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Employee Free Choice Act Will Cost US Economy 600,000 Jobs in 2010

*Increased Unemployment and Stifled Job Growth
Will Claim Millions More in Decades to Come*

WASHINGTON, D.C. — Empirical data shows that organized Labor’s effort to pass the Employee Free Choice Act (EFCA) comes with a terrible cost to jobs and the economy, according to a detailed study released today by noted economist Dr. Anne Layne-Farrar.

According to the study, [*An Empirical Assessment of the Employee Free Choice Act: The Economic Implications*](#), every 3 percentage points gained in union membership through card checks and mandatory arbitration will result in a 1 percentage point rise in the unemployment rate the following year.

Dr. Layne-Farrar concludes “The costs [of EFCA] should be carefully weighed against any purported benefits of passing the Act, all of which appears to benefit some groups at the expense of others. There is no coherent theoretical argument that explains how the higher costs, greater legal uncertainty, and expanded government intervention entailed in EFCA would improve overall social welfare.”

The report finds conclusively that the unionization of 1.5 million existing jobs under EFCA in year one would lead to the loss of 600,000 jobs by the following year. Job losses directly attributed to the passage of the Employee Free Choice Act would be equal to the entire population of Boston, MA.

Recent comments made by organized labor reinforce the economic peril associated with the report’s findings.

“Andy Stern, head of the Service Employees International Union, predicts that ECFA would cause unions to ‘grow by 1.5 million members a year, not just for five years but for 10 to 15 straight years.’” (*Labor Goes for the Brass Ring, The American Spectator, September 16, 2008*)

“Stewart Acuff, special assistant to AFL-CIO president John Sweeney, said the 428,000 new members last year is just a small portion of what unions could recruit if the card-check bill passes.” (*Union membership rises for second straight year, Associated Press, January 28, 2009*)

“EFCA would help achieve organized labor’s goal of increasing dues-paying members at the cost to the U.S. Economy and, ironically jobs,” said Philip A. Miscimarra of Morgan, Lewis & Bockius LLP, and counsel to the Alliance to Save Main Street Jobs. “This research shows EFCA would promote a surge in job losses and stifled job creation. These are terrible problems at any time, but devastating in today’s economic environment.”

The consequences of EFCA passage would affect the entire economy and would overwhelm any anticipated wage and benefit increases among the subset of workers that gain union status. The empirical results presented in the paper therefore recommend against passing EFCA.

The study complements a recent report authored by renowned legal scholar Richard A. Epstein titled the [*Case Against the Employee Free Choice Act*](#). Professor Epstein's report summarized the economic impact of EFCA by suggesting that "The bottom line therefore is that the passage of EFCA will create huge dislocations in established ways of doing business that will in turn lead to large losses in productivity."

To view the full report by Dr. Layne-Farrar visit <http://ssrn.com/abstract=1353305>

A recording of Dr. Layne-Farrar's press conference from this morning will be available at 3pm EST by dialing (800) 642-1687 and entering ID# 88698348.

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About the Author:

A highly regarded economist from the non-partisan firm LECG Consulting, with more than more than a decade of experience Dr. Anne Layne-Farrar received her BA in economics with honors, summa cum laude, from Indiana University (Bloomington), her master's and her PhD in economics from the University of Chicago. She has published articles in *Antitrust*, *Global Competition Review*, and *Regulation Magazine* and has numerous publications in academic journals, including *Antitrust Law Journal*, *Harvard Journal of Law and Public Policy*, and *Journal of Competition Law and Economics*.

About the Alliance to Save Main Street Jobs:

The Alliance is chaired by HR Policy Association and includes the American Hotel and Lodging Association, the Associated Builders and Contractors, The International Council of Shopping Centers, the Real Estate Roundtable, the Retail Industry Leaders Association and the U.S. Chamber of Commerce.

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