributions and organizing get-out-the-vote drives to elect politicians who then control the negotiations over their pay, benefits, and work rules. The result is a nefarious cycle: Politicians agree to generous government worker contracts; those workers then pay higher union dues a portion of which are funneled back into those same politicians' campaign war chests. It is a cycle that has driven California and New York to the edge of bankruptcy.

Consider what happened in Washington State. After helping Democrats win full control of the legislature in 2002, the state affiliate of the Association of Federal, State, County, and Municipal Employees (AFSCME) and other unions persuaded lawmakers to lift the collective bargaining restrictions. Within three years the number of union members had doubled. With more state employees paying dues, the amount of union dollars flowing into the coffers of Democrats running in state elections also doubled. A prime beneficiary of such union generosity was Christine Gregoire, who became governor in 2004 after one of the closest elections in the state's history. (AFSCME gave \$250,000 to the state Democratic party to help pay for the recount that handed her the election by 129 votes). Once in office, Gregoire negotiated contracts with the unions that resulted in double-digit salary increases, some exceeding 25 percent, for thousands of state employees. In 2007, J. Vander Stoep, an adviser to Republican Dino Rossi, Gregoire's 2004 opponent, prophetically remarked that the unions' arrangement with the Democrats was "a perfect machine to generate millions of dollars for her reelection. . . . They are building something that conceivably can never be undone--at taxpayer expense." In their 2008 rematch, Rossi lost again to Gregoire, this time by 194,614 votes.

Public Unionization Effect on Politics Cont'd

<http://www.weeklystandard.com/Content/Public/Articles/000/000/017/031citja.asp>

Weekly Standard

BY Dan DiSalvo and Fred Siegel

October 12, 2009, Vol. 15, No. 04

Public sector unions with political influence can negotiate detailed work rules in which they largely exempt themselves from accountability in return for providing political support for their nominal managers. In New York City, Mayor Michael Bloomberg and the United Federation of Teachers (UFT) have created a cartel to advance their own interests at the expense of the citizens and students. The teacher's contract is over 200 pages of small print. Reminiscent of the 12,000 United Auto Workers (UAW) who were paid not to work in the heyday of the UAW, nearly 800 Gotham "rubber room" teachers who have problems on the job are being paid not to work. The UFT has also negotiated with Bloomberg, mistakenly called an education reformer, a reduction in the number of days they must work to prepare for classes before school begins in September at the same time as their salary increases have been running at better than twice the rate of inflation.

The combined power of the teachers and health care workers has made the New York state legislature a wholly owned subsidiary of the public sector unions. The law mandates that all new legislation be evaluated for its fiscal impact. In recent years those calculations were performed by an actuary named Jonathan Schwartz. In 2008, when Schwartz found that a piece of bipartisan legislation allowing city workers to retire early with full pension benefits would impose no new costs, the New York Times blew the whistle. Schwartz, who had been fired from a city job, worked not only for the state assembly but also, it turned out, for District Council 37 of the SEIU. When asked which other unions he had worked for, he replied, "How many unions are there?" His client list included the teachers, firefighters, detectives, correction officers, and bridge and tunnel officers. Not surprisingly New York State has the highest per-employee pension costs in the country.

In the states and cities where government workers' unions are strong, they have formed alliances with nonprofit advocacy groups such as ACORN and foundations committed to greater government involvement in the economy and society. The Manhattan Institute's Steven Malanga argues that this constellation of forces is in effect a new Tammany Hall. It is, says Seymour Lachman, a former New York state senator who now heads a center for government reform at Wagner College, "the ward heeler system of Boss Tweed's Tammany Hall wrapped in some kind of progressive disguise." The old Tammany, however, was subject to electoral defeats. The new Tammanies have proved self-perpetuating. In California, Governor Schwarzenegger's ill-organized effort to roll back public sector union power in 2005 led to the muscleman's first defeat, then his political evisceration, and now the Golden State's fiscal humiliation. New York City and State are on a similar course. Across the country the new political machine has mostly been aligned with the Democratic party.

