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Introduction

Today the only thing big about "Big Labor" is its problems. By the early 1970s, organized labor had already begun its decades-long decline, but still nearly a quarter of all private-sector employees belonged to a union. The late 1970s and 1980s proved especially brutal for Big Labor, with unionization rates halving during the period. The nation's journalists and intellectuals covered this phenomenon extensively, linking union decline to the transition to a postindustrial economy increasingly open to global trade. Recent trends have garnered less press attention, yet private-sector unionization rates nearly halved again between 1990 and 2009, settling firmly in the single digits.[1] The country's unionization rate is lower than at any point since the early decades of the twentieth century. And the contemporary American labor movement stands alone in its smallness. As labor activist Richard Yeselson recently recounted, "There has never been an advanced capitalist country with as weakened and small a union movement as today's United States."[2]

But back during its post-World War II peak, Big Labor was positively enormous. Over a third of the non-agricultural workforce belonged to a labor union during the mid-1940s through the 1950s, and millions more Americans resided in households reliant on a union wage. During the heyday of collective bargaining in this country, unions helped pattern pay and benefit packages among union *and* nonunion workers, as employers often matched union contracts to forestall organizing drives and maintain a competitive workforce. Politicians—Democrats especially—depended on organized labor's support during elections, and consulted closely with labor leaders when devising policy in office. As President Richard Nixon once put it, "No program works without Labor cooperation."[3]

The importance of Big Labor to the polity and economy in the mid-twentieth century helped launch a rich and extensive literature investigating the *causes* of labor's decline. No comparable effort exists to explain the broad *consequences* of labor's loss in the United States. This book fills that gap. Three interlocking arguments underlie the empirical chapters. First, the collapse of the labor movement in the United States isn't simply a story of one hidebound institution unable to weather the storms convulsing capitalist development in the second half of the twentieth century. There is something to that narrative. But organized labor wasn't simply a minor bit player in the "golden age" of welfare capitalism in the United States. It was *the* core equalizing institution.

During the prosperous decades of the mid-twentieth century, the tripartite arrangement of a robust labor movement, an active state, and large employers helped shape the earnings distribution of the nation's fast-growing economy. Simultaneously, unions' political power helped elect lawmakers beholden to the labor movement for financial and organizational support. Unions leveraged this economic and political influence to counterbalance corporate interests at the bargaining table, while acting as a powerful normative voice for the welfare of non-elites. As a result, for decades productivity increases led to rising economic fortunes for the vast middle of the income distribution. The collapse of organized labor dismantled this governing arrangement, and with it the tight coupling of economic growth with the economic fortunes of average American workers. In recent decades, government has retreated, content to leave wage determination to employers and to a labor movement that has been devastated. As I demonstrate throughout the book, the ramifications of this institutional shift for American workers are much broader and transformative than have previously been known.

The scope of the problem for labor today is on display in Figure I.1. Union decline in the United States is entirely a private-sector phenomenon. The series in the figure begins in 1973, as do many of the analyses in the book, because that is when the Current Population Survey—a major data resource for research on organized labor—began asking

