

**Twentieth Century Labor Policy and Union Decline:  
A Time Series Analysis**

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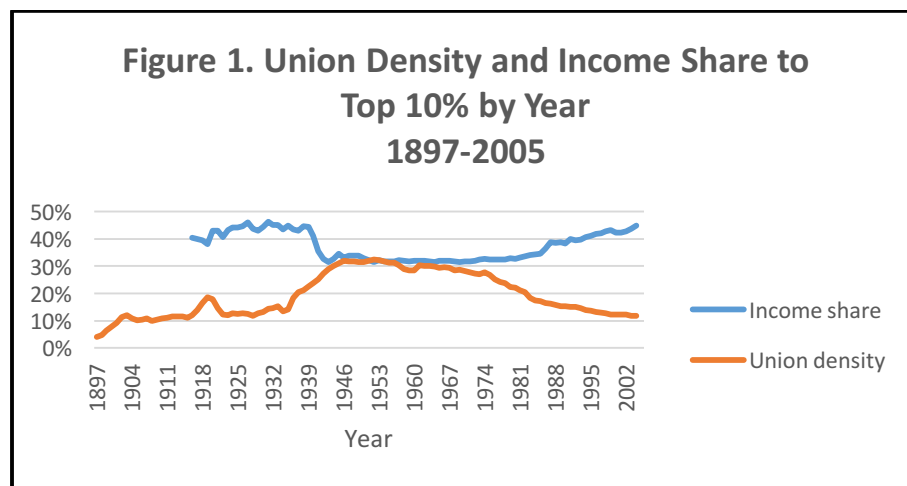
## **Abstract**

Union density in the United States has declined to historic lows over the past four decades. In 1954, nearly 35 percent of workers were union members while only 11 percent of workers were members of unions in 2015. Simultaneously, economic inequality widened, with one-third to one-fifth of this increase attributed to declining private sector unionization. Three federal laws largely govern union and collective bargaining rights: The National Labor Relations Act of 1935 (Wagner), the Labor Management Relations Act of 1947 (Taft-Hartley), and the Labor Management Reporting and Disclosure Act of 1959 (Landrum-Griffin). This paper seeks to identify the link between these law's policy structures and the decline in union density while examining interactions with political variables and controlling for relevant economic factors. Using data spanning 1897-2005, results of four OLS time series estimator models indicate these policies did not impact union density growth alone; rather, their effect was conditional on partisan control of the presidency. Policy and politics collided to produce lower yearly growth in union density when Republicans held the presidency during the Taft-Hartley period compared to Democrats during the Wagner period. Additionally, greater Republican Party control of the US Senate also negatively impacted yearly union density growth. It follows that unions should focus their efforts to achieve electoral success nationally and in places like the Rustbelt that have recently moved to curb union rights. More broadly, union should continue to build social movements to pass labor policy reforms that impact all workers at the state and local level.

# Twentieth Century Labor Policy and Union Decline: A Time Series Analysis

## Section 1. Introduction

By the end of World War II, labor unions emerged as a major political and economic force in the United States. In 1954, nearly 35 percent of US workers were members of a labor union (Mayer, 2004). However, US union density in the private sector has decreased substantially; in 2015, just 6.7 percent of private sector workers were unionized (US Bureau of Labor Statistics, 2016). Contrary trends have occurred in the public sector. In 1954, public union density was approximately 10 percent; following considerable efforts to organize state and municipal government employees in the 1970s, unionization in the public sector rose to and remained steady around 35 percent (US Bureau of Labor Statistics, 2016). Currently, the 16 million union members in the US are divided almost evenly between the two sectors (Compa, 2014).



Occurring simultaneously with the declining rate of unionization, inequality in hourly wages increased by more than 40 percent (Western & Rosenfeld, 2011). Inequality in wealth also occurred during this period, largely due to decreasing tax rates on top earners (Piketty & Saez, 2007). Recent political discourse, particularly in the Democratic Party, has focused on these

rising levels of economic inequality. Studies estimate declining private sector unionization explains between one-third and one-fifth of the increase in income inequality (Western & Rosenfeld, 2011). Possible explanations point to the spillover effect union wages have on nonunion wages; union advocacy on behalf of their members normalizes equity in the workplace for all workers, and unions affect the wage structure across the labor market (Western & Rosenfeld, 2011).

This MPP essay seeks to identify the role federal labor policy played in the decline of union density over the twentieth century. At the federal level, three labor laws have largely dictated the rights of unions during their rise and fall in the 20<sup>th</sup> century: The National Labor Relations (Wagner) Act of 1935, the Labor Management Relations (Taft-Hartley) Act of 1947, and the Labor-Management Reporting and Disclosure (Landrum-Griffin) Act of 1959. These acts uniquely impacted the labor movement; the Wagner Act established the state's role in protecting individuals' labor rights, while the two subsequent laws, particularly Taft-Hartley, intended to curb the perceived excessive power of labor by limiting the right to strike and weakening the internal power of union leaders (Wallace, Rubin, & Smith, 1988). Unions have successfully advocated for many reforms to labor law like minimum wage increases, but since 1959, Congress has passed virtually no major union rights legislation (Compa, 2014). Unlike previous research, this paper seeks to identify the interaction between these policy structures and political control.

A time series analysis reveals these acts alone played no measurable role in union decline. Rather, the impact of these policies was conditional upon politics. Union density growth was lower in years when the Taft-Hartley Act was in effect (1947-1959), but *only if* Republicans controlled the presidency compared to years when the Wagner Act was in effect (1935-1946) and

Democrats controlled the presidency. Policy on its own did not affect union density; it was the interaction between the policy and politics. Politically, a strong negative relationship was observed between the percentage of Republicans in the US Senate and the union density growth rate. Conversely, the partisan control of the National Labor Relations Board and the number of right-to-work states did not significantly affect union density growth.

Union rights for both sectors have recently come under attack by Republican governors and state legislatures, even from states with rich histories of organized labor. Since 2012, right-to-work laws have been passed in Indiana, Michigan, West Virginia, and Wisconsin (National Conference of State Legislatures, 2016). Additionally, in 2011 Wisconsin, the first state to grant public employees collective bargaining rights, severely restricted public sector union rights despite fierce opposition from statehouse Democrats and organized labor. Union opponents have also sought relief through court action. In *Friedrichs v. California Teachers Association* 578 US\_ (2016), the constitutionality of public sector union agency dues was threatened, potentially delivering a huge blow to public unions. The death of US Supreme Court Justice Scalia rendered a 4-4 split decision in the case, affirming the lower court ruling by an equally divided court, which originally upheld the use of agency fees (Denniston, 2016). If the policy structure impacts the growth of union density, enacting more laws curtailing union rights may exacerbate economic inequality.

My MPP essay proceeds as follows. Section 2 includes a history of federal collective bargaining legislation in the United States. Section 3 presents the theoretical link between federal labor law and union density using a supply and demand model of union membership. The paper's methodology and time series model is presented in Section 4. Results are explored in Section 5, and conclusions, including policy implications, are discussed in Section 6. Briefly, the

success of the Republican party in the 2016 election, gaining control of the presidency and retaining control of Congress, makes significant federal labor policy reform unlikely. Instead, unions should focus their efforts on electoral victory and building social movements in states and cities friendly to their cause to expand protections and rights for all workers, not just union members.

## **Section 2. History of Collective Bargaining Policy**

Prior to the 20<sup>th</sup> century, collective bargaining and other union activities in the United States were viewed suspiciously and deemed criminal conspiracy as a holdover from British common law (Compa, 2014). Several acts of Congress over the 20<sup>th</sup> century altered this legal relationship. Under the criminal conspiracy doctrine, courts were able to prosecute and imprison rebellious workers (Wallace et al., 1988). However, during this period, workers still organized unions, attempted to bargain collectively with employers, and even went on strike (Compa, 2014). Although anti-union sentiments were widespread, no federal statute existed that explicitly outlawed the formation of unions or collective bargaining (Wallace et al., 1988).

In the early 1900s, labor unions received several defeats, particularly in the courts, which incited increased worker protests and calls for congressional reform of labor laws (Wallace et al., 1988). Compared to the power of management, the state's statutory role in governing employment conditions was small and ineffectual (Wallace et al., 1988). This balance of power began to shift with congressional action; in 1912 the Department of Labor was created, and in 1914, Congress passed the Clayton Antitrust Act, which excluded labor unions from the Sherman Antitrust Act's "restraint of trade" provision, essentially legalizing collective bargaining, and limited the use of injunctions in labor disputes (Wallace et al., 1988). A series of court rulings eventually weakened the act's provisions (Wallace et al., 1988).



When the country entered World War I in 1917, the American labor movement had grown to more than three million members (Compa, 2014). Congress first granted collective bargaining rights to workers in the railroad industry due to the unique economic damages inflicted during work stoppages in the railway industry (Wallace et al., 1988). In 1926, passage of the Railway Labor Act (RLA) established a step-process of labor-management dispute resolution, including mandatory mediation and binding arbitration in hopes of avoiding strikes in the industry (Compa, 2014). Due to the similar harm caused by work stoppages in the airline industry, this act was amended to cover airline workers in 1936 (Compa, 2014).

The Norris-LaGuardia Act, passed by Congress in 1932, effectively ended 50 years of ‘government by injunctions’ by stating no federal court had the “jurisdiction to issue any restraining order or temporary or permanent injunction in a case involving or growing out of a labor dispute” (Tomlins, 1985). Additionally, the act outlawed “yellow dog” contracts, or contracts that require workers to remain non-union members as a condition of employment, and denied federal courts the ability to enjoin most union activities (Wallace et al., 1988). This law denied management its privileged access to the courts, put labor and management on equal legal footing, and led to a brief period of laissez faire labor relations (Wallace et al., 1988).

The economic turmoil of the Great Depression, beginning in 1929, and the social upheaval of President Franklin D. Roosevelt’s New Deal, worker demand rose for union recognition and an economic policy that would restore the nation’s growth and prosperity (Wallace et al., 1988). President Roosevelt’s election in 1932 and the New Deal policies punctuated the legislative restructuring of US labor-management relations (Tomlins, 1985). During the first 100 days of his presidency, Congress passed the National Industrial Recovery Act of 1933 (NIRA), which included a provision mandating “that employees shall have the right

to organize and bargain collectively through representatives of their own choosing, and shall be free from interference, restraint, or coercion by employers”.

The act also established a National Labor Board to help settle strikes but the agency was handicapped by a lack of enforcement power (Wallace et al., 1988). These union rights provisions were included to reduce labor conflict, not spark a labor revolution (Taylor & Whitney, 1983). Despite the intent, this part of the law had an extreme impact on workers; within months, union membership increased by 240,000 in coal mining, 268,000 in apparel, 300,000 in textiles, 100,000 in autos, 70,000 in rubber, and 50,000 in steel, and across industry, union membership increased by about 33 percent (Piven & Cloward, 1977; Taylor & Whitney, 1983). Despite the gains made in union membership, the act was ruled unconstitutional by the courts in 1935 (Wallace et al., 1988).

