

— BELIEVE IN — AMERICA

Mitt Romney's Plan for Jobs and Economic Growth

“Unfortunately, some union CEOs are less concerned about an industry’s competitiveness than they are with how many of their union’s jobs they can protect, how much they can increase wages, and how they can impose even more favorable work rules. In some cases, this mind-set has contributed to companies or to entire industries falling so badly behind their competition that they lose market share or fail altogether, resulting in even greater job losses.”

(Mitt Romney, No Apology)

Labor Policy

- Appoint experienced and even-handed arbiters to the NLRB
- Guarantee businesses the right to allocate capital as they choose
- Protect right of workers to choose whether to unionize
- End funding of union political campaigns through paycheck deductions

Whatever economic troubles the United States is currently facing, we should never lose sight of our enormous advantages. One of the most significant is the productivity of the American worker. The United States vies for the world's top spot in labor productivity (defined as the ratio of a unit of output to each input of labor). Equally significant is the high American rate of growth of labor productivity, a key engine of overall economic growth. Over time, American workers have been growing more efficient at a rate that sharply exceeds that of other developed countries. These achievements can be explained by a number of distinctive traits of the American workforce. Foremost among them is its flexibility, which allows for the rapid assimilation of new technology into production processes and equally rapid response to changing competitive pressure from abroad.

But the flexibility of the American workforce is under fresh assault. At a moment when we are locked in fierce competition with the rest of the globe, a force within—organized labor—is pressing for measures that would undermine our key competitive advantage.

Over the years, unions have made extraordinarily important contributions to American society. Many of the protections and benefits enjoyed by workers in the 21st century are the result of sacrifices and struggles and hard-won battles fought by unions in an earlier era. But today, the effects of unionization have changed in ways that need to be recognized. Too often, unions drive up costs and introduce rigidities that harm competitiveness and frustrate innovation.

The statistics tell an unkind story. Studies conducted by non-partisan scholars have shown that labor unions reduce investment and slow job growth. Compare the economic performance of states that have embraced Right-to-Work laws, under which workers cannot be compelled to pay union dues, with states that have retained more union-friendly policies. Over the past ten years, Right-to-Work states have added more than three million jobs, while the others have lost nearly a million. Or look at the fate of the manufacturing sector. It is commonly believed that American manufacturing jobs are disappearing, but the country actually has as many non-union manufacturing jobs as 35 years ago. Over the same time period, union manufacturing jobs declined by 75 percent. Perhaps it is numbers like these that explain why a majority of Americans say that labor unions “mostly hurt” the American economy. It could also explain

why union membership in the private sector has declined from 36 percent in the 1950s to less than 7 percent today.

It is that membership decline that organized labor is struggling mightily to reverse. But the irony is that with workers now resisting unionization, labor bosses seeking to retain their power fight the very workers whom they purport to serve.

The Obama Approach: Bigger Labor

In the midst of an economic crisis, with 25 million people needing work, policies that strengthen the hand of labor unions at the expense of both businesses and workers are probably the last thing the country has needed. But President Obama, in political debt to labor leaders who have funneled union funds to the coffers of the Democratic Party and who are vital to his reelection bid, is willing and eager to press forward with Big Labor's agenda. “We're ready to play offense for organized labor” is what he proclaimed on the campaign trail in 2008. “It's time we had a president who didn't choke saying the word ‘union.’ A president who strengthens our unions by letting them do what they do best: organize our workers.”