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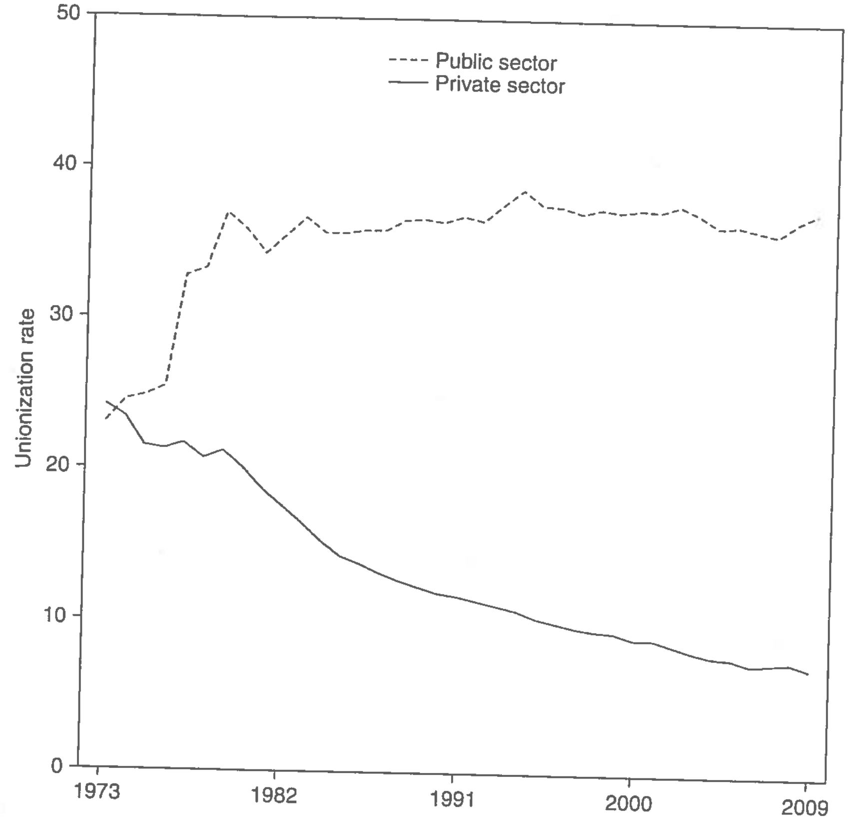

Figure I.1. Unionization rates in the United States, 1973–2009. *Note:* Sample restricted to employed wage and salary workers, ages sixteen and over. *Source:* Hirsch and Macpherson's Unionstats database, based on the CPS-May and CPS-MORG files. See www.unionstats.com.

survey respondents whether or not they belong to a labor union. As noted above, private-sector union membership in this country peaked in the 1940s and 1950s, and thus this picture begins after organized labor had already begun its long decline.[4] By the early years of the 1970s, the fraction of the private sector belonging to a union had fallen below a fourth. The decline gained speed throughout the 1970s and 1980s and continues to this day. Between 1973 and 2009, the private-sector organization rate fell by over two-thirds, down to just 7 percent.

After a burst of organizing activity in the 1970s, the portion of the public sector belonging to a union settled at just over a third, where it currently remains. As I establish in Chapter 2, organized labor's collapse in the private sector has shifted much of the power and remaining resources of the labor movement to public-sector unions and their members, given robust organization rates among governmental employees. Yet compared to their private-sector counterparts, public-sector unions' influence on pay and key benefits such as pensions is constrained. And given the higher education and income levels of public-sector workers, a labor movement dominated by governmental employees further erodes unions' equalizing effect.

Thus organized labor has nearly disappeared in the very sector where it once had the greatest impact on workers' livelihoods. Part of this impact rested on the frequent deployment of labor's most powerful weapon in its once-formidable arsenal: the strike. Once upon a time, union members struck, and struck often. As Yeselson maintained, while millions of Americans "supported these strikes, millions despised them—but nobody could ignore them."[5] And among those who had to pay attention to the labor movement's power to disrupt commerce were the nation's business and political leaders, who were often eager to avoid confrontation during contract negotiations or when devising domestic policy. As I show in Chapter 3, strikes hardly occur anymore, and the ones that do rarely result in a victory for workers.

The decline of the strike, along with steady membership losses, reduces the effectiveness of existing unions in narrowing economic inequality and raising wages for the entire private sector, as I show in Chapter 4. While those segments of the private-sector workforce that remain organized continue to have comparatively high wages, these segments are now so few and far between that labor's ability to prevent widespread wage stagnation among men and inequality among men and women has virtually disappeared. Private-sector unions' role today consists largely of forestalling wage declines among organized workers only. It wasn't always so. For decades, unions helped bond productivity levels with average wages for both union *and* nonunion workers. That connection has been severed.

