

## The ‘Living Wage’ Strategy for Unions

*Campaign in Washington State helps elect avowed socialist, leads to wide range of regulations*

By Max Nelsen

**Summary:** Amidst a national debate about wages and so-called income inequality, labor unions are pushing local “living wage” laws to build support for a hike in the federal minimum wage law. Recently, a Seattle suburb became the first city to adopt a \$15 “living wage” law. The city’s experience, which included a wide range of other restrictions on businesses, reveals that the real purpose of such laws is to enhance union organizing.

The City of SeaTac, Washington, is small—10 square miles with a population of approximately 28,000—but a recent referendum there may have nationwide impact. Voters in November approved Proposition 1, a \$15-an-hour “living wage” initiative that the *Seattle Weekly* called a “bellwether of labor politics.”

Two other developments that may be indications of things to come:

► On the same day Prop 1 passed in SeaTac, voters in nearby Seattle elected Kshama Sawant, an “Occupy Seattle” activist and avowed socialist/Marxist, to the city council. A college professor, she ran on a platform that included a \$15-an-hour minimum wage, rent control laws, and a “millionaire’s tax” on income.

► Two months later, officials of the local Machinists’ union in Puget Sound (the region that includes Seattle and Tacoma) suffered a setback when members voted to accept a contract with Boeing that gave back some pension rights and made other concessions. Interestingly, the new contract



**Supporters of SeaTac’s Proposition 1 celebrate victory on election night.**

was supported by the national Machinists’ union but opposed by the local union. [See “Labor Notes,” page 8.]

In SeaTac, the \$15 minimum wage provision was the headline-generator, yet Prop 1 was far more than a living wage bill. Under the initiative, certain transportation and hospitality employers are also required to provide paid sick leave, promote full-time jobs over part-time and keep extensive new records. Perhaps most importantly, the law is structured to encourage businesses to enter into collective bargaining, because companies can escape the law’s effects if they unionize. (More on that aspect, below.)

### How much is sufficient?

A living wage is a wage that enables a worker to purchase what activists call the basic necessities of life. Some living wage advocates define it as a wage that provides income equal to the

federal “poverty line” for a family of four. In recent months, activists across the country have defined a living wage as \$15 an hour, which does not include the cost to an employer of payroll taxes and mandated benefits. (For example, according to the Heritage Foundation, the current \$7.25 federal minimum works out to \$10.30 when taxes and mandated benefits are counted.)

Adopting a living wage nationally would dramatically reduce the number of jobs available for unskilled and inexperienced

**February 2014**

The “Living Wage” Strategy  
Page 1

Labor Notes  
Page 8

workers. Indeed, it would make many of them unemployable. If the value of a person's work is less than \$15 an hour plus the cost to an employer of taxes and mandated benefits, that person would be effectively prohibited from getting a job. In addition, requiring employers to pay a "living wage" would significantly raise prices to consumers, reduce the availability of products and services, and weaken an already-weak economy.

### A long campaign

*Some history:* Incorporated in 1990, the City of SeaTac surrounds the Seattle-Tacoma International Airport, which makes up about 30% of SeaTac. The airport is owned and operated by the Port of Seattle. More than 33 million passengers a year pass through the airport, which is the nation's 15th busiest. More than a third of those passengers are flying Alaska Airlines.

The campaign for Prop 1 actually began years before the recent nationwide push for a so-called living wage. Local labor unions have been targeting SeaTac for just such a campaign for years, using the living wage issue to promote union organizing. According to Erik Smith of the *Washington State Wire*, "In 2003 the airport ditched its old master contract for food services and began bargaining with individual businesses. Workers were displaced as new contracts were negotiated. In a separate issue, Alaska Airlines ditched nearly 500 baggage handlers

when it went with an outside contractor in 2005, saving a bundle in the process, while labor howled that high-wage union workers were being victimized."

After failed attempts to get the state legislature to require new airport employers to rehire previous workers, unions refocused their energy at the city level. In the 2011 city elections, a set of three labor-backed candidates was elected to the SeaTac City Council. Unions spent nearly \$80,000 on the three races, about as much as was spent on the previous five council election cycles combined. Local 8 of UNITE HERE, the hospitality workers' union, took credit for what it called the "biggest electoral shift in SeaTac City Council history" and described the newly elected members as a "99% City Council" (i.e., as representing the relatively poor 99% and not the richest 1%).

