

## The United Auto Workers on the Skids?

*Defeat in Chattanooga, a 25 percent dues hike, Michigan Right to Work, and promotions for failed leaders*

**By F. Vincent Vernuccio**

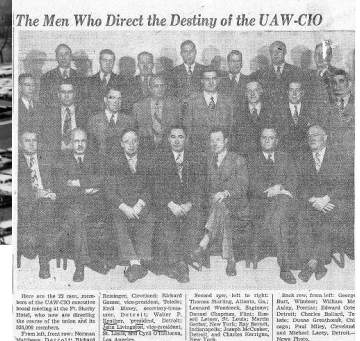
**Summary:** *It's been a long, slow slide for the United Auto Workers, which hit its peak in the early 1950s. Defeated in a critical unionization election in the South and facing a critical change in state law in its home base in Michigan, the UAW has responded to the challenge by raising dues and by staying the course on policy and leadership.*

Things have not gone well at Solidarity House recently, and may be getting worse.

When the headquarters of the United Auto Workers was dedicated on June 9, 1951, news accounts called it “America’s most up-to-date union headquarters . . . Streamlined and spacious but not plush, the four story brick and sandstone structure is nestled among swank hotel apartment houses overlooking the Detroit river.” It was said that the union’s “nerve center” would be “the envy of many top industry executives.”

The UAW was riding high, and it seemed appropriate that the UAW headquarters’ three-acre site had once been the estate of the late Edsel Ford, the son of Henry Ford and himself the president of Ford Motor Company.

The website Detroit1701, which celebrates the city’s history, describes the headquarters as “a very significant site, perhaps the most symbolically significant site, in the history of the labor movement in the United States. . . . Solidarity House was built in a very desirable location on



**In its heyday, the United Auto Workers’ Solidarity House was a symbol of the key role the UAW played in American business and politics.**

Detroit’s riverfront at a time when the United Auto Workers were still celebrating their very favorable victory in a struggle with General Motors, Chrysler and Ford.”

That victory included the famous “Treaty of Detroit” with GM and favorable-to-the-UAW deals with the other automakers. Long-term contracts protected the companies against strikes, while the union received medical insurance and improved cost-of-living adjustments at GM, employer-funded pensions at Chrysler, supplementary unemployment benefits at Ford, and other perks.

UAW membership exceeded one million, at a time when the U.S. population was 150 million. Within two years of the Solidarity House dedication, total labor union membership in the U.S. as a share of the workforce would hit an all-time high, roughly one worker in

three. Back then, Detroit was the fifth-largest city in the United States, and the wealthiest.

How times have changed—for the city that’s synonymous with the U.S. automobile industry, for the auto industry itself, and for the union that was once the nation’s largest!

### Bad times

UAW membership peaked in 1979 at 1.5 million. In 2011, the UAW hit a modern-day low of approximately

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355,000 members, and there was a slight recovery to about 391,400 in the union's latest filings with the Department of Labor. UAW's "annual dues collected were down more than 40 percent to \$115 million from 2006 to 2012, as the union's ranks fell by 30 percent," reports the Associated Press. The union's strike fund fell from roughly \$1 billion in 2006 to about \$627 million at latest count.

And then there's the recent passage of a Right to Work law in Michigan. Next year, the UAW will no longer be able to get its Michigan members fired on the grounds that they haven't paid their union dues. Some UAW members in Michigan already have rights under the new law, but the major effects of the law will occur when contracts expire with the Big Three auto companies. At that point, auto workers will finally have a choice of whether to pay UAW dues. As the contracts expire, the UAW will also face the prospect of strikes for which it may be ill-prepared.

Meanwhile, UAW members are forced to spend big on a bloated bureaucracy. Financial reports submitted to the Department of Labor show large, highly paid staffs at the national headquarters. At the national level, the UAW has 16 officers and 783 employees; fully 440 of the employees (56 percent) make six-figure salaries. In addition, 15 of the 16 officers make more than \$100,000 per year.

