American Hotel & Lodging Association

What's The Matter With Card Check's "Mandatory Binding Interest Arbitration"?
Everything.

While most of the debate over the Employee Free Choice Act (EFCA) has centered on card check and its replacement of the private ballot in the workplace, the mandatory binding interest arbitration provisions of the pose an even greater threat to American lodging businesses, their employer-employee relationship, and the private sector's ability to create more jobs.

EFCA will mandate binding interest government arbitration for first contracts if it is not negotiated and agreed upon within 120 days.

Here are five reasons to oppose the mandatory binding interest arbitration provisions of EFCA:

No knowledge of industry. A third-party arbitrator who has little knowledge of the lodging industry may impose sweeping terms and conditions of employment that will lead to disastrous results for both employees and employers. Arbitration will foster a "one-size fits all" mentality, stifling an employer's ability to innovate and react quickly to changing economic conditions. And without control over their labor costs, employers and their investors will be less willing to make investments in their businesses—or hire more employees. Simply put, the government will establish what profit it considers "proper" for employers to receive and how competitive a company should be in the marketplace.

Interference with private labor decisions. Government-imposed interest arbitration awards constitute a form of intrusion that is directly contrary to a free economic system. The government would impose its decisions on all disputed terms and conditions of employment for both employees and employers. Restrictive work rules, elimination of merit pay, promotions based on seniority, staff assignments, or limitations on disciplinary rules may follow from arbitration awards, and businesses will <u>not</u> have a say in their imposition.

Employees cannot vote on their own labor contract. Employees will lose the opportunity to vote on the terms of any interest arbitration award, under the terms of EFCA. Instead, the decision is imposed upon employees and the employer without regards to freedom of choice. EFCA's proposed interest arbitration provisions are completely at odds with free collective bargaining endorsed through the National Labor Relations Act since the 1930s.

Contracts are complex instruments that take time to complete. Interest arbitration is a time-consuming, expensive process that can take years to complete. EFCA's time frame of 120 days is unrealistic, since first contracts almost always take much longer than successor contracts because both parties start from scratch and have to reach agreement on every word. Negotiations for a first contract always include intense discussions on everything from the preamble of the agreement through the negotiating maze of salaries, hours, duration, seniority, layoffs, and dozens of other labor terms and conditions.

Businesses cannot make business decisions during arbitration. Companies cannot make changes—such as balancing labor needs—during the interest arbitration process. For example, if economic circumstances required the layoff of bargaining unit employees, the status quo doctrine would mean that the employer would be prohibited from laying off any employees unless the employer was able to convince the union or arbitrator. The employer is required to maintain the status quo, which can result in further job losses and risks to the company's competitiveness, two perilous factors in uncertain economic times.

EFCA's interest arbitration provisions will have a very detrimental effect on employees and employers. More than 70 percent of economic growth in the U.S. economy comes from small businesses. And if small and large lodging businesses are forced by EFCA into binding interest arbitration, this Act will guarantee even less employment opportunities for American's workforce. Find out more about this job-killing section of EFCA by visiting **www.MyPrivateBallot.com** or **www.ahla.com/cardcheck**.