In May 2012, Puget Sound Sage, a local labor-backed group, came out with a report entitled *First-Class Airport, Poverty-Class Jobs*. It was the first of two reports alleging that airport workers were mistreated and underpaid. The second report, *Under the Radar*, followed in March 2013, just before the initiative campaign became public. Both reports gave local Progressive media outlets various findings and statistics to talk about, boosting awareness ahead of the initiative. For example, much was made of the calculation that baggage handlers at the Los Angeles airport were making roughly \$5 an hour more than those in SeaTac.

In May 2013, the public learned that Working Washington, the organizing arm of the Washington SEIU (Service Employees International Union), was gathering signatures for an initiative that, union activists believed, would improve working conditions at the airport if it were approved. In July, organizers submitted the necessary signatures to advance the measure; the SeaTac City Council then voted to send the initiative to the people for a referendum rather than approve it outright.

A business lawsuit almost prevented a public vote on the proposal. Alaska

Airlines, joined by the Washington Restaurant Association and an airport concessionaire, alleged that supporters had failed to submit enough signatures under city law. After an initial judgment in their favor, an appellate court ruled against the businesses in September and ordered the measure be placed on the ballot, setting the stage for a short but intense campaign.

### Campaign funding

With the initiative on the ballot, battle lines were drawn. The Yes! For SeaTac political action committee supported the initiative with the backing of labor unions and Progressive activist groups. Businesses and industry groups, led by Alaska Airlines and the Washington Lodging and Restaurant Associations, mustered to oppose the initiative through the Common Sense SeaTac PAC.

From the beginning of the campaign, Prop 1 supporters decried the influence of "corporate money" in the election. A columnist for *The Stranger*, a Progressive magazine in Seattle, bemoaned the "unlimited financial resources" at corporations' disposal. Yes! For SeaTac materials denounced the Koch brothers, wealthy political activists who figure prominently in left-wing conspiracy theories for funding free-market-oriented causes. (They have also funded many standard charities over the years, as well as such liberal entities as PBS and the ACLU.) Yes! For SeaTac referred to Prop 1 opponents as the "deep-pocketed greedy big corporations" trying to protect their "record-breaking profits" and getting in the way of "what's right for our community."

In fact, fundraising was quite lopsided, but it was not big corporations that bought the election. Common Sense SeaTac, the anti-Prop 1 campaign, raised a total of almost \$673,000—which is, in fact, a lot of money for an election in a city with only 12,000 registered voters. But the pro-Prop 1 campaign, Yes! For SeaTac, raised more than \$1.54 million, or \$128.33 per registered voter, and outspent the business opposition by more than two to one.

*Continued on page 4*

---

**Editor:** Steven J. Allen  
**Publisher:** Terrence Scanlon  
**Address:** 1513 16th Street, NW  
Washington, DC 20036-1480  
**Phone:** (202) 483-6900  
**E-mail:** [sallen@CapitalResearch.org](mailto:sallen@CapitalResearch.org)  
**Website:** [CapitalResearch.org](http://CapitalResearch.org)

**Labor Watch** is published by Capital Research Center, a non-partisan education and research organization classified by the IRS as a 501(c)(3) public charity. Reprints are available for \$2.50 prepaid to Capital Research Center.

---

## What does Proposition 1 do?

- ▶ It requires that covered employers—
  - Pay employees a \$15 per hour minimum wage, adjusted each year for inflation.
  - For each employee, provide one hour of paid sick and safe time for every 40 hours worked. Workers may cash out any unused sick and safe time at the end of each year.
  - Offer additional work hours to existing part-time staff before hiring additional part-time workers.
  - Keep records documenting hours worked, paid sick and safe time taken, and wages and benefits paid to employees for two years. In the event of a dispute over the amount of accrued sick and safe time, employers with inadequate records are presumed to be violating the law’s requirements.
- ▶ It prohibits tip sharing or pooling by mandating that service charges and tips go to the staff who performed the service.
- ▶ It creates a “displaced workers list.” If a covered employer has a contract with their employees and then moves or closes, the employer’s workers are placed on the list. If another employer providing similar services opens in the same facility, the new employer must offer employment, on the basis of seniority, to workers on the list before hiring additional employees.
- ▶ It allows any person claiming violation of the law to bring an action against an employer in County Superior Court. The City Attorney is also authorized to investigate complaints and initiate legal action.
- ▶ It directs the City to “adopt auditing procedures sufficient to monitor and ensure compliance.”