Merely months later, propelled by a mandate in the 1934 midterm elections, the Democratic-controlled Congress quickly passed the National Labor Relations Act of 1935 (NLRA) despite bitter opposition by Republicans and business interests (Wallace et al., 1988). The NLRA, also called the Wagner Act after the bill’s sponsor, Senator Robert Wagner of New York, granted collective bargaining rights to nearly all private sector workers except those covered by the Railway Labor Act and those employed in agriculture (Compa, 2014). By passing this law, the federal government asserted its role in labor relations by certifying union elections and enforcing labor provisions (Wallace et al., 1988). The National Association of Manufacturers expended considerable effort to have the law declared unconstitutional, but the U.S. Supreme Court upheld the Wagner Act’s constitutionality of the law in *National Labor Relations Board v. Jones & Laughlin Steel Corp.* in 1937 (Freeman & Medoff, 1984).

In addition to granting collective bargaining rights to nearly all private sector employees,

the Wagner Act established unfair labor practices for employers and created the National Labor Relations Board (NLRB) to administer the Act's provisions. The NLRB was tasked with arbitrating labor-management standoffs, ensuring democratic union elections, and sanctioning management found committing unfair labor practices. Five types of unfair labor practices were defined in the law; employers were barred from interfering with employees' concerted activity, dominating a labor organization, discriminating against workers for union activity, retaliating against workers for filing unfair labor practice charges or testifying in NLRB hearings, or refusing to bargain with a certified union. The Wagner Act's creation of the NLRB was intended to address one of the main failures of the NIRA of 1933, the oversight of union organizing activities. The law's implementation revealed the adjudicating body, the National Labor Board, had no meaningful mechanism to resolve conflicts between labor and management or enforce the law's provisions.

Unlike the Railway Labor Act, the Wagner Act prohibited the government from intervening unilaterally in management-labor stalemates; both parties were required to mutually request mediation. Additionally, under the Wagner Act, strikes and lockouts can occur indefinitely, whereas the Railway Labor Act mandates mediation and ultimately binding arbitration. The Wagner Act also included strict guidelines regulating strikes. For example, once a contract expires, even without an impasse in bargaining, workers may strike and management may lockout workers. While workers were permitted to withhold labor and picket at their worksite, they could not interfere with continuation of their employers' operations. Employers were allowed to attempt to persuade workers not to join strikes but could not use threats to coerce strikers to return to work.

Certification by the NLRB as the exclusive representative of the bargaining union

bestowed certain rights on workers. Management must bargain in “good faith” with the union, defined through case law generally as meeting at reasonable time intervals and exchanging proposals on wages, hours, and working conditions (Compa, 2014). However, an employer is not obligated to accept any union proposal and is entitled to “hard-bargaining”. Finally, the Wagner Act granted unions a one-year window before employees can vote to decertify or another union can attempt to organize the workers.

Many of the provisions of the Wagner Act are intact and still largely govern private sector labor relations today (Compa, 2014). Unions and their members gained significant economic and political power following enactment of the law (Gordon, 2014). In 1935, 13 percent of all US workers were union members; by 1945, 30 percent of workers were in unions (Stepan-Norris & Southworth, 2010). After passage of the Wagner Act, union organization and labor militancy continued at high levels for nearly two decades (Wallace et al., 1988; see Figure 1 and Table 1 for union density statistics).

The first major revision to the NLRA occurred shortly after World War II. Strikes surged nationwide following the war; in 1946, more than 5 million workers were involved in strikes that lasted approximately 4 times as long as wartime strikes and over 116 million working days were lost due to strikes (Cochran, 1977; Wallace et al., 1988). This wave of strikes reignited anti-union sentiments among business and industry who believed the Wagner Act was too favorable to unions in labor disputes (Wallace et al., 1988). Republicans experienced much success in the 1946 midterm elections; they gained 55 seats in the US House of Representatives, 13 seats in the US Senate, and swept governorships nationwide (Gross, 1981).

The Labor Management Relations Act of 1947 (LMRA), introduced by Republicans Senator Robert A. Taft and Representative Fred A. Hartley Jr., was heavily backed by industry,

particularly the National Association of Manufacturers, and dubbed the “slave-labor bill” by labor unions and their supporters (Gordon, 2014). After intense lobbying by the bill’s opponents, President Truman vetoed the legislation but was quickly overridden by Congress, with a majority of Democrats voting in favor of final passage (Gordon, 2014).

The Taft-Hartley Act, as the law is popularly known, added to the NLRA’s unfair labor practices by outlining illegal acts unions could commit and significantly curbed workers’ right to strike. Specifically, Taft-Hartley provided authority to the president to intervene in work stoppages or potential strikes that created national emergency. The president may to appoint a “board of inquiry” to perform an investigation and potentially obtain an injunction to forbid the work stoppages’ continuation for an 80-day “cooling off” period (Wallace et al., 1988). Moreover, the act prohibited jurisdictional strikes, wildcat strikes, solidarity or political strikes, secondary boycotts, secondary and mass picketing, and striking by federal government employees. It also required labor and management to provide 60-days’ notice to each other and government mediation bodies before they may strike or lockout, respectively.

Another notable provision of Taft-Hartley outlawed “closed shops” in which only union labor could be hired and gave states the ability to pass their own union security clauses, allowing them to prohibit “union shops”, or workplaces where new hires are required to join a union as a condition of employment. These “right-to-work” laws were first passed in the 1950s and spread throughout states located in the South and Mountain West (Compa, 2014). In the past several years, right-to-work legislation has been passed in Midwestern states with rich histories of organized labor, such as Indiana, Michigan, and Wisconsin. Today, half of US states have implemented right-to-work laws, and 20 state legislatures considered right-to-work legislation in 2014 (National Conference of State Legislatures, 2016).

The Taft-Hartley Act made the NLRB's General Counsel an independent entity within the administrative framework and allowed it discretionary power to seek injunctions against unions or employers in violation of the Act. Additionally, the Act allowed federal courts to enforce collective bargaining agreements. This was originally intended to empower courts to hold unions liable for damages caused by an unfair strike but has actually created a federal case law that favors arbitration over litigation or strikes to resolve labor-management disagreements (Tomlins, 1985).

Taft-Hartley amended the NLRB interpretation of the Wagner Act's employer neutrality mandate and allowed employers to deliver anti-union messages in the workplace if they did not make threats to employees or offer incentives not to unionize. Moreover, employers were given the ability to petition the NLRB to determine if the union retained majority support among the employees and allowed workers to petition the NLRB to decertify their union or any contract union security clause. Since the 1980s, employer opposition to unionization efforts has increased for a variety of reasons, including competitive business pressures and an ideological opposition to unionized workplaces (Ehrenberg & Smith, 2015).

Union density reached its high watermark in 1954 when 35 percent of US workers were union members (Stepan-Norris & Southworth, 2010). Throughout the 1950s, US labor unions experienced intense public scrutiny, particularly from Congress, for corruption, racketeering, and related misconduct (Gordon, 2014). Popular opinion became skeptical of "big labor" and the Senate Select Committee on Improper Activities in Labor and Management was created to study the extent of criminal activities in labor-management relations (Wallace et al., 1988). As a result, Congress passed the Labor Management Reporting and Disclosure Act (LMRDA) of 1959, signed by President Eisenhower, which further strengthened the provisions of Taft-Hartley. The

bill was introduced by Democratic Representative Phil M. Landrum of Georgia and Republican Senator Robert P. Griffin of Michigan and became known popularly as Landrum-Griffin.

The law established the union member's bill of rights, required unions to submit annual financial reports to the Department of Labor, and mandated every union officer act as a fiduciary in handling union assets and conducting union business. The act applied to workers and unions covered by both the Wagner and Railway Labor Acts. An additional unfair labor practice for unions, recognitional picketing was added, and prohibitions against secondary boycotts were strengthened. Workers hired to replace striking workers were given the right to vote in decertification elections after one year. Finally, the law decentralized the NLRB by allowing regional jurisdictional offices to define bargaining units. State courts and labor boards were granted jurisdiction over labor disputes declined to be heard by NLRB. The act allowed union members to enforce their LMRDA rights through private lawsuit or, in some cases, through the US Department of Labor.

These three labor laws largely govern present labor relations in the US. In the decades since the passage of Landrum-Griffin, labor unions made two unsuccessful attempts at changing the legal structure of collective bargaining in the US. In 1977, the political environment seemed quite favorable to labor's hopes for reform. Following Watergate, Democrats held majorities in both chambers of Congress, and Democratic President Jimmy Carter was expressly committed to labor law reform (Freeman & Medoff, 1984). Senator Harrison Williams, Jr. of New Jersey introduced the Labor Law Reform Act in January of 1978.

The bill, as introduced, contained three major provisions. Penalties were increased for employers who committed unfair labor practices, the NLRB election process was to be streamlined, and unions would be granted equal time to discuss organizing efforts during

working hours on company property prior to a recognition election. Workers vote to unionize through recognition elections that establish the unions' legal right to bargain on behalf of the work unit. An original version of the legislation included repeal of Taft-Hartley's authorization of state right-to-work laws and the establishment of a card-check method of union recognition (Freeman & Medoff, 1984). As proposed, a union would have been automatically certified if 55 percent or more of workers signed authorization cards. These two parts were not included due to opposition, and the final version was considered relatively mild (Freeman & Medoff, 1984).

Several months after introduction, the bill passed the House of Representatives by a vote of 257-163. Passage in the Senate seemed likely given Democrats' filibuster-proof majority of 61-39, but opposition to the bill began to increase, particularly from small business owners (Freeman & Medoff, 1984). Despite the majority, supporters of reform failed by two votes to overcome the filibuster led by Republican Senators Orrin Hatch and Richard Lugar. Senators from states with notable populations of union members largely supported the bill, demonstrating the effect of union influence on elected official's voting behavior (Freeman & Medoff, 1984).

In 2007, similar events occurred. Galvanized by huge victories in the 2006 midterm elections that saw Democrats capture control of both chambers for the first time since 1994, labor rallied support for passage of the Employee Free Choice Act of 2007 (EFCA). This legislation also contained three major components. Like the 1977 labor reform bill, the EFCA included a card-check provision; a union would win automatic recognition if at least 50 percent of workers signed authorization cards. Second, after 90 days of negotiations, labor or management could request mediation, and after 30 days of mediation, either party could request binding arbitration. Lastly, the bill increased penalties against employers for retaliating against workers for union involvement.



The bill was passed by the House Committee on Education and Labor with unanimous opposition from the Republican committee members. The full House passed the bill on a mostly party-line vote of 241-185. Like labor law reform in the 1970s, supporters of the bill were unable to garner 60 votes to overcome a filibuster, failing by a vote of 51-48. The bill was reintroduced in the 111<sup>th</sup> Congress after Democratic President Obama was elected, but it received no action. Since this time, no major legislative efforts have been undertaken to alter union rights, leaving the Wagner, Taft-Hartley, and Landrum-Griffin Acts to largely govern private sector collective bargaining in the US presently. The various policy structures created by these laws may alter the decision-making process of workers and unions when choosing to engage in organizing activities, leading to changes in union density. Moreover, political control of various oversight bodies and regulatory agencies may further impact these policy structures' effect on union density.

