

How Voluntary Labor Organizations Can Help Employees and Employers

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KEY TAKEAWAYS

Labor organizations should encourage upward mobility, secure just wages, and promote workers' and entrepreneurs' rights and freedoms.

The one-size fits-all, politically weaponized, industrial-era union model fails to meet the desires of an increasingly educated, transient, and adaptable workforce.

Voluntary worker representation and reduced government barriers to workers' pursuits can help to elevate workers' voices, well-being, and opportunities.

Labor unions have played an important role in U.S. history—particularly during the first half of the 20th century—helping workers to earn safety and health protections, securing just wages in line with workers' value, and providing workers a previously unheard voice with management. For multiple reasons, unions have been declining for decades in the United States, and now represent only 6 percent of private-sector workers. In part, the law and a globally competitive economy have provided much of what unions used to achieve, while unions have often failed to adapt to and meet individual worker desires. Yet, new and expanded types of organized labor associations can offer many valuable benefits and services to workers, so long as they are voluntary. Forced payments, exclusive representation, and government-imposed business structures inherently take away workers' and entrepreneurs' rights and freedoms.

This paper, in its entirety, can be found at <http://report.heritage.org/ib6011>

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The Decline of Unions in the United States

While almost 35 percent of all workers belonged to labor unions in the 1950s, only 10 percent of all workers, and just 6 percent of private-sector workers, belong to them today.¹ Traditionally, in states where private-sector workers can choose not to pay a union, membership is significantly lower—just over 2 percent in North Carolina and South Carolina, compared to over 21 percent in New York and Hawaii.²

In part, that is because many rights and conditions that unions used to secure for workers are now codified in law. Moreover, the globally competitive economy has simultaneously weakened unions and empowered workers. For example, when the only cars Americans could buy were those produced in the United States, by members of the United Auto Workers, the union could impose above-market compensation without the threat of competition. But higher costs meant higher prices, fewer people able to afford cars, and fewer workers needed to produce them. Domestic auto production today is less than half of what it was just two decades ago,³ and unions undoubtedly contributed to shuttered auto manufacturing plants through their excessive compensation demands (two-thirds higher than foreign competitors)⁴ as well as the red tape and restrictive work rules they imposed. Meanwhile, a globally competitive labor market helps workers to leave undesirable, unjust, or unrewarding jobs and pursue better opportunities.

The largely unchanged industrial-era union model is not well suited to the increasingly educated, transient, and adaptable workforce. The shift away from lower-skilled manufacturing jobs toward higher-skilled manufacturing⁵ and more service-oriented jobs⁶ has rendered one-size-fits-all union policies and pay scales ineffective and undesirable for many workers and companies. Unlike a 1950s assembly line where workers clocked in at 9 a.m. and out at 5 p.m., and everyone produced 20 widgets a day, few jobs today are so clear cut or routine, and most workers want to be recognized for their unique contributions. Yet, instead of adapting, unions have maintained rigid compensation and workplace structures that restrict increases in productivity and pay.⁷

Finally, unions have often turned their focus from individual member representation to political engagement. Up to one-third of workers' dues go to unions' political and ideological activities, with some unions spending more on politics than on representing their own members.⁸ This focus on political candidates and causes is evidenced by AFL-CIO union leader Richard Trumпка's *quid pro quo* threat to congressional lawmakers ahead of a vote on a union-backed bill:⁹ "And to those who would oppose, delay

or derail this legislation—do not ask the labor movement for a dollar or a door knock, We won't be coming.”¹⁰ Many workers have been turned off by unions' political activism, their use of intimidation¹¹ and deceit¹² to gain members, and union corruption.¹³

Worker Desires and Employer Interests: The Two Can, and Do, Align

Unions thrive on adversarial relationships and strong-arm tactics, pitting employees against employers and preferring the role of bully instead of benevolent mediator. This is counter to the amicable relationships that workers and employers desire with one another, and it is counter to employers' and employees' mutual dependency on one another. It can also hurt innocent bystanders, such as patients who become the victims of nurses' strikes.¹⁴

Policies like performance-based pay and bonuses, voluntary paid-family-leave benefits, and promotions from within help workers to grow and help companies to succeed. Direct communication is also mutually beneficial—whether it is a worker being able to negotiate a schedule or compensation package that meets her unique needs, or an employer receiving valuable employee input and ideas on how to improve the company, everyone benefits from his or her voice being heard.

