

## **EconoFact Chats: Are Unions Coming Back?**

**Aaron Sojourner, University of Minnesota**

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Michael Klein:

I'm Michael Klein, executive editor of EconoFact, a nonpartisan web-based publication of the Fletcher School at Tufts University. At EconoFact, we bring key facts and incisive analysis to the national debate on economic and social policies, publishing work from leading economists across the country. You can learn more about us and see our work at [www.econofact.org](http://www.econofact.org).

Michael Klein:

In the movie, Norma Rae, there's a dramatic scene where the lead character played by Sally Field is going to be arrested for transcribing a racist flyer that management is using to thwart efforts to unionize a cotton mill where she's working. Awaiting the sheriff, Norma Rae writes "UNION" on a piece of cardboard, stands on her work table and slowly turns to show the sign around the room. One by one, the workers turn off their machines and the cacophony of the factory gives way to silence. At the end of the movie, there's a successful vote to unionize the factory. That movie was released in 1979. And since then the American union movement has been faltering. But perhaps we're beginning to see a reemergence. Two Starbucks stores in the Buffalo area voted to unionize late last year and 18 other Starbucks stores have filed petitions for union elections. There is a high profile vote to unionize at an Amazon warehouse in spring 2021 that lost, but the National Labor Relations Board found that Amazon improperly interfered with the election and a new vote will occur this spring.

Michael Klein:

Do these actions and the fact that President Biden is viewed by labor leaders as one of the most union friendly presidents in memory mean that there is in fact, a resurgence of union strength? And if this happens, what are some likely outcomes? That is, what do unions do? To answer these questions, I'm very pleased to welcome to EconoFact Chats, Aaron Sojourner, a labor economist at the University of Minnesota's Carlson School of Management. Aaron has published widely on labor market issues. In addition, he served as a senior economist for labor on the Council of Economic Advisors and he's a fellow in the US Senate's Labor Policy Office. Aaron, very glad to have you on the podcast.

Aaron Sojourner:

Thanks, Michael. Glad to be here.

Michael Klein:

Aaron, to set the stage for this, what's been happening to middle class wages in the United States over the past 40 years in the time since Norma Rae appeared in movie theaters?

Aaron Sojourner:

Not much. The main thing that's happened is a lot of stagnation. We've seen a lot of productivity growth. We see workers producing a lot more per hour, but wages haven't kept up, especially for typical workers.

Michael Klein:

So if they're producing more, they should get the reward of it, but that's not been happening, right?

Aaron Sojourner:

Yeah, exactly. I think at the high end, we've seen a lot of growth in top earners' wages, but for middle class and working class folks, much less so.

Michael Klein:

So over this period, Aaron, what's happened to union membership?

Aaron Sojourner:

It's fallen. It's fallen and it's continued to fall. In the late fifties, unionization was at its height. Basically one in three workers were in a union. Now it's about only 6% of private sector workers are in the union. It's been a pretty steady decline over that whole period.

Michael Klein:

So maybe Sally Field should have been standing at more tables in more factories?

Aaron Sojourner:

Yeah. If you're a labor leader or you're interested in labor activism, it's been a bad run here for the last 70 years.

Michael Klein:

So has she been showing up at Starbucks? What's going on with that?

Aaron Sojourner:

I think there are some unions that are being pretty strategic and pretty aggressive, trying to get people focused on unionization as a way to improve their work life. And I think you're seeing it catch fire in certain places. There's a lot of sparks flaring up here and there. It's hard to know from the outside, how much of it is driven by workers locally having this idea and reaching out to unions or how much of it is unions being proactively strategic and reaching out to workers.

Michael Klein:

So let's first think about wages. Economists have provided a range of reasons for middle class wage stagnation, globalization, and the international outsourcing of jobs, the rise of automation and computers, a stagnant real value of the minimum wage. Where do you see the decline in unionization fitting in among these reasons and for which workers?

Aaron Sojourner:

The change in unionization is connected to a lot of those factors. So the fact that we have a lot more globalization and it's easier for companies to produce overseas now than it was before, that puts pressure on American workers' wages, if they're competing with workers they weren't competing with before. Technology, again, in some instances it does tasks that workers used to make a living doing. In other cases, it opens up new kinds of jobs or new kinds of productivity and earning opportunities. So it's complicated stuff. A lot of it though is connected to policy too. So we've seen weakening of labor rights and organizing rights law in the US so we see it becoming harder and harder for workers to organize themselves. People have done pretty careful studies to try to disentangle this, all these different factors

and I think it's fair to say that maybe 20%, 30% of the rise in inequality or the decline is directly attributable to this decline in unionization.

Michael Klein:

So you're making the point that maybe unionization is itself a feature of greater globalization and automation because the threat of firing people keeps them from joining unions. But then there was also this policy issue you raised and I guess one of the things people think about is when President Reagan started out, he busted the air traffic controllers union and that was seen as a turning point, wasn't it?