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At its recent convention, the union did eliminate one region (merging the offices in Flint and Grand Rapids) and reduce the number of vice presidents from four to three, but given the continued large overhead at the national office, those moves were seen as largely symbolic.

And headquarters overhead is not the only evidence union spending is out of control. The website LaborUnionReport noted in 2011:

According to the UAW's financial reports, at the end of 2010, the United Auto Workers' headquarters brought in more than \$274 million from its local unions and other income, but it spent \$275 million—including nearly \$10.5 million on political activities and lobbying and sent over \$3 million to the AFL-CIO.

Given all those factors—

- The UAW's current low membership (down 74 percent since 1979, even as U.S. population increased more than 40 percent)

- The 37 percent decline in its strike fund

- The prospect that many autoworkers, seeing little or no benefit to union membership, will refuse to pay UAW dues—now that Michigan has a Right to Work law protecting them from being fired for making that choice

- The failure of the UAW's massive effort to penetrate the South [about which, more below], and

- The continued presence of a huge, wasteful bureaucracy

—what big step did the UAW take at its 36th Annual Constitutional Convention in June?

Declaring the union's first dues increase since 1967, a hike of 25 percent.

### **Skyrocketing dues**

The dues increase comes at a time when members in the auto industry are split in two: current workers who make a

full rate of \$28 an hour with generous benefits; and entry-level "second-tier" workers who earn an initial \$15.78 an hour, increasing to \$19.28.

UAW officers are trying to link the two-tier system with the recent failure to expand organizing. Norwood Jewell, one of the three UAW vice presidents, told Reuters, "If we don't organize [non-union plants in the South] and bring them up to our standard, we're never going to be able to totally eliminate the second tier [of wages]."

The union needs to replenish and renew funds to further its organizing efforts in the South. While the dues increase will raise about \$45 million annually for the strike fund, the UAW is spending big on new organizing drives, using money from the strike fund and its Emergency Operations Fund. As the Michigan online news service MLive.com reported, as members approved the dues increase, they also voted

- to transfer \$85 million from the "Emergency Operations Fund" to a newly created VEBA trust [Voluntary Employee Beneficiary Association, a trust fund for employee early retirement benefits]

- to transfer \$25 million from the Strike Fund to the "International Union General Fund" in June

- to allow leaders to use up to \$60 million from the Strike Fund over the next four years to support major organizing drives or other initiatives intended to increase UAW membership, and

- to take other smaller financial measures related to dues

During the debate at the convention over the dues hike, UAW Local 140 President Mark Dickow claimed that "the UAW is the only organized union that has not been raised in almost 50 years."

Actually, although the dues *rate* has been steady for decades, the actual dues paid by individual members have gone up. That's because a member's UAW dues are tied to his or her hourly pay.

When a member receives a raise, dues also go up.

The new rate increase, which will take effect in August, raises the number of hours' pay that a member must turn over to the union, from two hours of salary a month to two and a half hours per month—a 25 percent increase.

Outgoing UAW President Bob King called the argument over the vote to raise dues a “great demonstration of democracy for the UAW.” Yet the vote was taken among only the 1,100 delegates at the convention. The other 390,315 UAW members did not have a direct say. Nor was there a recorded vote at the convention. An initial voice vote was supposedly too close to call, and President King ordered a show of hands. King declared that “the ayes certainly have it.”

“I agree with the dues increase, but I don't think it's the time,” Rich Boyer of UAW Local 140 told MLive.com. “This membership is divided. If we increase these dues now and don't go to the bargaining table and get significant increases in wages, we are in trouble.”

Still, the linkage between the dues hike and the two-tier pay structure is clear, admits Dennis Williams, who was elected to succeed King as UAW president. Williams told Bloomberg News, “The two-tier [wage] system will be in place until we can organize the transnationals,” that is, the automakers that operate in the U.S. but are headquartered in other countries.

Desperate to increase membership and end the bifurcated wage system, the UAW has targeted nonunion Southern auto plants. So far, though, the union has not convinced Southern autoworkers that they need the UAW as much as the UAW needs them.