REPAYING POLITICAL ALLIES

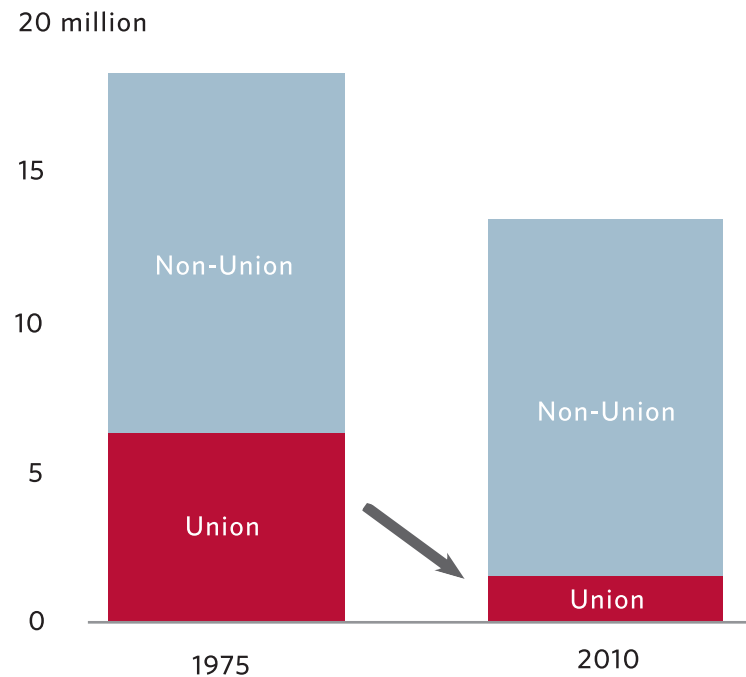
President Obama has been true to his word. The political alliance in which he is tied—and from which he received several hundred million dollars of support during his campaign—explains the panoply of destructive initiatives that his administration has backed.

Eliminating the Secret Ballot

“Card Check” was the top item on the union wish list, which is unsurprising, since it goes right to the heart of current union woes about declining membership. This change, strongly supported by President Obama, would have replaced the long-standing tradition of secret-ballot union elections with the public signing of a card—sometimes in the presence of a union agent, usually in the presence of union supporters. By compelling workers to make their choice in public, it opens

Figure 9: The Real Manufacturing Decline

U.S. Manufacturing Jobs



There are as many non-union manufacturing jobs as there were thirty-five years ago. During the same time period, union manufacturing jobs have declined by more than 75 percent.

Source: *Unionstats.com*

the door for coercion and intimidation of those who do not see the advantages of paying union dues. The result would be more unionization, with all its attendant costs, at workplaces where a majority of employees might not actually want the involvement of a union.

Bailouts for Political Allies

In using borrowed funds and taxpayer money to bail out General Motors and Chrysler, the Obama administration dispensed special favors to organized labor. Part of this entailed preferential treatment of the United Auto Workers (UAW), at the expense of other stakeholders and creditors—incredibly, the UAW was given a majority ownership stake in Chrysler. And part of it entailed bestowing extraordinarily generous benefits on the autoworkers at a time when all other Americans were being asked to sacrifice. As the *Washington Post* noted at the time, the “concessions” that the Obama administration obtained from the UAW were not really concessions at all:

... union concessions were “painful” only by the peculiar standards of Big Three labor relations: At a time when some American workers are facing stiff pay cuts, UAW workers gave up their customary paid holiday on Easter Monday and their right to overtime pay after less than 40 hours per week. They still get health benefits that are far better than those received by many American families upon whose tax money GM jobs now depend. Ditto for UAW hourly wages Cumbersome UAW work rules have only been tweaked.

An interest group was rewarded, but the long-term health of automakers was needlessly imperiled, and other business owners and investors were left to wonder whether they might face similar caprice at the hands of government.

Stimulus Funds Restricted

The list of administration favors for organized labor is long, with many of them granted behind the scenes. Two weeks before signing the \$787 billion stimulus bill, President Obama issued an executive order “encouraging” all government agencies to use so-called Project Labor Agreements (PLAs) in construction contracting.

These PLAs would require any workers engaged on a project to become associated with a union. The effective result was to freeze out non-union workers—more than 80 percent of the construction workforce—from participation in many stimulus-funded projects. It also guaranteed that projects would be more expensive and less efficient. At a time when the White House was purportedly seeking to unleash maximum resources to stimulate employment growth, this action put it at cross-purposes with its professed commitment to creating the largest possible number of jobs. In the collision between President Obama's narrow political interests and the interests of American workers, the latter lost.