### Section 3. Supply of and Demand for Union Membership

**Figure 2. Decreased Demand for Union Membership**

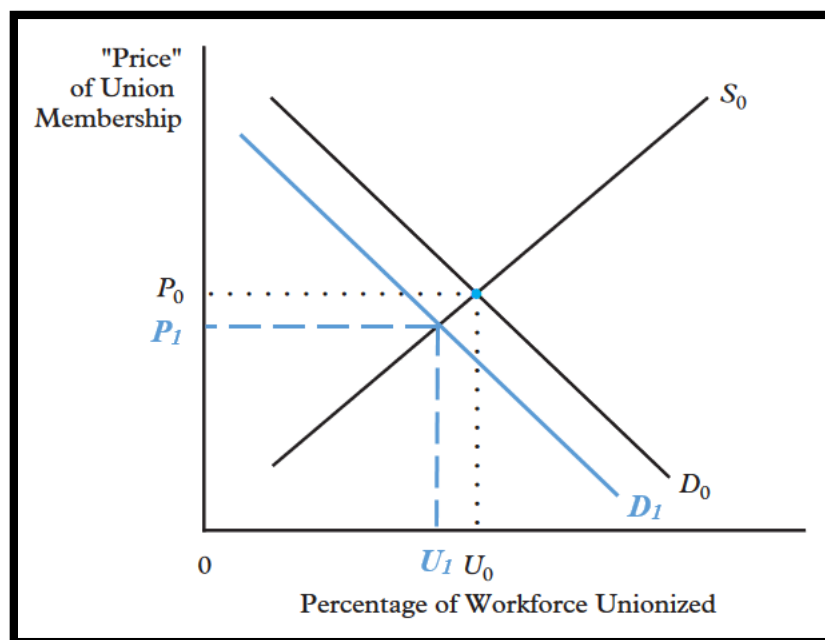


Figure 3. Increased Demand for Union Membership

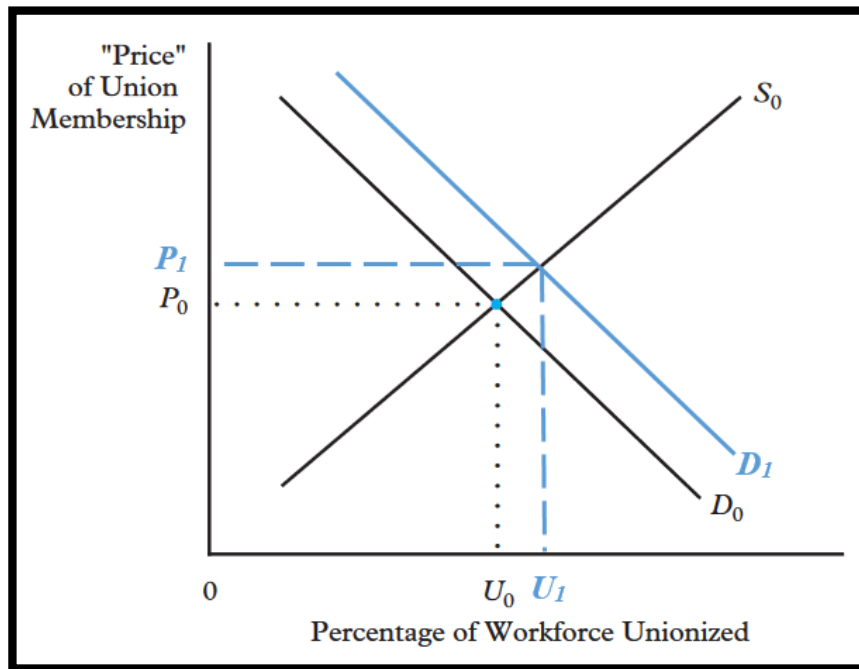
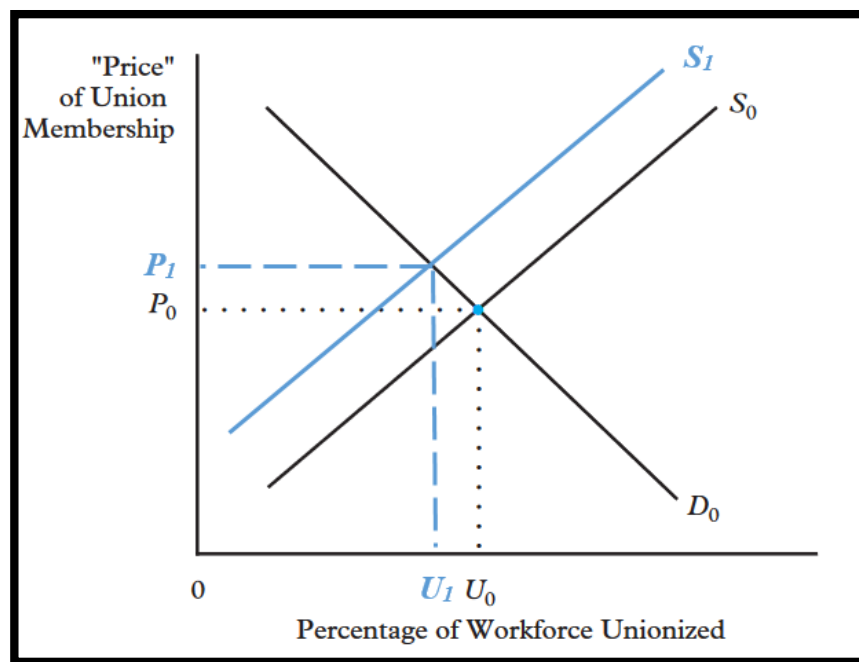
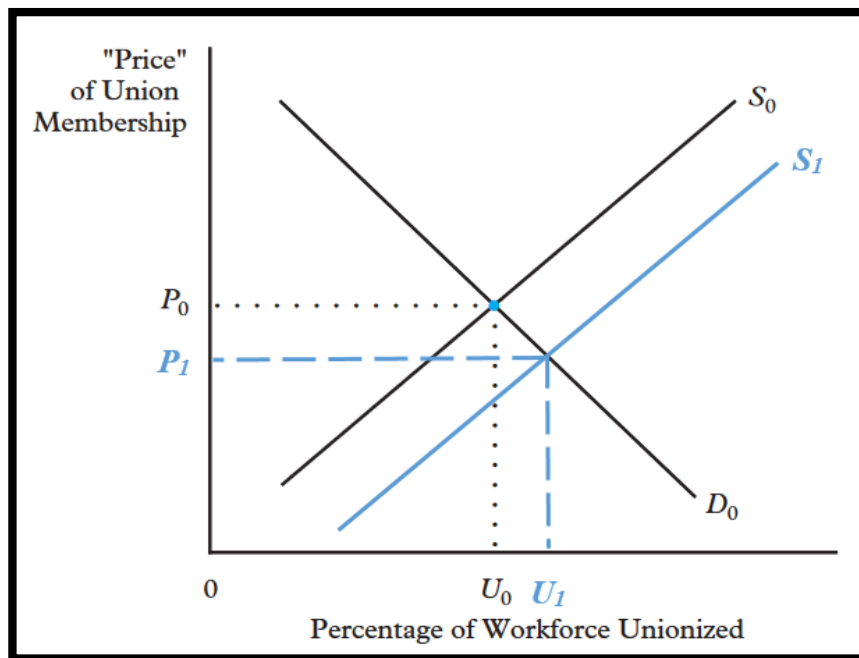


Figure 4. Decreased Supply of Union Membership



**Figure 5. Increased Supply of Union Membership**



This paper follows Ashenfelter and Pencavel's supply and demand model for union membership (1969; 1971). This type of rational choice framework assumes that workers are rational actors who join unions if they perceive the net benefits to outweigh the net costs of union membership. An individual's demand for union membership is a function of membership's benefits minus its costs. The "cost" of union membership includes initiation fees, monthly dues, and other related costs, such as employer retaliation for union involvement. Some of the US's federal labor acts' most important provisions related to union organizing establishes boundaries for both the worker's right to organize and the employer's right to resist unionization. Benefits of union membership include increased compensation relative to non-union work, job security, and a legally protected voice in workplace affairs. All things equal, union density will decrease as the price of union membership increases.

On the supply side of the provision of union membership, unions will represent less members as the "costs" of representing workers increases. These costs will be impacted by the

number of union members itself because lower union membership does not allow unions to realize “economies of scale” in collective bargaining given the costs associated with bargaining and administering collective bargaining contracts. Moreover, lower union membership means lower revenues to unions from member fees and dues. More relevant to this paper, however, legal and statutory acts on the right to bargain will also impact union supply; if strict labor laws are enacted that make it difficult for unions not only to organize workers, but also deliver benefits to them, the supply of membership will decrease.

Changes to levels of union density over time can be explained by shifts of the supply and/or demand curves to the right or left. Anything that causes the demand or the supply curves to shift to the right will increase overall union membership (see Figures 3 and 5). Anything that causes the curves to shift to the left will decrease overall union membership (see Figures 2 and 4). Worker changes in perceptions of union wage gains or social attitudes towards union membership will shift the demand curve for union membership. Theoretically, labor legislation that makes it easier for unions to win recognition elections will shift the supply curve to the right. Five structural factors related to the supply and demand of union membership are thought to contribute to union decline: demographic changes in the workforce, a shifting industrial mix, increased competitive pressures, increased employer resistance, and, notably for this paper, the rise of right-to-work legislation and policies that curbed union rights (Farber & Krueger, 1993; Lazear, Freeman, & Reder, 1988). I discuss the effect of each of these five factors below.

Over the twentieth century, the share of female workers has increased dramatically in the United States (Schnabel, 2013). The increasing share of women in the labor force would shift the demand curve to the left as historically women have been less likely to join unions. Women have had shorter job tenure and more intermittent labor force participation, which lessens the benefits

of union membership that are often related to the level of employment attachment, such as pensions and security; however, recent empirical evidence shows women's attachment to be growing, and this demographic change to be largely unrelated to the decline in unionization rates (Magnani & Prentice, 2003; Schnabel, 2013).

Accompanying this labor force demographic change was a shift in the industrial mix of employment in the U.S. The share of employment in heavily unionized fields, such as manufacturing, mining, construction, has declined while an increased share of employment has occurred in the service industry, real estate, finance, and wholesale and retail trade (Abowd & Lemieux, 1991; Slaughter, 2007). These latter industries tend to be less unionized because the high level of competition causes the demand for labor to be highly elastic, which limits unions' ability to raise wages without causing too much employment loss (Ehrenberg & Smith, 2015). Employees in this field would experience lower net wage benefits from union membership, shifting the demand curve to the left.

A related factor, workplace size, would shift both curves to the left. These industries tend to consist of smaller workplaces that experience lower rates of unionization for two reasons: the costs to unions for organizing small worksites are relatively high compared to large workplaces, and workers are more attracted to unionization in large, bureaucratic workplaces where they are treated impersonally (Riley, 1997; Schnabel, 2003). Empirical evidence suggests these structural changes to the US workforce have a negative impact on unionization (Farber & Western, 2001).

Divergent rates of unionization in the public and private sector may also impact how structural factors shift union demand and supply curves as public sector employment differs from employment in the private sector as it is often more secure due to lower competition for public goods (Farber, 2005). From 1973 to 2007, union density in the private sector declined rapidly

from 34 percent to 8 percent for men and 16 percent to 6 percent for women (Western & Rosenfeld, 2011). Over the same time period, union density in the public sector increased from 23 to 27 percent (Card, 2001). The more than 16 million union members in the US are divided approximately in half between the two sectors (Compa, 2014).

The Wagner Act's extension of collective bargaining rights did not apply to public sector employees. Public employees in Wisconsin were the first government workers to receive collective bargaining rights in 1959, and many states soon passed similar laws granting state and local government employees the right form unions. Additionally, President Kennedy issued an executive order in 1962 that granted federal government employees collective bargaining rights but limited their ability to negotiate only over working conditions. Prior to these actions, public employees were free to form associations to lobby legislatures for better salaries and working conditions but had no legal right to bargaining over wages and benefits. Today, 31 states grant public workers some degree of collective bargaining rights, while 19 states restrict it (Compa, 2014).