**NOTE:** Many of the law’s requirements may be waived in a union contract.

## Unions fail to pay their own employees a “living wage”

A Freedom Foundation report issued during the campaign analyzed federal disclosure filings of seven local labor unions supporting Prop 1. The report found that the unions’ treatment of their own employees does not live up to what they demand of other employers:

- 64% of local union employees earn less than the living wage for a single adult with two children (\$59,717 per year).
- 6% of local union employees earn less than a full time \$15 an hour minimum wage (\$31,200 per year).
- The average local union leader makes \$114,851 per year, placing them in the top 10% of income earners.
- All of the national union CEOs are in the top 5% of income earners.
- Local unions are generating record revenue.

In addition, 14 percent of union workers earned less than a full-time salary at the state minimum wage of \$9.19 an hour (\$19,115 per year). These were likely part-time workers.

It is worth noting that, while the union-backed campaign website accused businesses of “gaming the system” by hiring part-time instead of full-time workers, the same unions appear to have no qualms about maintaining their own part-time workforce.

## Who does Proposition 1 cover?

- ▶ Hotels with more than 99 rooms and more than 29 employees.
- ▶ Restaurants with more than nine employees located in a hotel, public facility, corporate cafeteria, conference facility or meeting facility.
- ▶ Employers with more than 24 employees that operate or provide:
  - Rental car services with a fleet of more than 100 cars
  - Shuttle transportation with a fleet of more than 10 vans or buses
  - Parking lot management controlling more than 100 parking spaces
- ▶ Employers with more than 24 employees that provide any of the following services:
  - Curbside passenger check-in
  - Baggage check
  - Wheelchair escort
  - Baggage handling
  - Cargo handling
  - Rental luggage cart
  - Aircraft cleaning
  - Aviation ground support equipment washing and cleaning
  - Aircraft water or lavatory services
  - Aircraft fueling
  - Ground transportation management
- ▶ Airport employers with more than 24 employees that provide any of the following services:
  - Janitorial and custodial
  - Facility maintenance
  - Security
  - Customer service

*Continued from page 2*

Unions directly provided 95% of Yes! For SeaTac's funding and union-backed groups provided most of the rest.

So, despite casting itself as the underdog for campaign and fundraising purposes, Big Labor was the biggest special interest in SeaTac, and the more than \$2.2 million spent by both sides is believed to have made the Prop 1 campaign the most expensive election per voter in Washington state history.

### **The big issues**

During the campaign, local think tanks and similar organizations battled over the pros and cons of Prop 1. Puget Sound Sage (Sage), a labor-supported advocacy group, provided most of the research and commentary used by Yes! For SeaTac. Three policy organizations, the Freedom Foundation, the Washington Policy Center, and the Washington Research Council, produced research warning about Prop 1's negative effects.

The campaign's main issues revolved around Prop 1's impact on employment, the local economy, and the city budget.

#### **• Employment**

Perhaps the most controversial arguments about the minimum wage involve its effect on employment. Economic orthodoxy and much empirical research conclude that artificially raising the cost of labor decreases the demand for labor as employers scale back, slow their future hiring, or invest in automation. In SeaTac's case, the Washington Research Council estimated Prop 1 would reduce overall employment by about five percent, with an additional five-to-ten percent of low wage workers being replaced by more-skilled competitors.

The pro-union group Sage contended that Prop 1's \$15 minimum wage, paid sick leave provision, and other requirements would have no negative effect on employment. It turned out that their arguments about employment relied primarily on misinterpretations and misunderstandings

of minimum wage research. For example, advocates relied heavily on a recent paper by John Schmitt of the Center for Economic Policy Research. Sage argued that Schmitt's paper shows "minimum and living wage laws have had no discernible impact on employment levels." More accurately, Schmitt concludes that recent studies *generally* find that "modest increases in the minimum wage" result in "little to no" reduction in employment. But this claim hardly differs from the conclusions reached by noted minimum wage researchers who believe wage floors do, in fact, harm employment. Summarizing the results of their review of modern minimum wage studies, economists David Neumark and William Wascher noted that "a sizable majority" of studies "give a relatively consistent," if not large, "indication of negative employment effects of minimum wages."