Public Unionization Effect on Politics Cont'd

<http://www.weeklystandard.com/Content/Public/Articles/000/000/017/031citja.asp>

Weekly Standard

BY Dan DiSalvo and Fred Siegel

October 12, 2009, Vol. 15, No. 04

Some individual unions, however, such as California's prison guards and New York's hospital workers, have been protected and advanced by Republicans. Still others play a pragmatic balance-of-power game, forging short-lived marriages of convenience with either political party.

Public sector unions are beginning to strike out on their own, too. If the recent primary elections in New York are any indication, it is only a matter of time before, using the vehicle of the Working Families party (WFP), they take control of New York City government. New York allows third parties on the ballot, and the Working Families party--organized in 1998 as an alliance between labor unions and ACORN--cross-endorses allies in the Democratic party. Yet the WFP is thriving while New York's Democrats atrophy. In last week's New York City primaries, WFP candidates for city council won easily, as did the party's candidates for the city's second and third highest offices: comptroller and public advocate. Those are the best platforms from which to make a run for mayor of New York City when Bloomberg finally gives up his throne.

<http://www.cato.org/pubs/journal/cj30n1/cj30n1-5.pdf>

The Cato Institute

Public Sector Unions and the Rising Costs of Employee Compensation

Chris Edwards

Unions have a broader effect on state finances than just pushing to increase employee compensation because they also lobby to increase government spending in general. Public sector unions are some of the most powerful special interest groups in the nation. The advent of public sector collective bargaining in the 1960s and 1970s essentially invited millions of public sector workers to become politically active. Government workers are more likely to vote than other Americans, which magnifies their political power (Bellante, Denholm, and Osorio 2009: 7). States that have mandatory union dues allow unions to build up large war chests to fund their public policy efforts.

Public Unionization Effect on Politics Cont'd

<http://www.cato.org/pubs/journal/cj30n1/cj30n1-5.pdf>

The Cato Institute

Public Sector Unions and the Rising Costs of Employee Compensation

Chris Edwards

The teachers unions are particularly powerful. The teachers union in California, for example, has aggressively entered the fray on a wide range of state ballot questions. Teachers unions in Maine and Washington helped defeat budget reform measures on the ballot in the 2009 elections.

Teachers unions have helped to kill school vouchers in the District of Columbia and other places (see Carney 2009). In a book on the teachers unions, Lieberman (1997) notes that the NEA's and AFT's "influence on noneducation issues at the federal and state levels is arguably more important than their influence on educational issues." So the problem with public sector unions is not just that they block compensation reforms, but that use their privileged status to control broader policy debates.¹⁶

The NEA has 3.2 million members, a staff of 555, and a 2009 budget of more than \$350 million (NEA 2009). Over the last two decades, it has been the seventh largest contributor to political campaigns in the United States. AFSCME, with 1.4 million members, is another powerful public sector union. Over the last two decades, it has been the second largest contributor to political campaigns in the nation. AFSCME uses its clout on a wide range of policy issues, such as opposing privatization of government services.¹⁷

Americans need higher-quality government services at lower cost to avert a fiscal crisis in state and local governments. Public sector compensation—and benefit plans in particular—need to be overhauled to ensure financial sustainability. And the whole area of public sector unionism needs to be reexamined given the need for greater flexibility and more restraint in public finances.

Disproportionate Help to Public Unions

<http://www.washingtonexaminer.com/politics/Public-sector-unions-bleed-taxpayers-to-help-Dems-83652517.html>

The Washington Examiner

By: Michael Barone Senior Political Analyst

February 7, 2010

Barack Obama is probably the most union-friendly president since Lyndon Johnson. He has obviously been unable to stop the decline of private-sector unionism. But he is doing his best to increase the power -- and dues income -- of public-sector unions.

