
Overview

The American labor movement did not fare well during the last quarter of the 20th century. Not only did the share of workers who were union members fall from 25 percent in 1977 to 14 percent by 1997 (a decline of 44 percent), but the total number of union members also decreased by nearly 4 million between these years despite an overall increase in the number of jobs by more than 37 million.¹ The extent of deunionization in the manufacturing sector was particularly dramatic, with the proportion of unionized workers falling from 38 percent in 1977 to 18 percent in 1997 (a decline of 53 percent).² The only bright spot was in the public sector, where the proportion of unionized workers increased.

Various explanations have been set forth to account for this deunionization trend in the private sector. In an article in a symposium on public

1. The proportion of union members across industries is from the Current Population Surveys (CPSs) of the US Census Bureau for these years, whereas industry employment figures are from the Office of Employment Projections of the US Bureau of Labor Statistics. The CPS defines a union member as a person who belongs to a labor union or employee association similar to a union. A question on union membership was first included in the annual CPS in 1973, but these data are not comparable with the 1977 and later unionization figures, because the phrase “or employee association” was not added until 1976. See appendix A for a complete description of the data utilized in this study.

2. The decline in unionization during the 1977–87 decade was particularly severe. During this period, the number of union workers in manufacturing declined by 2.6 million, compared with a decline of 1.2 million in the 1987–97 period. The number of nonunion manufacturing jobs increased by 1.8 million in both the 1977–87 and 1987–97 periods.

and private unionization, Melvin Reder (1988) lists the following as the main causal factors cited by various researchers: (1) increased interarea competition, both domestic and international; (2) more rapid growth in certain categories of the labor force (e.g., women, southerners, white-collar workers) that are less favorable to unionization than others; (3) deregulation of transportation industries; (4) declining efforts of unions to recruit new members; (5) government activity that substitutes for union services (e.g., unemployment insurance and industrial accident insurance); (6) a decline in pronunion attitudes among workers; and (7) increased employer resistance to unionization efforts.

In another contribution to this symposium, Richard Freeman (1988) also lists antiunion government policies—such as the actions of Ronald Reagan’s administration in destroying the union representing US air controllers in response to their strike in 1981—as among the possible causes of deunionization. He concludes that the main reason for the decline in US private-sector unionization is increased management opposition to union organization, motivated by such profit-related factors as a rise in the union wage premium, increased foreign competition, and government deregulation policies. Still another factor frequently mentioned in recent years as contributing to the weakening of labor unions is the unskilled labor-displacing nature of new technology, including outsourcing.

There is, however, no general agreement among labor specialists concerning the relative importance of these various possible explanations. Initial research into the decline in union membership in the late 1970s and early 1980s (e.g., Dickens and Leonard 1985) stresses the importance of shifts in the composition of the labor force and the structure of production. Later studies de-emphasize this explanation, however, in part because these changes are themselves outcomes to be explained at a more fundamental level. Henry Farber and Alan Krueger (1992) conclude on the basis of survey data that virtually all of the decline in union membership from the 1970s to early 1990s was due to a decline in worker demand for union representation and that there was almost no change in the relative supply of union jobs. Of course, many of the same basic economic forces affecting employers’ profit-oriented decisions could also affect workers’ decisions about the desirability of union representation.

US union leaders themselves place much of the blame for deunionization on the actions of American corporations. In their view, corporate America’s aggressive efforts to increase profits have led to a variety of business actions and public policies designed to reduce labor costs by weakening unions’ bargaining power. These corporate actions range from efforts aimed at preventing domestic unionization and at decertifying existing union representation to importing intermediate inputs rather than producing them domestically and establishing (or threatening to establish) their own outsourcing facilities in lower-wage countries. With respect to

governmental policies, union leaders maintain that corporate America has used its greater political funding and lobbying capabilities to secure both domestic legislation weakening the right of workers to organize and international legislation reducing the bargaining power of organized labor by promoting agreements with other countries that expand trade and foreign direct investment without ensuring the enforcement of core labor rights internationally.

The present study first describes the nature of the deunionization process during two decades, 1977–87 and 1987–97, both nationally and regionally. Then it focuses on one of the several suggested explanations for deunionization, namely, the increased openness of the United States to international trade. Utilizing microeconomic data collected as part of the US government’s annual Sample Census of Population, I investigate statistically whether the increased openness of the United States to international trade during these years affected the employment of union workers disproportionately compared with nonunion workers, that is, more adversely (or less beneficially) than would be expected from the relative importance for overall employment of these two groups of workers. If so, is it a major possible explanatory factor for deunionization?

Chapter 2 summarizes the main features of the changes in the extent of national unionization rates between 1977–87 and 1987–97 among major industry groups and among workers with different levels of education. The chapter also examines and compares shifts during these periods in the proportion of unionized workers in manufacturing in each of nine US geographical regions. Finally, changes over time in the gap between the earnings of union versus nonunion workers are reported for all workers, as well as for workers divided into broad industrial sectors and levels of education.