The size of the increase is key: small wage hikes will have small consequences, and large ones will have more dramatic effects. In SeaTac's case, a \$5.81 hike in the minimum wage to \$15 is an astonishing 63% jump. Furthermore, because the \$15 minimum is indexed to inflation, the harm to employment will not diminish with time.

The increase to \$15 is so significant that even many advocates of higher minimum wages are uneasy about it. Schmitt has written in *Democracy* that a sudden, steep increase in the federal minimum wage to \$16 would "do more harm than good." Dr. Sylvia Allegretto of U.C. Berkeley, who supports a bump in the federal minimum wage to \$9 or \$10, acknowledged in a Bloomberg debate with David Neumark that a \$15 minimum wage is "absurd." And while Sage backs up its position with a study by Dr. Arindrajit Dube of the University of Massachusetts Amherst, the *Washington Post's* Dylan Matthews quoted Dube as saying that "We just do not know what a \$15/hour minimum wage would do."

The ones whom Prop 1 will harm most are low-skill, low-experience workers. If workers cannot produce at least \$15 an

hour for their employer, they will likely find themselves out of a job and lacking the opportunities necessary to build skills, accumulate experience, and advance their careers.

#### **• Local economic benefit**

Prop 1 advocates argued that artificially raising the cost of labor would act as an economic stimulus. Sage argued that higher wages for workers would lead to increased spending in the local economy, to the tune of \$54 million.

Similar arguments are made for increasing the federal minimum wage and typically rely on a 2011 study by the Chicago Federal Reserve, which found household spending rises somewhat in the wake of a minimum wage increase. Yet the study's authors specifically noted that their research was "silent about the aggregate effects of a minimum wage hike" on the economy. The same researchers found in other studies that higher minimum wages cause higher prices, reduce employment and serve as a long-term "drag on the economy."

Sage's estimates simply assumed all covered workers would receive free money to spend. But the money has to come from somewhere. Consequently, Sage's approach failed to account for several important factors associated with a higher minimum wage, including increased costs to businesses, higher prices for consumers, fewer employment opportunities for workers, decreased economic development and potentially higher taxes as the City fulfills its new enforcement duties. And the minimum wage requirement is only one of the many regulations in Prop 1 that SeaTac businesses must now cope with.

#### **• Effect on the city budget**

Again echoing arguments made on the national stage, Prop 1 proponents contended higher wages for workers would result in less demand for government assistance, thus benefiting the City budget. Yet minimum wage increases have proven ineffective at easing poverty since higher

minimum wages produce both winners and losers among workers.

A 2010 study by Joseph Sabia and Richard Burkhauser explained the effect of minimum wages on poverty this way:

While an increase in the minimum wage will lift out of poverty the families of some low-skilled workers who remain employed, other low-skilled workers will lose their jobs or have their hours significantly cut, reducing their income and dropping their families into poverty.

Even famed minimum wage defenders Alan Krueger and David Card admit in their book *Myth and Measurement* that the effect of minimum wages on the overall poverty rate is “statistically undetectable.”

Initiative opponents countered that, because of SeaTac’s new enforcement duties, Prop 1 would actually increase city costs. An analysis commissioned by Common Sense SeaTac and conducted by international consulting firm Cardno estimated the city’s new enforcement duties costs would cost between \$2.4 and \$3.4 million in the first five years.

### **The result**

After weeks of saturating campaign activity, SeaTac voters cast their ballots on Prop 1. Thanks to Washington’s mail-in ballot system, the final results took weeks to tally.

Election night returns showed Prop 1 leading with 1,772 votes to 1,511, an eight point lead. Supporters immediately declared it a resounding victory for workers around the country. But as the days passed and more ballots arrived and were counted, Prop 1’s lead gradually eroded. At one point, the measure was passing by a mere 19 votes, a 0.2 percent lead.

The final results were certified three weeks after election day. In the end, Prop 1 passed by 77 votes out of 6,003 cast. A subsequent recount, paid for by the opposition, failed to alter the final tally. After the election, Joel Connelly of the *Seattle PI* wrote that “unions won

the SeaTac vote with shoe leather”—an accurate appraisal. Measured in terms of cash, the two sides were quite close. The massive donation of union staff time and resources was likely the determining factor in boosting the number of voters by 20 percent above the previous city election, which obviously made the difference.

