

ISSUE BRIEF

No. 4137 | JANUARY 28, 2014

Labor Unions: Stagnant Membership Shows Need for Labor Law Modernization

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Union density changed little in 2013. Overall density remained at last year's post-World War II low of 11.3 percent. Just one in 15 private-sector workers holds a union card, and half of all union members now work in government.

Unions have had little success selling traditional collective bargaining to today's private-sector workers, but the law prohibits alternative forms of employee representation. Congress should bring labor law into the 21st century and legalize employee involvement programs and work councils.

2013 Union Membership. After dropping sharply in 2012, union membership remained flat in 2013. Overall union density remained at 11.3 percent in 2013. This represents the lowest union membership rate since 1916.¹

In the private sector, the unionization rate increased to 6.7 percent from 6.6 percent, a statistically insignificant change.² Unions today represent just one in 15 private-sector workers, down from almost one in four in the mid-1970s.

Total membership in private-sector unions did grow significantly (+281,000 members) as employers increased hiring and the economy added jobs. Broken down by industry, 88 percent of the growth

in private union membership came in three sectors: construction, manufacturing, and education/health services.

Government union membership declined by 118,000 in 2013.³ However, a far greater proportion of government employees than private-sector workers belong to unions: 35.3 percent. The union movement remains strongest in the one sector of the economy that is immune from competitive pressures: the government. In fact, twice as many union members work for the Postal Service as in the entire domestic auto industry.⁴

Historically, most union members worked in the private sector. Today, as many union members work in government as in the private sector—despite the private sector employing five times as many workers.⁵

Law Prohibits Most Forms of Alternative Employee Representation. This low and stagnant membership demonstrates that unions have grown out of step with the modern workplace. Polling finds that very few non-union workers want to unionize.⁶ Traditional unions no longer appeal to workers the way they did two generations ago.

This does not mean employees do not care about having a voice on the job. Many employees and employers would like employee involvement (EI) programs and work councils in which workers and supervisors can meet to discuss workplace issues. Examples of effective EI programs that advance worker interests abound. For instance:

- Webcor Packaging, a manufacturing company in Flint, Michigan, formed a plant council consisting of five elected employees and three appointed managers to pursue ways to improve work

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Produced by the Center for Data Analysis

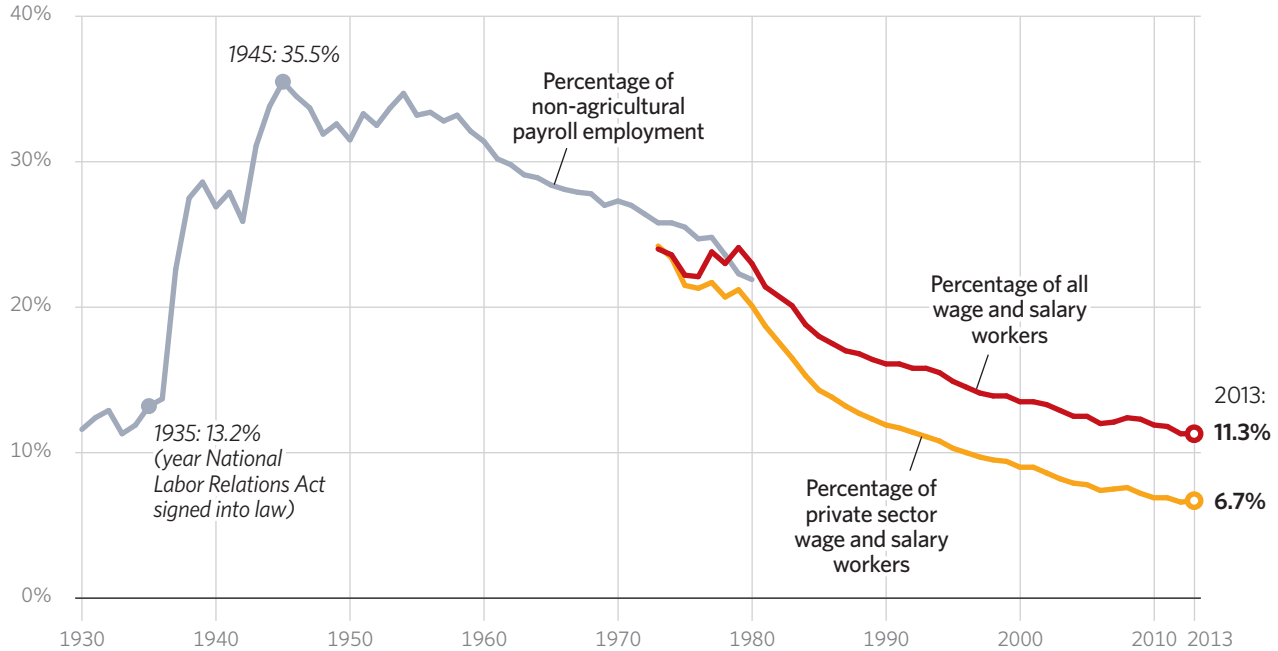
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CHART 1

