

# WebMemo



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## Declining Unionization Calls for Re-Envisioning Workplace Relations

*James Sherk*

Union membership fell by over 600,000 workers in 2010. In the private sector, 93.1 percent of workers are non-union, more than when President Franklin Delano Roosevelt signed the National Labor Relations Act (NLRA) in 1935.

Union membership has fallen because traditional collective bargaining does not appeal to most workers. Polls show that only one in 10 non-union workers want to organize. This makes sense: in the competitive private sector, unions can do little to raise their members' pay. Additionally, most workers like their jobs and believe they are on the same side as their employers.

But while workers reject unions, they do want a voice in the workplace. Unfortunately, the NLRA prohibits employee-employer working groups that give employees that voice. It is time for Congress to allow non-union employers and employees to work together to improve working conditions.

**Falling Union Membership.** The Bureau of Labor Statistics reports that union membership has continued its long-term decline. In 2010, unions lost over 600,000 members. Union membership has fallen to 11.9 percent of all employees, down from 12.3 percent in 2009.

Government unionization rates remained high at 36.2 percent. Although this was down 1.2 points from 2009, it remains above 2007 levels.

While the traditional face of the union movement is workers on the assembly line, this stereotype no longer matches reality. Most union workers

(51.8 percent) now work in government and not in private businesses. Almost two-and-a-half times as many union members now work in the post office as in the domestic auto industry.<sup>1</sup>

In the private sector, unionization has hit historic lows. Private-sector unionization rates fell 0.3 points in 2010 to just 6.9 percent. By contrast in 1935—the year FDR signed the NLRA—13.2 percent of non-farm workers belonged to a union.<sup>2</sup> Almost all of those members worked in the private sector.<sup>3</sup>

After the Supreme Court upheld the law, union membership surged. By the 1950s, one-third of non-farm workers held union cards. As recently as the mid-1970s almost one-quarter of private-sector workers belonged to a union. Now that number is just one in 15.

**Few Workers Desire to Unionize.** Why are 14 out of 15 private-sector workers non-union? Because most workers do not want to unionize. Polling shows that only 9 percent of non-union employees want to join a union, while 81 percent do not.<sup>4</sup> This low support makes organizing new companies difficult. The United Auto Workers (UAW), for example, has repeatedly failed to organize the employees

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(202) 546-4400 • heritage.org

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of foreign automakers. Unions are not recruiting enough new members to replace those they lose.

The fact that employees do not want to join a union should not be surprising. Changes in the economy and the workplace have made unions less attractive.

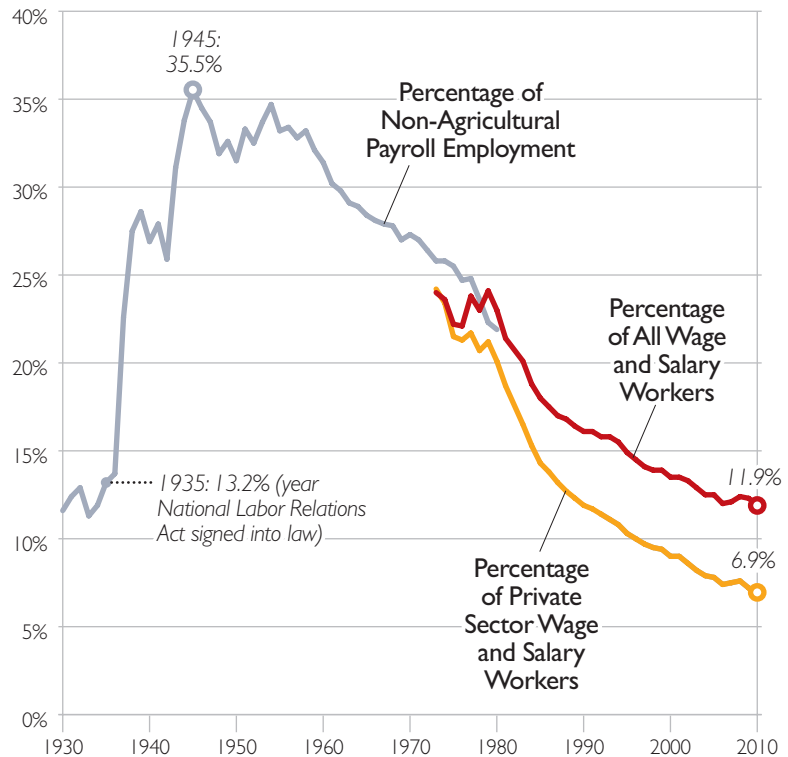
**Private-Sector Unions Do Not Raise Wages.** Private-sector unions now have little power to raise their members' wages. Deregulation and free trade have made the economy more competitive. Consequently, unionized companies cannot pass higher labor costs on to consumers.<sup>5</sup> If they raise their prices, consumers will take their business elsewhere.