So how can workers and employers have more communications with, and investment in, one another? The solution is voluntary engagement, absent the strong arm of unions or the heavy hand of government. Workers should never be forced to pay for services they do not desire, nor should they be prevented from choosing their own representation or representing themselves when talking or negotiating with their employer. Likewise, employers should not have to succumb to micromanagement by an outside organization in order to meet worker desires. Neither side should be micromanaged by government regulations that prohibit choices or shut off opportunities.

The following models offer ways to improve upon employee and employer relations, for workers' voices to be heard, and for both workers and employers to grow and succeed:

Worker-Choice Arrangements.¹⁵ The union exclusivity model is flawed on both sides: Workers in a unionized workplace can be forced to pay for representation they do not desire (94 percent of union members never voted for a union) and can be prevented from communicating or negotiating directly with their employer.¹⁶ Meanwhile, unions must represent all workers, including those in right-to-work states and public employees' unions, who choose not to join the union and do not pay union dues.

Forced solidarity is unjust and unhelpful. States on behalf of their public employees and Congress on behalf of private-sector workers could free unions from the so-called free-rider problem by enacting worker-choice models where unions still bargain collectively, but only on behalf of the members they represent.¹⁷ Workers who want the benefits of the union would have to pay union dues, and those who do not could choose their own representation. Unions could even allow workers to pick and choose the services they want to contract with the union to receive.

Professional Worker Organizations.¹⁸ Workers do not have to be employed by the same company or even in the same field of work in order to organize around shared interests and pool their resources to obtain benefits, such as health insurance at a lower cost. The Association of Independent Doctors is a professional organization that provides a collective voice for independent doctors who previously lacked organization and combined power, while also offering reduced-cost insurance. The dues-free Freelancer's Union has attracted nearly half a million workers across very diverse professions and wide income ranges by providing things that workers value, such as education, insurance benefits, and advocacy for their professional interests. An advantage of professional organizations is that workers can take their benefits with them from one job, contract, or gig to another.

Education and Certification. As technology and trade continue to alter the workplace, unions or worker associations could provide valuable education and voluntary certifications to help to prepare workers for changes within their own career or help them to gain the skills and experience for a new type of work. Some unions do provide valuable worker training; expanding training beyond the job that workers already perform could be particularly beneficial for workers in declining industries. Certifications can also improve workers' job options by serving as a trusted measure of knowledge and experience.

Representation Services. Unions have often focused on compensation, but the typical seniority-based structures that unions impose do not make sense for workplaces with a wide range of positions, skills, and expertise. Moreover, union-negotiated pension benefits are less valuable as many workers do not plan to stay in the same job or profession for their entire career. Yet, without dictating compensation, unions could still provide value through things like representation services and setting minimum salary requirements, while allowing individual workers to negotiate their compensation packages directly with their employer. This is the type of structure that the Major League Baseball Players Association provides, for instance.

Government's Role in Promoting Wage Growth and Worker Flexibility

Government attempts to micromanage private companies' compensation structures or dictate their employer and employee relations result in destroyed jobs, lower incomes, and fewer businesses. The only lasting way to increase workers' well-being is by helping them to become more productive and by reducing barriers that prevent them from achieving their desires.¹⁹ To that end, policymakers should:²⁰

- **Allow worker-choice agreements** so that workers are not forced to pay fees to or be represented by unions, and so that unions are not forced to represent workers who are not dues-paying members.
- **Reduce regulations to free up resources for more productive uses.** When entrepreneurs face fewer barriers to entry, they create more jobs. And when businesses do not have to comply with costly and unwarranted regulations, they have more resources to devote to raising wages, and educating and promoting workers.
- **Allow the private sector to provide benefits that workers desire,** such as the ability to accrue paid time off.²¹
- **Allow accessible, affordable, and portable worker benefits.** The average worker will change jobs 12 times throughout his career, but no one wants to roll over his 401(k) or change health insurance 12 times. Current policies make it difficult for workers to obtain portable benefits.
- **Protect union-members' pensions** by applying the same rules and regulations to union pensions as to non-union pensions.²²
- **Refuse to close doors to work opportunities.** Excessive wage regulations, prohibitions on independent work options, and attempting to redefine entire business models all limit income and growth opportunities.

The massive decline in unionization in the U.S. demonstrates the diminishing value of unions. Yet, worker desires for upward mobility and increasing flexibility show that worker voices are as important today as they

ever have been. By definition, forced unionization and exclusive representation muffle the voices, deny the rights, and extract the earnings of at least a minority of workers. That does not mean that collective labor organizations are dead; it does mean that a transformation to voluntary worker associations is required. Choice-based worker representation accompanied by reduced government barriers to worker pursuits can help to elevate worker voices, improve their well-being, and expand their opportunities.

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Endnotes

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