Union organizing is easier in the public sector because recruitment costs are low due to weak employer opposition and the relatively large homogenous public organization (Schnabel, 2003). Additionally, the competition for public services is much lower than competition for private goods. (Farber, 2005). This allows public workers to demand higher compensation relative to private workers because the demand for labor is less elastic, or sensitive to "price" changes. The union demand curve will shift to the right as public sector workers experience less costs and more benefits from union membership, assuming public sector union membership is higher than that in the private sector, where union rights have been comparatively more under attack. Moreover, as organizing costs are reduced for public unions, the union supply curve will

shift to the right.

Competitive pressures have also affected union membership in other ways, particularly the rise of overseas manufacturing and deregulation of the airline, trucking, and telephone industries. Once again, pressure from foreign manufacturing and industrial deregulation fostered a highly competitive environment that limited unions' ability to negotiate higher wages due to increased competition over product prices that favors greater employment shedding in light of high wage increases (Abowd & Lemieux, 1991; Slaughter, 2007). When producers compete over prices and reduce the union wage premium, the benefits of union membership are reduced, shifting the demand curve to the left.

Increased product-market competition is also purported to be a factor in an increased level of employer opposition to union organizing (Ehrenberg & Smith, 2015). This opposition would increase the costs of organizing and shift the supply curve to the left. Moreover, employer opposition could also affect workers' tastes for union membership, shifting the demand curve left. Empirical evidence suggests employer opposition to union organizing rose throughout the 1970s and 1980s, peaked in 1993, and has since returned to levels experienced in the 1980s (Ehrenberg & Smith, 2015). If employers find market competition to be tough, they may seek to relocate to areas with lower likelihood of unionization. This includes foreign and domestic areas, including U.S. states who have enacted right-to-work policies. Most of the employment growth in the second half of the twentieth century occurred in the South and Southwest regions where states are most likely to have adopted right-to-work laws following passage of Taft-Hartley.

From 1955 to 2010, the proportion of employees working in right-to-work states increased from 24 to 37 percent (Ehrenberg & Smith, 2015). Because workers cannot be compelled to join unions as a condition of employment, these laws raise the cost of union

organizing, shifting the supply curve to the left. The causal direction between right-to-work-laws and low union density is unclear. Rather than causing lower union membership, right-to-work laws may be indicative of a state with lower initial union density (Abraham & Voos, 2000). It is possible similar effects are observed for the three federal labor policies. Their passage and enactment may be more indicative of unions' level of political strength than the cause of union density decline.

### Hypotheses

With these perspectives in mind, I examine the impact the three federal labor laws discussed above had on overall union density. Most quantitative analyses examine and highlight the impact cyclical economic changes had on levels of union density (Farber, 2005). Few, however, examine the direct link between the policy structure of these three federal laws and changes in union density.

Prior to passage of the Wagner Act in 1935, union density hovered around 12 percent (Stepan-Norris & Southworth, 2010). Passage of the Wagner Act altered the role of the state in labor relations by protecting workers' right to organize; for the first time, nearly all private sector workers attempting to form unions were offered protection by the federal government (Wallace et al., 1988). This policy change would affect the demand curve for union membership and cause it to shift right as workers gain greater protections when organizing unions. Moreover, legal protection by the federal government reduced organizing costs for unions, shifting the supply curve to the right. Both shifts, by the rational choice theoretical framework I use in this MPP essay, should lead to greater unionization.

Following enactment of the Wagner Act, union density rose rapidly to reach its peak in 1954 at approximately 35 percent of all wage earners (Stepan-Norris & Southworth, 2010).



Labor militancy and working class activism surged, particularly over issues related to union organization (Wallace et al., 1988). Labor's successful political activism to win the legal right to unionize during the New Deal period placed them on equal footing when bargaining with management (Snyder, 1977). Therefore, it is expected passage of the Wagner Act is positively related to union density even when controlling for other relevant factors; the policy structure itself aided successful union organization.

*Hypothesis 1: The rate of change in yearly union density will be greater during the Wagner Act period compared to the period of time preceding the law's passage.*

Conversely, the Taft-Hartley amendments to the Wagner Act will have a negative effect on union density because the law's provisions ultimately undermined unions' ability to effectively represent their members, impacting the supply of union membership. If workers are rational and choose to become members of unions when net benefits outweigh net costs, unions will struggle to attract and maintain members if they are not able to successfully represent their interests. Taft-Hartley severely restricted workers' ability to strike by outlawing jurisdictional strikes, wildcat strikes, solidarity or political strikes, secondary boycotts, secondary and mass picketing, and striking by federal government employees. Additionally, unions were also required to provide 60-day notice to management if they planned to strike. Many of these tactics of labor militancy were paramount to unions' success in the New Deal era (Wallace et al., 1988). Restricting the ability to strike reduces the effective representation of members, shifting the union supply curve to the left.

Restricting workers' ability to strike robs unions of their most effectual tool due to the threats to profit caused by strikes (Topes & Jacobs, 2009). From 1933 to 1937, total yearly strikes experienced a resurgence and remained at this level until 1947 when the number of strikes

began to decline over the second half of the 20<sup>th</sup> century (Wallace et al., 1988). During this time, strikes became less unpredictable, and therefore disruptive, due in part to the institutionalized union contracts, and as strikes lose their essence of disruptiveness, they lose their effectiveness as a tool of the working class (Wallace et al., 1988). If workers' fear of retaliation or termination increases due to weaker protections for striking workers, the demand for union membership will decrease, shifting the curve to the left.

An equally damaging provision in Taft-Hartley allowed states to pass their own prohibitions against union shop clauses that require employees working under the collective bargaining agreement to pay agency, or “fair-share”, fees. This raises the monetary cost of representing members, reducing the supply of union membership. Today, 26 states have enacted “right-to-work” laws (NCSL, 2016). These laws are typically passed to attract new industry to more rapidly expand economic growth (Palomba & Palomba, 1971) or slow the rate of unionization (Moore et al., 1974) and present a classic free rider problem. Workers have little incentive to pay union dues if they can receive the benefits of union membership and collective bargaining for free. Free riders disrupt unions' financial solvency and undermines their ability to successfully represent their members (Davis & Huston, 1995). Factors related to the free rider problem almost exclusively affect the union supply curve, shifting it to the right as union organizing costs increase.

Compared to states without right-to-work laws, states that have enacted right-to-work laws experience a greater problem with union free-riding (Davis & Huston, 1995; Katz, 1985; Sobel, 1995). When estimating an accelerator model of the flow into unionism, Ellwood & Fine (1987) find that following passage of a right-to-work law in a state, union organizing success in the state declines 46 percent in the first five years, 30 percent for the next five years, and has no

effect after ten years. Moreover, five years after enactment of a right-to-work law in a state, union activity declines 28 percent, 12 percent in the next five years, and has no effect for the next 15 years (Ellwood & Fine, 1987). Empirical evidence suggests right-to-work laws are an important factor in explaining postwar union decline (Dickens & Leonard, 1985; Farber, 1985; Lazear et al., 1988). In 2015, state-level union density ranged from a high of 24.7 percent of all workers in New York to a low of 2.1 percent in South Carolina (US Department of Labor Statistics, 2016).

*Hypothesis 2: The rate of change in yearly union density will be lower when more states enact right-to-work policies.*

The final provision of Taft-Hartley that significantly undermined union effectiveness allowed presidents to directly intervene in labor disputes. Despite Truman's veto and initial opposition to the legislation, he invoked the national emergency provisions of the bill 10 times, more than any other president (Wallace et al., 1988). In 2002, President Bush became the most recent president since Jimmy Carter in 1978 to invoke this provision (Sanger & Greenhouse, 2002). During the lead up to the Iraq War, 29 ports on the West Coast were closed for 11 days after the Pacific Maritime Association locked out 10,500 members of the International Longshore and Warehouse Union. Because supplies for war operations were being shipped through the ports to Iraq, President Bush intervened due to national emergency caused by the work stoppage.

As allowed under Taft-Hartley, President Bush appointed a "board of inquiry" to investigate and eventually obtained a court-ordered injunction that reopened the ports and imposed an 80-day cooling off period to induce resolution (Sanger & Greenhouse, 2002). Less than two months later, labor and management came to an agreement. The provisions in Taft-

Hartley related to unilateral executive intervention and workers' right to strike undermined unions' ability to effectively represent their members and is expected to negatively impact union density by shifting both the supply and demand curves to the left. The supply curve will be impacted as organizing costs increase when an entity outside the typical labor-management relationship, like the president, can intervene in the dispute. Additionally, as unions lose their ability to successfully represent their members, the demand curve will shift to left.

*Hypothesis 3: The rate of change in yearly union density will be lower during the Taft-Hartley period compared to the period of time when the Wagner Act was in effect alone.*

Similarly, the Landrum-Griffin Act of 1959 imposed additional reporting requirements on unions and limited the internal power of union leadership. Also, further limits were placed on workers' collective action abilities, which harms the unions' ability to successfully represent member interests. Passage of the Landrum-Griffin Act is predicted to negatively impact union density because these mandates raised the cost of union organizing activities, shifting the supply curve to the left.

*Hypothesis 4: The rate of change in yearly union density will be lower during the Landrum-Griffin period compared to the time period after the Wagner Act's passage.*

#### Interactive Hypothesis: Partisanship and Labor Policies

Politics and policy often collide, producing different policy outcomes depending upon who is in power. It is expected Republican Party opposition to unions will lead to greater union decline under Republican leadership during the Taft-Hartley and Landrum-Griffin periods because these acts enabled the executive branch to undermine union power. In 1947, Taft-Hartley permitted the president to intercede in labor disputes under certain conditions and created a presidentially-appointed, independent general counsel at the NLRB to investigate and

prosecute unfair labor practices. Empirical evidence shows partisan control of the presidency helps explain labor's recent organizational failures (Davis, 1986; Harvey, 2005; Sexton, 1991; Tope & Jacobs, 2009). More specifically, Republican presidents will be more likely to intervene in labor disputes in favor of management, leading to a decline in union membership.

One specific way presidents can also impact union density is through their appointments to the NLRB. Regulatory agencies, such as the NLRB, exist in an inherently ideological environment (Gould, 2000), and one of the fundamental presidential tools is the appointment of ideological-similar regulatory officials (Moe, 1987). The NLRB decides important aspects of the union recognition process and controls the number of union recognition elections in many ways (Tope & Jacobs, 2009).

Members of the NLRB are appointed to staggered five year terms, often overlapping presidential administrations. Before the Reagan administration, presidents of both political parties appointed individuals to the NLRB who had some support from both business and labor (Tope & Jacobs, 2009); however, no Reagan NLRB appointee held favorable views towards labor (Delorme, Hill, & Wood, 1981; Schmidt, 1991). President Reagan's conservative appointments to the NLRB decreased union elections and victories (Tope & Jacobs, 2009). Related, the US Senate's oversight of the NLRB, combined with its historical role in defeating multiple attempts to reform labor law, will negatively impact union density when Republicans hold a larger share of seats.

