

Time to let employees decide if unions working for them

By Paul Kersey
Guest writer

In the aftermath of the remarkable concessions that the UAW recently made to General Motors, Chrysler and Ford, the time has come for Michigan to take a long, hard look at its labor unions. For years we have given unions a great deal of credit for the prosperity of this state and power over the men and women they represent. Too much credit and too much power it would appear. We have now seen the limitations of unions and their ability to insulate workers from the marketplace. The question is:



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If workers don't always gain from union representation, is it wise to force them to pay union dues?

Generally speaking, an employer will be able to pay a worker a wage that is roughly equal to the value of the goods or services that worker creates for the company. Because cars are a lucrative business and Detroit controlled that business for so long, there was a lot of money earned on the assembly lines. The UAW deserves credit for making sure that its members got pay that matched the value of the work they did assembling those cars. But everything that the UAW did depended on the efforts of executives, engineers, designers and the assembly workers themselves.

The UAW's glory days came in the 1950s and 1960s, when it represented nearly all the hourly workers who made nearly all the cars sold in America. UAW President Walter Reuther made the most of the opportunity: He negotiated pattern agreements that set wages and benefits throughout the industry. The companies continued to compete on design and marketing, but the UAW's workers appeared to be shielded from the pressures of competition in the market.

It was an illusion. In time, the wages, benefits and work rules drove the price of Detroit's cars higher while quality suffered. This created openings for new competitors, foreign car companies that initially

imported cheap, small, reliable cars, then branched out into larger cars and eventually began building cars in the U.S. itself.

These companies had huge advantages over Detroit lower labor costs amounting to more than \$1,000 per vehicle. In the end this proved too much for Detroit to overcome, leading to the dramatic concessions made by the UAW.

The lesson for Michigan is simple: A union cannot break the laws of economics. If a union is able to push wages and benefits too high, it only drives up costs for the company and creates opportunities for competitors. When that happens, the most likely results are shrinking companies, layoffs and eventual concessions.

This is a vivid illustration of how workers can actually lose with union representation. The UAW priced many workers out of jobs with irresponsibly generous benefits and job protections, and then had to give up benefits and job protections anyway.

One thing the UAW did not give up: the clause in the contract that states all workers have to pay union dues.

For decades, Michigan has tolerated forced dues contracts. We allowed this because Michiganders were inclined to think that workers nearly always benefited from union representation. But now we know otherwise unions can go too far. When they do, workers only lose in the end.

Since workers do not automatically benefit from union membership, perhaps its time we made union dues optional and let workers decide whether the union is representing them well. States that make union dues optional have been outperforming Michigan for better than 30 years.

Making dues optional will not bring back all the lost jobs, but it will attract new employers, and it might prevent another crisis caused by a union that becomes too strong for its members own good.

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