Being the core equalizing institution certainly doesn't mean that all labor unions throughout the twentieth century stood strong against the inequities many American workers faced in their daily lives. Racist and sexist treatment was ubiquitous throughout organized labor through the middle of the century. Union connections to organized crime were legion in certain industries. And many locals to this day remain stubbornly wed to their role as protectors of a fast-eroding model of labor relations often incompatible with the realities many employers face in an increasingly dynamic and open economy. These and other critiques of the American labor movement have received prominent attention in the nation's press and among academics.[6] But all the focus on labor's flaws can distract us from the bigger picture. On the whole, for generations now the labor movement has stood as the most prominent and effective voice for economic justice in the United States. It used this voice to shape cultural understandings of what is considered fair in the workplace, to move policy in directions more hospitable to the needs of average workers, and its bargaining clout to deliver tangible rewards to nonmanagerial, nonsupervisory employees.

And being the core equalizing institution does not simply mean that organized labor's reach was wide, although it was, or that its effects on a range of economic, political, and cultural outcomes were substantial, although they surely were. Stereotypical images of union members include the burly white male Teamster clocking out early for a full day's pay. More recently, we hear of cosseted public-sector employees such as teachers jealously guarding their tenure protections and free summers. But as I demonstrate throughout the second half of the book, unions' equalizing effect was strongest for society's most vulnerable and historically disadvantaged workers, and today unions have nearly disappeared within the sector and among the subgroups where they once had their strongest impact. That is the second argument I advance: Stereotypical images of unions notwithstanding, for decades the labor movement was vital in supporting the economic and civic advancement of historically disadvantaged populations. The near disappearance of labor unions in the private sector, especially within manufacturing industries and transportation and construction, is felt most acutely by those workers already facing a number of challenges navigating these turbulent economic times.

Take African Americans. Among women, after almost closing by 1980, the gap between blacks' and whites' private-sector wages nearly tripled during the 1980s and 1990s. Existing research on the topic has identified higher levels of employment instability among African Americans and lower economic payoffs from education as possible explanations for the phenomenon. But a sizable portion of the gap remains unexplained. Largely overlooked in existing accounts of the decline and subsequent rise in female racial inequality is differential access to pay-setting institutions, chief among them labor unions. Soul singer Joe Tex crooned back in 1969 that "A woman's hands just weren't made to work hard all the time."[7] He would be disappointed to witness women, African Americans especially, rushing into the labor market—and into labor unions—throughout the 1970s.[8] And these women were not simply entering white-collar public-sector jobs. They also flooded into traditionally male manual labor occupations and organized in blue-collar unions. But their timing coincided with the convergence of potent political, economic, and institutional forces buffeting private-sector unions, precipitating the dramatic decline in membership rates displayed previously. As I explore in Chapter 5, African American overrepresentation in a fast-crumbling institution contributed greatly both to black-white economic inequality among women, and to stagnating wage levels among black men.

Or take the economic incorporation of immigrants and their offspring. Many debates in immigration research today focus on how patterns of economic incorporation of contemporary migrants and their offspring—especially those migrants from Mexico and the rest of Latin America—mirror or diverge from those of the European immigrant populations of generations past. The successful economic incorporation of Italians, Poles, Russians, and others rested on a context of reception here in the United States that included a rapidly growing labor movement. Indeed, some of this rapid growth was due to the energies and organizational capacities of European migrants. The labor movement provided millions of low-skill immigrants and their children with jobs that paid comparatively well, thus helping to propel whole populations into the expanding middle class by mid-century.

The context of reception has changed dramatically since that period. One of the major transformations has been the near disappearance of private-sector unions. As I argue in Chapter 6, what this means is that low-skill newcomers today face a labor market lacking the once-common pathway upward, with a result being a "segmented" assimilation pattern in which many well-educated immigrants and their offspring move up the class ladder, while less-educated populations languish in jobs providing low pay and little opportunity for advancement.

