

## Preface

Although it's not necessary, I strongly recommend reading a short (1 pager) timeline of how labor unions developed from 1768 to today because I think the historical context would be really helpful:

<https://github.com/ilhamkabar/essays/blob/main/Economics/timeline-labor-unions-from-1768-to-today.pdf>

# Labor Unions from Different Perspectives

People think labor unions are a balance between workers and business owners. Labor unions are more often better described as a balance between union members and non-union members.

The tradeoffs between workers and business owners are easy to characterize in one sentence: workers want collectively bargain for better wages, more benefits, and civilized working conditions while owners want to further stuff their pocketbooks.

The tradeoffs between union members and non-union members, however, are much more nuanced. The factors described below might help explain why the following six groups of people either support or oppose labor unions.

## 1. People that Haven't Entered the Occupation Yet

### 1.a. "Closed Shop" Agreements

"Closed Shop" is a type of security agreement between a union and a company that restricts the company from hiring anyone that isn't already a member of that union.

Although closed shop was outlawed in the U.S. in 1947 by the Taft–Hartley Act, labor unions have managed to uphold the intent behind the agreement to this day.

As of 2023, only 28 states have "right to work laws" laws. In the other 22, unions maintain union security agreements with employers that prohibit the hiring of anyone that isn't paying a type of union due to the union called an "agency fee"—whether they can afford it or not.

The impetus that led to these sorts of restrictions are the same as the ones the National Labor Union and the American Federation of Labor (AFL) used before the Civil Rights era to restrict employers from hiring African Americans, women, immigrants, and unskilled workers: an ingress of new workers into an occupation means less demand for the union members that are already in that occupation.

Footnote: I've covered the National Labor Union and the AFL in more detail in the timeline linked above

For decades, ordinary people either looking for work or trying to keep their existing jobs have been fighting labor unions and the states that support the labor unions in keeping these rules. Here are a few examples:

#### 1. Aboud vs Detroit Board of Education – 1976

Could public school teachers be forced to pay Agency fee (Union dues) and condition for keeping their jobs?

- Public employees can be forced to pay for collective bargaining
  - Unconstitutional to pay for political and ideological expenses.
  - Court held Abood didn't extend outside public sector.
2. Harris vs Quinn – 2014
  3. Friedrichs vs CTA (California Teachers Association) – 2016
  4. Janus vs American Federation of State, County, and Municipal Employees – 2017

Janice argues there's no distinction between collective bargaining and making a political activity in the public sector. Speech to influence public affairs (aka petition or lobby ... bargaining with the government is political.)

Footnote: For a map of the states that have/don't have right to work laws, check out the National Right to Work Foundation website by visiting the link <https://www.nrtw.org/right-to-work-states/>

### *1.b. Apprenticeship Programs*

Some unions have apprenticeship programs that are only open to union members. This can make it difficult for non-union workers to learn the skills they need to enter a particular trade or industry.

### *1.c. Occupational Licensing*

Research:

<https://www.bls.gov/osmr/research-papers/2013/pdf/ec130040.pdf>

<https://www.bls.gov/opub/mlr/2018/beyond-bls/the-effects-of-occupational-licensing-on-labor-market-outcomes.htm>

<https://www.vox.com/2014/4/18/5627630/occupational-licensing-is-replacing-labor-unions-and-exacerbating>

<https://www.brookings.edu/research/occupational-licensing-and-the-american-worker/>

<https://www.brookings.edu/research/how-occupational-licensing-matters-for-wages-and-careers/>

<https://obamawhitehouse.archives.gov/the-press-office/2016/06/17/fact-sheet-new-steps-reduce-unnecessary-occupation-licenses-are-limiting>

## 2. Workers that're in the Same Occupation Trying to Enter an Organization

### *2.a. Job Security Provisions*

Some unions negotiate job security provisions in their contracts, which can make it difficult for companies to lay off workers or close facilities in response to changing market conditions.

## 3. Workers that are Within the Same Organization

### *2.a. Union Seniority Systems*

Some unions have seniority systems that give preference to current union members when it comes to promotions, layoffs, and hiring. This can make it hard for new workers to move up in a company or to find work with a union employer.

### *2.b. Work Rules*

Unions may negotiate strict work rules and procedures that govern how work is done, which can make it difficult for companies to implement new technologies or processes that could improve efficiency or reduce costs.

### *2.c. Bureaucratic Process*

Unions often have a bureaucratic process for making decisions and resolving disputes, which can slow down a company's ability to respond to market conditions.

## 4. Customers and the General Public

Airline Pilots Union

American Medical Association (A Union from the Economic point of view)

Craft Unions (plasterers, plumbers, carpenters)

Municipal unions (teachers union, garbage workers union)...reducing state to the present state of bankruptcy

People who arrange employment with them aren't the ones who pay their salaries

## 5. Politicians

*Regulatory Capture*

*Misappropriation of State Resources*

- 10988 - allowed public sector workers to unionize
- Influence public policy + legislation (i.e., teachers unions, medical unions, auto-workers unions)
- FDR opposed to public sector unions: People who arrange employment with them aren't the ones who pay their salaries
- 4-6T in unintended pension obligations. \$250+bn in Illinois.

## 6. Union Leaders

Although union leaders are union members themselves, their interests are often not aligned with the majority of their union members.

- Union leaders benefit themselves at the expense of members
- Conflict of interest
- This can occur when union officials use their position for personal gain, such as by awarding contracts to companies they have a financial interest in.

*6.a. Embezzlement*

This occurs when union officials use union funds for personal gain. This can include using union money to pay for personal expenses or taking kickbacks from vendors.

*6.b. Nepotism*

This can occur when union officials give preferential treatment to family members or friends when it comes to hiring, promotions or other opportunities.

*6.c. Vote-rigging*

This can occur when union officials rig the outcome of union elections or use other means to maintain control over the union.