While votes were still being counted, Alaska Airlines, joined by a major airport concessionaire and the Washington Restaurant Association, filed a lawsuit against the initiative. It is almost certain, however, that at least some version of Prop 1 will survive litigation.

### **The aftermath**

Fresh from their victory in small-town SeaTac, local living wage activists have already turned their focus to a much bigger prize: Seattle. Some, including the *Seattle Times’* editorial board, have proposed waiting to see the effect of the \$15 minimum wage in SeaTac before moving ahead in Seattle. Given the scope and burden of Prop 1’s requirements, it is sound counsel.

Prior to the law’s passage, employers around the city warned of the initiative’s consequences for their businesses. The owner of a Quiznos operating in the airport said he may have to shut down if the law passed. The owner of the SeaTac Quality Inn made a similar statement. Alaska Airlines predicted ticket prices would increase, and a hotel developer noted Prop 1 could force him to cancel plans for new hotels in the city. Even businesses not directly subject to the law could be affected. The owner of a local coffee shop is considering moving out of the city in response to the new law.

Undeterred by the potential consequences, labor activists lost no time in pressing ahead with their Seattle campaign. Coinciding with nationwide, union-organized fast food demonstrations on December 5, wage protestors staged a march from SeaTac to Seattle City Hall demanding a citywide \$15 minimum wage.

Adding to the movement’s momentum was the surprise victory of avowed

socialist/Marxist Kshama Sawant over incumbent Democrat Richard Conlin in a Seattle City Council race. Though she ran on a platform of left-wing economic populism—including tax hikes on “the rich” and rent controls—the main rallying point of Sawant’s campaign was her support of a \$15 an hour minimum wage. Eschewing all things capitalist, Sawant’s campaign refused contributions from any businesses and relied instead on a core group of energetic volunteers.

Sawant has been frequently in the headlines since her election. Speaking at a labor rally during the recent contract dispute between Boeing and the local Machinists union, Sawant accused Boeing of “economic terrorism” for threatening to produce the new 777X passenger aircraft outside Washington. Should Boeing choose to leave, Sawant told workers, they should “take over the factories, and shut down Boeing’s profit-making machine” and build mass transit buses instead of “war machines.” (As noted above, members of the Machinists’ union voted in January to accept a new contract with Boeing, even though it included concessions to the company’s demands.)

Incoming Seattle Mayor Ed Murray spoke in favor of a \$15 minimum wage, though he said he would prefer the more collaborative process of passing a city ordinance rather than endure an expensive and contentious initiative campaign like the one in SeaTac. To that end, Murray appointed a committee composed of union and business leaders to propose minimum wage legislation that the council could enact before the end of July.

Looming in the background is a threat from Sawant, who is on the wage committee, and other labor activists, who say they will run a ballot initiative unilaterally should the council fail to move quickly or dramatically enough. Any such initiative, crafted without any input from employers, would likely be tailored to suit the desires of local unions.

### **Unions’ priorities**

Unions were far and away the most significant of Prop 1’s backers. Why did

local and even national unions devote so much time, money and energy to passing Prop 1? With union membership at historic lows, organized labor is attempting to develop new organizing techniques. The recent AFL-CIO quadrennial convention was devoted to finding ways to revitalize the labor movement, as the labor federation moved to more formally embrace worker centers. [See the September 2013 issue of *Labor Watch* and the August 2013 issue of our sister publication *Organization Trends*.—SJA] Prop 1 indicates worker centers are not the only non-traditional organizing tool being developed by Big Labor.

Increasingly, unions are looking to the local level, seeking to gain an organizing edge via campaigns for a living wage and for new and expanded employment regulations. If unions can't get such measures at the federal or state level, they go after it through local ordinances and ballot initiatives.

Union officials have not been silent about their plans. "We are going to expand the idea of collective bargaining," explained Tim Paulson, executive director of the San Francisco AFL-CIO, in the *Washington Post*. "You can have collective bargaining through legislation. You can have collective bargaining through ballot measures."

One of the workshops at the AFL-CIO's recent convention was even entitled "Policy Initiatives That Enable Organizing: Living Wage and PLA [Project Labor Agreement] Campaigns." According to the session description on the AFL-CIO website, the workshop's purpose was to discuss how the passage of city laws "ensuring worker standards" in "targeted industry sectors" would "create opportunities for new organizing."

