

A Peek at The Books

New regulations shed light
on Big Labor

JOHN J. MILLER

I'M the newest member of the AFL-CIO. You can join, too: Sign up on the website of Working America, an advocacy organization tied to the union. All it requires is the submission of your name, e-mail address, and zip code. Voila! Welcome to Big Labor.

The AFL-CIO claims to have 1 million "associate members" like me—people who have no voting rights in the union. Some of us associate members would probably like to organize our workplaces, bargain collectively with our employers, and pay the dues that bankroll the AFL-CIO. But the rest almost certainly have no such interest and have done nothing more than I have. The union bosses need us all, however, because if we were purged from the rolls, it would show that under John Sweeney's leadership the union has lost members—and this trend is wholly independent of the four unions, including the Teamsters, that quit the AFL-CIO last year.

This sleight of hand is now public knowledge because the Department of Labor has spent the last five years trying to increase the financial transparency of unions—a project that no previous Labor Department has taken much interest in pursuing. "For a long time, this wasn't the Department of Labor," says one appointee of the Bush administration. "It was the Department of Labor Unions. We set out to change that."

One of the most important reforms is now well underway: Unions are filing

their annual financial statements on newly revised forms that require far more detailed disclosure about their money and activities. The main beneficiaries of this system will be rank-and-file union members, who will gain unprecedented amounts of information about how their leaders are spending union dues. This in turn may benefit Republicans, because although the overwhelming majority of union political spending goes to Democrats, many individual union members actually support the GOP—exit polls indicate that 38 percent of them voted for President Bush in 2004. In the future, union bosses may feel more pressure from below to spend dues on the traditional activity of representation and less on trying to elect Democrats. "This is what it means to have conservatives running the Department of Labor," says one Labor official.

The roots of these current reforms go back more than 40 years: During the Eisenhower era, Congress held a series of sensational hearings on union corruption and passed the Landrum-Griffin Act, which required unions to report basic financial data to the federal government. Although unions thought the law demanded too much, many conservatives thought it demanded too little. Sen. Barry Goldwater called it a "sweetheart bill." One of the law's authors, congressman Robert Griffin of Michigan (who was later a senator), admitted that "the effectiveness of the act will surely depend upon the secretary of labor, who bears a great responsibility for its enforcement."

Over the next four decades, however, no labor secretary did much about enforcement. The unions filed their forms—the most important form is the LM-2—but they also made sure that the paperwork revealed only the most rudimentary information. Even this was hard for the public to obtain: It required a visit to the department's headquarters in Washington, D.C., or to one of sever-

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al branch offices. "When we got here in 2001, we looked at these forms and realized that the quality of the information was terrible," says one top DOL official. "It was classic government: hard to access and of no use to union members."

The first step was to place everything online. Today it's possible to read union reports going back several years. But the real bonanza is just commencing: The updated LM-2 forms are trickling in, complete with detailed information on how unions spend—and sometimes mispend—their money. Because of variations in fiscal-year calendars, only about 20 percent of unions have filed their updated forms (the rest are due by March 30). But from those that have already filed, it's possible to appreciate the scope of the new data. The National Education Association, for example, filed its LM-2 last December. The form exposes what is essentially a slush fund for liberal interests: Recipients of NEA largesse include Amnesty International, the Dick Gephardt Legacy Fund, the Gay and Lesbian Alliance Against Defamation, People for the American Way, Jesse Jackson's Rainbow/PUSH Coalition, the Wellstone Memorial Fund, and so on. This is in addition to the \$25 million the NEA says it spent on politics and lobbying.

Kindergarten teachers and high-school algebra instructors—to say nothing of parents and voters—may wonder how any of this advances student achievement. It may even compel some of them to demand back the portion of their union dues that underwrite the NEA's political agenda. The most likely result, however, will be incentives for unions *not* to waste time and resources on politics and perks. The Labor Department's growing database is quite simply a treasure trove of information, much of it potentially embarrassing to Big Labor.

Consider the latest LM-2 of the Ironworkers Local 40, which is based in New York City. The union didn't spend much on politics or lobbying—just \$7,175, according to last year's report. But it did spend

\$52,879 at Premium Cadillac Ltd. in New Rochelle, N.Y., for what is described as a "retirement gift." Perhaps the union's working stiffs would heartily approve of this going-away present, but at least they'll know about it.

