

WebMemo



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Majority of Union Members Now Work for the Government

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New data from the Bureau of Labor Statistics (BLS) show that a majority of American union members now work for the government. The pattern of unions adding members in government while losing members in the private sector accelerated during the recession. The typical union member now works in the Post Office, not on the assembly line.

Representing government employees has changed the union movement's priorities: Unions now campaign for higher taxes on Americans to fund more government spending. Congress should resist government employee unions' self-interested calls to raise taxes on workers in the private sector.

Overall Union Membership Down Slightly. The BLS's annual report on union membership shows the labor movement's decline in membership continued in 2009. While a full 23.0 percent of Americans belonged to labor unions in 1980, by 2008 only 12.4 percent did.¹ In 2009, that figure dropped slightly to 12.3 percent.² There are now 15.3 million union members in the United States, 770,000 fewer than in 2008.³

This decrease in union membership is hardly news: Since the beginning of the current recession, 6 million workers have lost their jobs.⁴ Union membership unsurprisingly fell as employment shrank.

Most Union Members Now in Government. What is newsworthy, however, is another figure reported by the BLS: 52 percent of all union members work for the federal or state and local governments, a sharp increase from the 49 percent in

2008.⁵ A majority of American union members are now employed by the government; three times more union members now work in the Post Office than in the auto industry.⁶

While the fact that the majority of union members are government employees is historic, the growth of government employee unions is hardly a recent development. Union membership has steadily grown in government and shrunk in the private sector since the 1970s.

Why Government Unions Have Grown. In 2009, government employees came to constitute the majority of union members for two reasons. First, union membership rates fell in the private sector. Unionized companies do poorly in the marketplace and lose jobs relative to their nonunion competitors.⁷ Toyota and Honda have gained jobs as General Motors and Chrysler have lost them. Thousands of repetitions of this dynamic caused private-sector union membership to fall from 20.1 percent to 7.6 percent between 1980 and 2008. In 2009, private-sector union membership fell further to 7.2 percent. Competition undermines unions.

Government employees, however, face no competition as the government never goes out of busi-

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ness. As a result, government employees organize at far higher rates. A full 37.4 percent of government employees belonged to unions in 2009, up 0.6 percentage points from 2008.⁸

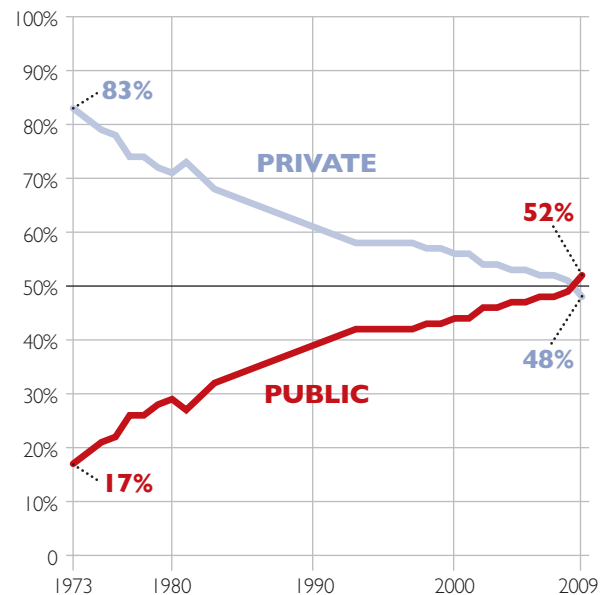
Second, the private sector lost millions of jobs during the recession while government employment increased slightly. Union membership moved with the jobs. Private-sector unions lost 834,000 members in 2009 while public-sector unions actually gained 64,000 members.⁹ Both of these factors combined to make government employees a majority of the union movement.

Transformation of the Labor Movement. This shift has transformed the labor movement. Some historians argue that unions were created to prevent profit-minded employers from exploiting workers and to win workers a share of business profits.¹⁰ However, neither of these purposes makes sense in government. As former AFL-CIO President George Meany wrote, “It is impossible to bargain collectively with the government.”¹¹

Collective bargaining gives government employees the power to tell voters how to spend their tax dollars instead of the other way around. That is why early labor leaders rejected it as undemocratic. As recently as 1959 the AFL-CIO Executive Council stated that “government workers have no right [to

Majority of Union Workers Now Work in the Public Sector

Union Employment, by Sector



Note: 1982 figures not available.

Sources: Barry T. Hirsch and David A. Macpherson, “Union Membership and Coverage Database from the Current Population Survey,” Unionstats.com, at <http://www.unionstats.com/> (January 21, 2009); U.S. Department of Labor, Bureau of Labor Statistics.

