The Daily Dish

# Union Pork Alert

**DOUGLAS HOLTZ-EAKIN | AUGUST 9, 2023**

Remember the bipartisan infrastructure bill? Just got less effective. Remember the CHIPS Act? Just subsidized fewer (daycares at) semiconductor fabrication plants. Remember the Inflation Reduction Act (IRA)? Just built fewer wind and solar farms. Remember inflation? Just got tougher to beat.

Why?

Yesterday Vice-President Kamala Harris announced that the Department of Labor will be issuing a final rule, Updating the Davis-Bacon and Related Acts Regulations, which will revise the implementation of the Davis-Bacon Act and Related Acts (DBRA) that apply to federal and federally subsidized construction projects. This rule will, thus, apply to the infrastructure, CHIPS, and IRA energy projects.

What does the rule do? CNBC reports: “Vice President Kamala Harris celebrated the new labor reforms at a Philadelphia union hall, calling the administration unapologetically pro-union. ‘When union wages go up, everyone’s wages go up. When unions are strong, America is strong,’ she said, adding that the policies would give workers a ‘raise.’”

The basic idea of DBRA is to mandate that construction firms pay a “prevailing wage.” The rule reverses a Reagan-era reform that calculated the prevailing wage by setting it so that at least 50 percent of workers made that wage. Instead, the rule reverts to using 30 percent of workers, thereby tossing out some lower-paid workers and raising the prevailing wage. It also eliminates the metropolitan-rural distinction and thereby imposes urban wages on rural projects. (Where will those wind and solar farms be?) Finally, it expands the definition of “site of work” to include material supply drivers and off-site construction.

Of course, finalizing the rule does not make any of the projects more profitable. As a result, it guarantees that firms will be forced to pass along these “raises” as higher prices.

This pattern of policy schizophrenia has become familiar as the administration's union masters demand their pork at the expense of public policy goals for the environment, high-value manufacturing, and transportation. The irony is that less than 12 percent of construction workers are unionized. This is truly a case of the tail wagging the dog.