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## Revisiting Union Decline: An Analysis of Organized Labor's Crisis

Nathan Meyers  
*University of Massachusetts Amherst*

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**REVISITING UNION DECLINE: AN ANALYSIS OF ORGANIZED LABOR'S  
CRISIS, 1970-2008**

A Thesis Presented

by

**NATHAN MEYERS**

Submitted to the Graduate School of the  
University of Massachusetts Amherst in partial fulfillment  
of the requirements for the degree of

**MASTER OF ARTS**

February 2016

Sociology

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Approved as to style and content by:

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Donald Tomaskovic-Devey, Chair

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Tom Juravich, Member

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Jasmine Kerrissey, Member

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Michelle Budig, Department Head  
Sociology

## ABSTRACT

### REVISITING UNION DECLINE: AN ANALYSIS OF ORGANIZED LABOR'S CRISIS, 1970-2008

FEBRUARY 2016

NATHAN MEYERS, B.A., UNIVERSITY OF MICHIGAN DEARBORN

M.A., UNIVERSITY OF MASSACHUSETTS AMHERST

Directed by: Professor Donald Tomaskovic-Devey

I explore the sources of union decline from 1970-2008, inspecting the shifting prominence of different causes at different points in time. Using a relational approach which views labor and capital as actors that gain or lose power at the expense of each other, I find that U.S. union decline is the result of several institutional transformations that benefitted capital relative to labor. Capital was advantaged and labor was disadvantaged due to: 1) the financialization of the economy in the 1980s, 2) weakening protections of labor policy by the 1970s, 3) the reconfiguration of productive capital in the 1970s and 1980s, 4) an anti-union business offensive gaining momentum in the 1970s, and 5) the failure of unions to sufficiently organize new members throughout the entire period. Combined, this confluence of factors led to a steep decline in union membership. Results highlight the complex nature of temporal dynamics in capital-labor power struggles.