A LABOR BOARD WITH AN AGENDA

President Obama also placed union-friendly lawyers in charge of the National Labor Relations Board (NLRB), the agency responsible for enforcing labor laws. This in turn enabled the NLRB to intervene on behalf of unions in a variety of unprecedented and destructive ways.

Punishment for Job Creators

In April 2011 the NLRB joined with the International Association of Machinists to file suit against the aircraft manufacturer Boeing, America's largest exporter, to prevent it from opening a new manufacturing facility in South Carolina, a Right-to-Work state. If the suit is successful, Boeing's billion-dollar investment in the state would be lost along with more than 1,000 new jobs. Whatever the disposition of the case, the threat of such litigation already serves as a powerful disincentive to investment in Right-to-Work states and blocks the free movement of capital to where it is most productive. Congress has proposed legislation to stop the NLRB from misapplying the law in this manner, but the White House has declared its opposition to the bill. The willingness of the Obama administration to manipulate the law in a manner without precedent heightens uncertainty for all investments.

Changing the Rules of the Game

The NLRB is also pressing for "snap" election rules that would tilt the balance decisively in favor of unions and against employers. Allowing for snap elections would give employers as little as ten days in which to organize a counter-campaign after union organizers formally filed a petition to vote. What this means in practice is that unions could spend a year or more campaigning before a formal petition was filed. With the ground thus prepared, the election would be called and employers would have virtually no time to explain to their workforce the downsides of unionization. Those downsides can be significant. As the labor union track record of recent decades shows, they can include the loss of one's job when firms, saddled with high costs and restrictive work rules, begin to suffer losses, are unable to compete in the global economy, and ultimately fail.



President Obama's labor policies have the cumulative effect of giving more power to union leaders in a way that is adverse not only to management but also to the very workers whom unions ostensibly exist to represent. At a moment of severe economic distress, they also amount to a formula for destroying jobs. It is not an accident that union membership has declined so sharply over recent decades. Indeed, that is itself an ironic by-product of Big Labor's "victories" in collective bargaining. American job loss to global competition has been most intense precisely in those manufacturing industries where unions drove up costs and reduced flexibility, making American firms uncompetitive.

Far from contributing to economic recovery, the Obama administration's highly politicized labor policies have instead dampened business investment and made the employment climate worse. Overall, it is a familiar story from the annals of American politics: favors were given and favors were repaid, and the American people lost out in the transaction.

Mitt Romney's Plan: Free Enterprise, Free Choice, and Free Speech

Mitt Romney, with his extensive experience in both business and government, has a keen understanding of labor relations. He recognizes, as he himself has written, that “[a]t their best, labor unions have always fought for the rights of workers, and generations of Americans have been better off for it.” But he also recognizes that the interests of union management can diverge from those of the very workers they purport to serve.

Defend the Free-Enterprise System

As president, Mitt Romney's first step in improving labor policy will be to ensure that our labor laws create a stable and level playing field on which businesses can operate. This means he will appoint to the NLRB experienced individuals with a respect for the law and an even-handed approach to labor relations. Unlike President Obama's appointees, they would not be former union officials with personal interests in promoting the agenda of their former employers. As they hire, businesses should not have to worry that a politicized federal agency will rewrite the rules of the employment game without warning and without regard for the law.

Romney strongly opposes the NLRB's decision to sue Boeing. It represents one of the worst federal intrusions into the marketplace in recent memory. Even General Electric CEO Jeffrey Immelt, the chairman of the President's Council on Jobs and Competitiveness, has sharply criticized the agency's action, saying: “You've got a world-class, high-tech, job-creating force that's coming into South Carolina. I just can't think of one reason why we'd want to slow that down, not one.” As president, Romney will ensure that unaccountable government bureaucrats do not interfere in the job-creating investment decisions of the private sector—by making responsible appointments in the first place, and by supporting legislation to prevent any improper decisions an unaccountable agency might issue. At stake is the essence of the free-enterprise system.

