



FACT SHEET

National Institute for Labor Relations Research

5211 Port Royal Road, Suite 510 • Springfield, VA 22151 • Phone: (703) 321-9606 • Fax: (703) 321-7342 • research@nilrr.org • www.nilrr.org

May 28, 2009

‘Card-Check’ Forced Unionism Threatens Job-Based Private Health Insurance

In Least-Unionized States, Ranks of Insured Have Increased by Nearly Three Million Since 1999

Critics of the major government-run health-care proposals now being hammered out by congressional Democrats and the Obama Administration charge they would destroy private employers’ ability to furnish employees with health insurance at a manageable cost. Ultimately, critics charge, the proposals being discussed would leave employees and their families with no alternative to a government-run insurance policy.

It is outside the expertise of the National Institute for Labor Relations Research to assess the validity of these charges.

However, anyone with a knowledge of the rankings of the 50 states according to the share of private-sector employees who are under “exclusive” union representation, and multi-year U.S. Census Bureau data regarding the number of insured people in each state, can see that another leading legislative objective of congressional Democrats and the White House definitely does threaten job-based private health insurance nationwide.

This legislative goal is enactment either of the cynically mislabeled “Employee Free Choice Act” (S. 560 and H.R. 1409), or of Trojan Horse “compromise” legislation that would, through different means, also help Organized Labor secure monopoly-bargaining power over millions of additional workers and hundreds of thousands of now-independent small businesses.

S. 560 and H.R. 1409 were introduced in Congress March 10, respectively by Big Labor Sens. Ted Kennedy (D-Mass.) and Tom Harkin (D-Iowa) and by Congressman George Miller (D-Calif.). In addition to making it far easier for union officials to obtain “exclusive” (monopoly) bargaining control over employees, this legislation would, in non-Right to Work states, also make it far easier for Big Labor to browbeat employers into consenting to fire employees who refuse to join or pay dues or fees to a union.¹

The Kennedy/Harkin/Miller scheme’s best-known provision would rewrite federal law concerning “card checks.” Under current law, union bosses are already able to acquire monopoly power to negotiate employees’ pay, benefits, and work rules solely through the collection of signed “union authorization cards.” Consequently, individual workers under the peering eyes of

¹ Go to <http://thomas.loc.gov/> and type in the bill numbers under “Legislation in Current Congress” to obtain copies of S. 560 and H.R. 1409. The two measures are identical.

union organizers may be intimidated into signing not just themselves, but all of their nonunion fellow employees, over to union-boss control.

However, as stacked as current law is in favor of Big Labor's forced-unionism power, employers nevertheless retain the right to stand up for their independent employees against union-boss intimidation tactics. But S. 560 and H.R. 1409 would empower union officials to impose forced unionism through card check automatically, with no recourse for any pro-Right to Work employee or employer.

Big Labor 'Plan B' Scheme Would Tilt Election Rules Even More Steeply in Big Labor's Favor

Unlike S. 560 and H.R. 1409, the still-evolving card-check "compromise" now being floated in the Senate by frequent Big Labor ally Arlen Specter (D, formerly R-Pa.) would not effectively eliminate secret-ballot elections over unionization. But it would accomplish the same pro-union monopoly objective by rewriting workplace election rules to tilt them even more steeply in union organizers' favor.²

The unexamined, and false, premise of both S. 560/H.R. 1409 and of Mr. Specter's emerging "Plan B" is that current policy doesn't do enough to help Big Labor acquire monopoly power to negotiate the terms of employment for all front-line workers at business after business.

Government-authorized union monopoly bargaining violates the freedom of the individual employee. In a recent majority opinion upholding that a union monopoly-bargaining agent can, under federal law, negotiate a contract forcing workers to arbitrate claims arising under the Age Discrimination in Employment Act, even if the workers don't want to arbitrate, U.S. Supreme Court Justice Clarence Thomas bluntly acknowledged that monopoly bargaining "necessarily demands" the "sacrifice of individual liberty."³

Typically, monopoly bargaining also harms workers' economic interests. A National Institute for Labor Relations Research study published this February cited several examples of how monopolistic unionism makes workers poorer.⁴ This fact sheet will focus solely on the issue of employer-provided health insurance.

Using its current methodology, the U.S. Census Bureau has tracked the number of people nationwide and in the 50 states who are covered by private, job-based health insurance going back to 1999. The most recent year for which such Census Bureau data are now available is 2007.⁵

² Go to http://specter.senate.gov/public/index.cfm?FuseAction=NewsRoom.NewsReleases&ContentRecord_id=39dce122-fce9-5df9-bc36-a3d7dc60fa54&Region_id=&Issue_id= on Sen. Specter's web site for a transcript of his March 24, 2009 Senate floor speech outlining his proposed compromise.