Chapter 3 further describes the nature of the US deunionization process by investigating the extent to which the decline in the national unionization rate can be attributed to a broad decline in unionization rates within industries versus simply a shift in national employment shares among industries from those with high unionization rates to industries with low rates of unionization.³ This analysis provides information on the extent to which deunionization is due to changes in the structure of industry employment associated with such factors as uneven technological change among industries and shifts in the industry pattern of spending by domestic and foreign consumers versus some general economic force such as a basic unfavorable change in the attitude and behavior of firms, workers,

3. Because the national unionization rate is a weighted average of the unionization rates of every industry (where the weights are industry employment shares of all union and nonunion workers nationally), the change in the national unionization rate during a particular period can be algebraically decomposed into that part attributable to redistribution of employment shares across industries (the weights) and that part due to changes in the percentage of workers unionized within the various industries.

and the government toward unions that reduces unionization rates within most industries. This analysis is undertaken both at the national level and also separately for each of the nine US regions. A final application of this decomposition technique examines the relative importance for the national rate of unionization of changes in each region's share of national employment versus declines in unionization within each region.

As background for the study's main empirical analysis in chapter 5, chapter 4 presents a brief analytical review of the likely ways in which not only increased international trade and foreign direct investment but also other major economic forces affected the US economy during the 1977–97 period. These forces include technological progress that resulted in a demand for relatively fewer less-skilled workers, taste shifts toward the greater consumption of services relative to manufactured goods, and increases in the supply of more-educated compared with basically educated workers that influenced the earnings levels and employment distribution of union and nonunion workers across industries.

Chapter 5 then investigates by means of regression analysis the relationship between industry changes both in imports and exports and in the employment of union workers and nonunion workers, taking into account industry changes in domestic spending (demand forces) and in labor-input requirements (technology forces). Attention is devoted not only to the relationship between changes in trade and changes in the total number of union and nonunion workers across industries but also to changes in the employment of union and nonunion workers who were basically educated (defined here as those with 12 or fewer years of formal education) versus those who were more-educated (here, those with 13 or more years of schooling). The industries covered in the regression analysis include services as well as manufacturing and primary-product sectors.

Chapter 6 concludes by summarizing the study's main findings. It also briefly discusses the need for more extensive adjustment assistance programs to deal better with the unemployment and earnings-loss problems often associated with deunionization.

To preview some of the main findings: only about one-quarter of the total decline in the national rate of unionization between 1977 and 1987 and just one-tenth of the total decline in the 1987–97 period can be attributed to between-industries shifts in national employment shares from more unionized to less unionized industries, holding constant the within-industries unionization rates of all industries. Thus, declines in rates of unionization within industries, holding industry national employment shares constant, respectively explain (in an accounting sense) three-quarters and nine-tenths of the national deunionization during the first and second decades. Separating the changes in the national unionization rate in the manufacturing sector alone into these two components indicates an even greater role for the within-industries effect in accounting for deunionization during the two periods.

Between-industries shifts in shares of national manufacturing employment account for only 11 percent of the decrease in the unionization rate in manufacturing during the 1977–87 decade, compared with 89 percent due to within-industries changes in manufacturing unionization rates. During the 1987–97 period, between-industries shifts in manufacturing had the effect of increasing the rate of unionization. Moreover, gains in national employment shares by the US southern and western regions served to reduce their overall unionization declines.

Although the significant change in imports and exports across almost all industries in both periods is a possible explanatory factor for the general decline in industry unionization rates, regression analysis indicates that increased international trade has not been the major factor in the decline. Factors other than changes in trade or in the other independent variables in the regressions (these other independent variables are changes in domestic spending on domestically produced goods and changes in labor requirements per unit of output) that are captured in the regression equation's constant term account for most of the deunionization. An antiunion shift in attitudes by most employers and workers across the economy, together with unfavorable new legislation and the hostile administration by government of existing labor laws—factors cited by labor unions and many labor economists as the main reason for deunionization—would be the type of “other factors” picked up by the constant term.

Trade has played a role in the deunionization process among basically educated union workers, in manufacturing, however. For the 1977–87 decade, for example, I estimate the disproportionately adverse (in terms of the relative importance of these two groups in the labor force) employment impact of increases in imports of manufactured goods on basically educated union compared with basically educated nonunion workers to be equal to about one-quarter of the negative impact on union membership that is measured by the constant term in the regression equation. In the 1987–97 decade, the employment-displacement pressures of increased imports were actually disproportionately lower on basically educated union workers than on basically educated nonunion workers.

However, increases in exports in the manufacturing sector during the 1987–97 period were unexpectedly associated with decreases (rather than increases) in the employment of basically educated union workers. I suggest that this effect, which almost offsets the favorable manner in which basically educated union workers fared on the import side, may be due to the positive correlation of export increases with such other factors as increases in foreign direct investment and foreign outsourcing. The main conclusion, however, is that factors other than industry changes in international trade or the other independent variables in the regression equation account for most of the decline in unionization in both periods.