*Hypothesis 5: The rate of change in yearly union density will be lower when Republicans versus Democrats control the NLRB.*

Finally, Taft-Hartley also contained a provision allowing states to pass right-to-work laws. It is expected that Republican governors will be more likely to enact right-to-work policies.

As a result, unions, who face increasing costs related to organizing in these states, will decrease the supply of union membership and national union density will decline. Overall, the policy and political variables are expected to interact to produce different results depending upon partisan control. Opposition by Republicans towards unions will lead to greater declines in union density under the Taft-Hartley and Landrum-Griffin Acts when Republicans are in control at the federal and state levels.

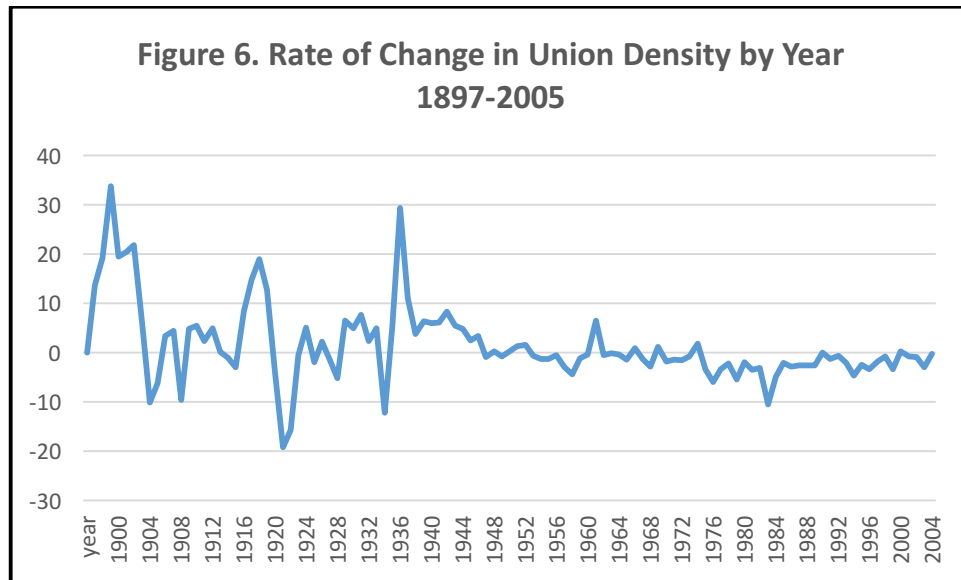
*Hypothesis 6 (Interaction hypothesis): The rate of change in yearly union density will be lower when Republicans hold the presidency, have more control in the US Senate, or more governors during the Taft-Hartley and Taft-Hartley/Landrum-Griffin periods.*

#### **Section 4. Methods**

The dataset used in this paper uses an ordinary least squares time series estimator to examine the impact of the three legislative policies discussed above on union density in the US from 1897 to 2005. The dependent variable is the *annual percentage change in union density*, or yearly union growth. It uses an estimate of the number of union members in the employed, nonagricultural civilian workforce and represents organized labor's strength or weakness among workers (Southworth & Stepan-Norris, 2009; Wallace et al., 1988). This measure, a rate, is preferred over the level of union density to satisfy the assumption of time stationarity of time series (if this assumption is not satisfied, beta coefficients and standard errors will be biased in favor of significance).<sup>1</sup>

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<sup>1</sup> Results of the Dickey-Fuller test for a unit-root process indicate the level of union density violates the assumption of time stationarity ( $Z(t)=-1.728$ ;  $p=0.4169$ ) while the yearly change in union density satisfies the assumption ( $Z(t)=-4.982$ ;  $p=0.0000$ ).



The main independent variables are the distinct periods of time when each law was in effect. Dummy variables are included to cover each of the three distinct periods of federal labor policy: *Pre-Wagner*, or the years before the Wagner Act was in effect (1897-1934), the years when the Wagner Act and *Taft-Hartley* Act were in effect (1947-1958), and the years when the Wagner Act, Taft-Hartley Act, and *Landrum-Griffin* Act were in effect (1959-2005) with the baseline period being the time when the Wagner Act was in effect by itself (1935-1946).

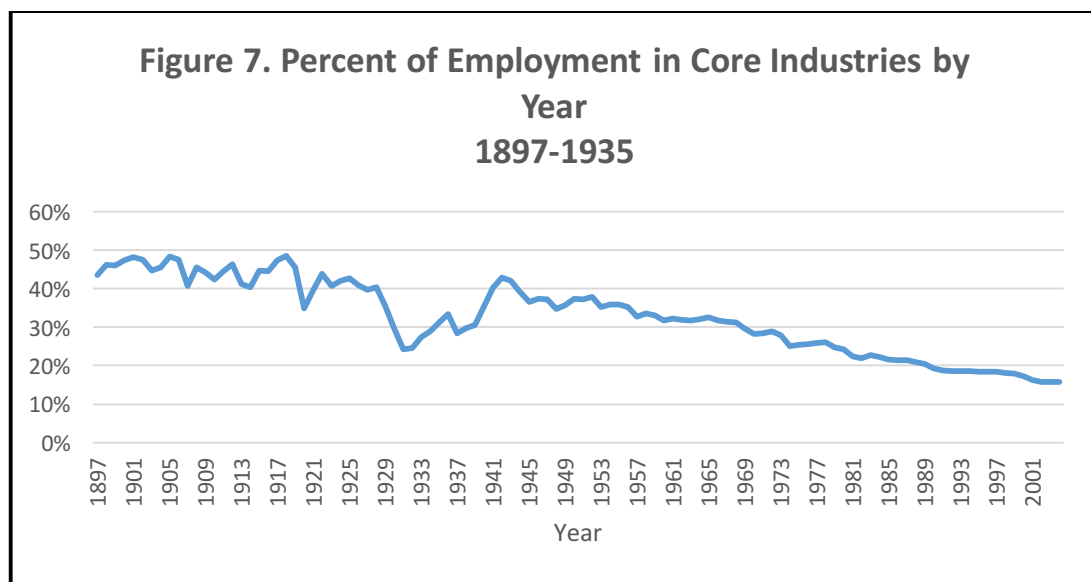
#### Control Variables

##### *Economic*

Classic economic theory views union density as a function of various business cycle factors, such as wage and price changes, employment growth, and unemployment, using time-series models (Ashenfelter & Pencavel, 1969; Bain & Elsheikh, 1976; Western, 1997). The traditional econometric model establishes union growth as a function of labor market tightness, measured by unemployment, and the relative purchasing power of wages, which is measured by inflation (Ashenfelter & Pencavel, 1969). Controls for the state of the economy include *inflation*, *core employment*, and *unemployment*.

*Inflation* is measured using the consumer price index (CPI); the first difference in the CPI is a business cycle measure where the low annualized variation in the measure makes it similar to the annual rate of inflation ( $\rho = .6$ ) (Stepan-Norris & Southworth, 2010). Inflation measures the role of price changes (Wallace et al., 1988). All things equal, higher prices may indicate higher profits for employers and the loss of buying power for workers (Wallace et al., 1988). While traditional models include inflation, this variable is not included in this paper's models due to endogeneity/reverse causality problems; more recent research indicates union density also positively impacts the rate of inflation (Bowdler & Nunziata, 2007).

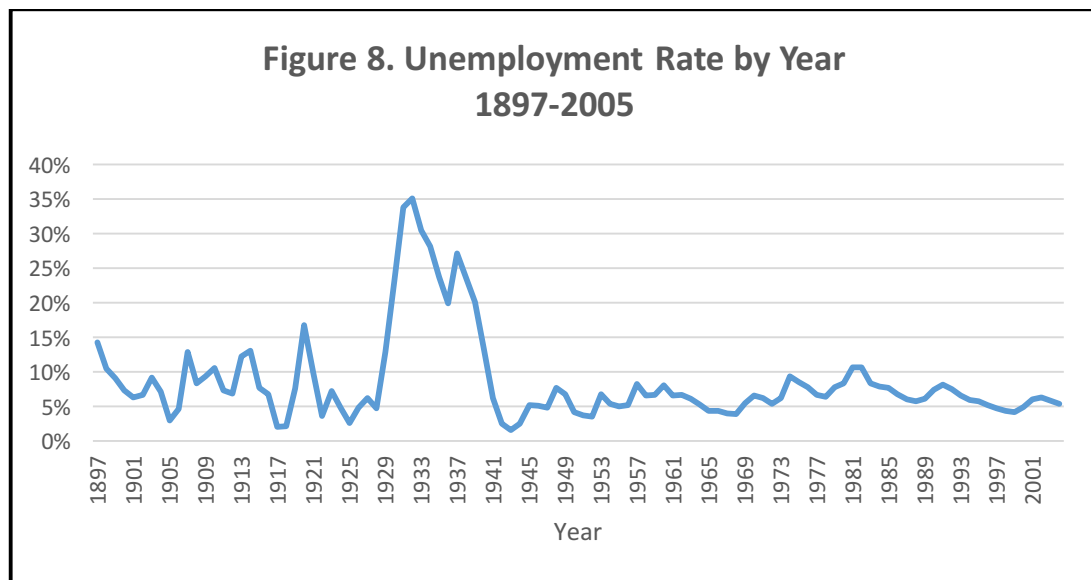
*Core employment* is the share of total employment in the construction, manufacturing, and mining industries. These three sectors represent traditionally the most unionized private industries (Freeman & Medoff, 1984; Mayer, 2004). Three lags are included in all models because contemporaneous core employment is assumed to have no effect on union density because unions do not immediately record redundancies as a loss of membership (Stepan-Norris & Southworth, 2010).



The *unemployment* rate is calculated by dividing the total number of unemployed



individuals by the total labor force. Unemployment is positively related to union growth; low levels of unemployment indicate a tight labor market, which experiences upward pressure on wages without unionization (Fantasia & Voss, 2004; Goldfield, 1987; Hirsch & Addison, 1986). Similar to core employment, the effect of unemployment on union growth is expected to have delayed impact on union density and is included as a lag in the model (Stepan-Norris & Southworth, 2010).

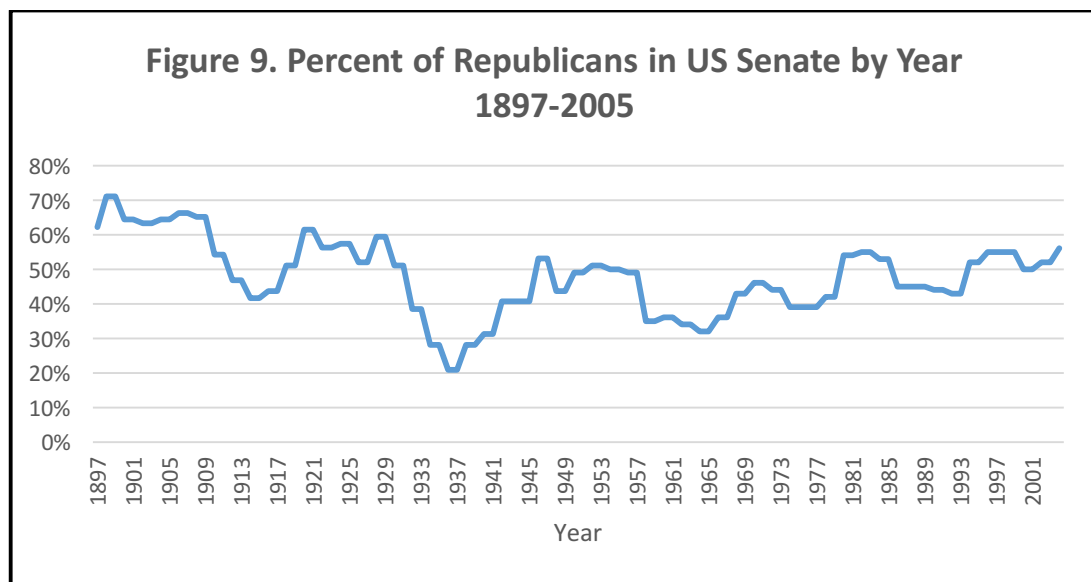


### *Political*

The relationship between a range of political variables and union density are also important to control for because the national political environment plays a significant role in unionization (Schmitt & Mitukiewicz, 2012; Wallace et al., 1988). Left parties tend to be political allies of the labor movement; therefore, when they are in power, union representation and power should be better supported (Korpi, 1983; Stephens, 1979). Political control variables cover the partisanship of the federal legislative and executive branches, state governors, and the NLRB.