Aaron Sojourner:

Yeah, absolutely. It was. If you look at the data, it's hard to see it in the data though because there wasn't a big trend break there. But it certainly did change the mood and it did change, I think, management's willingness to be aggressive in fighting unions and it was a signal from the top that management should go hard to fight unions. A kind of a permission to do that.

Michael Klein:

So one place that we've seen greater unionization is in the public sector. Is that right?

Aaron Sojourner:

Yeah, that's absolutely right. So in the sixties and seventies, especially there was a big spike in public sector unionization. Wisconsin was the first state to recognize public sector workers' right to organize. And then Kennedy signed an executive order for federal workers. So now about 30% of public sector workers are in unions, and at the same time only 6% of private sector workers.

Michael Klein:

And we're seeing greater activism among public sector unions. I'm thinking in particular of teachers striking. What this is illustrating to me is this is not a concern about wages. It's a concern about working conditions and in particular, classroom safety during the pandemic. And then this illustrates an important point, that unions are not just about wages but also about working conditions. You have an EconoFact memo with Brigham Frandsen and John Budd in which you do discuss what unions do. So what are some of the actions unions take about working conditions?

Aaron Sojourner:

Yeah. Jobs are really complicated objects. It's not just a wage. It's a whole bundle of working conditions and responsibilities and job tasks and rights that you have. So unions can bargain over all those things. Unions can advocate and workers can advocate to change any and all of those things and try to get the employers to set up the rules the way that the workers want the rules to be. An individual worker alone can go talk up to their manager and ask for that. They can say, "I'm going to leave if you don't do it," the ultimate threat. But through joining together with other workers, workers increase their bargaining power. The people who own big companies, they have collective bargaining agents. They don't individually negotiate with workers. They hire a collective bargaining agent, it's called a manager. And the manager represents the owners of the firm and negotiates on their behalf with workers, with customers, with suppliers. So people who own big companies, they understand the value of collective bargaining, and they engage in it themselves, but they prefer that the people they're bargaining with don't, because it restricts their unilateral management flexibility.

Michael Klein:

So it's like the union saying solidarity forever and solidarity gives you power because it allows you to bargain from a position of greater power.

Aaron Sojourner:

Yeah, that's right.

Michael Klein:

Aaron, some people might argue that there already are lots of rules and regulations that protect workers rights so unions aren't that important. What would you say to that?

Aaron Sojourner:

The main thing is that unions still are important in that environment because it gives workers the security and the assurance of knowing that if they report violations of their rights, that they're not standing alone when they do that. So union members are both more educated about their rights, they're more likely to know what their rights are under the law, and they're more likely to advocate for themselves, to have their rights respected. So union members are more likely to file complaints with the occupational safety and health administration, for instance, about workplace health hazards. Right now, enforcement agencies have very few resources. There are millions of firms, millions of workplaces and there's very few actual enforcement agents to police those beats. So they really rely on workers to report and come forward.

Michael Klein:

Right. It's not like they go and raid places to find out if there are OSHA violations but they depend upon people reporting them. And as you say, people are more likely to report them if they feel somebody's got their back.

Aaron Sojourner:

Yeah. So I think it's really true that even with rights on paper and rights in the law, to make those rights real in people's lives, it's not enough to just rely on public agencies to do that. Workers can join together and advocate for themselves. And that makes those rights real in their lives.

Michael Klein:

There's a bumper sticker, Aaron, that says "Unions, the people who brought you the five day work week." So that's now in law, there are these regulations in law, I suppose, on working hours and so on. But it's the fact that perhaps unions did this. So in some way, are unions a victim of their own success?

Aaron Sojourner:

Yeah, I think that's right. Unions, for instance, they started the first unemployment insurance systems where their members would chip in a few pennies every hour they worked and then if they got laid off, they could collect insurance payments from the fund. And then later the union said, "Hey look, there's a great idea. Our members really benefit from having this and our employers do too. This should be something that's available to every worker and it should be something that all employers contribute to. So let's go fight at the legislature and get this extended to all workers." And they did and they succeeded. And we set up the unemployment insurance system. Similarly, for occupational safety and health, for overtime after 40 hours, things like that. But once that's done, then the union advantage for a worker is smaller compared to what it was before because now those benefits exist at non-union places too. It does create a victim of your own success situation.

Michael Klein:

So that suggests that there are these spillover effects from unions that even non-union workers benefit from them. Is that seen more widely than just legislation?

Aaron Sojourner:

Yeah. So you sure see it with legislation but you do see it also just in direct bargaining at workplaces too. So in sectors where workers are able to drive up compensation and benefits and working conditions through unions, the non-union employers look at that and they think, "If I don't match that, maybe my workers are going to try to organize a union too. Maybe I'll face high costs and a union or I could just voluntarily raise wages and benefits to try to get close to that standard and thereby substitute out a union. The workers won't feel the need to organize because they're basically getting everything without a union."