The practice of using living wage campaigns to enhance organizing is not new. Writing for *Labor Notes* in 2012, labor academic Stephanie Luce of the City Institute of New York explained that "living wage ordinances have often included language to assist organizing . . . Unions

have used living wage campaigns to build ties to workers, launch organizing drives, and support contract campaigns."

Thanks largely to unions' support, living wage laws have appeared in cities and municipalities across the country in recent years. While the details vary significantly by location, all establish a local minimum wage substantially higher than federal or state levels. Some include mandatory paid sick leave and other mandates. Prop 1 was simply the latest in a series but, as the first success in the \$15 minimum wage movement, it was the most noteworthy.

It's rarely mentioned in the reporting on Prop 1, but the initiative, along with similar measures approved around the country, directly promotes unionization. Many recent living wage laws include a provision allowing the law's requirements to be waived in a union contract. Section 7.45.080 of Prop 1 provides that "all of the provisions of this Chapter, or any part hereof . . . may be waived in a bona fide collective bargaining agreement."

Local living wage laws passed in San Jose, Long Beach and San Francisco include similar waivers, as did the living wage law proposed in Washington, D.C., last summer. Seattle's paid sick leave also includes a union waiver. Effectively, these provisions create different rules for union and non-union businesses. While a non-union employer must comply with the letter of the law (a \$15-an-hour minimum wage, for instance), a unionized business can negotiate less-burdensome regulations (say, only \$13).

As a result, employers' interests in staying competitive are brought into alignment with unions' interests in organizing new workplaces. Unions can approach employers with neutrality agreements, which pave the way for union organizing. Under a neutrality agreement, the employer agrees to remain neutral or even assist when the union attempts to organize the company's workers. Depending on the situation, an agreement could mean

that an employer must provide the union with access to the workplace or with the contact information of employees. It could also involve waiving the right to a secret-ballot election conducted under the auspices of the National Labor Relations Board and instead allow the union to use the controversial "card check" method, which involves organizing workers by persuading or intimidating them into signing union cards.

In exchange for the employer's assistance, a union assures the employer that it will waive or water down certain requirements of the new law in contract negotiations. The employer may genuinely oppose unionization, but if he or she must choose between (1) complying with a law that could close the business or (2) encouraging employees to unionize in the hope of negotiating less-stringent requirements, encouraging unionization is a rational response.

Just prior to the election, Jonathan Martin of the *Seattle Times* explained that the union waiver "means employers have a big incentive to cozy up with the same labor unions who pushed the idea and have contributed hundreds of thousands to the campaign. It all looks like a nice bit of self-dealing for organized labor."

Prop 1 and similar laws even target specific businesses and industries unions hope to organize, such as airport or hotel workers. Long Beach, California, provides an ideal case study. In November 2012, voters passed Measure N, a city-wide initiative requiring hotels with more than 100 rooms to pay employees a \$13 minimum wage, adjusted annually for inflation, and provide employees at least five days of paid sick leave each year. As in SeaTac, the law's requirements can be waived in union contracts.

At the time, Randy Gordon of the Long Beach Chamber of Commerce denounced Measure N in the *L.A. Business Journal* as an "attempt by the unions to force businesses into collective bargaining." Sure enough, three months after Measure N passed, UNITE HERE Local 11 proudly

announced the unionization of two large Hyatt hotels that had been under a union boycott for years. With the new wage and sick leave requirements looming, hotel management invited UNITE HERE staff to organize their employees. Though it is unclear if card-check was used to organize workers, the *Long Beach Business Journal* confirmed that the NLRB was not involved in the process.

While UNITE HERE Local 11 enjoyed a bump in membership dues, some hotel workers lost their jobs. Instead of unionizing, smaller hotels reduced their rooms below Measure N's 100-room threshold and laid off dozens of employees. For their rational response to the targeted law, the smaller hotels were berated by the unions for violating the "intent" of the initiative.

If Prop 1 in SeaTac turns out anything like Measure N in Long Beach, it could provide quite a return on labor's \$1.4 million investment in the Prop 1 campaign. According to information filed by unions with the U.S. Department of Labor, dues for members of local unions range from about \$500 per year to \$1,400 per year. Supporters estimate Prop 1 covers about 6,300 transportation and hospitality workers. That means that if Prop 1 enables unions to organize 1,000 of these workers, all paying roughly average dues, unions could receive nearly \$1 million in new revenue per year.