One-third of last year's \$787 billion stimulus package was aid to state and local governments -- an obvious attempt to bolster public-sector unions. And a successful one: While the private sector has lost 7 million jobs, the number of public-sector jobs has risen. The number of federal government jobs has been increasing by 10,000 a month, and the percentage of federal employees earning over \$100,000 has jumped to 19 percent during the recession.

Obama and his party are acting in collusion with unions that contributed something like \$400,000,000 to Democrats in the 2008 campaign cycle. Public-sector unionism tends to be a self-perpetuating machine that extracts money from taxpayers and then puts it on a conveyor belt to the Democratic party.

Public Unions Aren't Necessary

<http://blogs.law.harvard.edu/philg/2009/09/07/history-of-public-employee-unions/>

History of Public Employee Unions -
September 7, 2009 @ 9:13 pm

Politicians were traditionally opposed to public employees' right to unionize, strike, or collectively bargain for wage and benefit increases. They saw their constituents as the taxpaying public and did not think that the government was such an abusive employer that unionization was necessary to protect workers. Calvin Coolidge, as governor of Massachusetts, summarized the feeling of the average politician: "There is no right to strike against the public safety by anyone, anywhere, any time." The result was that public employees were generally paid less than private sector workers, but could not be fired for incompetence or unproductivity and had better benefits, including small pensions that typically started at age 65 or 70 or upon becoming totally disabled. All of this was changed in 1958 when an aide to New York Mayor Robert F. Wagner, Jr. suggested that city workers could be a large enough voting bloc to ensure his reelection. Wager signed an executive order authorizing city workers, notably those of the transit system, to unionize and bargain collectively.

As the percentage of Americans working for the government grew, other politicians began to see support for public employee unions as a way to get votes. State politicians around the country allowed public employees to unionize shortly after Wagner's executive order. President John F. Kennedy allowed federal government workers to unionize starting in 1962.

Unionization not a Cure for Bad Management

http://articles.techrepublic.com.com/5100-10878_11-5730959.html

Are unions the answer for government IT workers?

Ramon Padilla Jr.

Jun 03, 2005 6:09:00 PM

I feel for this particular individual, because if you're in a situation where you have bad management and low pay, there's not much that keeps you coming to work each day, and even less that motivates you to perform well. However, having said that, unionization is not a cure for bad management. While it may help with pay, lousy management can still prevail.

Non-union environment is certainly easier from a manager's perspective.

Public Jobs are Too Important to Unionize

<http://online.wsj.com/article/SB124227027965718333.html>

Wall Street Journal

By STEVE MALANGA

MAY 14, 2009

It wasn't long before such fears were realized. By the mid-1960s, dozens of cities across America were wracked by teachers' strikes that closed school systems. Groups like New York City's transit workers walked off the job in 1966, bringing business in Gotham to a near halt. The United Federation of Teachers led an illegal strike which closed down New York City schools in 1968.

Widespread ire against strikes by public workers produced legislation in many states outlawing them. That prompted government workers to retreat from the picket lines into the halls of government. In Washington, they organized political action committees, set up sophisticated lobbying efforts, and used their muscle to help elect sympathetic public officials.

No Competition for Public Unions

http://blog.oregonlive.com/oregonianopinion/2008/01/john_bowman_rein_in_public_emp.html

The Oregonian

January 29, 2008, 4:00PM

Second, as monopolies public employee unions have little or no competition. They operate outside market forces unlike the private sector. Non-governmental unions face competition. If they demand too much, their employer can go out of business. Their power is limited by market forces. Not so with public employee unions because governments rarely go out of business. Further, they are not subject to any laws that prevent them from becoming monopolies. Competition is preserved in the private sector with laws like the Sherman Antitrust Act. Also, the union's goal is to get the best benefits for its members and not what might be in the public's interests. The result in Oregon is an "education system ...[that]...is dominated by the public employee unions. Salaries, benefits, and work rules are dictated by the public employee unions."(1)

<http://www.washingtontimes.com/news/2010/feb/23/unions-out-of-step-with-us-private-sector/>

Washington Times

By Daniel Griswold, director of the Cato Institutes Center for Trade Policy studies

Tuesday, February 23, 2010

Unions have been able to thrive in the public sector because governments, by definition, exercise monopoly power to raise revenue. Public employee unions can demand higher pay and ever more generous benefits, knowing their employers can simply pass costs on to captive taxpayers. As a result of those divergent trends, 2009 marked the first time ever in the United States that union members in the public sector outnumbered those in the private sector.