The percentage of *Republican members in the US House of Representatives* members is a

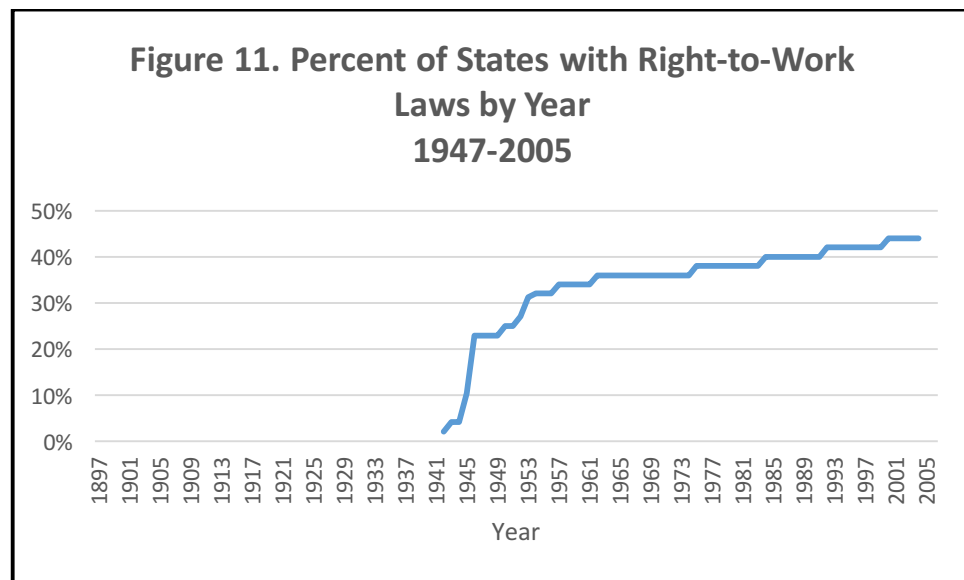
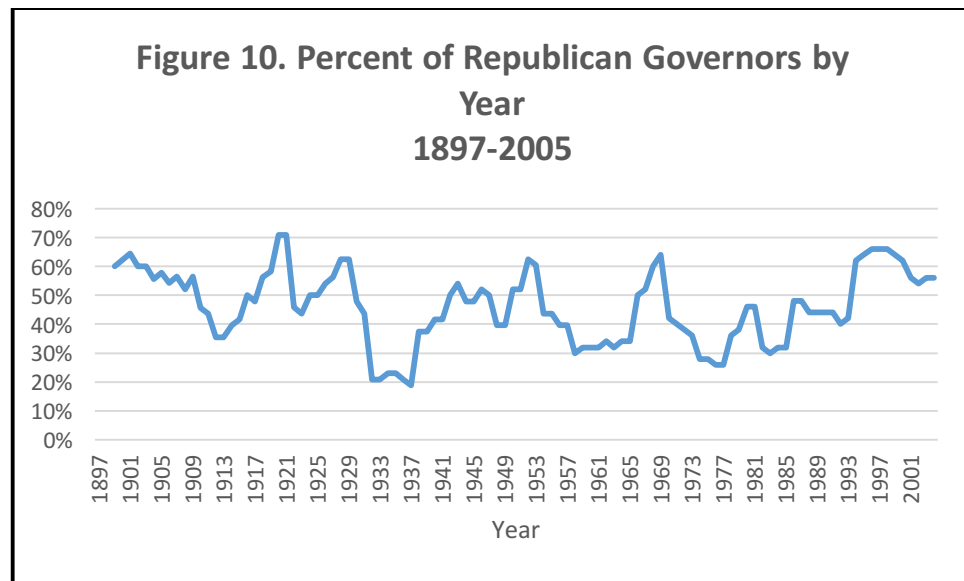
political control variable that measures the unfavorable political environment for advancing working-class interests (Wallace et al., 1988). This variable is highly correlated with the percentage of *Republican members in the US Senate* but is not preferred because it is more correlated with other political control variables of interest (namely the percentage of Republican governors).<sup>2</sup> Because the percentage of Republicans in the House demonstrates stronger correlation (and hence greater collinearity problems) with other political controls, it is excluded from the regressions; however results remain robust when the Senate variable is replaced with the House variable.

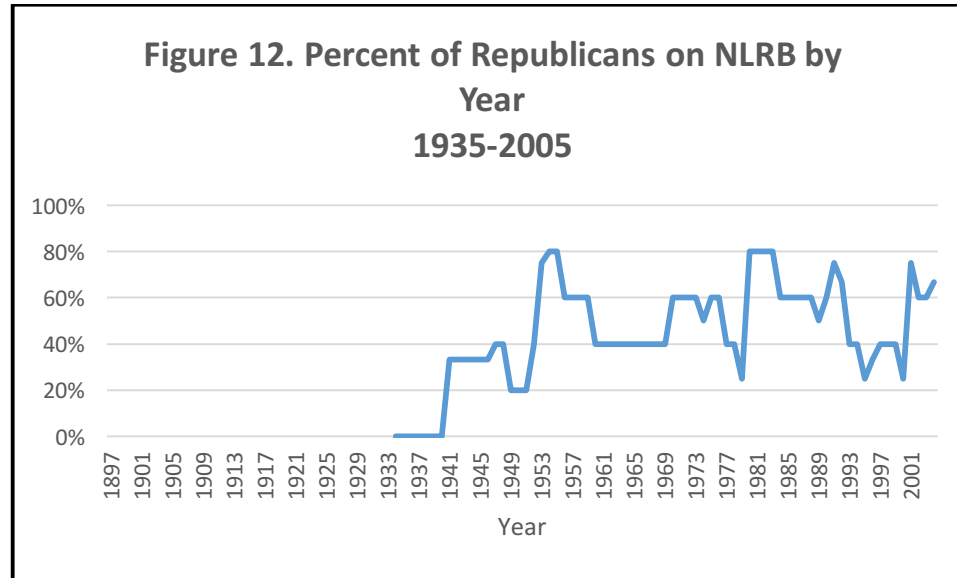


The *political partisanship of the President* is included given the executive's ability to intervene in labor-management disputes following the passage of Taft-Hartley. Also included is the *percentage of states with Republican governors*, given governors' role in enacting right-to-work laws and control over collective bargaining rights for public employees. Right-to-work laws limit unions' ability to successfully recruit and represent members, and a *percentage of the*

<sup>2</sup> The correlation coefficient between the GOP House and GOP Senate variables equals 0.8115 ( $p=0.000$ ). The correlation coefficient between the GOP House and GOP Governors variables equals 0.8634 ( $p=0.000$ ). The correlation coefficient between the GOP Senate and GOP Governors variables equals 0.6953 ( $p=0.000$ ).

*number of states with right-to-work laws* is included. Lastly, the National Labor Relations Board adjudicates labor-management disputes and play an important role in union organizing. The *percentage of Republicans on the NLRB* is included to measure the partisan control of the board's impact on union density.





Finally, a total of nine interaction terms are created between the labor policy variables and several measures of political partisanship. An interaction term is generated for each labor law period and the partisanship of the presidency, the US Senate, and the NLRB.

<b>Table 1. Summary Statistics</b>						
	<b>Observations</b>	<b>Mean</b>	<b>Median</b>	<b>Range</b>	<b>Standard Deviation</b>	<b>Predicted Effect</b>
<b>Union Density</b>	109	19.13%	16.14%	3.57-32.36%	8.25	
<b>Union Density Growth Rate</b>	108	1.40	-0.64	-19.28-33.73	7.91	
<i>Economic Controls</i>						
<b>Unemployment Rate</b>	109	8.62%	6.62%	1.57-35.11%	6.52	+
<b>Percent of Core Employment</b>	109	32.80	32.69	15.68-48.59	9.70	+
<i>Political Controls</i>						
<b>Percent of Republicans in US Senate</b>	109	47.95%	48.96%	20.83-71.11%	10.80	-
<b>Percent of Republicans in US House</b>	109	46.21%	45.98%	23.22-69.89%	10.10	-
<b>Percent of Right-to-Work States</b>	63	34.49%	36.00%	2.08-44.00%	9.47	-
<b>Percent of Republican Governors</b>	106	46.04%	45.91%	18.75-70.83%	12.57	-
<b>Percent of Republicans on NLRB</b>	71	44.88%	40.00%	0.00-80.00%	21.97	-

## Model Specification

Tests to satisfy the assumptions of times-series analysis are completed for the first baseline model. Three independent variables violate the assumption of time stationarity: the consumer price index, the percentage of core employment, and the unemployment rate. To satisfy this assumption, first-differences are taken for these variables. The statistically insignificant chi-squared value for White's test indicates this model does not suffer from heteroscedasticity. A manual test of residuals indicates the presence of second-order serial correlation. To account for this, Newey West standard errors are employed in all models using a two-year lag.

## Section 5. Results

Regression results are provided in Table 2. Four time series models are used to test the hypotheses described above. More than one model is required due to perfect multicollinearity between the legislative acts variables and particular political variables of interest, the proportion of right-to-work states the partisan control of the NLRB. The pre-Wagner Act variable is dropped when including both variables because the NLRB did not exist prior to passage of the Wagner Act and right-to-work states did not exist prior to passage of Taft-Hartley. When differenced and lagged, the first lag of unemployment and the first lag of core employment are highly correlated ( $r=-.95$ ,  $p=0.000$ ). Due to the importance of these variables in the existing literature, the models retain both variables.

Model 1, the baseline model, includes the three policy period dummies, the unemployment rate, three lags of core employment, and the partisan control of the presidency, US Senate, and state governorships. Model 2 contains all variables included in Model 1 with the addition of the right-to-work variable, which causes the pre-Wagner variable to be dropped due

to perfect multicollinearity; right-to-work states did not exist until 1947 after passage of Taft-Hartley. Model 3 includes all of the baseline model's variables but adds the variable measuring the Republican control of the NLRB. The inclusion of this variable causes the pre-Wagner policy period dummy due to perfect multicollinearity; there was no NLRB prior to enactment of the Wagner Act in 1935. Model 4 includes all of Model 1 variables and the nine policy/partisanship interaction terms between the three policy period dummies and the three political control variables.