Union Membership Rates Continue Decline

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.

Sources: Data for 1930–1980: U.S. Department of Labor, assorted labor union reports, and Haver Analytics; 1977–2013: 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, <http://www.unionstats.com> (accessed January 24, 2014), and from the U.S. Department of Labor, Bureau of Labor Statistics.

IB 4137 heritage.org

rules, wages, and benefits. The council members took suggestions from all employees and made recommendations to management based on those suggestions.

- Employees at Electromation, in Elkhart, Indiana, opposed a plan to change the attendance bonus the company offered. In response, the company met with randomly selected employees and

1. Steven Greenhouse, “Union Membership Drops Despite Job Growth,” *The New York Times*, January 23, 2013, <http://www.nytimes.com/2013/01/24/business/union-membership-drops-despite-job-growth.html> (accessed January 24, 2014).
2. All discussion of statistical significance comes from Heritage Foundation calculations using data from the 2013 Current Population Survey. Changes are considered statistically significant at the 5 percent level.
3. This change was not statistically significant.
4. About 428,000 union members work for the Postal Service, compared to 215,000 in the auto industry. Heritage Foundation calculations using the 2013 Current Population Survey.
5. While the Bureau of Labor Statistics reports 7.3 million union members in the private sector and 7.2 million in government, this difference is not statistically significant.
6. Rasmussen Reports, “Just 9% of Non-Union Workers Want to Join Union,” March 16, 2009, http://www.rasmussenreports.com/public_content/business/jobs_employment/march_2009/just_9_of_non_union_workers_want_to_join_union (accessed January 24, 2014).

TABLE 1

Total U.S. Union Membership

	Total Workforce		Private-Sector Workforce		Government-Sector Workforce	
	Union Members	Share of Total	Union Members	Share of Total	Union Members	Share of Total
2012	14,366,000	11.3%	7,037,000	6.6%	7,328,000	35.9%
2013	14,528,000	11.3%	7,318,000	6.7%	7,210,000	35.3%
Change	162,000	0.0%	281,000	0.1%	-118,000	-0.6%

Source: News release, "Union Members—2013," U.S. Department of Labor, Bureau of Labor Statistics, January 24, 2014, <http://www.bls.gov/news.release/pdf/union2.pdf> (accessed January 24, 2013).

IB 4137  heritage.org

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.⁷

These programs gave workers a voice in the workplace and improved working conditions. They were also illegal. Federal law makes it difficult for employers to give employees a voice on the job except through a labor union. Section 8(a)(2) of the National Labor Relations Act prohibits employer-dominated "labor organizations." Any work councils or EI programs must operate through outside unions. As a result, the government forced Webcor and Electromotion to disband their EI programs.⁸

Congress intended the EI ban to prevent companies from creating and negotiating with fake employer-dominated "company unions" to fight off organizing drives. This restriction has become an anachronism that today only limits employee voice.

For example, many workers at the Volkswagen plant in Chattanooga, Tennessee, want to form a work council. However, in order to do so, they must

agree to have the United Auto Workers (UAW) unionize their workplace. Many of these workers also fear that the UAW would put their plant on the road to bankruptcy and threaten their jobs. They do not want to suffer the same fate as Detroit. As a result, Volkswagen's Chattanooga workers now have no work council and no union. This does not serve workers' interests.

Modernize Labor Law. Congress should bring labor law into the 21st century. Congress should remove the Section 8(a)(2) proscription on work councils and EI programs. It should allow workers and management more freedom to formally discuss working conditions outside the adversarial collective bargaining framework. The government should not tell workers to speak through a union or remain silent.

Such reforms would help make federal labor laws relevant to workers in the modern economy.

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7. 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.

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