Public Unions are Monopolies

http://blog.oregonlive.com/oregonianopinion/2008/01/john_bowman_rein_in_public_emp.html

The Oregonian

January 29, 2008, 4:00PM

First, public employee unions look like monopolies. In order to work at any governmental level in Oregon employees usually have to join a public employee union.(1) State employees are then required to make mandatory payments to the unions. The result is, "Each year, the state of Oregon forwards to the public employee unions about \$14.5 million withheld from public employee payroll checks. That means...\$29 million each election cycle [is] ...collected for the public employee unions by the state."(1) The contracts with state employees are negotiated between pro-labor public officials, who often are pro-labor, and the unions. Sometimes the public officials who negotiate with the unions themselves gain from higher benefits. Many of these contracts are negotiated behind closed doors and the public has little say in the process. Further, the Oregon Democratic Party is largely financed by public employee unions.(2) All taxpayers are being made to support one party. These unions have gained a virtual political and economic stranglehold on the governmental service sector and in the process become a significant unaccountable power.

<http://www.nytimes.com/2008/07/24/nyregion/24unions.html>

New York Times

Union Dues Now Permanently Mandatory for Public Employees Published:

July 24, 2008

Every two years, a state law that required public employees to pay their unions' dues regardless of whether they joined would near expiration. And every two years, the Legislature would renew the law. For more than three decades, unions pushed to make it permanent. But lawmakers, mainly Republicans in the State Senate who wanted the Legislature to have some degree of leverage over the state's powerful public sector unions, blocked those attempts, arguing that a permanent extension of the law would amount to a big giveaway to organized labor.

Now, Gov. David A. Paterson has given the state's public-employee unions their long-desired victory. On Wednesday, his office announced that he had signed a law making union dues mandatory in perpetuity for all public employees who are covered by unions even if they opt not to join.

The law affects mostly state workers, as well as county employees, public school teachers and other civil servants.

Public Unions are Monopolies Cont'd

<http://www.nytimes.com/2008/07/24/nyregion/24unions.html>

New York Times

Union Dues Now Permanently Mandatory for Public Employees Published:

July 24, 2008

Labor leaders said on Wednesday that making the law permanent guaranteed that unions would have the money to adequately represent members and nonmembers alike, which they were required to do under a state law known as the Taylor Law.

“In public employment, they have the right not to belong, but I still must represent them,” said Richard C. Iannuzzi, president of New York State United Teachers. “If under the law we’re obligated to represent every employee, then it’s only fair that every employee pays something toward the cost of being represented.”

“It’s a very, very significant present to the labor unions,” said Edmund J. McMahon, director of the Empire Center for New York State Policy at the Manhattan Institute, a conservative-leaning research group.

“What it does is it removes one of the few remaining leverage points people still have over unions. And management, which is the taxpayer, has very, very little remaining leverage.”

Public Unions Don't Pump Money into Economy

<http://www.washingtonexaminer.com/politics/Its-a-wonderful-life-working-for-the-government-8697601-80294522.html#ixzz0hgRYSO3g>

Washington Examiner

By: Michael Barone Senior Political Analyst

December 30, 2009

As for the argument that maintaining government payrolls pumps money into the private-sector economy -- well, where does that government money come from? From private-sector employees and employers or from those who buy government bonds and who must be repaid by government in the future.

At some point -- and this already has occurred in much of Western Europe -- public sector spending tends to choke off private-sector growth. America's current high unemployment levels have been commonplace in much of Western Europe for the last 25 years.

