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Public-Sector Unions and the Changing Structure of U.S. Unionism

By John Pencavel

The attention given to the recent teachers' strike in Chicago and to disagreements over collective-bargaining regulations for public-sector workers in Wisconsin, Ohio, and other states indicate that the political system has intuited important developments in labor unionism in this country. Although much has been written about the retreat of unionism in the United States since the 1970s, there has been little note of the changes in the structure of unionism. Between 1974 and 2007, there were 101 fewer labor organizations and, notwithstanding the drop in membership, the average size of U.S. unions rose: The number of members per union grew from 114,000 in 1974 to 180,000 in 2007. This change is linked to the growth of a few, very large, unions in the public sector.

This Policy Brief is concerned with national unions that Albert Rees described as “the principal

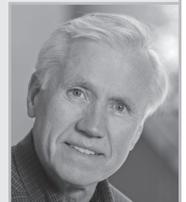
locus of political and economic power in the American union movement”¹. This is not the organization that many union members see as their principal link with their union. Their connection is with the union at the local level where their workplace grievances are handled and where the shop steward is the face of unionism. However, the national union plays a critical role in the typical union member's work life. Normally, it is the national union that needs to approve any strikes and that provides strike benefits. Although many collective-bargaining contracts are decentralized and negotiated between the management at a firm or establishment and the union local or the regional union bodies, the national union often

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¹ Rees, Albert, *The Economics of Trade Unions*, University of Chicago Press, Chicago, third edition, 1989, p. 23.

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contributes advice and material support and it is the national union that acts as a pressure group on government.

Labor Unions in the 1970s

In the 1970s, unionism appeared to be well-entrenched in U.S. labor markets. Three-quarters of all union members were in the private sector and, as indicated in Table 1, four of the five largest unions drew most of their membership from employees in the private sector. Among the five largest unions in 1974, only the National Education Association had a substantial representation among workers in the public sector.

Developments Since the 1970s

By the first decade of the 21st century, the standing of unions in U.S. labor markets looked more precarious than it appeared three decades earlier. Union membership was three-quarters of its 1970s value and union representation elections in 2006-09 were less than one-quarter of their number in 1976-79.

Labor union membership had become concentrated into a small number of very large unions. According to Table 2, between 1974 and 2007, those labor organizations with 1 million or more members were the only size class recording an increase in the number of members, an increase of 2.6 million members. In 2007, the five organizations with one million or more members

Table 1. The Five Largest Unions in 1974

Name of Union in 1974	Abbreviation	Membership in Thousands
International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America	IBT	1,973.3
International Union of Automobile, Aerospace & Agricultural Implement Workers of America	UAW	1,544.9
National Education Association	NEA	1,470.2
United Steelworkers of America	USW	1,300.0
International Brotherhood of Electrical Workers	IBEW	991.2

Table 2. Changes in the Number of Unions and in the Number of Members (in thousands) Between 1974 and 2007 by Size Class

Size of Union in Thousands of Members	Number in 2007 minus Number in 1974	
	Number of Unions	Number of Members in Thousands
< 1	- 17	- 4.8
from 1 to 4.9	- 20	- 64.8
from 5 to 9.9	- 6	- 46.6
from 10 to 24.9	- 13	- 187.0
from 25 to 49.9	- 19	- 577.1
from 50 to 99.9	- 4	- 282.2
from 100 to 199.9	- 13	- 1,949.6
from 200 to 299.9	- 5	- 1,107
from 300 to 399.9	- 1	- 251.4
from 400 to 499.9	- 4	- 1,756.1
from 500 to 999.9	0	- 593.4
≥ 1,000	+ 1	+ 2,627.8
Total	- 101	- 4,195.1

accounted for 45 percent of all members yet they represented less than 5 percent of all labor organizations.

This increasing concentration of total union membership in the largest of unions is associated with the growing importance of public-sector unionism: the percent of all union members who were employees in the private sector fell from three-quarters in the late 1970s to one-half in the years 2007-10. The four private-sector unions listed in Table 1 above all experienced declines in their membership to 2007 and the single public-sector union (the National Educational Association) increased its membership, more than doubling in size. Whereas in 1974 four of the five largest unions drew most of their members from the private sector, most of the members of the largest unions in 2007 were public-sector employees as shown in Table 3.