### Defeat in Chattanooga

The UAW's most significant defeat in recent memory came in February at Volkswagen's Passat plant in Chattanooga, Tennessee. It was, some say, the

UAW's Gettysburg—its last-ditch effort to snatch a victory, an attempt whose failure makes final defeat inevitable.

If the UAW had succeeded in Chattanooga, the plant would have been the first foreign-owned auto assembly plant in the South to be organized. Most importantly for the UAW, Chattanooga would have been a beachhead to organize the booming, mostly non-unionized Southern auto industry. [For details on the union effort to penetrate the South, see the December 2013 *Labor Watch*.]

Four years ago, President King vowed to unionize a Southern, foreign-owned plant. Three years ago, he said that, if the UAW couldn't break into the South, the union's continued existence was in jeopardy. “If we don't organize these transnationals, I don't think there's a long-term future for the UAW,” he said. “I really don't.”

The UAW intended to accomplish its breakthrough in the South partly by changing the rules of the game. In December 2011, the union released its “Principles for Fair Union Elections.” Chief among those Principles were card check and other provisions typical of so-called “neutrality agreements.” UAW President King threatened, if a company refused to adhere to the Principles, to “launch a global campaign to brand that company a human-rights violator.”

One of the reasons that prospects for victory were so high in Chattanooga, and the defeat so stinging, was that the company was effectively on the side of the union. On January 27, prior to the vote at the Passat plant, Volkswagen adopted a position of (supposed) neutrality with regard to the UAW. Volkswagen agreed it would not stand up for its workers who opposed joining the UAW—workers who would be outgunned by professional union organizers.\*

In the Chattanooga fight, the National Labor Relations Board was likewise effectively on the union's side. The National Right to Work Legal Defense Foundation, which represented

VW workers opposed to unionization, obtained several NLRB e-mails that, the Foundation claimed, brought into question the board's impartiality regarding the card-check process during the UAW's organizing efforts at VW.

Apparently a majority of the targeted workers had signed the cards, indicating their support for unionization. But, according to National Right to Work, “Several VW workers filed charges alleging improprieties in the UAW union hierarchy's card-check process, including getting workers to sign union authorization cards by coercion and misrepresentation and using cards signed too long ago to be legally valid.” To sidestep this controversy, Volkswagen agreed to permit workers to have a secret ballot election, rather than simply declaring the UAW to be the workers' representative on the basis of the cards.

VW's accord with the UAW was called a neutrality agreement, but the company did more than simply stay neutral with regard to the prospect of the UAW

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\* Standard neutrality agreements typically contain three main criteria for the employer:

1. A gag order not to talk to their employees about unionization
2. Turning over employees' contact information to the union, including phone numbers, email addresses, and home addresses
3. An agreement to a card-check election, under which a union can organize the company simply by having employees sign cards indicating their support for unionization. This process replaces the standard secret ballot election procedure administered by the National Labor Relations Board. It effectively eliminates the secret ballot, and can lead to deception, coercion, and intimidation of employees by union organizers.

Employers often agree to a neutrality agreement because a union has promised a benefit to the company in return, or the company may be avoiding a threat from the union. Some unions threaten damaging public relations campaigns against a company. These campaigns, known as corporate campaigns, attempt to harm an employer's business by damaging the reputation of the company or in some cases the personal reputations of the company's officers, all to exert pressure for the employer to sign a neutrality agreement. (For more on corporate campaigns, see the June 2013 *Labor Watch*.)



unionizing its plant. National Right to Work alleged that “Some of those workers also filed a federal charge against the company alleging that statements by German VW officials are illegally coercing their fellow workers to accept UAW monopoly bargaining power over their workplace.”

The company actively assisted union organizers by filing the petition for unionization. This is very rare in labor organizing. Also, by not voicing an opinion, VW helped expedite the election, which denied workers who opposed the UAW time to effectively make their case to their coworkers.

Former NLRB board member John N. Raudabaugh told the website Real Clear Markets that he had “never seen such a quick election.” Workers opposed to the UAW faced even greater difficulty when VW kept anti-UAW employees out of the plant while letting union organizers in.