Public Unions Not Subject to Market

http://blog.oregonlive.com/oregonianopinion/2008/01/john_bowman_rein_in_public_emp.html

The Oregonian

January 29, 2008, 4:00PM

Finally, public employee benefits are not subject to market forces. Public employees are rarely fired, laid off and usually get annual salary increases, unlike the private sector where employees are often fired, laid off and face reduced salaries due to market conditions. Many in the private sector have no salary guarantees at all, which means public employees have the benefits with little risk, while many in the private sector have questionable benefits and all risk. It has been said that Oregon's public employees enjoy the best benefits of any state in the nation.(5) In 2007 "...the K-12 [educational] budget increased by \$1 billion, or 17 percent" over half of which went to increased pay and benefits.(3) The result: "Oregon continues to pay more than the national average on a per capita student for K-12 education, and far more than neighboring states such as Washington, Idaho, Utah, Nevada and Arizona."(1) It has also resulted in a retirement system "...which allows public employees to retire at age 55 with a taxpayer-funded pension in excess of what they were earning while working."(1)

Unions Less Effective than No Unions

<http://www.washingtontimes.com/news/2010/feb/23/unions-out-of-step-with-us-private-sector/>

Washington Times

By Daniel Griswold, director of the Cato Institutes Center for Trade Policy studies

Tuesday, February 23, 2010

The reality is more sobering for the union movement. The decline in union density in the United States has not been driven by a shift of employment from unionized sectors to non-unionized sectors, but by a broad economy-wide decline of unionization across sectors and regions. Private-sector unionization rates have fallen in virtually every manufacturing sector and most service sectors in the past three decades and across all regions of the country.

The weight of evidence indicates that, for most firms in most sectors, unionization leaves companies less able to compete successfully. The core problem is that unions cause compensation to rise faster than productivity, eroding profits while at the same time reducing the ability of firms to remain price- competitive. The result over time is that unionized firms have tended to lose market share to nonunionized firms, in domestic as well as international markets.

Public Unions Unwilling to Compromise

<http://www.openmarket.org/2010/01/05/public-sector-unions-heavy-burden-on-taxpayers/PublicOpenMarket.org>

Sector Unions' Heavy Burden on Taxpayers by Ivan Osorio
January 05, 2010 @ 6:36 pm

And yesterday, The Las Vegas Review-Journal provided an example that illustrates how difficult it is for municipalities with unionized workforces to curb costs:

Last week, two unions balked at the city's budget-cutting ultimatum: wage cuts of 8 percent in each of the next two years, no salary increases of any kind and no promises to "catch up" at a future date — or else, mass layoffs of public employees.

Firefighters warned that such cuts would result in higher insurance costs and all sorts of carnage because of longer emergency response times. City officials called the warning a scare tactic.

Then the Review-Journal reported that the Las Vegas City Employees Association — the bargaining group that represents most city workers outside of public safety — sent a belligerent letter saying it would not come to the table till every other union had submitted to cuts.

So far the unions have agreed to a reduction in cost-of-living wage hikes of 1 percentage point. Not a pay cut, mind you, just a slightly smaller raise. How generous.

It is the parlous state of state and local government coffers that has raised the considerable interest in government employee unions we are now seeing. If there is a silver lining in this story, it is that this public interest it still appears to be growing, and such interest is not something union bosses are likely to welcome. As my co-authors and I explain in our letter to the editor in The Economist online, public employee unions's political advantages can only outrun economic reality for so long.

SIR – Public-sector unions have entrenched their privileges through a combination of political dynamics that have proven extremely difficult to overcome. For example, the ability of taxpayers to move away from jurisdictions where they consider the pay of public employees to be excessive is severely circumscribed by the costs of moving itself.

The benefits enjoyed by unionised government workers give those workers a very strong incentive to work to influence the political process. By contrast, the taxpayers who must bear the costs of those benefits do not have a comparable incentive for political involvement, because those costs are widely diffuse and therefore are not as visible. Such an arrangement can only last so long before it runs headlong into economic reality, as the 2008 bankruptcy of Vallejo, in California, made clear.