Unions recognize this and do not want to lose their dues-paying members. As UAW President Bob King recently put it: "If we go in, we dramatically raise fixed costs for Ford, General Motors or Chrysler, we're shooting ourselves in the foot. ... We don't want to disadvantage the [unionized auto] companies."<sup>6</sup>

As a result, unions do not negotiate higher pay. Research shows that private-sector workers who vote to join a union earn no more than workers who vote against unionizing.<sup>7</sup> This removes much of the incentive to

## Union Membership Falling to Historic Lows

Union Membership Percentages



**Note:** This chart displays union membership using two separate data sources: assorted union reports filed with the department of labor between 1930 and 1980, and data from the Current Population Survey. Data for 1982 have been interpolated.

**Source:** Data for 1930–1980: U.S. Department of Labor, assorted labor union reports and Haver Analytics; 1977–2010: Heritage Foundation calculations using data from Barry T. Hirsch and David A. Macpherson, "Union Membership and Coverage Database from the Current Population Survey," Unionstats.com, at <http://www.unionstats.com>, and from the U.S. Department of Labor, Bureau of Labor Statistics.

Chart 1 • WM 3099 [heritage.org](http://heritage.org)

- Heritage Foundation calculations using data from the 2010 Current Population Survey. In 2010 there were 465,000 union members who worked for the postal service while 192,000 worked in motor vehicle and motor vehicle equipment manufacturing.
- Figures from Department of Labor, assorted labor union reports, and Haver Analytics. Note that agricultural workers are not covered by the NLRA.
- The federal government did not begin collective bargaining until 1962; collective bargaining spread among state government in the 1960s and 1970s.
- Rasmussen Reports, "Just 9% of Non-Union Workers Want to Join Union," March 16, 2009, at [http://www.rasmussenreports.com/public\\_content/business/jobs\\_employment/march\\_2009/just\\_9\\_of\\_non\\_union\\_workers\\_want\\_to\\_join\\_union](http://www.rasmussenreports.com/public_content/business/jobs_employment/march_2009/just_9_of_non_union_workers_want_to_join_union) (January 20, 2011).
- Barry T. Hirsch, "Sluggish Institutions in a Dynamic World: Can Unions and Industrial Competition Coexist?" *Journal of Economic Perspectives*, Vol. 22, No. 1 (Winter 2008), pp. 153–76.

## Total U.S. Union Membership

Membership figures are in thousands.

	Total Unions		Private Unions		Government Unions		Percentage of Union Members in Government
	Members	Rate	Members	Rate	Members	Rate	
2009	15,327	12.3	7,431	7.2	7,897	37.4	51.5%
2010	14,715	11.9	7,092	6.9	7,623	36.2	51.8%
Change	-612	-0.4%	-339	-0.3%	-273	-1.2%	

Sources: Heritage Foundation calculations based on data from U.S. Department of Labor, Bureau of Labor Statistics; and U.S. Census Bureau, Current Population Survey, 2009 and 2010.

Table I • WM 3099  [heritage.org](http://heritage.org)

organize and pay union dues. Unions remain strong only in the government—the one sector of the economy that faces no competition.