The public reason for the support of the UAW was that VW hoped to create a German-style “works council,” a joint labor-management board for governing the plant. Volkswagen Chattanooga’s CEO Frank Fischer claimed, “Our works councils are key to our success and productivity.” He said, “Our plant in Chattanooga has the opportunity to create a uniquely American works council, in which the company would be able to work cooperatively with our employees and ultimately their union representatives, if the employees decide they wish to be represented by a union.”

Diana Furchtgott-Roth, a senior fellow at the Manhattan Institute, pointed to the crossover leadership between Volkswagen and the UAW’s union counterpart in Germany, IG Metall. For example, she wrote, “the deputy chairman of Volkswagen’s German supervisory board is Berthold Huber, chairman of the powerful German labor union IG Metall.”

Peter Schaumber, former chairman of the National Labor Relations Board under President George W. Bush, warned

that the VW’s German-style works council may be illegal under American labor law, because the National Labor Relations Act requires

that the employer negotiate terms and conditions of employment with the workers’ union as their exclusive bargaining representative. The German model of dual representation—with an industrywide union required by law and plant-level works councils negotiating workplace terms of employment—is inconsistent with U.S. law.

Schaumber argued that the works council would have been a “company union,” which federal labor law prohibits because a union is supposed to represent workers, and if the company controls it, the union may not have the employees’ best interests at heart. That’s why President Clinton in 1996 vetoed legislation called the Team Act that would have allowed companies to form employee-management teams. The AFL-CIO commended the veto at the time: “Under the guise of ‘cooperation,’ this damaging and unnecessary piece of legislation would have given management the say-so over who speaks for workers on issues such as wages, hours and other terms and conditions of employment—an unfair infringement on employee rights.”

The Chattanooga neutrality agreement included a clause assuring the German car manufacturer that “the UAW would delegate to the Works Council many of the functions and responsibilities ordinarily performed by unions as bargaining representative in the United States.” The agreement went on to state that this works council would help in “maintaining and where possible enhancing the cost advantages and other competitive advantages that [Volkswagen] enjoys relative to its competitors in the United States and North America, including but not limited to legacy automobile manufacturers.”

Workers worried that the union would endanger the plant’s viability and pos-

sibly cost them their jobs. They saw how the unions, and politicians backed by the unions, turned the wealthy city of Detroit into a ruin. They didn’t see union membership, with the accompanying dues and bureaucracy, as a good deal. And they worried that, once the union was in place, it would be very difficult to dislodge.

Once a union has successfully organized a worksite, it’s almost impossible to get rid of it, no matter how bad a job it does. That fact is clear from an amazing statistic dug up by James Sherk of the Heritage Foundation: Only seven percent of private-sector union members *ever* voted to join their union.

In February 2014, autoworkers at the VW plant handed the UAW a bruising defeat, rejecting the union 712 to 626. The UAW compounded its embarrassment by refusing to take no for an answer and spending two months appealing the result.

### **No Free Speech for you!**

The strongest point in the UAW’s appeal of its defeat was that opponent organizations and politicians had interfered in the election process. The UAW claimed that they had done so by speaking out against the union and making promises regarding government-provided financial incentives that the plant, like most such plants, might receive for future expansion.\*

Claiming that “interference by politicians and outside special interest groups” skewed the vote, the UAW asked the National Labor Relations Board to throw out the election results. UAW President King complained publicly that the anti-union efforts were coordinated, saying “Whether it was the Koch brothers or it was Grover Norquist or it was Senator [Bob] Corker [R-Tenn.], Governor [Bill] Haslam [R-Tenn.], the leaders of the legislature—all make threats against voting ‘yes’ and promises if people voted ‘no.’” (Norquist is a prominent taxpayer advocate in Washington, D.C., and the

Koch brothers are philanthropists who give money to charities and pro-liberty organizations.)

Outside groups and sympathetic politicians did indeed try to educate workers on what would happen if the UAW organized the Chattanooga plant. They were concerned that, because Volkswagen sided with the union, workers would not otherwise hear both sides of the story.