Guarantee Workers Free Choice

At stake also are some of our basic freedoms. Mitt Romney believes in the right of workers to join a union or to not join a union. To exercise that right freely, workers must have access to all the relevant facts they need to make an informed decision. This means hearing from both the union about the potential benefits and from management about potential costs. This also means being able to act on that decision in the privacy of the ballot booth. It is for these reasons that Romney opposes measures such as “Card Check” and “snap” elections, which deprive workers of the basic democratic institutions of decision and control such as the secret ballot. By guarding against coercion and intimidation in the workplace, we can secure the rights of employers and employees alike and protect our economy from harm.

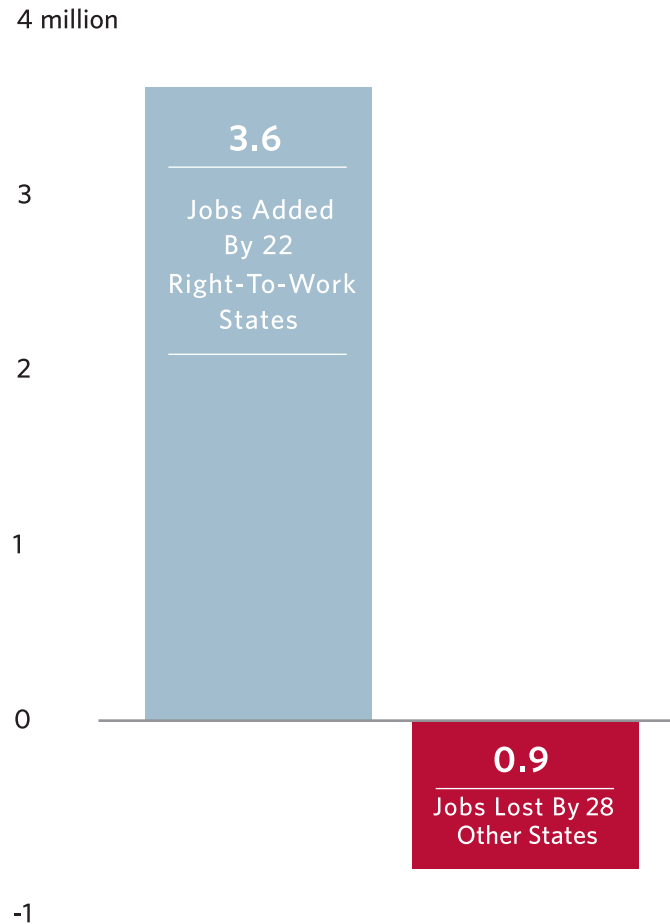
To that end, as president, Romney will submit to Congress legislation, similar to the Secret Ballot Protection Act, that would require the use of the secret ballot in all union elections regardless of the preference of the union, employees, or employer. A Romney administration's NLRB appointees will repeal any rule implemented by the NLRB that distorted the law to accelerate the union election process. And a President Romney will support legislation mandating that all pre-election campaigns last at least one month. Finally, Romney believes that Right-to-Work legislation is the appropriate course for states, and he will use the bully pulpit of the presidency to encourage more states to move in that direction.

Protect Free Speech

Another basic freedom implicated by labor policy is freedom of speech. As matters currently stand, unions can take money directly from the paychecks of American workers and spend it on politicking—each election cycle, unions spend hundreds of millions of dollars. In non-Right-to-Work states, employees have little choice but to watch their money go toward such expenditures, even if they do not support the union and its political agenda. The result is the creation of an enormously powerful interest group whose influence is disproportionate to its actual support and whose priorities are fundamentally misaligned with those of businesses and workers—and thus with the needs of the economy.

Figure 10: The Right Way to Work

Change in Employment, 2001-11



There are currently 22 states with Right-to-Work laws that give employees the choice of whether to support a union. Over the past ten years, those states have seen significant job growth even as states with more pro-union policies have seen a net decline in jobs.

