

## Is Potential New Union Rule a “Path to Economic Ruin?”

### Employee Free Choice Act has Real Chance of Passing, Depending on Election Outcome; Are Corporations on Top of Law or Potential Impact?

#### SCDigest Editorial Staff

With the potential for the Democrats to control both houses of the US Congress and the presidency for the first time in 14 years, labor unions are starting to flex some muscle again after several decades of falling membership and declining influence.

With strong support from most Democratic legislators, the labor agenda could have a big impact on the operations and supply chains of US companies – especially the controversial measure known as the Employee Free Choice Act, which would enable unions to form at companies without a secret ballot.

Free trade, embodied in such agreements as NAFTA, is also likely to come under assault, but former Home Depot founder **Bernie Marcus** says the Free Choice Act is the one companies need to really pay attention to.

“To my astonishment, most CEOs in America are unaware of this planned hostile takeover of their human resources,” Marcus recently wrote in a column in the Wall Street Journal. The bill is a path to economic ruin, he predicts.

The Free Choice Act would eliminate the requirement for secret ballots in union elections, and instead allow employees to sign a card that signifies their support of union representation. The measure would open up employees to substantially more pressure and threats to support the unionization effort than the secret ballot, as their support or not would in effect be public, depending on whether or not they were willing to sign the card.

Marcus says the law will “virtually guarantee that every company becomes unionized,” and also give unions the option to have federal arbitrators set the

***With some chance for Democrats to achieve the 60 Senate seats needed to overcome a filibuster, and an even better chance of capturing the White House, there is a real chance the bill could become law in 2009.***

---

wages, benefits, hours and all other terms and conditions of employment.

Opponents of the law are not only on the right side of the aisle. Former Democratic presidential candidate and friend of labor unions George McGovern recently wrote that the bill is “a disturbing and undemocratic overreach not in the interest of either management or labor.”

In 2007, the bill won support in the US House, but failed in the Senate over a Republican filibuster. Even if passed, it would have been vetoed by President Bush.

But with some chance for Democrats to achieve the 60 Senate seats needed to overcome a filibuster, and an even better chance of capturing the White House, there is a real chance the bill could become law in 2009.

Barak Obama was a co-sponsor of the bill, and said, “We will pass the Employee Free Choice Act. It's not a matter of if, it's a matter of when. We may have to wait for the next president to sign it,

## Is Potential New Union Rule a "Path to Economic Ruin?" (Con't)

but we will get this thing done."

Supporters, of course, argue that amid globalization of the supply chain and rampant offshoring, the balance of power has shifted to business, and left labor with a weak hand. The number of manufacturing jobs in the US continues to decline, as a result both of offshoring and/or automation, depending on who is doing the analysis. Giving unions more power by increasing dramatically the number of companies that are unionized will redress this imbalance and let workers grab a higher share of corporate profits, according to supporters.

Critics, on the other hand, say the result will be an economy that comes to look much more like that of France or Germany – characterized by slow growth, high unemployment and general stagnation.

"It's time to stand up and fight. America's competitiveness, jobs and right to a secret ballot are



at stake," Marcus says. "CEOs, employees who want to keep their jobs in America -- and those retirees like me who would not be where we are today but for our system of free enterprise -- must stop this anti-democratic legislation."