During the NLRB appeal, Senator Corker, a former mayor of Chattanooga, asked the NLRB to “understand and realize the magnitude of what they are going to be deciding and in no way try to muzzle public officials who are community leaders from expressing their point of view.”

The union thought it had a smoking gun when documents leaked to a local TV station showed the Governor had promised \$300 million in economic incentives if “works council discussions between the State of Tennessee and VW [were] concluded to the satisfaction of the State of Tennessee.” Governor Haslam responded that the documents weren’t “a threat at all. It was just a statement of reality” and that “any incentive deal that we do has to be approved by the Legislature. And we had that discussion with them all along, that it was going

to be much, much more difficult if the union vote happened.”

During the preparation for the NLRB appeal hearing, the UAW sent a wave of subpoenas to those it felt had interfered with the vote. Recipients included Haslam, Corker, and 18 other officials. The UAW went so far as to subpoena an intern working at Norquist’s organization, Americans for Tax Reform. The union demanded all written communications and other documents concerning the union in the weeks before the vote.

Tennessee Attorney General Robert Cooper fought the subpoenas aimed at Governor Haslam, noting that the requests were “overly broad, unduly burdensome, and seek information that is not relevant or material to the matter under investigation or in question in the proceedings.”

On April 21, though, as participants in the case were gathered in a courtroom in Chattanooga, the UAW sounded retreat. Reuters reported:

The United Auto Workers, surprising even its supporters, on Monday [April 21] abruptly withdrew its legal challenge to a union organizing vote that it lost at a Volkswagen AG plant in Chattanooga, Tennessee in February.

Just an hour before the start of a National Labor Relations Board hearing on the challenge, the union dropped its case, casting a cloud over its long and still unsuccessful push to organize foreign-owned auto plants in the U.S. South.

VW workers due to testify at the hearing were already at the courthouse in downtown Chattanooga when they heard the news, which left lawyers in the hearing room wondering how to proceed.

The union did not explain why it waited until the 11th hour to drop the case, but UAW official Gary Casteel said the decision not to go ahead was made last week. That

was when Tennessee Governor Bill Haslam, U.S. Senator Bob Corker from Tennessee, and Washington small government activist Grover Norquist said they would ignore subpoenas to attend the hearing, which was to have focused partly on their conduct in the days leading up to the plant workers vote.

“It became obvious to us that they were going to become objectionists and not allow the process to go forward in a transparent way. When that happens, these things can drag on for years,” Casteel said in an interview.

If, in fact, the decision to drop the appeal was made the previous week, the timing of the withdrawal was strange. Lawyers and others working on the case—including, apparently, those on the UAW’s side—had worked over the Easter holidays to prepare for the hearing that never occurred.

The UAW’s decision to drop the appeal did not end the matter. Two left-wing members of Congress, Reps. George Miller (D-Calif.) and John Tierney (D-Mass.) launched their own inquiry into whether “outsiders” tainted the election. The day the UAW withdrew the suit, King said, “Frankly, Congress is a more effective venue for publicly examining the now well-documented threat,” he said.

Governor Haslam responded to the Miller/Tierney inquiry by noting sardonically that “we got a letter from two Democratic congressmen who are minority members of the House, so...” At that point, the Governor shrugged dismissively.

### **Bob King: a legacy of failure**

Bob King won the UAW presidency four years ago with 97 percent of the vote. He left the union in worse shape than he found it. Some events were set in motion long before his time as president, such as the bankruptcy of General Motors and Chrysler and the two-tier wage system

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\* The idea that labor law or the National Labor Relations Board might limit the free speech of union opponents (but not union supporters) may seem farfetched, but the UAW is correct that employers are strictly limited in what they can say to employees during union organizing election campaigns.

Federal labor law limits an employer’s Free Speech rights after a union files a petition with the NLRB for an election. The law prohibits an employer from threatening, interrogating, promising, or spying on employees during this time. These actions are known by the acronym “TIPS.” (Employers can tell their employees what they think unionization would do as long as they do not violate the TIPS restrictions.)