Government does not have the Same Flexibility

<http://www.cato.org/pubs/journal/cj30n1/cj30n1-5.pdf>

The Cato Institute

Public Sector Unions and the Rising Costs of Employee Compensation

Chris Edwards

In the private sector, businesses can mitigate the inefficiencies created by unions. Businesses can substitute capital for labor to compensate for excessive union labor costs, and they can increase the quality of their workforces in response to rising union wages. Unfortunately, public sector managers have fewer incentives and less flexibility to make such changes.

Unions Negative Tactics

<http://www.washingtontimes.com/news/2010/mar/03/hicks-union-pushes-day-care-diktat/>

Washington Times

March 3, 2010

By Marybeth Hicks

They operate under names like Granny's Junction. Inside, among cubbies for winter coats, boxes of Legos and kitchen tables surrounded by booster seats, they offer a lifeline to millions of working mothers and fathers.

The nation's home-based child care providers represent millions of single business owners — women, mostly — whose entrepreneurial spirit and operating ingenuity are surpassed only by their willingness to clean the noses and backsides of other people's children.

In Michigan, roughly 40,000 such day care owners were perhaps too busy changing diapers, reading stories and making lunches to notice a random piece of mail in which they were invited to declare themselves unionized state employees.

Obviously, a private business owner cannot be an employee of the government. But the American Federation of State, County and Municipal Employees (AFSCME) couldn't resist the lure of so many potential dues-paying members.

So AFSCME hatched a grand scheme. Suppose you declare that any child care provider whose clients receive state subsidies for day care are considered employees of the state? You'd instantly have 40,000 new state employees to add to the rolls of union membership.

Follow the union's logic: Say you own and operate Granny's Junction Daycare. A few of your clients attend job-retraining programs that qualify them for subsidized child care benefits. Along with the money that is paid directly to you from these clients, you receive a check each month from the state to pay some of their expenses.

This makes you ... wait for it ... a state employee. "Close enough for government work" never rang so true.

To accomplish this surreptitious unionization effort, Michigan's Department of Human Services (DHS) formed an agency called the Michigan Home Based Child Care Council (MHBCCC). This agency does exactly nothing. In fact, it isn't even funded by the Michigan Legislature. But MHBCCC is an entity against which a union may organize.

Unions Negative Tactics Cont'd

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Enter AFSCME's new "faux" union, Child Care Workers Together (CCWT). The new union sends election ballots to those 40,000 potential members (formerly known as small-business owners), encouraging them to unionize. About 6,000 ballots are returned. Interestingly, more than 5,000 favor joining the union, while only 475 oppose it. The other 34,000 threw the thing away, assuming they couldn't possibly need a union — or be eligible to join one — since they own and operate private businesses.

But wouldn't you know, those business owners now are paying "union dues," assessed at 1.15 percent of their monthly subsidies. The annual total withheld and diverted directly to CCWT (read: AFSCME): \$3.7 million. Dollars.

Meanwhile, the "employer" doesn't provide health care benefits, training, insurance, a cup of coffee, a company picnic or any other conceivable attribute of employment, least of all, a full-time paycheck. And the union doesn't negotiate a contract. It simply lobbies the state to set more preferable subsidy rates.

Suffice to say, the independent child care providers could have hired a lobbyist for a lot less than \$3.7 million per year.

Three women are suing the DHS for diverting their child care payments as "union dues," since they say, "the DHS does not have the constitutional authority to reclassify home-based day care providers, who are business owners and independent contractors, as government employees."

Their attorney, Patrick Wright of the Mackinac Center Legal Foundation (www.mackinac.org), says the implications of the case are broad. "If unions can declare private business owners, such as child care providers, as public employees, simply because they receive secondary payments in the form of subsidies, who is next?"

And what other ramifications might there be? Suppose Granny's Junction is a Christian day care center, where children learn about Jesus while playing in Granny's sandbox? If she's now a state employee, is she barred from promoting a religious preference, even if her beliefs are a reason her clients chose her for child care services?