Simply engaging in the campaign gave unions the chance to rally workers. In March 2013, SEIU 925 and Teamsters 117 announced that about 1,000 airport workers had chosen to affiliate with the two unions, though the unions did not have a formal collective bargaining relationship with their employers.

Of course, newly unionized employees would have to pay union dues. Still, as a Washington union organizer noted at a recent Freedom Socialist Party event entitled "Labor's New Insurgency," a legally mandated wage hike makes the prospect of paying dues somewhat more palatable. Jason Holland of the Washing-

ton Public Employees Association noted the difficulty of organizing low-wage industries, explaining that "It's hard to pay dues on \$9.15 an hour." Holland went on to talk about Prop 1 as a "not traditional organizing method."

Existing unions stand to gain as well. The more benefits unions can force businesses to provide through legislation, the stronger their starting bargaining position *vis-à-vis* the employer in contract negotiations. Following a recent contract dispute with Washington grocers, United Food and Commercial Workers Local 21 put out a release expressing disappointment that the union did not win paid sick leave. Citing passage of Seattle's sick leave law, however, the union announced its intent to "continue to push for that policy in cities across the state."

#### **National implications?**

Labor leaders did their best to put the SeaTac campaign in the center of the national campaign for living wage laws. Writing for the left-wing MSNBC, Rebecca Smith of the National Employment Law Project praised Prop 1 as "a model for workers and communities throughout the country." The *New York Times* quoted David Rolf, head of SEIU 775 and a key backer of the Prop 1 campaign, saying SeaTac's vote heralded a "national change in the conversation about wages."

Others expressed some healthy skepticism. *Seattle Times* columnist Jon Talton noted SeaTac's small size and unique economic and demographic characteristics, arguing "it will be very hard to translate this victory into a national movement." Indeed, although New Jersey voters recently approved a minimum wage hike by a hefty margin and polls generally show significant support for a higher federal minimum, SeaTac's experience suggests that \$15 an hour might be simply too much for many voters to accept.

Despite advanced planning, favorable demographics and an overwhelming funding advantage, the labor-backed campaign only narrowly eked out a vic-

tory. If a union-backed campaign had to spend a similar amount per person (\$128) to persuade Seattle's 410,000 voters, it would need to raise more than \$52 million. By comparison, the entire state-wide governor's race only cost \$46 million in 2012.

While Big Labor certainly earned its victory headlines in SeaTac, it is easy to overstate Prop 1's significance to the minimum wage movement. If anything, Prop 1 indicates voters are open to criticism of high minimum wage laws and, especially if faced with a smaller fundraising advantage, broader attempts to pass \$15 wage laws will be difficult.

Far more important than the \$15 an hour figure is the increasing labor tactic of using living wage laws to promote organizing. The business case for opposing "living wage" laws is obvious, but unions' strong self-interest in supporting such laws is less intuitive.

SeaTac's experience showed unions often fail to provide their workers with full-time, living wage jobs, and even left-leaning economists are wary of a \$15 minimum wage. Yet unions were willing to spend hundreds of thousands of dollars involuntarily collected from union members to pass a "living wage" law that forces businesses into a corner.

Forget the rhetoric about poverty, inequality, social justice, and working families, and push past the hollow arguments about "middle-out" economics: Labor's main reason for pushing local living wage laws is simply to sign up new dues-paying union members.

*Max Nelsen is the labor policy analyst for the Freedom Foundation in Olympia, Washington.*

**LW**

# LaborNotes

The economy continues to sputter, hitting a four-decade low of 62.8% in the workforce participation rate (the percentage of adults either working or looking for work). Because the main unemployment rate doesn't count people who have given up looking for work, the exodus of 347,000 people from the workforce in December caused the unemployment rate to fall to 6.7%.

The closer one looks at the jobs figures, the worse it gets. Rep. **David Camp** (R-Mich.) noted that, according to government figures, "seven out of eight new employees under President Obama have been part-time employees." And the number of people receiving disability benefits hit a record high of almost 11 million, with many of the long-term unemployed claiming to be disabled. The **Vernuccio/Allison Report** noted: "It has been speculated that the federal government has been more lenient in granting disability since taking these workers out of the counting for unemployment improves the statistical outlook."