³ *14 Penn Plaza LLC v. Pyett*, 129 U.S.S.C. 1456, 1472-73 (2009).

⁴ See Stan Greer, "Helping Big Labor Corral More Workers Into Unions: An Economic Anti-Stimulant." A copy may be obtained at <http://www.nilrr.org/node/87#attachments> on the Institute web site.

⁵ See the "Historical Health Insurance Tables" at <http://www.census.gov/hhes/www/hlthins/historic/index.html> on the Census Bureau web site. Tables I and IV are the sources of the health-insurance coverage data cited here and in subsequent paragraphs.

Nationwide, the number of people receiving private insurance as part of their own compensation or as part of the compensation of a family member held almost steady from 1999 to 2007, increasing by a scant 0.3%. However, there are substantial differences among the 50 states, and there is a strong negative correlation between the growth in the ranks of the privately insured within a state and the share of its private-sector employees who are subject to union monopoly bargaining.

As of 1999, according to economists Barry Hirsch and David Macpherson, 10.2% of private-sector employees nationwide were under “exclusive” union representation.⁶ In 10 states -- Alaska, Hawaii, Illinois, Indiana, Michigan, Nevada, New Jersey, New York, Ohio and Washington -- 14% or more of private-sector employees were unionized. From 1999 to 2007, these states suffered an aggregate decline of 3.0%, or 1.44 million, in the number of people with private, job-based health insurance.

The 22 states with 1999 private-sector unionization of between 7.0% and 13.9% also experienced an overall decline in access to job-based insurance, but the decline was substantially less severe. The employment-based insurance rolls in these states -- Alabama, California, Connecticut, Delaware, Idaho, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Minnesota, Missouri, Montana, New Mexico, Oregon, Pennsylvania, Rhode Island, West Virginia, Wisconsin and Wyoming -- fell by 843,000, or 1.2%, from 1999 to 2007.

Meanwhile, the 18 states with 1999 private-sector unionization of no more than 6.9% -- Arizona, Arkansas, Colorado, Florida, Georgia, Mississippi, Nebraska, New Hampshire, North Carolina, North Dakota, Oklahoma, South Carolina, South Dakota, Tennessee, Texas, Utah, Vermont and Virginia -- had a very different experience. These least-unionized states enjoyed an increase of 2.96 million, or 5.2%, in the number of people with job-based private health insurance.

Union Monopolists Hinder Creation of New, Productive Jobs

What explains the fact that, over the most recent eight-year period for which comparable data are available, employment-based health insurance increased significantly in the least-unionized states, decreased in more heavily unionized states, and suffered the worst decreases in the most heavily unionized states?

Part of the heavily unionized states’ problem is that companies whose front-line employees are under a union monopoly create few new jobs of any kind by comparison with union-free companies.⁷

Additionally, pervasive union monopoly bargaining helps union bosses build up giant political machines, which in most cases are fueled by workers’ compulsory union dues and fees. Of course, it is union officials’ status as employees’ monopoly-bargaining agents that furnishes them with a pretext to demand that the employer agree in the first place to force employees to pay union dues or fees, or be fired.

⁶ Visit <http://www.unionstats.com/> – a web site maintained by Drs. Hirsch and Macpherson – to obtain all the data on the unionization of private-sector employees nationwide and state-by-state cited in this fact sheet.

⁷ See, e.g., Dr. Hirsch’s review article, “What Do You Unions Do For Economic Performance,” available pp. 193-237 of *What Do Unions Do? A Twenty-Year Perspective*, James T. Bennett and Bruce E. Kaufman, editors, Transaction Publishers, Brunswick, N.J., 2007.

(page 4)

Union officials wield their forced dues-fed political machines to bankroll state legislators and governors who favor higher taxes and more heavy regulation of business. Consequently, businesses create fewer jobs that pay well and offer good benefits. And sharply expanding the number of private-sector employees under union monopoly control nationwide through enactment of legislation such as S. 560/H.R. 1409 would surely greatly exacerbate the problem.

While Americans of good will have disparate views about how to go about correcting the shortcomings in our health-care system without sabotaging the elements of the system that work well, only a small minority support a complete government takeover.

But unless one's overt or tacit goal is a complete government takeover of health insurance and health-care provision, policies that hinder businesses from maintaining individual and family insurance plans for employees who now have them, and from increasing the number of employees to whom they provide health-insurance benefits, are counterproductive.

Therefore, if President Obama and Democratic congressional leaders really want, as they say, to improve access to health insurance without imposing onerous new burdens on tens of millions of taxpayers, pushing for passage of S. 560/H.R. 1409, or of "Plan B" legislation designed to accomplish the same pro-union monopoly objective through different means, is the last thing they should do.

###