Unions Negative Tactics Cont'd

<http://www.openmarket.org/2010/01/05/public-sector-unions-heavy-burden-on-taxpayers/Public>

OpenMarket.org

Sector Unions' Heavy Burden on Taxpayers by Ivan Osorio

January 05, 2010 @ 6:36 pm

And brazenness is a trait public employee unions know well. Steven Greenhut explains in City Journal how some government workers game the system:

Government employees use various scams to boost their already generous benefits, which include fully paid health care and cost-of-living adjustments. The Sacramento Bee coined the term “chief’s disease,” for example, to refer to the 82 percent (in 2002) of chief’s-level employees at the California Highway Patrol who discovered a disabling injury about one year before retiring. That provides an extra year off work, with pay, and shields 50 percent of their final retirement pay from taxes. Most of these disabilities stem from back pain, knee pain, irritable bowel syndrome, and the like—not from taking bullets from bad guys. The disability numbers soared after CHP disbanded its fraud unit.

As I document in my new book, *Plunder!*, government employees of all stripes have manipulated the system to spike their pensions. Because California bases pensions for employees on their final year’s salary, some workers move to other jurisdictions for just that final year to increase their pay and thus the pension. Even government employees convicted of on-the-job crimes continue to collect benefits. Municipalities have adopted Defined Retirement Option Plans, or DROPs, in which the employee earns his salary and his full defined-benefit retirement pay at the same time, with the retirement pay going into an account payable upon actual retirement. And as average Americans work longer to sustain themselves, public employees can retire in their early fifties with their plush benefits.

Strikes Can Still Happen

<http://www.heritage.org/Research/Labor/wm1923.cfm>

The Heritage Foundation

Mandatory Public-Safety Collective Bargaining Could be Made Less Onerous by James Sherk
May 13, 2008

Police and firefighter strikes endanger public safety. Homes should not burn down because the local fire department has gone on strike. Virtually all state and local public-safety bargaining laws prohibit strikes for this reason. S. 2123 technically bans public-safety employee strikes. As written, however, this ban is meaningless and will not prevent strikes.

Public-sector strikes frequently occur despite being against the law. The New York City transit strike over Christmas 2005 and the Detroit teachers' strikes were both illegal. Public-sector unions ignore the law and go on strike because they know they can negotiate an amnesty as part of the contract by which they return to work.

To protect the public safety and prevent illegal strikes, Congress needs to make the no-strike provisions enforceable. Congress should impose stiff fines against public-safety unions for each day a member is on strike. Congress also needs to prohibit unions from negotiating an amnesty that waives those fines after the strike has concluded. Without such provisions, the no-strike clauses are empty gestures.

The conditions under which law enforcement officers are authorized to use force, including deadly force, is a term and condition of their employment. Some states, such as Illinois, expressly prohibit collective bargaining over when police officers may use force. [3]

Massachusetts Example

<http://www.cltg.org/cltg/clt2005/05-01-25.htm#Herald>

Citizens for Limited Taxation

CLT UPDATE Tuesday, January 25, 2005

Property taxes skyrocket while Public Employees swim in salaries

Responding to education reform proposals in Gov. Mitt Romney's State of the State address, House Speaker Sal DiMasi commented that although our elected officials are working to improve low-performing schools, many may not have the governor's appetite for taking on powerful teachers unions to achieve that goal. DiMasi deserves credit for honesty, but his remark belies a larger problem....

With overwhelming majorities in the Legislature, Democrats can ram through virtually any bill and override gubernatorial vetoes at will.

Unchecked power is a dangerous thing. In Massachusetts, it means special interests aligned with the Democratic Party enjoy far greater influence than they would in a competitive political environment. And no Democratic constituency can match the muscle of public employee unions....

Albert Shanker, late president of the American Federation of Teachers, said, "When school children start paying union dues, that's when I'll start representing the interests of school children." But fixing our underperforming schools is just one area in which success depends upon elected officials putting the public interest before special interests.