Public-sector unions tend to represent more skilled and highly paid employees than the workers represented by private-sector unions so the growth of public-sector unionism implies a growth in the influence of the better paid unionized workers. Among public-sector union members, it has been State employees whose relative (and absolute) importance has grown.²

² The percent of all public-sector union members who are State employees rose from 18.7 percent in 1983 to 25.7 percent in 2007 while the fractions who are Federal and Local government employees have fallen. Union members who are Local government employees represented 62.2 percent of all public-sector union members in 2007.

Table 3. The Five Largest Unions in 2007

Name of Union in 2007	Abbreviation	Membership in Thousands	Membership in Thousands
		in 1974	in 2007
National Education Association	NEA	1,470.2	3,167.6
Service Employees International Union	SEIU	550.0	1,575.5
American Federation of State, County, & Municipal Employees	AFSCME	648.2	1,470.1
International Brotherhood of Teamsters	IBT	1,973.3	1,398.6
United Food & Commercial Workers International Union	UFCW	1,175.9*	1,304.1

*United Food & Commercial Workers International Union did not exist in 1974. It was created in June 1979 through the merger of the Retail Clerks International Association and the Amalgamated Meat Cutters and Butcher Workmen of North America. In 1974, the Retail Clerks reported their membership as 650,876 and the Meat Cutters as 525,000. The entry in the table of 1,175.9 is the sum of these two membership figures in thousands. After 1979, a number of other unions joined with the UFCW.

The concentration of union membership associated with the growth of public-sector unions has the corollary that union membership has become more concentrated *within* the public sector: In 1978, membership in the four largest unions with predominantly public-sector employees represented 76.9 percent of union members in the public sector; in 2007, the corresponding percentage is 93.2 percent.

In some cases, this greater concentration in union membership has been the consequence of vigorous organizing campaigns undertaken by the larger organizations to build up their membership and representation while smaller unions have

tended to have been less active in this regard. In addition, there has been a continual process of amalgamation. Both because of mergers and because of organizing campaigns, unions that already had large memberships in the 1970s have tended to become larger both absolutely and relatively.³

Taking a longer perspective, Table 4 reports for selected years since 1920 the percent of all union members who were members of the 10, 5, and 2 largest unions:

The year with the greatest concentration in labor union

³ Five unions have been particularly involved in mergers: the Communications Workers of America (CWA), the Service Employees International Union (SEIU), the United Food and Commercial Workers (UFCW), the International Association of Machinists and Aerospace Workers (IAM), and the United Steel Workers (USW).

Table 4. The Concentration in Union Membership, 1920 – 2007

Year	Membership of the ten largest unions as a percent of total union membership	Membership of the five largest unions as a percent of total union membership	Membership of the two largest unions as a percent of total union membership
1920	43.85	28.70	14.98
1939	36.84	17.88	14.29
1968	43.82	28.79	14.72
1974	45.43	30.09	14.54
1978	47.13	30.46	14.85
1983	48.10	31.60	14.70
2007	62.40	44.58	23.71

membership into a small number of unions is 2007. This increase in the concentration of union membership has come about as the heart of U.S. unionism has shifted from the private to the public sector. What have been called the “labor conglomerates”⁴ are situated principally in the public sector.

How important is concentration in national unions in the United States.? One way to gauge this is to invoke standards from the product market which accords special attention to Hirschman-Herfindahl’s Index (HHI). In its work in assessing the product market effects of mergers, the U.S. Department of Justice routinely uses values of HHI to classify product markets

⁴ Chitayat, Gideon, *Trade Union Mergers and Labor Conglomerates*, Praeger, New York, 1979.

into unconcentrated markets, moderately concentrated markets, and highly concentrated markets. In 2007, the value for HHI for all the national labor organizations was 570, a value that would categorize these unionized labor markets as “unconcentrated”. However, because the value of HHI for these national unions was 330 in 1978, the change in HHI between 1978 to 2007 was 240 points, an increase that would raise “competitive concerns” if experienced in moderately concentrated or highly concentrated markets.⁵ Does the trend toward greater concentration in U.S. unionism