Source: Bureau of Labor Statistics

As president, Mitt Romney will send Congress a bill prohibiting the use of mandatory union dues for political purposes. The practice is fundamentally inconsistent with democratic principles; there is no legitimate reason for employees to face automatic paycheck deductions for political expenditures that they may not support. The law should treat all potential collectors of political donations the same way: donations should always be freely and voluntarily given.

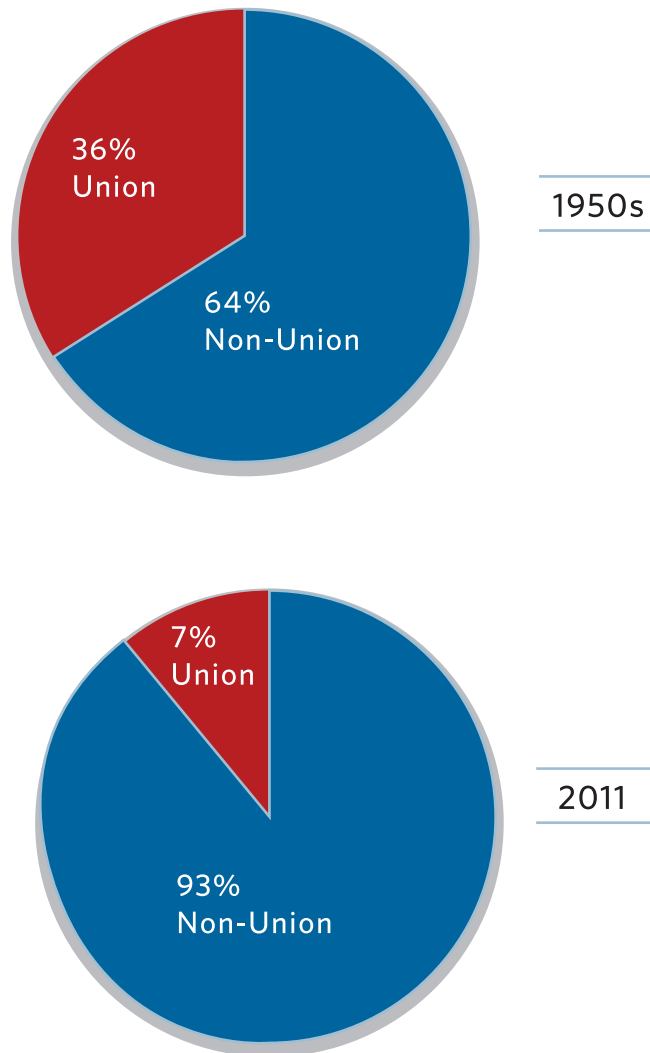
Respect the Rule of Law

In seeking to undo the damage wrought by the politically motivated decisions of the Obama administration, Mitt Romney will be keen not to mirror his predecessor's mistakes. His appointees to the NLRB will be chosen for their willingness to apply the law as it is actually written, not as they wish it to be. He will reverse the harmful executive orders issued by President Obama, such as the order strongly encouraging the use of union labor on government projects. But he will not seek to impose his own vision for the future of labor law via executive fiat and bureaucratic subterfuge. Down that road lies only more instability in the law and uncertainty for businesses and workers. As president, Romney will take the conservative approach and work with Congress to amend the outdated portions of the existing statutory framework, setting it on a stronger footing appropriate to contemporary conditions.



Unlike President Obama, Mitt Romney believes in protecting the rights and freedoms of American workers. The primary objective of his labor policy is to empower workers and businesses so that they can get the economy growing again and put America's millions of unemployed back to work.

Figure 11: The Union Decline



Unionized labor once made up more than one-third of America's private sector workforce. While the labor laws have not changed, participation in unions has declined dramatically and less than one private sector worker in twelve belongs to a union today.

Source: *Washington Post*

Peter Schaumber on Labor Policy

Actions and decisions of executive branch agencies, such as the National Labor Relations Board (NLRB), impact the economy. When the law is steady, when its interpretation is subject to well-recognized legal proscriptions, the stability of the order this creates induces confidence conducive to business investment and job creation. Radical changes in the law, on the other hand, have a destabilizing effect. They create uncertainty, reduce confidence, and constrict economic growth.