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## **CHAPTER 1**

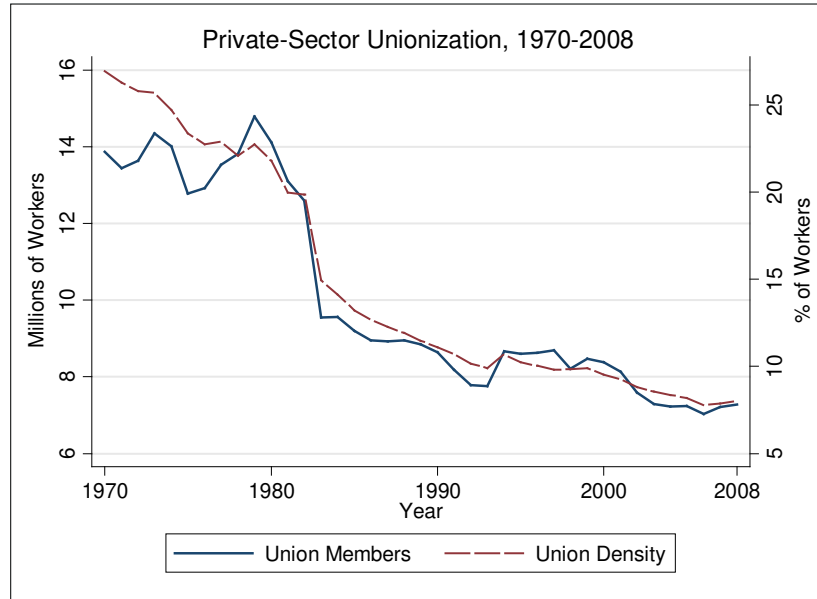
### **REVISITING UNION DECLINE**

U.S. unions have been in crisis for the past 35 years. Beginning around 1980, U.S. union density levels plummeted and many labor unions struggled to survive. Organized labor had enjoyed a fairly secure existence for most of the previous half century, but political and economic currents carved a new institutional landscape upon which established bargaining patterns crumbled. The peak density level for private sector union membership was 37% and occurred in 1953. Since then, private-sector membership levels have dwindled to 6.6%. The public sector—which became heavily unionized beginning in the 1960s—maintains membership levels of 35%<sup>2</sup>. Total union membership, however, continued to increase through the 1970s before plummeting in the early 1980s. By 2008, absolute union membership was only 49% of its peak 1979 levels. Between 1979 and 1983 alone, organized labor lost 35.5% of its private-sector membership, a large and drastic change to the national economy and the power of US workers. Figure 1 shows trends in private-sector union membership in the productive economy over time.

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<sup>2</sup> Statistics obtained from the Bureau of Labor Statistics, 2015

**Figure 1: Private-Sector Unionization, 1970-2008**



The decline of unionism has been socially destructive. Union workers have historically been paid significantly more than non-union workers (Freeman and Medoff 1984; Brady et al. 2013; Rosenfeld 2014), so the decline of unionization has been a major contributor to increased inequality in the United States (Wallace et al. 1999; Western and Rosenfeld 2011; Lin and Tomaskovic-Devey 2013; Hacker and Pierson 2010a). Part of this rising inequality, as union density has decreased, is exhibited by increasing rates of poverty (Brady et al. 2013) and a shrinking middle class (Reich 2007). Unemployment benefits have suffered as a result of waning union power (Gordon 2015). Perhaps most importantly, unions are no longer able to shape pay standards for non-union workers across the private economy (Rosenfeld 2014). Politically, the absence of labor unions has meant lower voter turnout and political participation (Kerrissey and Schofer 2013). All of these have been outcomes of organized labor's declining bargaining power and the waning effects of union benefits on the rest of the workforce.

Many potential causes of the decline of organized labor have been proposed. Most authors have attributed the factors of union decline to single causes—or only highlight one cause at the expense of others—such as the National Labor Relations Board (NLRB, Bronfenbrenner 2009), computerization (Kristal 2013), Ronald Reagan (Tope and Jacobs 2009; Jacobs and Myers 2014), lack of labor militancy (Aronowitz 2014), the political mobilization of the business community (Hacker and Pierson 2010a; Walker and Rea 2014; Mizruchi 2013), the failure of unions to organize (Mills 1948; Barkin 1961; Fletcher and Gapasin 2008), or deindustrialization via increasing capital mobility (Bluestone and Harrison 1982). Other scholars have listed various causes of decline, but do not articulate how they occur as interdependent social processes that interact spatially and temporally (Fiorito and Maranto 1987; Clawson and Clawson 1999; Freeman and Medoff 1984; Goldfield 1987). Still, others have offered an internationalist perspective that limits context for the sake of comparison (Western 1995, 1997; Misra and Hicks 1994). While each of these authors contributes something valuable, few explore how this complex set of factors has interacted to form a broader social force (for exceptions in other labor and work literature, see Dixon 2008; Haydu 1998; Tilly and Tilly 1998). In this regard, faulting the individual studies is a misplaced critique; however, faulting the field for undervaluing the complexity of social dynamics seems appropriate.

The nature of union strength rests on many foundations, which shift and affect each other in a variety of ways. As this paper demonstrates, multiple factors have interacted with each other to cause private-sector union density decline since 1953 and membership decline since 1979, with a particularly sharp decline in the early 1980s that drastically reduced the power of organized labor. Although a rich literature discusses

union decline, there are several gaps to be addressed, namely the failure to address how different factors became more or less prominent over time, the relational aspects associated with union decline, and a lack of strong theoretical analyses situating union decline within a broader institutional framework. In short, a more complete analysis of union decline is necessary to truly understand organized labor's rise, fall, and potential resurrection within the U.S. context.