Unions, on the other hand, violate the law only if they verbally threaten or physically assault a worker. In 1996, the NLRB in the case of *HCF, Inc. d/b/a Shawnee Manor* deemed even threats to be legal if a third party does the threatening on behalf of the union.

(he was at the negotiating table as a vice president when it was negotiated, but he was not president). Still, King did preside over disastrous failures of his own making.

One of the key strategists in the fight against the UAW in Chattanooga was Matt Patterson, a former editor of *Labor Watch* and now executive director of the Center for Worker Freedom (an affiliate of Americans for Tax Reform). Patterson noted in an op-ed that “The UAW spent an estimated \$5 million in its two-year campaign to organize the Volkswagen facility in Chattanooga, Tennessee. The union lost. . . . Was that a wise way to spend its members’ money? Even if the union had won in Chattanooga, how would that have profited its members in Detroit?”

Besides the loss in Chattanooga, King was largely responsible for the crisis facing his union in its historic home, the state of Michigan. Next year—when many new autoworkers are taking home second-tier wages even as most UAW staffers and officers make more than \$100,000 and the union has lost millions of dollars failing to organize workers far from home—Michigan members angry at the dues hike will have a choice to keep their dues money in their own pockets.

That Michigan workers have this choice is one of Bob King’s legacies (a good legacy from workers’ standpoint, of course, but not from the standpoint of the union). As Daniel Howes of the *Detroit News* observes, King backed a “ballot measure that backfired on union interests—chiefly the question that triggered the right-to-work law.” Proposal 2, a failed constitutional amendment on Michigan’s 2012 ballot, would have given government unions an effective veto over state legislation and would have banned any right-to-work law.

Before the UAW spent millions trying to pass the proposal, Howes wrote, “Republican Gov. Rick Snyder personally

advised King against it, saying, ‘Don’t kick the elephant.’ He did it anyway.” Previously, unions and their opponents had had a sort of mutual non-aggression pact. The unions wouldn’t try to gain absolute power over state government, and most elected officials wouldn’t push for a state Right to Work law.

Knowing the possible consequences, King broke that détente. Then, when Prop 2 failed [see the December 2012 *Labor Watch*], the opponents of forced unionization reasonably saw the result as reflecting the voice of the people. They believed the time was ripe for worker freedom. So they made Michigan—the state most strongly associated with labor unions—into a Right to Work state.

You might think that UAW members would push for a change in leadership, but you would be wrong. As has been the case in the selection of every UAW president since 1970, the choice was really made by the “Reuther Caucus,” the UAW’s administrative committee, so called in tribute to longtime union president Walter Reuther. The vote at the convention was a formality.

The new president, Dennis Williams, was the secretary-treasurer during the King presidency and presided over much of the loss of the strike fund. His replacement as secretary-treasurer was Gary Casteel, director of the UAW southeast region for the past dozen years and one of those most responsible for the union’s failure to penetrate the South’s foreign-owned auto manufacturing plants.

To an outsider, at least, both men seem to have failed in their previous jobs, but they were promoted nonetheless.

The UAW does not show signs of changing. It will continue to spend big on corporate campaigns against Southern auto companies, even as workers there repeatedly say no. Employees and officers at the union’s national headquarters will continue to make six-figure salaries. Soon, with Big Three contracts expiring, UAW leaders will be pressed to prove

their relevance. Will they take a hard line with General Motors, Ford, and Chrysler? Will they force the Big Three into stringent work rules and unsustainable benefits—the course that bankrupted two of the three? Will UAW members finally say that enough is enough? In their desperation, what will the UAW leadership do?

As the saying goes, nothing is more dangerous than a wounded animal.

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## The UAW: Not dead yet

By Terrence Scanlon

After the union’s recent defeat at Volkswagen’s Chattanooga, Tennessee plant, is it over for the United Auto Workers? Don’t be too sure.

Yes, the union’s loss of a unionization vote at VW’s Passat plant in Tennessee produced much bad publicity, given that conditions were ideal for the UAW—the company wanted the union to win. Many observers claim the defeat is a turning point that marks inevitable decline.