Despite the nation's economic distress, such radical changes in decades-old law and procedure are taking place under the current Democratic political leadership at the NLRB. Convinced that there will be no legislative changes to the National Labor Relations Act, such as the "Card Check" provision of the so-called Employee Free Choice Act, the agency's political leadership is moving to change the Act themselves to promote unionization and turn back the clock on the decline of unionization in the private sector.

The National Labor Relations Act, originally known as the Wagner Act, was substantially amended by the Taft-Hartley Act of 1947. Taft-Hartley represented a fundamental change in national labor policy. These amendments expanded the Wagner Act's notions of collective action with the broader notions of workplace democracy, voluntarism and neutrality. For example, Taft-Hartley expressly gave workers the right to refrain from union and other concerted activity and protected an employer's First Amendment right to non-coercively express its opposition to unionization.

Archibald Cox, the pre-eminent labor law scholar, observed that the Taft-Hartley Act “represent[ed] a fundamental change in philosophy, which rejects outright the policy of encouraging collective bargaining.” To the extent that Professor Cox viewed the Taft-Hartley Act as requiring the Board to maintain complete equipoise on questions of union representation, he was absolutely correct. As the Supreme Court said in *NLRB v. Savair Manufacturing*: “The Act is wholly neutral when it comes to that basic choice [of union representation].”

Unfortunately, the current Board consistently demonstrates that it is not neutral on the question of unionization. Since April of last year, the Board has taken these actions:

- Limited employer speech by giving partial effect to a New York State statute requiring state contractors to remain neutral during a union organizing campaign;
- Increased the ability of unions to engage in coercive secondary boycotts often used to secure neutrality card-check agreements;
- Implemented a rule for which it had no statutory authority requiring the nation's six million employers subject to its jurisdiction to post a detrimentally misleading partisan notice of employee rights;
- Proposed a rule to drastically shorten the time between a petition and an election that will limit, if not eliminate, employers' right to express their views on unionization to their employees and their employees right to hear those views and make an informed choice;

- Stripped employees of their right to challenge a union's claim of majority support based on a card-check; and
- Opened the door to micro-units that that will allow unions easy access to employers but which threaten to balkanize the workplace.

Taft-Hartley, President Reagan's firing of the striking air-traffic controllers, and the failure of labor law to respond to the alleged (but wholly unsupported) increase in employer violations of the law are often cited by organized labor and its partisans as the reason for the decline of unionization in the private sector. However, I and others believe that the decline is the result of a combination of social, political, and economic factors, including: the widely publicized bankruptcies of large unionized companies whose management all too frequently succumbed to labor's ever-increasing demands for more, the plethora of new workplace laws that protect employees and make unionization appear no longer necessary, and the fact that American workers are more inclined toward a cooperative one-on-one relationship with their employer than the distant, combative relationship all-too-often encouraged by organized labor.

Unquestionably, unions have made important contributions to the workplace and to the country, but times have changed and organized labor must change with them or be satisfied with a smaller footprint in the private sector. If organized labor seeks to force its way into the workplace through misguided administrative actions by partisans at the NLRB in ways inconsistent with the fundamentals of free enterprise and the principles of workplace democracy, it will only hurt America's economic future and turn the American people further against it.

This can be avoided and Mitt Romney can help us do that. NLRB members are appointed by the president, making the 2012 election crucial to the future of labor law in our country. Four more years of President Obama will virtually guarantee a board controlled by union partisans whose goal will be to continue to augment union power at the expense of workers' rights and legitimate management interests. Mitt Romney offers a different future. He understands the harm to the economy caused by activist bureaucrats who make the law unstable and unpredictable to increase union power. In his extensive private sector experience, he has seen firsthand the importance of flexibility in the workplace and a cooperative, rather than combative, relationship between labor and management. His appointees to the Board will pursue these goals while applying the law fairly and impartially.

Peter Schaumber is the former chairman of the National Labor Relations Board.





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economic growth, visit

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