Chart 1 • WM 2773  heritage.org

1. Barry T. Hirsch and David A. Macpherson, “Union Membership and Coverage Database from the Current Population Survey,” Unionstats.com, at <http://www.unionstats.com> (January 21, 2010).
2. U.S. Department of Labor, Bureau of Labor Statistics, “Union Members—2009,” January 22, 2010. Note that the difference in union membership between 2008 and 2009 is not statistically significant.
3. *Ibid.*
4. U.S. Department of Labor, Bureau of Labor Statistics, the Employment Report/Haver Analytics. Note that this figure comes from the Household survey, which also measures union membership, not the more commonly reported establishment survey employment figures.
5. Heritage Foundation calculations based on data from U.S. Department of Labor, Bureau of Labor Statistics, “Union Members in 2009.”
6. Heritage Foundation calculations using data from the U.S. Department of Labor, Bureau of Labor Statistics, 2009 Outgoing Rotation Groups of the Current Population Survey. In 2009 a total of 501,000 union members worked for the Post Office while only 162,000 worked in motor vehicle and motor vehicle equipment manufacturing. This was sharply down from the 289,000 union members who worked in that sector in 2008.
7. James Sherk, “What Unions Do,” Heritage Foundation *Backgrounder* No. 2275, May 21, 2009, at <http://www.heritage.org/Research/Labor/bg2275.cfm>.
8. Note that this is approximately the average union rate in the public sector since the 1980s.
9. U.S. Department of Labor, Bureau of Labor Statistics, “Union Members—2009.”
10. Whether unions achieve these goals is debatable, but they are the goals private-sector unions see themselves as pursuing.

collectively bargain] beyond the authority to petition Congress—a right available to every citizen.”¹²

Not until the 1960s did federal, state, and local governments change the law to permit government employees to collectively bargain with taxpayers. Now unions primarily represent the government—a development that has shifted the labor movement’s focus from redistributing business profits to getting more from taxpayers.

Government Employees Earn More. The labor movement has, thus far, been very successful in this goal. The average worker for a state or local government earns \$39.83 an hour in wages and benefits compared to \$27.49 an hour in the private sector.¹³ While over 80 percent of state and local workers have pensions, just 50 percent of private-sector workers do.¹⁴ These differences remain after controlling for education, skills, and demographics.¹⁵ Taxpayers now pay for unionized government jobs paying notably more than those available in the private sector.

Government Unions Campaign for Tax Increases. Representing government employees has turned unions into determined supporters of tax increases and more government spending. Higher taxes mean the government can hire more workers and pay higher wages. As a result, public-sector unions have become a potent force lobbying for higher taxes and against spending reductions across America:

- **Arizona.** The Arizona Education Association (AEA) successfully lobbied against a repeal of a \$250 million a year statewide property tax.¹⁶ The AEA helpfully identified another \$2.1 billion in tax increases for the legislature to pass to forestall spending reductions.¹⁷
- **California.** The Service Employees International Union (SEIU) spent \$1 million on a television ad campaign pressing for higher oil, gas, and liquor taxes instead of spending reductions.¹⁸
- **Illinois.** The American Federation of State, County and Municipal Employees (AFSCME) Council 31 funded the “Fair Budget Illinois” campaign in 2009. The campaign ran television and radio ads pushing for tax increases instead of spending reductions to close the state’s deficit.¹⁹
- **Maine.** Mainers rejected a ballot initiative in November 2009 that would have prevented government spending from growing faster than the combined rate of inflation and population growth and require the government to return excess revenues as tax rebates. The Maine Municipal Association, the SEIU, the Teamsters, and the Maine Education Association collectively spent hundreds of thousands of dollars to campaign against the initiative, and it ultimately lost by a wide margin.²⁰
- **Minnesota.** AFSCME Council 5 unsuccessfully lobbied state legislators to override Governor

11. Leo Kramer, *Labor’s Paradox: The American Federation of State, County and Municipal Employees, AFL-CIO* (New York, NY: Wiley, 1962) p. 41.

12. *Ibid.*

13. U.S. Department of Labor, Bureau of Labor Statistics, “Employer Costs for Employee Compensation,” Q3 2009.

14. James Sherk, “Fiscal Impacts of Public Sector Unions,” Table 3, in “Sweeping the Shop Floor: A New Labor Model for America,” forthcoming from the Evergreen Freedom Foundation. Figures are for full-time workers between 20 and 65 and come from author’s analysis of March 2006–2009 CPS data. Calculations available from the author upon request.

