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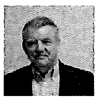

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The Decline Of Unions Is A Middle Class Problem

In 2013 the unionized workforce in America hit a 97 year low. Only 11.3% of all workers were unionized. In the private sector unionization fell to 6.6%, down from a peak of 35% in the 1950s. American corporations have made a concerted effort to get rid of unions and reduce labor costs since 1980, and they have been very successful.

But it was not just the actions of corporations that led to the union demise, in many cases they did it to themselves.

1. Because all of the media attention given to Jimmy Hoffa and other corrupt union bosses – particularly during Congressional hearings – the public began viewing big unions as corrupt
2. During the 1970s the average family earned $24, 000 a year while steel workers were making $40,000 per year. So there was not a lot of support for high paid union workers, which is still apparent today.
3. Long–term strikes like we have had on The West Coast between the Pacific Maritime Association and the Longshoreman hurt other industries and people working in those industries.
4. Where I think the unions over-reached and created a bad image was having the power to change work rules that limited production and increased costs.

The decline of unions actually started in 1947 when Congress passed a large number of changes to the National labor Relations Act which had given labor bargaining power via the Wagner Act during the Depression. The new law was called the Taft Hartley Act of 1947. This law opened the gates for what employers were allowed to do.

The new law that.....
1. permitted states to prohibit union shop contract which allowed non-union members to get the benefits of unions.
2. outlawed the closed shop in which a person must be in the union to get a job. The long Shore Union was an exception

3. permitted employees to file decertification petitions and allowed employers to file election petitions.
4. prohibited unions from using secondary boycotts
5. permitted the President to nullify a strike if he thought it was a national emergency
6. prohibited strikes by federal workers
7. protected employer free speech giving the employer the right to hold private meetings with employees

President Truman vetoed the Taft Hartley but Congress overrode his veto. Taft Hartley made it very difficult for unions to organize and grow.

Other Reasons for union decline

Congress attacks labor laws – In 1978 labor unions decided to make a stand by introducing a bill that would promote union organizing and strengthen the decision making of the National Labor Relations Board (NLRB) by increasing penalties to violators. Business organized against the bill and outspent labor by 3 to 1. The bill passed the house but was tabled in the Senate and would never return. This was the beginning of a long period of amendments to labor laws and unions would never recover.

The effort to modify or control labor laws goes on today. In December 2014 the National Labor Relations Board issued a rule "to modernize disputes involving election in which workers are seeking to be represented by unions. Mitch McConnell the Senate Majority leader called it an ambush rule that strengthens the power of unions and vowed to repeal the rule. Jay Timmons the CEO of NAM said NLRB is "getting ready to trample the rights of American workers." On the contrary the NLRB rule is to empower workers to organize and the criticisms of Jay Timmons and Mitch McConnell are simply examples of Orwellian Newspeak.

President Reagan – Reagan Kicked off the era of union busting by successfully shutting out the air traffic controllers union in 1981. After a nationwide strike 3,000 workers were dismissed by Reagan. This was a signal to industry that union busting was o.k. It was also a signal to future presidents and politicians that taking an anti-union stance was not necessarily a political liability.

Lobbying Money –By 1980 the big corporations began increasing their influence on Congress by pouring money into lobbying and hiring thousands of lobbyists. Two of their primary goals were to get rid of or weaken unions and reduce labor costs. It worked very well and in the last 30 years they have been very successful at either blocking or weakening any legislation that would help unions or collective bargaining.

Union Busting and Strike Breakers- As unions lost a lot of power and members, corporations sensed their weakness and became less willing to accede to their demands for wage increase and benefits. Corporations began hiring strike breakers when unions walked out or were locked out, and then they kept them out after the strike. Unions became hesitant to strike and the number of strikes decreased every decade. There were 371 strikes in 1970 and only 11 in 2010.