Or take Americans without a college education. In the contemporary political landscape, a rare issue that both sides of the ideological divide agree on is the importance of higher education for combating inequality. The chairman of the Federal Reserve, Ben Bernanke, recently remarked that rising inequality was "creating two societies. And it's based very much . . . on educational differences,"[9] a statement that would find agreement among Republicans and Democrats alike, including President Barack Obama. Often overlooked in these discussions about the growing importance of higher education is the role unions once played in supporting Americans without college experience. Unions supported them economically, by boosting non-college-educated workers' pay. But unions supported them politically as well, by providing them with resources and training to engage in politics, and translating their political activity into support for policies that benefited average workers. As I investigate in Chapter 7, the political consequences of massive deunionization include widening gaps in civic participation. And here too the sectoral shift in organized labor has reshaped the relationship between the labor movement and average workers—especially workers without a college education. Political participation rises with education. Public-sector workers, on average, have higher schooling levels than workers in the private sector. As I demonstrate, unions' abilities to influence their members to vote are much more potent in the private sector, especially among workers without a college education. Here again we see that unions are vanishing in exactly the sector and among the subgroups where they once served as a powerful equalizing force—in both the economy and the polity.

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> We like driving the car and we're not going to give the steering wheel to anyone but us.
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> —Former Walmart CEO H. Lee Scott[10]

Third, and finally, this is a story about power. The ability to get one's way even in the face of opposition—that is the essence of power, as the sociologist Max Weber defined it generations ago.[11] The concluding argument of the book is that the collapse of private-sector unions results in a profound power shift throughout American workplaces. Walmart is now the largest private-sector employer in the country, a company whose reach extends into numerous industries across every state in the nation. And as Walmart's ex-CEO made clear, major employers today enjoy the power they have gained, and they do not intend to give any of it back.

The strike is labor's most visible and dramatic exercise in power. Shutting down production in the face of employer opposition in order to leverage its position at the bargaining table is the essence of a strike. Through striking, unions historically increased their members' share of economic rewards while instilling fear in employers about the consequences of crossing unions in the future. As mentioned, unions rarely strike nowadays, and the few strikes that occur usually signal little more than labor's desperation.

But the pacification of the labor movement through the breaking of the strike represents just one avenue through which power has shifted to the employer in contemporary American labor relations. All the upcoming chapters touch on the various ways in which labor unions have receded from American workers' livelihoods, leaving workers increasingly exposed to the vagaries of the market. This exposure benefits certain types of workers, especially the highly skilled, whose relative scarceness provides them with negotiating power over their employers. It hurts others, especially the less-educated working in occupations facing severe competition in our increasingly open and dynamic economy.

The book is organized as follows: In Chapter 1 I provide synopses of the dominant set of explanations for deunionization in the United States, and end the chapter with a discussion of what I feel to be the most compelling factors that account for the collapse of private-sector unions in this country. This overview of the causes of deunionization helps provide the context to understand the consequences of union decline. The empirical chapters—Chapters 2–7—are divided into two parts. Chapters 2–4 advance the first argument of the book by focusing on the consequences of union decline for broad segments of the labor force, including public- and private-sector union members (Chapters 2 and 3), as well as the vast majority of the private sector that is no longer organized in unions (Chapter 4). Many of the issues covered in the first part of the book—strikes, wages, and growing inequality—will be familiar to many readers, but the findings won't be. Chapters 5–7 advance the second argument by zeroing in on some of the country's most vulnerable workers: racial and ethnic minorities (Chapters 5 and 6) and Americans who lack a college education (Chapter 7). I conclude the book in Chapter 8 by discussing the major implications for average Americans who now toil in a largely unorganized economy in which their employers have amassed exceptional power to define nearly everything about their working lives.