**Workers Satisfied with Their Jobs.** Employers have also learned that respecting their employees makes business sense. Modern human resource management practices treat employees as a valuable resource. As a result, overwhelming majorities of employees say that they are satisfied with their jobs and like their supervisors. Very few workers feel they need protection from an abusive employer.

Instead, most workers believe they and their employers are on the same side. Employees want to work cooperatively with management.<sup>8</sup> Most workers have no interest in unionizing against their companies.

This does not mean that employees do not want a voice in the workplace. Surveys show that workers want to participate in workplace decisions and want to be heard by their supervisors. What they want to avoid is conflict with management.<sup>9</sup>

**Employees Do Want Participation.** Many employees (and employers) would like employee involvement (EI) programs and work groups in which workers and supervisors can meet to discuss workplace issues. These programs can take many forms. Examples include self-directed work teams, safety committees, and production committees.<sup>10</sup> The essential element is advancing employee interests through employee involvement. Polls show that 60 percent of workers prefer EI programs to improve working conditions over either more government regulations or labor unions.<sup>11</sup>

6. David Shepardson, "UAW's King: Union's Survival at Stake," *Detroit News*, January 17, 2011, at <http://www.detnews.com/article/20110117/AUTO01/101170403/1361/UAW-s-King--Union-s-survival-at-stake> (January 20, 2011). The UAW has also agreed to concessions that have brought their compensation down to the levels that foreign automakers pay their U.S. employees.
7. Robert J. Lalonde, Gerard Marschke, and Kenneth Troske, "Using Longitudinal Data on Establishments to Analyze the Effects of Union Organizing Campaigns in the United States," *Annales d' Economie et de Statistique*, Vol. 41–42 (January–June 1996), pp. 155–85; Richard B. Freeman and Morris M. Kleiner, "The Impact of New Unionization on Wages and Working Conditions," *Journal of Labor Economics*, Vol. 8, No. 1 (January 1990), pp. S8–25; John DiNardo and David S. Lee, "Economic Impacts of New Unionization on Private Sector Employers: 1984–2001," *Quarterly Journal of Economics*, Vol. 119, No. 4 (November 2004), pp. 1383–441.
8. Richard Freeman and Joel Rodgers, *What Workers Want* (Ithaca, NY: ILR Press, 2006), pp. 56–58.
9. Barry Hirsch and Jeffrey Hirsch, "The Rise and Fall of Private Sector Unionism: What Next for the NLRA?" *Florida State University Law Review*, Vol. 34 (2007), p. 16.
10. Freeman and Rodgers, *What Workers Want*, p. 101.
11. *Ibid.*, p. 8.

Examples of effective EI programs that advance worker interests abound. For instance:

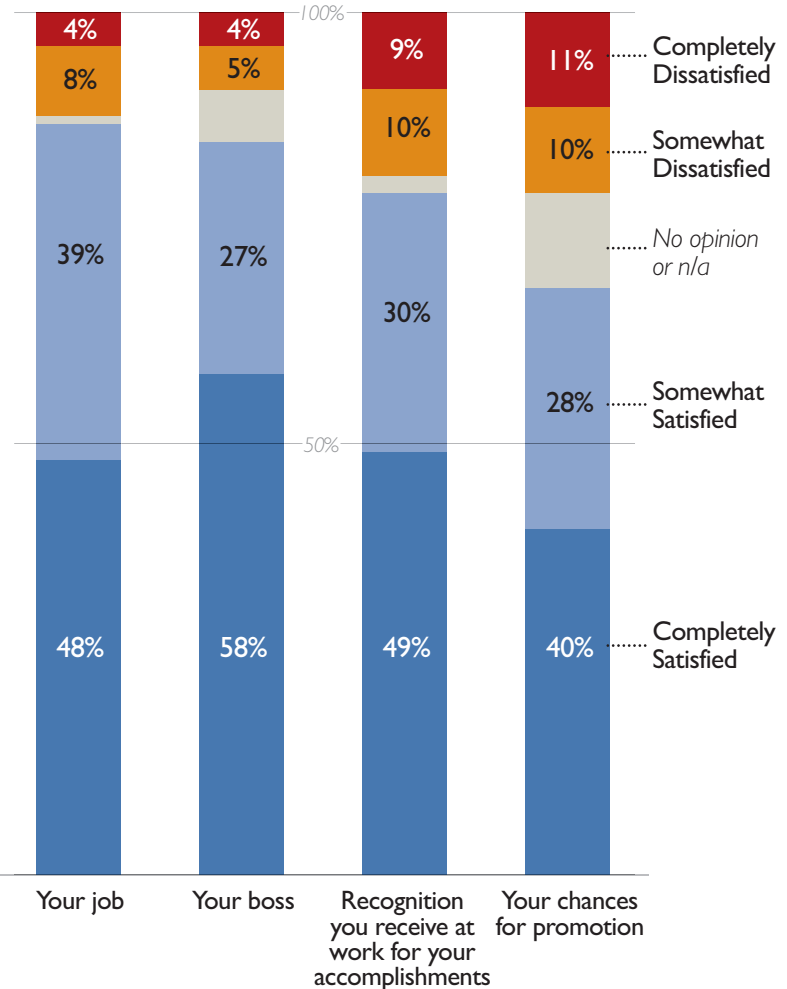
- Webcor Packaging, Inc., a manufacturing company in Flint, Michigan, formed a plant council made up of five elected employees and three appointed managers to look at ways to improve work rules, wages, and benefits. The council members took suggestions from all employees and made recommendations to management based on those suggestions.
- Employees at Electromation, Inc., in Elkhart, Indiana, opposed a plan to change the attendance bonus the company offered. In response, the company met with randomly selected employees and formed action committees to solve various workplace problems. The company asked committee members to meet with other workers and promised to implement the solutions if they were not cost-prohibitive.<sup>12</sup>

**Law Prohibits Most Employee Involvement Programs.** These EI programs gave workers a say in the workplace and improved working conditions. They were also illegal.

The government forced Webcor and Electromation to disband their EI programs.<sup>13</sup> Section 8(a)(2) of the NLRA prohibits employer-dominated “labor organizations.” This outlaws virtually any work council or EI program that gives workers a real voice in the workplace. Any form of two-way discussions between workers and management over working conditions outside of collective bargaining violates the law.

## Poll: Most Workers Are Satisfied with Their Work

According to a Gallup survey, 87 percent of workers are either completely or somewhat satisfied with their jobs.



Source: Gallup survey of 557 adults employed full or part time, conducted August 5–8, 2010, at <http://www.gallup.com/poll/1720/work-work-place.aspx#1> (January 20, 2011).

Chart 2 • WM 3099 heritage.org

**Choice and Voice in the Workplace.** Congress passed this ban to prevent companies from creating and negotiating with employer-dominated “company unions” to fight off organizing drives. This has become an anachronism. Few workers now want to

12. Steven C. Bahls and Jane Easter Bahls, “Labor Pains: Employee Focus Groups May Seem Like a Good Idea, but They Could Land You in Court,” *Entrepreneur*, December 1997.

13. *Ibid.* Webcor was forced to disband its program in 1997, and Electromation was forced to abandon its program in 1994.

unionize in any event. Companies today create EI programs to improve working conditions, helping them attract and retain valuable employees.

The law should encourage employers to do so. Cooperative workplace programs would allow employers and employees to innovate and adapt workplace relations to the modern economy. By an 85 percent to 10 percent margin, workers say they

prefer employee organizations run by employees and management together to organizations run by employees alone.<sup>14</sup> Congress should give employees that choice.

—*James Sherk* is Senior Policy Analyst in Labor Economics in the Center for Data Analysis at The Heritage Foundation.

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14. Freeman and Rodgers, *What Workers Want*, pp. 56–58.