However, the turning point may not spell decline, but only transformation. Yes, the portion of UAW’s membership coming from the auto industry will likely shrink, and over time the union may become unrecognizable to those familiar only with its current form.

The UAW is formally “The International Union, United Automobile, Aerospace and Agricultural Implement Workers of America.” But its future may lie in fields far from those



in its name—fields where employers are particularly vulnerable to political pressure, such as casinos, colleges, and health care, and among recipients of government assistance.

As columnist George Will observes, the U.S. auto industry is actually two industries, “the UAW-organized one” that was desperate for a government bailout in 2009, and “the other industry, located in the South and elsewhere,” where American workers make 30 percent of the vehicles Americans purchase, which “did not need rescuing because it does not have UAW presence.”

Between 2006 and 2012, the UAW lost 30 percent of its members and 40 percent of its dues. That mirrors the decline of unions in general, which have lost 80 percent of their share of private-sector workers since the 1950s.

Today, about half of union members are government employees, a sector where unions were almost nonexistent in the 1950s.

Organizations and movements must adapt to survive. Today, private-sector unions are moving away from representing workers at workplaces and instead becoming one more organized political pressure group.

For example, in many cities, one sees efforts to unite fast-food workers so as to pressure the city to raise the minimum wage, restrict working conditions, and otherwise achieve goals once accomplished by unions’ collective-bargaining contracts.

This is why, after Chattanooga, AFL-CIO President Richard Trumka said union progress requires stronger ties with “every progressive group.”

Today, Americans are adjusting to an Obama-ized, low-growth economy that downplays, or even ridicules, entrepreneurship. (“You didn’t build that!”)

Increasingly, the key to wealth will be the ability to “game” the political system, garnering subsidies for one’s own business or industry while using regulations to hurt competitors.

Unions’ success will depend on their ability to elect friends, to fill the courts and regulatory bureaucracy with allies, and to use the media to pressure businesses into capitulating to their demands.

The UAW will be at the forefront of this change. Yes, lower dues revenue has forced it to make budget cuts, but it still sits on an estimated \$1 billion in assets and, most importantly, has decades of experience turning political struggle into economic power.

It will continue to be influential among the “legacy” automakers, now largely dependent on government largesse (e.g., subsidies for “green” cars and bailouts).

It will expand in the casino business, which is heavily regulated. Casinos will partner with the UAW to take advantage of the union’s political clout. (For example, in the *Mulhall* case recently before the courts, casino management agreed to unionize in return for a union’s help in passing a slot-machine referendum.)

Many casinos are run by Indian tribes that lack business experience and prize “labor peace.” Gambling is also an area where some unions’ traditional links to organized crime are particularly useful.

The UAW will also expand into the health care industry, now increasingly under government control. Health care businesses will find it very useful to have unions in their corner.

Providers of home-based care, many of them paid partially or fully by government programs, will be brought into the UAW. The Supreme Court, in the recent case of *Harris v. Quinn*, threw

roadblocks in the path of the forced unionization of people who are mere recipients of government subsidies, such as people who care for sick relatives. But you can bet that the UAW won’t give up on the idea.

Another UAW target: colleges and universities, where leftist orthodoxy rules. Recently, almost 6,000 “post docs”—newly minted PhDs working as research assistants and the like—organized under the UAW, bringing the union’s membership among higher-education personnel to some 40,000.

Some commentators have declared the UAW near-dead after Chattanooga. However, the UAW is implacable and adaptable. As the United Something-or-other Workers, it may be with us for generations to come.

*Terrence Scanlon is president of the Capital Research Center. A version of this article appeared in the Washington Times.*

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**Many thanks,  
Terrence Scanlon  
President**

# LaborNotes

**UPDATE:** As this issue went to press, **Volkswagen** management and the **United Auto Workers** (UAW) moved to partially unionize VW's Passat plant in **Chattanooga**—the plant where workers recently voted to reject the union! [See this issue's lead story.] "We have a consensus agreement with Volkswagen management to form the local and be recognized when we get a majority of the workers to join," said UAW International Secretary-Treasurer **Gary Casteel**, who (in the words of **USA Today**) "has been overseeing the union's organizing drives at the Southern auto plants for the past several years—unsuccessfully, until now." The union's rationale: a majority of workers, prior to the vote, signed cards indicating support for the union (never mind that they subsequently voted against the union, which proves "card check" is a fraud). For now, no dues will be collected.

