

THE VALUE OF UNIONS

By Paul F. Clark

Paul F. Clark is a professor in the department of labor studies and industrial relations at Penn State University.

Many people today believe that the labor movement has outlived its usefulness — that it had a valuable role to play in the first half of the 20th century but is now irrelevant, an anachronism.

My colleagues at the business school, for instance, describe unions as "dinosaurs" and as support of that idea note that their influence and power are waning.

It's true that the proportion of the national workforce represented by unions has fallen steadily over the last 25 years. And as the economy struggles and health costs continue to skyrocket, employers — even many of those earning healthy profits — do hold the upper hand in contract negotiations and are demanding wage freezes, cuts in benefits and other concessions from workers.

But those critics forecasting the demise of the labor movement are indulging in wishful thinking. Their arguments are the same ones that were in vogue in the 1920s, just prior to a half-century in which the union movement won unprecedented gains for its members and helped shape the nation's economic and political landscape.

The fact is, unions continue to play a critical role in our society — and one that extends well beyond the 16 million people who pay dues.

Today, for instance, two major strikes are underway in the Los Angeles area, involving public transit workers and supermarket workers. Both strikes reflect the ongoing struggle over healthcare benefits for workers, and both are having a significant effect on life in the city.

Unions exist to serve as a countervailing force against employers — whether those employers are government agencies, corporations or not-for-profits. Unions participate through the collective bargaining process in

decisions regarding compensation and benefits, working conditions and job security. Almost always, the result is higher pay and better benefits, safer working conditions and greater job security for their members, just as it has been throughout the history of the labor movement.

But union victories are also victories for those workers not covered by a union contract. This is because nonunion employers often match what's been won by unionized employers in the same industry.

Economists call this phenomenon the "union threat effect" because employers offer these improvements in order to lower the chances that their workers will organize.

The union threat effect expands the influence of unions well beyond the 14.6% of the workforce represented by unions nationally (in California, 18.9% of the workforce is unionized). And evidence suggests that not only are the wages and salaries of nonunion workers often higher than they would be without the presence of unions in their communities, but many of the benefits they take for granted were introduced into workplaces only because of the efforts of unions.

Paid vacations, health insurance, pensions and sick leave did not become commonplace in American workplaces because of employer generosity but because unions fought hard for them, and won.

The same is true for laws protecting employees. When proposed, most employers vigorously fought the eight-hour day, the Social Security system, overtime and minimum wage laws, workers' compensation statutes, occupational safety and health protection and bans on child labor. It was the labor movement that pushed these proposals through and that today fights employer-led efforts to weaken or undo them.

More recently, the job of watchdog has fallen, in part, to the labor movement.

For example, American Airlines executives tried to pay themselves huge bonuses and create a pension plan for top management that would be protected even in the event of bankruptcy, while at the same time claiming

poverty and asking employees to take significant pay cuts. The scheme was exposed by the pilots union.

It is true that the labor movement is now on the defensive. Unions historically lose bargaining power when the economy is slumping and unemployment is high. And their influence in the political arena is diminishing under the current administration.

The labor movement will survive, but its current struggles should be of concern to everyone — employees, managers and investors — who believe that unbridled corporate power is a dangerous thing and that checks and balances and accountability are desirable in a democratic society.