

THE ORANGE COUNTY REGISTER

Chris Edwards: Loosening union's grip

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Chaos in government. Tens of thousands of angry protesters in the streets. Schools closed. Yes, Wisconsin looks a lot like Egypt this week. But while Arabs are fighting to end extraordinary overreach by government, Wisconsin union protesters are fighting to preserve it.

At the heart of the dispute is a bold plan by Wisconsin Gov. Scott Walker to curtail collective bargaining by most but not all of his state's public-sector workers, including teachers. That is a long-overdue reform – but the governor's plan doesn't go far enough. A dozen or so states, including Virginia, where I live, do not allow collective bargaining in the public sector at all, and these states are doing just fine without it.

The government union issue is coming to the forefront because states, facing huge deficits, are desperate to reform their budgets and cut pensions. Wisconsin is just one of several states where legislatures, empowered by Republican victories last fall, are finally tackling one of the root causes: the ability of public-sector unions to squeeze taxpayers for exorbitant benefits. In states that have unionized workforces, needed reforms are facing huge and aggressive anti-reform lobbying campaigns by the unions.

In 2010, 36 percent of state and local workers were members of unions, which is five times the union share in the U.S. private sector. Yet prior to the 1960s, unions represented less than 15 percent of the state and local workforce. At the time, courts generally held that public-sector workers did not have the same union privileges that private workers had under the 1935 Wagner Act, such as collective bargaining.

That changed during the 1960s and 1970s, as a flood of pro-union laws in dozens of states triggered a dramatic rise in public-sector unionism. Many states passed laws that encouraged collective bargaining in the public sector, as well as laws that imposed compulsory union dues.

Today, the union shares in government workforces vary widely by state. About 26 states have collective bargaining for essentially all state and local workers. A further 12 or so states have collective bargaining for a portion of their state and local workers, and the remaining 12 states do not have public sector collective bargaining. At the same time, 22 states have "right-to-work" laws, which free workers from being forced to join a union or pay union dues.

These differences in unionization between the states affect fiscal policy. Statistical studies find that unionized public sector workers earn a wage premium of about 10 percent over non-unionized public sector workers. This is important because employee compensation represents half of all state and local government spending.

Aside from inflated wages, public sector unions have pushed for excessive pension benefit levels, which are creating a fiscal crisis for many governments. That's another reason unions are so angry in Wisconsin: Governor Walker is demanding that state workers carry more of the burden for their health and pension plans.

Defined benefit pension plans are available to about four-fifths of state and local workers but just one-fifth of private workers. And public sector plans are typically about twice as generous as remaining private plans. That generosity has led to a \$3 trillion funding gap in public sector pensions. That gap will create a huge burden on future taxpayers unless benefits are cut, and unions often stand in the way of such

reforms.

Unions increase government costs in other ways. They often protect poorly performing workers, and they usually push for larger staffing levels than required. Unions typically discourage the use of inexpensive volunteers in government activities, and they create a more bureaucratic and inefficient workplace.

Unionism seems to coincide with poor state government management. States with higher public sector union shares tend to have higher levels of government debt. And the states with higher union shares do more poorly on grading by the Pew Center regarding the quality of public sector management.

Public sector unions are powerful special interest groups. The teachers unions, the American Federation of State, County, and Municipal Employees, and the Service Employees International Union have more than seven million members combined. They have well-financed political war chests and are very active in political campaigns.

Unions certainly have free speech rights to voice their opinions about public policy. But collective bargaining gives unions the exclusive right to speak for covered workers, many of whom may disagree with the views of the monopoly union. Thus, collective bargaining is inconsistent with the right to freedom of association.

In states such as Virginia, teachers and other government workers may form voluntary associations and lobby the government, which is fine.

But collective bargaining – or monopoly unionism – gives a privileged position in our democracy to government insiders who focus on expanding the public sector to their own personal benefit.

Wisconsin's proposed union reforms are on the right track. But state governments should repeal collective bargaining in the public sector altogether, following the successful policies of Virginia, North Carolina, and other states. That would give policymakers the flexibility they need to make tough budget decisions on pensions and other fiscal challenges facing their states.

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