Labor did not exert its power when it could have, while capital continually did. Preserving power in relation to capital could have been a goal for the labor movement decades before the crisis. However, due to legal barriers and a strategic focus on more immediate concerns, most unions lacked the foresight to act accordingly. The sudden shock of the 1980s drastically reduced the labor movement's power to respond to present or future challenges, suppressing unions by fundamentally changing their status relative to employers. Changes usually occur slowly, so given its sudden loss of clout, the labor movement has taken many years attempting to regain its composure and rebuild its lost status in American society. Likewise, business and political interests increasingly intensified their suppression of unionism as they gained power.

A relational and institutional approach is necessary for understanding union decline. By this, I mean that the power of institutional actors can only be understood in relation to one another. Many factors might be considered when reviewing the fundamental challenges to U.S. unions, but discussion in this paper will be limited to macro- and organizational-level processes that affected capital-labor relations. Five institutional processes will be analyzed through an organizational lens; that is, with a perspective that views institutional changes as products of the diffusion of behaviors and

processes at the organizational level. They are: 1) legislative policy drift by the 1970s, 2) the reconfiguration of productive capital in the 1970s and 1980s, 3) a business mobilization and offensive against unions gaining momentum in the 1970s, 4) the failure of unions to adequately organize throughout the entire period, and 5) the financialization of the economy beginning in the 1980s. The first four are the primary types of explanations drawn from the existing literature, while financialization has yet to be examined in depth. To support my argument, I examine private-sector, industry-year dynamics from 1970-2008.

The five types of explanations are based on the different types of actors involved in labor-capital relations. Legislative policy drift pertains to changes in the effects of state policy over time. The reconfiguration of productive capital refers to systemic changes to capital. The political mobilization and business offensive refers to employers' strategies to intensify opposition to unionism both politically and in the workplace. The failure of unions to organize enough workers encompasses organized labor's role in the crisis. Finally, financialization specifies the growth of finance in the economy. Together, these explanations explain the relational nature of capital labor power struggles.

By using industry-level panel data for year 1970-2008, I am able to employ locally-weighted regression equations to examine temporal variation in each of my five explanations. In doing so, the prominence of each explanation is examined in different time periods. This enables complex social processes to be disentangled and a relational theorization of capital-labor power struggles.

## **The Relational Approach to Inequality**

Relational Inequality Theory (RIT, Avent-Holt and Tomaskovic-Devey 2014; Tomaskovic-Devey 2014) provides a useful theoretical perspective for interpreting union decline. In this framework, categorical distinctions—i.e. specific relational classifications— between actors are necessary for understanding how actors interact. When the manner in which organizational resources are generated or disbursed is reshaped, existing patterns of resource allocation can be upset, allowing actors the opportunity to engage in a process of claims making to gain access to new or existing resources. Claims making is a central mechanism in this model, comprised of a two-step process that involves: 1) an actor making claims on resources and 2) other actors verifying or contesting the initial actor's actors claim (Avent-Holt and Tomaskovic-Devey 2014). Of course, these actors must be in a position to stake claims in the first place. Pertinent examples of claims making in this context might be labor unions demanding higher wages from employers or employers refusing to bargain with unions. These claims are not always direct contestations, as opponents can make claims by trying to erode each other's bases of power through legislative or other efforts rather than directly confronting each other (Dixon 2008).

In the 1970s and 1980s, the reshaping of the U.S. economy enabled business to stake claims on resources previously held by unions. This occurred through concessionary demands and a general hostility towards acknowledging labor as a legitimate organizational stakeholder. Employers actively sought to weaken unions by reallocating capital and lobbying for deregulation, tactics that sought to weaken institutionalized patterns of bargaining by operating outside of the traditional bargaining

framework. These efforts can be viewed as attempts of one organizational stakeholder to lay claim to the resources currently held by another. In this case, organized labor and capital make claims to assert their legitimate control over the workplace.

