

Study Quantifies Unionization's Cost To Stock Market Value

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In their study published in February's issue of *The Quarterly Journal of Economics*, "Long-Run Impacts of Unions on Firms: New Evidence from Financial Markets, 1961–1999," Princeton University Professor David Lee and University of California Professor Alexandre Mas estimated that an "average union effect on the equity value of the firm equivalent to \$40,000 per unionized worker." The professors noted that the loss was a combination of a transfer of wealth to workers and inefficiencies caused by the unions.

While the study does not directly correlate the effect of unionization on enterprise viability, it is not surprising to note that many large bankruptcies in recent years (GM, Chrysler and Hostess among them) have arguably been directly related to attempts to shed obligations attributable to union agreements. The full study can be [viewed here](#) with a subscription.

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