<b>Table 2. OLS Regression Results (Dependent variable is the change in union density)</b>				
	<b>Model 1</b>	<b>Model 2</b>	<b>Model 3</b>	<b>Model 4</b>
<b>Number of observations</b>	105	63	71	105
<i>Yearly union density growth rate</i>				
Pre-Wagner Act	<b>4.5673</b> 3.6999	<i>omitted</i>	<i>omitted</i>	<b>-11.9303</b> 16.3769
Taft-Hartley Act	<b>0.1699</b> 2.9968	<b>-2.0463</b> 3.2839	<b>1.4421</b> 3.6407	<b>-50.1329***</b> 17.5073
Landrum-Griffin Act	<b>-2.1889</b> 2.7745	<b>-2.3949</b> 4.3958	<b>-1.2922</b> 3.2501	<b>-23.3702*</b> 11.8233
Unemployment (1)^	<b>1.5147**</b> 0.7608	<b>0.8886</b> 0.6407	<b>-0.5627</b> 0.9110	<b>1.4817</b> 0.9294
Core employment (1)^	<b>2.9120***</b> 0.9347	<b>0.9407</b> 0.7553	<b>-0.2477</b> 1.0550	<b>2.9259**</b> 1.1839
Core employment (2)^	<b>0.9808***</b> 0.3069	<b>0.3519*</b> 0.1948	<b>0.3109</b> 0.2398	<b>1.1153***</b> 0.2305
Core employment (3)^	<b>0.6998**</b> 0.3466	<b>-0.2546</b> 0.2886	<b>1.1191</b> 0.8417	<b>0.7779**</b> 0.3397
Republican President	<b>0.7158</b> 1.2122	<b>0.3487</b> 0.6573	<b>0.9693</b> 1.1395	<b>1.3065</b> 0.8438
Republicans in Senate	<b>-0.2518**</b> 0.0988	<b>-0.1667**</b> 0.0673	<b>-0.1837**</b> 0.0713	<b>-1.4455*</b> 0.8192
Republican Governors	<b>5.8905</b> 4.6666	<b>9.8519**</b> 3.7861	<b>1.0920</b> 6.6111	<b>56.9447</b> 43.6319
Right-to-Work States		<b>-13.5327</b> 10.8031		
Republicans on NLRB			<b>-4.6385</b> 4.1903	
PreWagner*GOPPresident				<b>0.1859</b> 4.8002
PreWagner*GOPSenate				<b>1.1111</b> 0.8591
PreWagner*GOPGovernors				<b>-46.6859</b> 51.9412
TaftHartley*GOPPresident				<b>-5.6752***</b> 1.8724
TaftHartley*GOPSenate				<b>2.1104*</b> 0.9125

TaftHartley*GOPGovernors				<b>-73.3201</b> 47.3015
LandrumGriffin*GOPPresident				<i>omitted</i>
LandrumGriffin*GOPSenate				<b>1.2627</b> 0.8265
LandrumGriffin*GOPGovernors				<b>-52.4355</b> 44.3189
Constant	<b>10.4467</b> 3.9809	<b>9.0641</b> 2.7544	<b>9.4827</b> 3.2395	<b>28.8921</b> 11.8736

**All models include Newey-West Standard errors with two lags**

**^ - Variables are differenced**

**\* -  $p < .10$ ; \*\* -  $p < .05$ ; \*\*\* -  $p < .01$**

The baseline model (Model 1) includes three policy period dummies as well as the economic and political control variables. The model's results show no statistically significant effects for any of the policy period dummy variables vis-à-vis period when only the Wagner Act was in place. Relative to the Wagner Act period, growth in union density was not impacted by the labor policy environment during the three examined time periods.

Union density growth was predicted to be pro-cyclical and increase when unemployment was high. Results from Model 1 show the unemployment variable is statistically significant at the 95 percent confidence level and is positively related to union density growth ( $p=0.049$ ). Union density grew more in years when the level of unemployment was high. Moreover, results indicate all three lags of the core employment variable are statistically significant and are, as predicted, positively related to union density growth ( $p=0.002$ ,  $0.002$ ,  $0.046$ , respectively). When employment in the heavily-unionized core industries of construction, mining, and manufacturing increased or decreased, union density growth did in the same direction. This effect was significant for three years after gains or losses in core employment occurred.

The political control variables displayed mixed results. Union density growth was predicted to be lower in years with a Republican president. Model 1 results show the Republican president variable is statistically insignificant; there was no difference in union density growth

when Republicans versus Democrats held the presidency ( $p=0.556$ ). Similarly, it was expected union density growth would be lower during years when Republicans controlled the US Senate. Empirical results support this prediction at the 95 percent confidence level; when the US Senate was comprised of a larger percentage of Republicans, union density growth was lower ( $p=0.012$ ). Due to governors' influence over right-to-work laws and public employee bargaining rights, union density growth was expected to be lower when a larger share of the states was governed by a Republican. This variable is not statistically significant in the model; there was no difference in union density growth when Republicans governed more states ( $p=0.210$ ).

Model 2 is included to incorporate the variable measuring the percentage of states with right to work policies. This variable is included in a separate model because it causes the pre-Wagner variable to be dropped due to perfect multicollinearity; right-to-work states did not exist until 1947 after passage of Taft-Hartley. Right-to-work policies were predicted to have a negative impact on the union growth rate because they present a free-rider problem that increases unions' organizing costs. As more states enacted these laws, it is expected union density growth will be lower. In the model, the right-to-work variable is in the predicted direction but does not display statistical significance ( $p=0.216$ ). A greater share of states with right-to-work laws did not affect the union growth rate.

The two remaining policy period dummies, Taft-Hartley and Landrum-Griffin, show no statistical significance in Model 2 ( $p=0.536$  and  $0.588$ , respectively). Unlike Model 1, the Republican governors variable was statistically significant at the 95 percent confidence level ( $p=0.012$ ) but not in the predicted negative direction. Results indicate union density growth was positively related to the percentage of Republican governors; as the number of Republican governors increased, union density growth increased as well. This is contrary to expectations but



could be explained by a change in partisan politics over the twentieth century. Prior to the 1980s, some centrist Republicans were accepting or even supportive of collective bargaining and union rights prior to President Reagan's election when the party became more unified against unions (Tope & Jacobs, 2009). Moderate Republican governors, particularly in states with high unionization and no right-to-work policies, may have been less of an obstacle to union growth than today's Republican governors. Alternatively, the election of a Republican governor may act as a fire alarm to unions that spurs an increase in organization.

In Model 2, the unemployment variable and the first and third lag of core employment lose their statistical significance, but the second lag of core employment remained mildly significant at the 90 percent confidence level ( $p=0.077$ ). Politically, the percentage of Republicans in the Senate remained statistically significant and was negatively related to union density growth, as predicted ( $p=0.017$ ).

Model 3 was included to examine the impact of partisan control of the National Labor Relations Board had on union growth. The inclusion of this variable causes the pre-Wagner policy period dummy due to perfect multicollinearity; there was no NLRB prior to enactment of the Wagner Act in 1935. The NLRB is the federal administrative body that oversees the union organizing process, including defining members of a bargaining unit and enforcing penalties related to unfair labor practices. It was predicted union growth would be lower in years in which Republicans had greater control of the NLRB because the board would make more rulings in favor of management compared to when Democrats controlled the board. Model 3 results show this variable in the right direction, negative, but it lacks statistical significance ( $p=0.273$ ). All remaining independent variables lack statistical significance, except the percentage of Republicans in the US Senate which remained statistically significant ( $p=0.012$ ).

Model 4 introduces interaction terms between the three policy period dummies and the three political control variables to examine how the policy structure interacted with the political structures. The policy period dummies show mixed results. The pre-Wagner Act period dummy is not statistically significant ( $p=0.468$ ) but the other two periods, Taft-Hartley and Landrum-Griffin show statistically significant results ( $p=0.005$  and  $0.051$ , respectively), and in the predicted negative direction, indicating union density growth was lower during the period when Taft-Hartley was in effect (1947-1958) than the period when the Wagner Act was in effect alone (1935-1946). The Landrum-Griffin period dummy is statistically significant at the 90 percent confidence level, indicating union density growth was lower during the period when all three acts were in effect (1959-2005) relative to the period when just the Wagner Act was in effect. Of the three political control variables included only the percentage of Republicans in the US Senate was in the predicted direction and statistically significant at the 90 percent confidence level ( $p=0.081$ ).

The interaction between the Taft-Hartley period dummy and the GOP president dummy is statistically significant at the 99 percent confidence level ( $p=0.003$ ). Union density growth was lower when a Republican held the presidency during the period when Taft-Hartley was in effect compared to years with a Democratic president during the period of time when the Wagner Act was in effect alone. Policy and politics interacted to negatively impact union density growth during this period. The policy's structure did not significantly affect union density by itself but, rather, required Republican partisan intervention. During this period, in which the policies of the Wagner and Taft-Hartley Acts were in effect, the decline in union density growth was accelerated during Republican presidential administrations. Therefore, the impact of labor law policy on union density was further reinforced by Republican partisanship.

Finally, the interaction between the Taft-Hartley period dummy and the GOP Senate variable is positive and statistically significant at the 95 percent confidence level ( $p=0.023$ ). This result is contrary to predictions; it indicates union density growth was higher when Republicans controlled the Senate during the Taft-Hartley period compared to when Democrats controlled the Senate during the Wagner period. The direction of this result is not easily explained but furthers the most interesting finding that the policy structure and politics interact to significantly impact union density.

## **Section 6. Discussion**

The four times-series models showed mixed results. The main independent variables of interest, the three federal labor policies, appear to be largely unrelated to union density growth. Except for Model 4, which included political interactions, there were no statistically significant relationships found between the structure of federal labor law and the yearly rate of union growth. It was predicted that union density growth would be higher in the years immediately following enactment of the Wagner Act (1935-1946) when compared to the years preceding passage of the Wagner Act and following passage of Taft-Hartley and Landrum-Griffin.

Model 4 displays a truly interesting result. The interaction term between the Taft-Hartley period dummy and the Republican president dummy showed a strong negative statistically significant relationship. As predicted, the union density growth rate was lower during Republican presidencies during the Taft-Hartley period compared to Democratic presidencies during the Wagner period. In addition to curtailing workers' right to strike, Taft-Hartley granted the president authority to intervene in labor disputes under certain circumstances.

This result shows Republican presidents may have exercised more control over union density growth through the use of Taft-Hartley. It is possible Republican presidents intervened in

labor disputes more often than Democrats, particularly during the Taft-Hartley period (1947-1958), which followed a period of high strike activity and increasing antiunion sentiment. Further, Taft-Hartley created an independent NLRB general counsel, who operates separately from the board and is appointed by the president, to investigate and prosecute unfair labor practices. This policy provided the president with an enhanced, direct role in labor-management disputes and the ability to affect union membership.

Additionally, the interaction term between the Taft-Hartley period dummy and the percentage of Republicans in the US Senate showed a moderately significant, but unexpected, relationship. Union density growth was higher in years when Republicans had more control over the Senate during the Taft-Hartley period compared to when Democrats had a larger share of US Senate seats during the Wagner period. This relationship is opposite of the direction predicted and no clear explanation exists for the finding, perhaps explaining its only moderate statistical significance at the 90 percent confidence level. A similarly puzzling result from Model 2 showed the union density growth rate was positively related to the percentage of Republican governors; unions grew more when more Republicans were in control of states.