The major corporate lobbies driving this effort are the Chamber of Commerce, Business Roundtable, National Association of Manufacturers—and by corporate-funded lobbying organizations such as the American Legislative Exchange Council (ALEC), Americans for Tax Reform, the Club for Growth, Americans for Prosperity; and large corporations like Wal-Mart, The Coca Cola Company, FedEx, Amway, Exxon Mobile Corporation to name just a few. In 2014 the money spent on lobbying was as follows:

- Chamber of Commerce spent $124,080,000
- National Association of Manufacturers spent $12,410,000
- Business Roundtable spent $14,840,000

What are the results?

Very few workers are in unions and as the older workers retire the new workers do not understand the history of unions and why they came about in the first place. This has led to less empathy for union workers and less public support.
Even though 93% of private industry workers are not in a union I will make a case that the decline of unions and worker bargaining power has hurt the middle class more than they know. The following graph shows the middle class share of income almost mirrors the decline of union membership. The graph suggests there is a high correlation between union membership and middle class income. There are of course other factors that affected middle class income but the decline of unions and their wages was certainly a big factor. The long term goal of the corporations to get rid of unions was part of a larger goal of reducing labor costs.

Inequality – The economist Joseph Stieglitz has asserted that, "strong unions have helped reduce inequality, whereas weaker unions have made it easier for CEOS, sometimes working with market forces that they have helped shape, to increase it. The decline in unionization since World War II in the United States has been associated with a pronounced rise in income and wealth inequality." Union jobs pay typically 20% more than non-union jobs and have better benefits. President Obama, speaking at the Business Roundtable said "although corporate profits are at the highest level in 60 years, stock market is up 150%, wages and incomes still haven't gone up significantly". In 1965 CEOs earned 20 times as much as the average worker, and in 2013 CEOs earned 296 times as much as the average worker.

Politics – Unions have traditionally voted for the Democratic Party. But, as Unions grew weaker and corporations grew stronger, the republicans have taken more control of government and it is much harder for Democrats to win and almost impossible to pass progressive legislation.

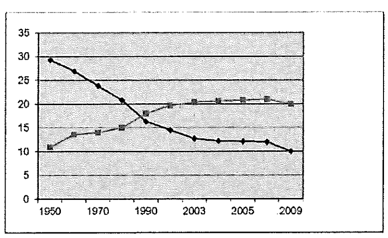
Downwardly Mobile- Most of the workers in the new economy are downwardly mobile as manufacturing and union jobs are replaced by service jobs. Harold Myerson says, "The United States now has the highest percentage of low-wage workers – that is workers who make less than two-thirds of the median wage- of any developed nation. Fully 25 % of all American workers make no more than $17, 576 a year."

Decreasing Demand -The uncomfortable fact is that when unions are stronger the economy as a whole does better. Unions restore demand to an economy by raising wages for their members and putting more purchasing power to work. On the flip side, when labor is weak and capital is unconstrained, corporations hoard, hiring slows, demand goes down, and inequality deepens. This is where we are now and we have both record highs in corporate profits and record lows in wages.

Collective bargaining. – The decline of unions reflects the lack of leverage of the middle class and all working people. If they don't find some way of bargaining with the corporations then the slide in income will continue. There is no reason to think that the corporations will suddenly become more sympathetic to working people's problems and reduce their goal of continuing to reduce labor costs unless they are somehow pressured. So the current day problem of unions and the weaknesses of labor are everyone's problems.

As the graph in Figure 1 indicates, relying on the economic forces of supply and demand has not improved middle class income. The sad truth is that if workers have no way to bargain for wages, the only answer will be government assistance like expansion of minimum wage and food stamps. If you don't like this idea then I ask how are we going to increase demand and purchasing power of the middle class to get out of the Great Recession.

Harold Myerson in a recent article summarized the problem pretty well. He said, absent a substantial union movement, the American middle class will shrink. Absent a substantial union movement, the concentration of wealth will increase. Absent substantial union movement, the corporate domination of government will grow. I think he is right and the decline of unions is a problem for all working people and the Middle class because they now have very little bargaining power.



Michael Collins is the author of Saving American Manufacturing and his website is mpcmgt.com.

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