Michael Klein:

Aaron, I remember a long time ago, there were these ads on, "Look for the union label," and I haven't seen those in a long time. But it points to the fact that unions also have a public policy role, either through things like trying to change public opinion or actually lobbying. So what role have we seen that unions play in say public opinion or perhaps more importantly in lobbying for legislation?

Aaron Sojourner:

Yeah. I think this is a hugely underappreciated role of unions and a huge benefit that they have. There's a lot of policy fights over rules of the workplace and social insurance and other big policies that affect a lot of people. And the people who are very wealthy, they can write big checks. The Koch brothers, they spend hundreds of millions of dollars a year hiring armies of lobbyists and experts and paying politicians and things like political activists to push the policies they want. It might be good for them and they're willing to finance that by writing a check, but it might be bad for everyone on balance. It might hurt the interests of a lot of people but those people don't have the resources one by one to write checks. You need a way to collect a little bit of money from every one of those people to mobilize into that fight.

Aaron Sojourner:

So unions serve that purpose. Unions gather resources from workers and then put those into policy debates and political fights and represent the interests of the broader set of working families. So I think that's an underappreciated role they play, creating more balance in the political system.

Michael Klein:

So Aaron, a standard argument against unions is that they hurt the overall productivity in the economy. Is there any real evidence of this?

Aaron Sojourner:

I think that the evidence says on balance, it's a wash. There's definitely some ways that unions can hurt productivity at firms. And I think they do in some firms on balance but in other firms and by other mechanisms, they raise productivity too. They hurt by reducing the profit levels, the profit rates that investors get by shifting value from owners of the firm to workers and that reduces profit rates and so it might reduce the incentive to invest and innovate in that enterprise. It might reduce effort of workers if they feel like they have a lot of job security. But on the other hand, it also lets workers feel inspired by their high wages and benefits and be willing to maybe put forth more effort to hang onto those jobs.

Aaron Sojourner:

It might also create incentives for firms to invest in training and skill development and keep workers around longer term to develop them. So it can raise productivity by some mechanisms, lower it by others. And I think there's a lot of variety in what it does in different places. Unions aren't just one thing, unions are different everywhere they exist, just like firms are, or people or churches or any other kind of organization. There's a lot of variety. So I think the evidence on balance is that there's not much of an effect, maybe a small negative effect, on productivity.

Michael Klein:

Even if there's small negative effect, there's this issue in economics often on the trade off between equity and efficiency. So maybe we're willing to have a little bit more equity with a little bit less efficiency but you're suggesting maybe even the efficiency loss isn't that big?

Aaron Sojourner:

Yeah, that's right. I think we've seen a huge explosion in inequality in our country and in the global economy. And that's true if you think about wealth, that's true if you think about labor income, if you think about like high earners versus middle and lower earners. But it's also true between people who make their income from capital versus people who make their income from labor. And unions, I think the main effect they have is shifting value from capital to labor and finding ways to make jobs better for workers. And then also the political stuff, engaging in policy fights.

Michael Klein:

So to conclude, Aaron, I'd like to ask you to look forward a little bit. We're living in a period now that some people have called the great resignation, other people have called the great renegotiation, a time when workers seem to be gaining bargaining power. What do you see as the implications of this for unionization? Does it make unionization more likely or maybe less likely, because maybe they're seen as not as needed and workers individually might have a little bit more power now?

Aaron Sojourner:

I would bet on that it helps unions and helps workers who want to unionize and we'd see more unionization. I don't know that we'll see a big resurgence, but I think a lot of things have to break right for that. Economically it's true that individual workers have more leverage right now than ever in recent decades. If you look at the number of job openings per worker who's looking for a job or you look at the number of quits per the number of people who are laid off by their employer, labor has a lot of power right now. And I think there's been so much change in how jobs work that I think workers are really looking for ways to assert and shape their job conditions. Public opinion has shifted sharply in the last eight years towards being pro-union and anti-big business. So if you look at public opinion data back to the sixties, right now public sentiment is more pro-union than any time in the last 60 years and it's more anti-big business than any time in the last 60 years. So the gap is bigger than ever before.

Aaron Sojourner:

So I think there's a lot of factors pushing for unionization to be more successful or organizing to be more successful. So we'll see. I don't know if the current institutions will be able to take advantage of that or drive wins for people, turn that into organizational strength, but the fundamental idea that workers share interest together vis-à-vis their employers and can do better by joining together to push those interests, that's not going away. The institutional forms that we've had for 70 years, maybe those aren't the ones that are going to be dominant in the future, maybe there's going to be some new forms of that harness

technology differently and just different business models of organizing, basically. But I think we'll see innovation. I think we'll see a lot of innovation in the decades ahead.

Michael Klein:

I guess we can always look to see if the song "I Dreamed I Saw Joe Hill Last Night" becomes more popular again.

Aaron Sojourner:

A leading indicator, for sure.

Michael Klein:

Thanks a lot, Aaron, for this very interesting discussion.

Aaron Sojourner:

Thank you, Michael. It's a pleasure.

Michael Klein:

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