And everyone else will too. Union watchdog groups are already scouring the DOL database. "When we decided to publish our Union Corruption Update newsletter every two weeks, I worried that we wouldn't have enough information to keep it going," says Ken Boehm of the National Legal and Policy Center, a Virginia-based group that monitors unions. "I was wrong about that—and these updated forms will give us a lot of new material. I actually think the new disclosure rules will guarantee that there's less corruption in the future." A new group, the Center for Union Facts, plans to post all of the new LM-2 data on a website that's even easier to use than the Labor Department's. Former DOL economist Diana Furchtgott-Roth is also sifting through the data for the Hudson Institute, as background for a possible book.

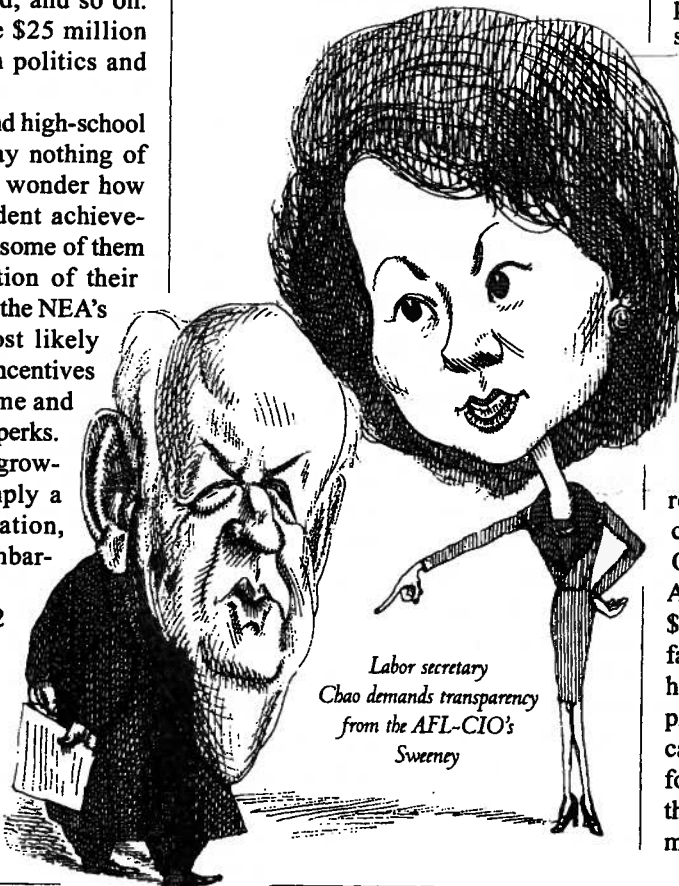
Predictably, union leaders have resist-

ed every effort to make them more accountable to their members. When the revised LM-2 was up for consideration, the AFL-CIO groused in a 218-page submission to the Labor Department about "massive new reporting burdens" and estimated that compliance would cost the entire labor movement "possibly more than \$1 billion." It guessed that its own costs would go above \$1 million. Big Labor went on to rally its friends in the media. *Washington Post* columnist E. J. Dionne accused the Bush administration of "disabling the labor movement." A group of 28 union-friendly House Republicans asked labor secretary Elaine Chao to back off. And, of course, there was a lawsuit.

These complaints yielded only one modest success: Originally, the Labor Department proposed that unions report every expense totaling \$250 or more. This figure was raised to \$5,000. Yet the unions were not able to derail the general idea that they should divulge more about how they spend their money. Their litigation failed. They ran up against not only a determined GOP administration, but an emerging culture of transparency that has called on corporations and politicians to make more public disclosures. The zeitgeist was on DOL's side. In the end, the AFL-CIO looked especially foolish and unwittingly highlighted the importance of union transparency: Compliance didn't cost "more than \$1 billion." It didn't even cost the AFL-CIO more than \$1 million. Instead, the AFL-CIO's cost was \$54,150, less than a quarter of John Sweeney's annual salary. "When figures are off by that much," says one high-ranking DOL employee, "you haven't made a mistake: You've committed a lie."

Republicans may even come to regret that they didn't impose a more costly set of regulations on Big Labor: On February 27, the leadership of the AFL-CIO announced that it would spend \$40 million on political campaigns this fall, which is more than the organization has ever devoted to elections in a non-presidential year. That's an awful lot of cash, and virtually all of it is earmarked for Democrats. It's so outrageous, in fact, that I think I'm going to have to cancel my membership.

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