⁵ See U.S. Department of Justice and Federal Trade Commission, *Horizontal Merger Guidelines*, issued: August 19, 2010, especially pages 19-20. The values of HHI in this paragraph are those when market shares (the fraction of total membership in each union) are expressed in percentages.

matter? One scholar conjectured that increasing concentration “... tends to diminish direct member participation in union affairs and to produce more representative, and thus more indirect, patterns of union government.”⁶ Because most negotiated union collective-bargaining contracts involve local and regional unions, the implications of greater concentration among national unions may have more consequences for the pressure group activities of unions as they try to influence legislative and executive bodies. There is a positive correlation across unions between their membership and their net worth so a union movement concentrated in a smaller number of large unions implies a union movement in which much of its wealth is allocated by a smaller number of decision-makers. Unions representing workers in the public sector now constitute many of the very large labor organizations. Much has been written on “union voice”, but less on what these voices are saying. Increasingly the union voice heard by government is the voice of white-collar public sector workers and the voice of lower-paid private sector workers has been dulled.

A serious concern is that a more concentrated union movement dominated by public sector unions may politicize

⁶ Windmuller, John P., “Concentration Trends in Union Structure: An International Comparison”, *Industrial and Labor Relations Review*, 35(1), October 1981, 43-57

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unionism: That is, the focus of union activity will be less on attending to grievances and to the conditions of members at their place of work and more on issues that are the province of politics. In the chain of accountability, the managers and supervisors of public-sector workers report to politicians so the links between unions of public-sector employees and politicians are more visible and palpable than those of unions representing private-sector employees. Unions have always been involved in politics so this would be a change of degree, not of kind, but it is an important change because, ultimately, more politicized unionism will not help the typical union worker.

This opinion derives from observation of several episodes. One draws upon the experience of Britain in the 1960s and 1970s when a politicized union movement (with unions of public-sector workers at the helm) prompted General Elections where the electorate was asked, “Who runs the country?” After indecision and ambivalence, the British electorate settled for a government that substantially trimmed the sails of unions and especially those of unions of public sector workers. This episode is not singular but it is an example of unions refocusing their energies on a political agenda and using their human and financial resources to prevail upon government. In time, this induces a backlash that leaves unions with substantially less

clout and influence.

The judgment – that a more politicized union movement is an undesirable development – does not hold when people lack the mechanisms to alter their government peacefully. In countries such as Poland and South Africa in the last 30 years, unions have contributed materially to a process of replacing autocratic and disagreeable regimes with more open and civilized governments. But in a democracy, a politicized union movement is another step toward government run by pressure groups in which the great mass of citizens are disempowered and the classic union functions of protecting the interests of employees at their place of work are subordinated to activities that are political in nature.⁷

This recalls Dicey’s classic dilemma expressed a century ago.⁸ The principle that working people should have the freedom to form associations that represent and guard their interests is an intrinsic feature of a liberal society. But, if these associations exploit this principle to procure entitlements that enhance their interests at the

expense of others, a new base of authority and influence is created that, at best, enjoys a greater share of the national wealth and, at worst, challenges the jurisdiction of the state. A balance is needed between promoting the principle of free association and avoiding the creation of a mischievous organization. It applies to any organization of like-minded individuals and, indeed, Dicey wondered whether product market cartels in the United States constituted such a danger. In due course, Dicey’s dilemma may become the critical issue presented by the increasing concentration of members in a smaller number of unions and by the dominance of the union movement by public-sector employees. This is not a prediction; it is a concern.

7 Consistent with this, the Center for Responsive Politics lists the National Educational Association at the top of its list of contributors in 2007-08 to Federal and State political campaigns, to political parties, and to ballot measure committees.

8 In 1912, Dicey wrote, “In England, as elsewhere, trade unions and strikes, or federations of employers and lock-outs;...in the United States, the efforts of Mercantile Trusts to create for themselves huge monopolies...force upon public attention the practical difficulty of so regulating the right of association that its exercise may neither trench upon each citizen’s individual freedom nor shake the supreme authority of the State.” Dicey, A.V., *Lectures on the Relationship between Law and Public Opinion in England during the Nineteenth Century*, new edition Liberty Fund, Inc., Indiana, 2008, pp. 331-2.

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A publication of the
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