This is contrary to the predicted result but may be explained by changes in partisan political views. Some moderate Republicans were accepting or even supportive of collective bargaining and union rights before the party united behind an antiunion platform with the election of President Reagan (Tope & Jacobs, 2009). Centrist Republican governors, particularly in the Northeast, Midwest, and West Coast, regions with relatively high union density and without right-to-work policies, may have been less of an impediment to union growth than present day Republican governors.

The remaining political control variables also displayed mixed results. The negative

relationship between the percentage of Republican senators and union density growth was consistent across models. When Republicans held a larger share of the US Senate seats, union density growth was lower, as predicted. The filibuster in the Senate has ended past attempts at labor law reform and congressional committees maintain oversight of the NLRB and other organizing activities.

The partisanship of the president did not significantly impact the yearly union density growth rate. None of the four models estimated a significant relationship between the president's party and the growth of union density. However, Model 4 indicates the presidency's impact on union membership is conditional on certain policies being in place, like Taft-Hartley. Except in Model 2 (the right-to-work model), there was no difference in union density growth when considering the partisanship of state governors. It was predicted their ability to control public employee bargaining rights and advocate for passage of right-to-work laws would negatively impact union density growth.

This paper found no statistically significant relationship between the number of right-to-work states and union density growth rate. As more states adopted right-to-work laws, it was predicted to have a negative effect on union density growth as the increased costs presented by the free-rider problem would increase costs to union, shifting the supply curve to the left. In Model 2, the coefficient was in the predicted direction but lacked statistical significance. It is possible states with right-to-work laws had lower union density prior to enactment relative to states without right-to-work laws. Rather than reducing union density growth, right-to-work laws may be indicative of a state with lower initial union density (Abraham & Voos, 2000).

A similar result was found when examining the relationship between Republican control of the National Labor Relations Board and the union density growth rate. Model 3 produced a

coefficient in the predicted negative direction that lacked statistical significance. It was predicted the adjudicative duties of the NLRB would cause unions density to grow less when Republicans held a larger portion of the board's seats. These four models produced interesting results but further refinement in future studies could work to address some of this paper's shortcomings.

### Study Limitations

The models incorporated most of the important variables that affect union density, but a few factors were regrettably absent from this paper due to data limitations, and future studies could work to include them. First, rather than simply examining the partisan control of the National Labor Relations Board, it may be helpful to examine the board's rulings to determine the share won by labor and management, respectively. Moreover, does the NLRB rule against unions more often when Republicans hold a greater number of seats? This expands the view of the NLRB's impact on union density from simply partisan politics to the board's regulatory actions.

Additionally, to further refine the measurement of the state-level political environment, it would be helpful to include the partisan control of state legislatures. While governors can often play a singular role in union relations, it is ultimately state legislatures who pass policies, like right-to-work or those governing collective bargaining rights for public employees. States also vary in more ways than politics, and it may be helpful to include state-level cultural variables to account for these differences.

The interaction between these three policies and related factors may not be isolated to partisan politics. Empirical evidence suggests employer opposition to union organizing increased throughout the 1970s and 1980s, peaked in the 1990s, and returned to 1980s levels where they currently remain (Ehrenberg & Smith, 2015). In the 1970s and 1980s, union wages grew faster

relative to non-union wages as competition from foreign firms increased (Ehrenberg & Smith, 2015). Greater employer opposition increases the costs of organizing to unions and workers alike, shifting the supply and demand curves to the left.

In addition to competition-related factors, some argue employer resistance increased due to an anti-union ideology that demanded union-free workplaces and viewed organized workers as a direct threat to the overall success of their business (Ehrenberg & Smith, 2015). Employers may have increased their use of these act's provisions to suppress union membership. In future studies, including variables that more accurately account for state-level partisanship, NLRB regulatory action, and employer opposition will help to more fully determine the effect these specific policies had on union membership.

## **Section 7. Conclusion/Policy Implications**

This paper sought to identify the relationship between the structure of federal labor policy and union membership in the United States. The time series analysis reveals no significant link between the policies' structures alone and the yearly rate of change in union membership. Rather, the effect of the policy structure on union density was conditional on the partisanship of the presidency. Unions grew at a lower rate during the years with a Republican president when Taft-Hartley was in effect compared to the years with a Democratic president when the Wagner Act was in effect by itself. The Taft-Hartley Act notably allowed the president to intervene in labor disputes under certain conditions. Republican presidents may have used the provisions of this policy during these years and suppressed union growth relative to the growth that happened under Democratic presidents after passage of the Wagner Act.

Union rights are often entangled in politics as the president and Congress play an important role. Results from this analysis indicate the national political environment broadly

played a smaller than expected role in the decline of union membership, save for the interaction discussed above. Unions grew at a lower rate during years when Republicans controlled a larger share of US Senate seats. However, Republican control of state governorships did not have a significant impact on the level of union density growth. Moreover, no statistically significant links were observed between union density growth and partisan control of the National Labor Relations Board nor the number of states with right-to-work policies.

Political analysts and commentators often discuss the decline of labor unions in the United States without much nuance, owing the demise to simple soundbites. The evidence suggests a variety of economic, social, and political factors have converged to cause a decrease in overall union membership. Given these societal changes and the current political environment, the labor movement faces significant obstacles in its efforts to rebuild union membership and rekindle working class activism. However, labor leaders have worked to steer the movement in a different direction to address present day conditions.

### Policy Implications

In the past, unions have unsuccessfully attempted to alter federal labor law to foster an environment more favorable to union organizing, but despite considerable effort, reform attempts failed under President Carter in the 1970s and President Obama in the 2000s. The three acts discussed in this paper, of which the last was passed in 1959, still largely govern collective bargaining rights for most American workers. Results reveal the interaction between the policy and politics plays a larger role in curbing union power than the policy structure alone. The time series analysis shows union density decline under Taft-Hartley was more pronounced when Republicans controlled the presidency. The recent election of Donald Trump as president and the Republicans' retention of both houses of Congress makes federal labor policy reform quite



unlikely. Instead, unions will be required to play defense and shift their focus to more decentralized methods to overcome organizational constraints at the federal level. Further, Republicans control the governorship and both legislative chambers in 24 states, making it crucial unions target states and large cities who are friendly to their interests.

Given the conditional impact these laws have on union density growth based upon partisan control, unions would be wise to focus on electoral success rather than reforming union or collective bargaining rights. Unions should pay particular attention to places that have recently moved to curb union rights such as the Rustbelt. More broadly, unions have been grappling with what is required to rebuild the labor movement in the twenty-first century. In 2005, disagreements over plans to revitalize unionization led seven unions to split from the AFL-CIO, the major federation of labor unions, and create the Change to Win (CTW) federation. AFL-CIO leaders wanted unions to first build strong political allies and reform labor law before pushing to expand union membership. Conversely, the CTW coalition of unions pursued innovative strategies to recruit new members and centralized management. Despite these differing philosophies and tactics, empirical evidence suggests there has been no difference in organizing success between the two federations since the split (Aleks, 2015). Four of the seven unions who left to form Change to Win have since returned to the AFL-CIO.

One of the remaining CTW members and main advocates of the split, the Service Employees International Union (SEIU), is the country's second largest union and one of the most politically active, spending an estimated \$70 million in the 2012 presidential election cycle (Miller, 2016). SEIU's membership is more female and racially-diverse than most unions, which has led them to advocate for a broader policy agenda, including racial justice and immigration reform (Miller, 2016). The union has also largely underwritten the "Fight for 15" campaign that

seeks to raise the fast food industry's minimum wage to \$15 per hour. Twice in 2015, nonunion fast food workers went on strike in a nationwide demonstration to demand of higher wages and union recognition.

This demand for a living wage quickly gained traction and has extended beyond the fast food industry and was included in the Democratic Party's 2016 platform. In cities and states run by Democratic allies, labor unions have successfully pursued an aggressive legislative agenda to expand workers' rights. In 2015, Seattle voted to raise its minimum wage to \$15 per hour and states, including New York and Washington, DC soon followed. Additionally, states, like Oregon and Vermont, have passed laws granting most workers the ability to earn paid sick leave. It is advisable for unions to pursue these policies as they are broadly supported by citizens and poll more favorably than labor unions themselves (Gallup, 2016).

Engaging nonmember working class people presents unions with an opportunity to expand their influence beyond their membership. In addition to SEIU's new organizing efforts in the fast food industry, several other labor organizations have worked to mobilize nonunion workers into action. In the early 2000s, the AFL-CIO's Working America, a community coalition for nonunion workers, signed up 3 million members while canvassing door-to-door and recruiting members online (Freeman & Hilbrich, 2013). In 2010, without formal rights of representation, the United Food and Commercial Workers (UFCW) started an organization for Walmart employees, called Making Change at Walmart. Exerting popular political pressure and organizing social movements may be the most effective avenue for labor activism moving forward as solely relying on dwindling union membership lacks the necessary power in numbers (Freeman & Hilbrich, 2013). However, many of these organizing efforts require the revenue from members' dues to fund mobilization efforts.

Attempts have been made to expand collective bargaining rights to more workers in these Democratic states but have been limited to public or quasi-public employees. For example, in-home childcare workers who receive state subsidies as part of their compensation have been granted collective bargaining rights in Minnesota and Rhode Island. Similarly, in-homecare workers who are compensated with Medicaid funds have collective bargaining rights in Washington and Oregon. These care industries often pay some of the lowest wages and suffer from the highest turnover rates, but employment in these fields is expected to increase as our country's population continues to age (Beitsch, 2015). Many of these collective bargaining arrangements are politically tenuous as they often count on continued support, particularly from the governor. For example, Governor John Kasich of Ohio rescinded collective bargaining rights to his state's childcare and homecare workers eight years after they were granted the right (Beitsch, 2015).

The labor movement will clearly have to play defense in addition to pursuing offensive opportunities. Right-to-work laws have recently been implemented in states with a strong union history, like Michigan, West Virginia, and Wisconsin (National Conference of State Legislatures, 2016). Declining employment in core industries, like manufacturing, mining, and construction, may play a role in these state's newfound restriction on union rights. In 2016, Virginia unions successfully defeated a ballot measure that would have enshrined their state's right-to-work law in its constitution. Most notably, US Supreme Court Justice Antonin Scalia's unexpected death saved public employee unions from a ruling that would have almost certainly struck down public sector agency dues (Denniston, 2016).

Unions face an uncertain path forward, and many analysts and political prognosticators predict their ultimate demise. Republican control at the federal and state levels only increases the

immediate challenges unions face. Unions often grow most in short spurts during crisis times when union representation appears to offer the only voice for workers (Freeman, 1998). Some have raised the possibility that the 2008 financial crisis, subsequent economic recession, and jobless recovery will spur union growth like the Great Depression in the 1930s (Freeman & Hilbrich, 2013).

For example, union activists were galvanized in opposition to Wisconsin Governor Scott Walker ultimately successful revocation of public sector employee bargaining rights in the state. This demonstration played a catalytic role in the formation of the Occupy Wall Street movement that notably raised the issue of increasing economic inequality. More recently, the presidential primary campaign of Senator Bernie Sanders and the general election victory of Donald Trump were largely driven by economic populism on the left and right, respectively.

To address the challenges facing the labor movement, unions must continue to innovate and work to remain flexible in order to address current economic conditions and working class concerns. The interaction between policy and politics highlights the importance of unions' electoral activities because simply enacting favorable policy relating to collective bargaining rights may not be enough to reverse union decline. Recent success by Republicans at the federal level will require unions to focus elsewhere to advance their policies and interests.

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