Institutional transformations shape the way contestations occur within workplaces. While organizational settings are the points at which claims occur, they are always nested in institutional contexts. Events that happen at specific workplaces can be disseminated to other workplaces, creating an institutional phenomenon. At the same time, national trends developed by the state, social movements, or the legitimation of institutional phenomena can disseminate new practices across an organizational field (DiMaggio and Powell 1983). The dispersion of these social changes affects the field of contestation between capital and organized labor, the effects of which are visible at the workplace/bargaining level. Capital and labor contest each other in an iterative manner—providing temporal dynamics—where the product of power and institutional forces at one point in time is a function of how transformations occur at earlier points in time.

The workplace (i.e. the organizational level) is the ultimate point of contestation, where all influences—global and local, political and economic, external and internal—converge to influence outcomes of the struggle between workers and employers.

Institutional factors present themselves in workplace contestations, but are not necessarily created within the workplaces where contestations occur. These factors contribute to the effectiveness of business and labor union strategies by altering power dynamics between capital and labor, directing—rather than determining—the outcomes themselves. For example, deindustrialization has directly led to workplace closings and job losses that have eliminated union jobs. Demographic changes in the overall size and

composition of the workforce have diluted areas with heavy union concentrations and relocated employment away from these areas. The business offensive, signifying the end of the so-called capital-labor accord of the postwar economy, occurred as employers increased their anti-union tactics and coopted the National Labor Relations Board to impede labor from organizing new workplaces.

Potential power can increase or decrease depending on institutional or organizational settings, but must be mobilized or manipulated to become actuated (Roscigno 2011). Even though decades of iterations in capital-labor contestations have tended to favor capital, the increasing complexity of production processes have increased capital-labor interdependence, which potentially increases the potential power of the labor movement (Piven 2007). While this is yet to be realized, union decline and other power processes should be considered ebbing and flowing rather than as a linear process (Silver 2003; Polanyi 1944). With this general theoretical perspective in mind, I will explore the major causes of union decline in the literature.

### **Explanation 1: Labor Policy**

Federal labor law changed very little for private-sector workers in the several decades preceding the 1980s. Despite this, the effect of established policies did change as other changes to relational power transpired. Policy drift (Hacker and Pierson 2010a) occurs when political actors use conscious inaction as a method of achieving their goals as former policies become outdated, but remain in effect (also see Mills 1948 for an earlier description of drift). In the case of the current industrial relations policy—as governed by the National Labor Relations Acts—Kochan et al. (1986) described that



employers ended the accord, no longer finding bargaining under the established system to be in their best interests. While this might have been true, employers were assisted by the conscious efforts of politicians (increasingly aided by corporate lobbyists) who consciously failed to update NLRA as other institutional changes undermined the foundations of legislation that once lent strength to organized labor.

Although not the first piece of labor relations to emerge from the Great Depression-era, the National Labor Relations Act (NLRA) of 1935, or the Wagner Act, has been the foundation of U.S. labor relations policy since its inception. The earlier National Industrial Recovery Act of 1933 was ruled unconstitutional in May 1935, just before the Wagner Act was passed in July of that year. NIRA was an effort to create governmentalized business-labor cartels in efforts to promote mutual solidarity, but had failed due to both the lack of union power at the time and opposition from many conservatives who opposed the institutionalization of organized labor (Mills 1948). Unlike its predecessor, the Wagner Act survived legal challenges, but has been weakened over time.

Once passed, the Wagner Act guaranteed workers throughout most of the private sector with the right to unionize free from employer interference and to collectively bargain with employers over the conditions of their employment.<sup>3</sup> A governmental National Labor Relations Board (NLRB) was established, placing the U.S. federal government in a role as third-party mediator to capital-labor disputes, or as a third actor in a relational conceptualization of labor relations. This third-party involvement by the

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<sup>3</sup> The earlier Norris-Laguardia Act of 1932 had already prevented employers from petitioning courts to file injunctions restricting the tactics of organized labor (Getman and Pogrebin 1988).

government enabled employees to file unfair labor practices against their employers, while also providing an arbiter (NLRB) to ensure that employers bargained in good faith. Following Wagner, union membership boomed.