15. *Ibid.*, Tables 4–6.

16. Mary Jo Pitzel, “With Some Vetoes, Budget Finally OK’d,” *The Arizona Republic*, September 5, 2009, at <http://afscmemn.org/sites/afscmemn.org/files/budget%20forecast%2012-02-09.pdf> (January 21, 2010); Arizona Education Association, “Stop the School Tax Cut,” at <http://www.arizonaaea.org/politics.php?page=390> (January 21, 2010).

17. Arizona Education Association, “Arizona Has Budget Choices,” http://www.arizonaaea.org/pdfs/politics/CAA_Budget_Options.pdf (January 21, 2010).

18. Eric Bailey, “SEIU Pushes for Oil, Tobacco, Liquor Taxes,” *Los Angeles Times*, LA NOW Blog, June 10, 2009, at <http://latimesblogs.latimes.com/lanow/2009/06/union-strikes-back.html> (January 21, 2010).

19. See <http://fairbudgetil.com> (January 21, 2010).

Tim Pawlenty's veto of a \$1 billion tax increase in the spring of 2009. Two Democrats joined all the Republicans in the state House to uphold the veto. In response AFSCME endorsed a primary challenger to one of the Democrats.²¹ AFSCME is now lobbying state legislators to raise taxes by \$3.8 billion.²²

- **New Jersey.** Democratic State Senator Stephen Sweeney, now the president of the New Jersey Senate, opposed a 1 percent increase in the state sales tax in 2006. In response, the Communication Workers of America sent giant inflatable rats and protestors in hot dog costumes reading "Sweeney the Weenie" outside the former labor leader's office.²³ The tax increase ultimately passed.
- **Oregon.** Public employee unions in Oregon provided 90 percent of the \$4 million spent advocating two ballot initiatives to raise personal income and business taxes by \$733 million.²⁴ The unions want the tax increases to prevent cuts in the gold-plated medical benefits for state workers.²⁵
- **Washington State.** The Washington state legislature has resisted calls from unions to raise taxes. In response, labor unions are threatening to

withhold donations and fund primary campaigns against the Democrats who will not vote for tax hikes.²⁶

Recommendations to Congress. For the first time in American history, most union members work for the government. Competition has eroded private-sector unions while public-sector unions have thrived. Three times as many union members now work for the Post Office as in the auto industry. Unions now represent the government and have changed their priorities from getting money from businesses to getting money from taxpayers.

Congress should recognize that unions have narrowly self-interested reasons for lobbying for tax and spending increases. Congress should reject union calls for higher taxes. Government employees already earn more than private-sector workers. Congress should also reject proposals to increase union membership in the government, such as requiring the state and local governments that do not collectively bargain to do so.

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20. Maine Commission on Governmental Ethics and Election Practices, "PAC Summary Citizens Unified for Maine's Future," at http://www.mainecampaignfinance.com/public/entity_summary.asp?TYPE=PAC&ID=4499&LIMIT=&YEAR=2009 (January 21, 2010).
 21. Press release, "AFSCME Endorses Debbie White to Challenge Incumbent Rep. Pelowski," American Federation of State and County Municipal Employees Council 5, December 16, 2009, at <http://afscmemn.org/sites/afscmemn.org/files/AFSCME%20endorses%20Debbie%20White12-16-09.pdf> (January 21, 2010).
 22. Press release, "AFSCME Offers a Better Budget Fix," AFSCME Council 5, December 2, 2009, at <http://afscmemn.org/sites/afscmemn.org/files/budget%20forecast%2012-02-09.pdf> (January 21, 2010).
 23. Karen Chesler, "Power Play: Ex-Ironworker Stephen Sweeney Is Suddenly the State's Top Democrat. What's Next?," *New Jersey Monthly*, December 14, 2009, at <http://njmonthly.com/articles/lifestyle/power-play.html> (January 21, 2010).
 24. David Steves, "Campaigns Spend with Gusto," *The Register Guard*, January 7, 2010, at <http://www.registerguard.com/csp/cms/sites/web/news/cityregion/24326224-41/state-oregon-campaign-employees-measures.csp> (January 21, 2010).
 25. David Steves, "State Gives Its Workers Big Benefits," *The Register Guard*, November 8, 2009, at <http://www.registerguard.com/csp/cms/sites/web/news/cityregion/22641140-57/story.csp> (January 21, 2010).
 26. Andrew Garber, "State Democrats Facing Revolt by Labor," *Seattle Times*, November 11, 2009, at http://seattletimes.nwsourc.com/html/politics/2010246447_democrats11m.html (January 21, 2010).