The Boston Herald Monday, January 24, 2005 When unions fail children By Charles D. Chieppo

About 90 percent of Massachusetts state employees are unionized, compared to 35 percent of state employees across the country. Approximately one of 10 private sector employees in the commonwealth belongs to a union. Of the 20 political action committees that gave the most to candidates for Massachusetts state and county offices during the 2002 election cycle, 16 were unions or other labor organizations.

From 2000, the last year before the most recent recession, to 2003, total private sector wages in Massachusetts actually decreased. But state and local government employees had a very different experience. The Bureau of Labor Statistics reports that their wages grew by nearly 12 percent, and a 2003 BLS report found that public employee wages in eastern Massachusetts were also 12 percent higher than those of private employees doing comparable jobs....

Massachusetts Example Cont'd

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So now that the problem is pretty clearly identified, where do we go? Without true reform such as proposed by Governor Romney, so long as the status quo is tolerated, even accepted as the norm, things are not going to get any better.

This awareness is spreading, beginning to be recognized and more highly publicized. Until enough taxpayers wake up and realize they're being bled dry by government employees and their powerful unions, until outrage reaches a critical mass, until more discover they can no longer afford ever-increasing property taxes, never-ending annual overrides -- until taxpayers put down their collective foot and start revolting while they still have homes -- politics-as-usual in Massachusetts will continue to thrive.

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During the same period, as private sector wages fell, total wages paid to employees of K-12 public education in Massachusetts jumped an astonishing 19 percent. Some of the increase was due to growth in the number of positions, but the vast majority came from pay raises. Understandably, teacher layoffs made headlines as the recession worsened. But if unions had been willing to accept slightly smaller raises, the 19 percent increase in total wages would have covered enough employees to avoid layoffs entirely.

Perhaps the most egregious example of the divide between public and private sector employment occurred in January 2003. As the incoming Romney administration scoured the budget for another \$600 million in emergency cuts, the Brockton School Committee negotiated a contract under which any teacher with fewer than nine years of service could expect 25 percent to 37 percent raises over three years.

Last February, a bipartisan commission headed by Boston Foundation Chairman Paul Grogan and including the House and Senate chairs of the Legislature's Education Committee and Mark Roosevelt, one of the architects of the commonwealth's landmark 1993 reform bill, issued a report on how to improve the underperforming schools that now top the political agenda.

Massachusetts Example Cont'd

<http://www.cltg.org/cltg/clt2005/05-01-25.htm#Herald>

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Among its common-sense recommendations was removal of administrators from union membership, more power for principals to fire and replace bad teachers and giving superintendents increased flexibility to run troubled schools.

Romney immediately filed legislation to enact the recommendations, but the bill was soon watered down by legislators reluctant to oppose teachers unions. Albert Shanker, late president of the American Federation of Teachers, said, "When school children start paying union dues, that's when I'll start representing the interests of school children." But fixing our underperforming schools is just one area in which success depends upon elected officials putting the public interest before special interests.

Public Unions Do Not Have Higher Productivity

<http://tinyurl.com/yflkewz>

The Impact of Public Sector Unions on Government Operations and Worker Welfare

Susan Twiddy and Jeffrey Leiter North Carolina State University

February 14, 2003

Research about union impacts on worker productivity typically relies on the measurement of changes in the production of an end product. Other measures have been created for use in the public sector, due to the frequent lack of tangible goods produced. Most studies of public sector worker productivity have found that unions have **no effect** on productivity levels. One researcher's review of eleven productivity studies revealed that unions had no measurable effect on productivity in seven of the eleven cases (Freeman 1986). The other four studies were split evenly between productivity increasing or decreasing as a result of public sector unions. These eleven studies included findings from police, firefighters, hospital workers, teachers, librarians, building inspectors, public transportation workers, and state government workers as a whole. Fears that public sector unions diminish government productivity, for example by diminishing worker motivation, appear unfounded.