**Dan Calabrese** wrote in the **Canada Free Press**: "Oh those sneaky unions! Even though employees at Volkswagen's Chattanooga plant voted decisively to reject United Auto Workers representation, the UAW wasn't about to be stopped. . . . They are strangely getting an assist from management, which cut a separate deal to let the UAW come in and set up a local, despite the workers' vote. That means the UAW can set up operations and start recruiting members, the vote notwithstanding. And if they manage to recruit a majority, they will officially become the collective bargaining representative of the workforce."

The **U.S. Supreme Court** in **Harris v. Quinn** dealt a severe blow to the **Service Employees International Union** (SEIU), the union most closely associated with **President Obama**. As reported in the January *Labor Watch*, the case involved people who care for loved ones and receive state subsidies. The principal plaintiff, **Pamela Harris**, has a 25-year-old son with a genetic disorder for whose care she receives a monthly Medicaid check of approximately \$1,300. Officials in **Illinois** declared SEIU to be the union representing home care workers, at which point the union began collecting dues automatically (about \$90 a month from Harris).

Much of the money went to support the union's left-wing politics. But in June, the Supreme Court ruled for the workers. Harris said the victory "means that there's not going to be a union contract inserted between my son and me. There's not going to be union rules and regulations dictating how I can provide the care that Josh needs." Lawyers for the **National Right to Work Foundation**, which represented Harris, say they're pursuing a refund of the compelled union dues.

In **Rhode Island**, the state treasurer, **Gina Raimondo** (D) pushed a plan through the state legislature in 2011 that the **Wall Street Journal** called "arguably the country's boldest pension reforms," which "froze current workers' accrued benefits, suspended retirees' cost-of-living adjustments, raised the retirement age, and replaced unsustainable defined-benefit pensions with hybrid plans that include a modest annuity and a 401(k)-style component." The plan would have nearly halved the state's unfunded liability.

Unions sued, and a judge ruled the pensions constitute "an implied contract," but Raimondo and **Gov. Lincoln Chafee** (D) negotiated a deal that kept 94% of the savings. More than 70% of state workers and retirees backed the compromise, but a majority of police officers voted against the deal, killing it. Now the case will go to trial a week after September's primary election, in which Raimondo is running for governor (and unions hope to defeat her). The *Journal* editorialized that "the larger political lesson for government reformers is that public unions will never compromise until they are defeated in court and at the ballot box."

Even the left-wing **Huffington Post** recognizes how far our public schools have fallen. HuffPo blogger **Hilary Gowins** wrote, "Philadelphia public schools are in shambles . . . Only 14 percent of fourth graders are deemed proficient in reading. The state of **New Jersey** recently took control of **Camden's** public schools, after administrators . . . ran the system into the ground with a combination of unsustainable spending (\$23,700 per student) and incredibly low success rates (fewer than half of students graduated high school in 2012)."



But a **Chicago** school's prom slogan shows how bad things really are. "This spring, just like high schoolers at schools across America, students at **Paul Robeson High School** planned their prom festivities. They picked dresses, tuxes, corsages, and boutonnieres. But before all of that, they picked a theme: 'This Is Are Story.'" [See photo.] Gowins didn't note, but we will: The school is named after a Communist who once accepted a **Soviet** prize named for **Joseph Stalin**, one of history's greatest mass murderers.

Chicago Mayor (and former Obama White House Chief of Staff) **Rahm Emanuel**, who's running for re-election, is in trouble. In one recent poll, he pulls 36 percent, compared to 45 percent for Karen Lewis. Who is **Karen Lewis**? President of Chicago's teachers' union.

*Capital Research Center's Henry Haller interns Marc Connuck, Maria Girard, and J.T. Mekjian contributed to this report.*