We reported recently on efforts by unions to influence the **California Republican Party**, including the **Service Employees International Union's** creation of a political action committee (PAC) aimed at supporting "moderate" [sic] Republicans. Such efforts are accelerating. In September, the **AFL-CIO** convention passed a resolution directing the labor federation to support "moderate candidates" in Republican-leaning congressional districts.

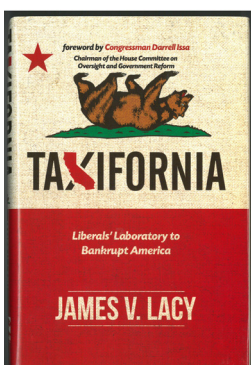
**Scott Bland** of the **National Journal** reported in December that unions funneled money into a Republican anti-**Tea Party** super-PAC called **Defending Main Street**: "[D]ocuments filed by other groups show that two labor organizations, the **International Union of Operating Engineers** and the **Laborers' International Union of North America**, directed a combined \$400,000 to the Republican group in September and October. Main Street says it has raised roughly \$2 million total between its super PAC and an affiliated nonprofit group so far—and that means labor has supplied at least 20 percent of those funds." The group's president, former Rep. **Steve LaTourette** (R-Ohio), said in October: "Hopefully, we'll go into eight to 10 [congressional] races and beat the snot out of them"—Tea Party candidates, that is.

Private sector unions continue their losing ways. The **International Association of Machinists and Aerospace Workers** attempted to form a union among 27 technicians (out of 1,500 total workers) at an **Amazon.com** fulfillment center in **Delaware**. It would have been Amazon's first union in the U.S. The vote was 21 to 6 against. In 2000, workers at a customer service call center in **Seattle** attempted to unionize under the **Communication Workers of America**, but the facility was closed as part of a retrenchment.

The Machinists both lost and won in **Puget Sound**, the area around Seattle and **Tacoma**, as **Boeing** workers voted narrowly to accept a new eight-year deal that includes, as one union official put, "massive takeaways." The deal was opposed by local union leaders, who are considered militant and have struck five times since 1977. But the international union's leaders supported the deal and even ordered a new vote after a similar company offer was rejected in November. Boeing workers in Puget Sound paid \$25.5 million in dues to the international union in 2012—dues that might disappear if Boeing moved its operations elsewhere, as it threatened to do.

The **Michigan Education Association**, through its local union, went to bat for **Neal Erickson**, a former middle school math teacher in the **West Branch-Rose City** school district. MEA filed a grievance on his behalf when he was denied a \$10,000 severance deal after his conviction for raping a student repeatedly over a period of years. Several teachers submitted letters of support for Erickson, asking for leniency. He was sentenced to 15 to 30 years in prison.

Sen. **Pat Toomey** (R-Penn.) and Rep. **George Miller** (D-Calif.) have introduced legislation to require background checks for teachers and other school personnel who have unsupervised access to children, but the **National Education Association** is opposed: background checks "often have a huge, racially disparate impact." Former **NBC** and **CNN** news anchor **Campbell Brown** has co-founded the **Parents' Transparency Project**, dedicated to fighting abuse by teachers in the **New York City** public schools. She notes that the legislation would prohibit districts from "knowingly unloading sex abusers on other schools—a practice known as 'pass the trash.'"



One-party politics and left-wing special interest groups have saddled **California** with crippling debt, argues **James V. Lacy** in his new book, **Taxifornia**. With California's pension shortfalls and excessive spending, total debt is estimated at \$648 billion across all levels of government. In the book's foreword, Rep. **Darrell Issa** (R-Calif.), chairman of the **House Committee on Oversight and Government Reform**, warns that Lacy tells "a cautionary tale of what can and will happen to America if **Washington** follows the lead of what **Sacramento** has done in the past decade." Lacy, a third generation Californian who served in the **Reagan administration**, especially targets the harm done by unions and environmentalists. Since 2000, the **California Teachers Association** alone has outspent all business groups combined; a 2010 report by the **California Fair Political Practices Commission** found that the union had spent \$211 million on politics in the previous decade. California's public school students score poorly on standardized tests; 4th graders ranked 47th in the nation in math and reading last year, while 8th graders ranked 45th in math and 42nd in reading.

*CRC's Jeff Shifflett contributed to this report.*