Unions’ Past May Hold Key to Their Future

By EDUARDO PORTER

Organized labor is in free fall. The number of workers who belong to a union has plummeted about 20 percent over the last decade. Only 8 percent of all workers are unionized. And leading labor activists are wringing their hands over the seemingly inevitable death of a movement unable to cope with technological change.

“I see no reason to believe that American trade unionism will so revolutionize itself within a short period of time as to become in the next decade a more potent social force than it has been in the past decade,” warns one of the nation’s foremost economists.

The description sounds like the labor movement today. But the statistics are from 1930. George E. Barnett, president of the American Economic Association, issued the warning at the depth of the Great Depression in 1932.

Mr. Barnett proved to be quite wrong. A decade after his speech at the group’s annual meeting in Cincinnati, one in five American workers belonged to a union. Some 10 years later, organized labor was at the peak of its power.

While it would be naïve to invest too much faith in this mistake as a precedent, history offers some clues about how the labor movement — once again on the mat, pummeled into insignificance by economic forces beyond its control — might recover its relevance to American workers and society.

Today, fewer than one in 14 private sector workers belongs to a union, half the portion of 15 years ago. Where unions matter most — fighting for workers’ share of the spoils of economic growth — they lost the battle long ago. Despite soaring worker productivity, the typical American worker takes home today only 2 percent more than a quarter of a century ago, after adjusting for inflation.

Yet while union leaders have spent the last decade fretting, they have been unable to reverse the downward trend.

Partly, this has to do with the diagnosis of the problem. Many union leaders still like to believe that an ideological shift spun the labor movement into a death spiral. Elected in the 1980s, President Ronald Reagan set out to destroy obstacles to unfettered markets — including organized labor — with ideological assistance from Prime
Minister Margaret Thatcher of Britain.

The ideological assault on unions changed workplace norms. In the United States, company executives who had tolerated unions as standard features of the workplace started spending billions to fight them off.

Losing control of the factory floor, unions lost touch with society, too. In the 1950s and '60s, union contracts set a standard that was followed across the economy. Today, they are too weak to be standard-setters. And nonunion workers tend to resent rather than applaud the better pay and benefits of their unionized brethren.

Only about one in five Americans say they trust unions, according to polling by Gallup, the same share that trust banks or big business. And unions' once impressive political clout has been overwhelmed by a wave of corporate money. Their biggest campaign this spring, trying to remove Gov. Scott Walker of Wisconsin from office after he rolled back collective bargaining rights for state employees, ended last month in ignominious defeat.

But this reading of history misses a fundamental part of the story. Notably, it underplays the impact of globalization, which intensified competition and spurred businesses to slash labor costs. And it ignores technology, which changed the nature of work.

In the 1920s, unions were as unprepared for change as they are today. Dorian T. Warren, a professor of political science at Columbia University, notes that at the turn of the 20th century, guilds were organized around crafts, like carpentry or glass blowing.

This structure gave organized labor enormous power in the economy. Running apprenticeship programs, guilds controlled the supply of labor at the time. But it left labor unions unprepared for the subsequent arrival of large corporations, which hired unskilled workers directly, without the imprimatur of a guild.

When organized labor bounced back in the late 1930s, Mr. Warren observed, it was in a different form, as big, inclusive industrial unions that organized workers at the company level, not by skill. Crucially, the unions understood that part of their job was to ensure that a labor contract would not put a company at a competitive disadvantage. They had to remove wages from competition. That was essential to their success. Otherwise, corporations would fight them to the death.

But no model of labor relations can last forever. This one worked as long as the United States remained largely a closed economy. Unions roughly ensured that working standards improved uniformly across many industrial sectors. If they negotiated higher wages or better working conditions at one airline or car company, others quickly followed — even nonunion shops, which hoped to appease workers and prevent them from voting for a union.
Yet economic changes upended the pattern again. The new jobs created around the revolution in information technology of the late 20th century did not fit the mold of the corporations of old. New companies relied more on independent contractors and freelance work. The lifelong relationship established between industrial companies and their workers gave way to looser, shorter dalliances.

Perhaps most important, globalization exposed America’s industrial-era titans to more intense competition. The emergence of powerful rivals overseas, where labor was cheap and unions scarce, made it more difficult for companies to improve wages and working conditions without becoming less competitive. And corporations, especially new high-tech companies that arose in southern states where labor law made it tougher to organize, turned against unions as albatrosses around their necks.

Unsurprisingly, a majority of unionized workers today are employed by the government, the last sector of the economy that is largely protected from foreign competition. “We are forced to conclude that a resurgence of labor unions in the private sector in the foreseeable future is unlikely,” wrote the labor market scholars Henry S. Farber and Bruce Western of Princeton University a decade ago, echoing Mr. Barnett’s thoughts 70 years before. And things have only deteriorated for the unions since then.

But if the prospects look grim for the unions of America’s industrial era, the precedent of the 1930s — when workers organized in droves — offers perhaps a hint of a path for organized labor as the economy works its way forward from the Great Recession, a role that perhaps better fits the nation’s corporate makeup.

The future labor movement may have to give up organizing work site by work site. Its biggest political fight in the last few years — pushing a law to make it easier to organize a workplace — may be irrelevant. And fighting to create new barriers to foreign competition is probably a lost cause. Instead of negotiating for their members only, unions might do better pulling for better wages and conditions for all workers.

Some scholars, like the economist Richard B. Freeman of the National Bureau of Economic Research, suggest the labor movement could take a page from the AARP’s playbook and become a lobbying group. German-like worker councils could discuss workplace issues with management, without negotiating over pay.

Maybe unions don’t have to entirely give up collective bargaining but broaden it. A model might be the alliance between the A.F.L.-C.I.O. and the Domestic Workers Alliance of New York City to push for a bill of rights for nonunionized nannies and maids.

In any event, 80 years from now, labor organizations will probably look as different as our current unions look when compared with the guilds of 80 years ago. Today’s strongest unions — of autoworkers and airline pilots —
could easily be the weakest, decimated by international competition. Unions may well be strongest in hospitals, hotels and other businesses not exposed to international trade.

Union leaders understand this — to a point. They are slowly beginning to experiment with new models of organization. Time is not on their side, however. If they fail to embrace radical change, in 80 years unions may not be around at all.

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