Many anti-union politicians opposed NLRA provisions from their start, finding the political opportunity to amend the legislation shortly after World War II. Overriding President Truman's veto, Congress passed the National Labor Relations Act of 1947 into law, more commonly known as the Taft-Hartley Act. Provisions limiting labor tactics included the reinstatement of court injunctions to limit strike activity; making secondary boycotts<sup>4</sup> unfair labor practices, a ban on wildcat strikes<sup>5</sup>, and a ban on sympathy strikes. Anti-union legislation was enabled by granting states the ability to pass laws banning union security agreements (these are known as Right-to-Work laws, but they enable employees to opt out of paying union dues while retaining union benefits). Employers were granted the ability to hold captive audience meetings and the "free speech" clause enabling employers the ability to vocally oppose the union so long as they did not interfere with unionization efforts. Union leaders became required to make anti-communist pledges to remain legally recognized. In 1959, Congress again amended the NLRA through the Landrum-Griffin Act, which further restricted secondary boycotts and required the disclosure of union financial documents.

Although the Taft-Hartley Act placed restrictions on union activities, many workers— who opposed the law after union leaderships likened it to "slave labor"— began to feel less strongly after several years passed without drastic consequences to their

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<sup>4</sup> Secondary boycotts are a type of labor tactic in which a secondary firm in a target company's supply chain is boycotted as a means of leveraging the target firm.

<sup>5</sup> Wildcat strikes are strikes that occur without the support of union leadership, oftentimes unannounced.

employment conditions (Lubell 1954). As one textile cutter belonging to the Amalgamated Clothing Workers, who originally opposed the Taft-Hartley Act, claimed a few years after the Act's passage, "I'm for it now...There have been fewer strikes. When other workers strike, business drops and we get laid off (1954:204-05)." As this cutter's experience illustrates, much of the damage done to unions by Taft-Hartley had originally occurred in the form of limitations on tactics and organizing, rather than immediate adverse effects on the everyday experiences of workers within those unions. After all, growing union power seemed to continue growing at the outset of the law. These limitations on union operations eventually affected workers in real, tangible ways, but the immediate linkage to the effects of legislation was not immediately apparent.

There is no question as to whether Taft-Hartley constrained union organizing efforts; in fact, it was designed to limit the economic pressures that unions could impose on employers (Getman and Pogrebin 1988). However, its effects were both immediate and long-ranging. Immediately, unions were limited in their tactics as secondary boycotts and wildcat strikes became forbidden and employers' regained the ability to seek court injunctions limiting strike activities. Unions confronted the possibility of anti-union, Right-to-Work laws refocusing organizing efforts away from employers, towards state politics and retaining individual dues payers within the union. Many leftists were purged from unions due to the legislation's anti-communist clause, making the labor movement much more conservative. All of this mattered little as long as a capital-labor accord was in place.

Unions seemingly thrived for decades after Taft-Hartley was enacted, despite their politically-induced shift towards business-style unionism; albeit, with a steady,

gradual decline in union density after 1953. The sudden decline in union strength in the 1980s, I argue, is partly based on a temporal reemergence of the importance of the limiting factors stemming from Taft-Hartley. Unions may have been restricted by the law throughout the postwar era, but the institutional circumstances of collective bargaining in the United States at that time had allowed unions to remain strong. When other structural changes in the economy transformed the landscape upon which organized labor contested employers, the restrictions of Taft-Hartley became a much larger burden on unions. While other factors were also responsible for organized labor's decline, the collapse of established bargaining norms across many industries required unions to engage in alternative tactics, but many possible options were illegal or limited. In effect, organized labor had lost many tools from its repertoire at a time when many of them were not vital to the survival of unionism; when new problems required usage of those old tools, they were nowhere to be found in labor's limited repertoire.

Though Taft-Hartley became more destructive in the 1980s than it was in the 1940s, Wagner also became less effective than it had been in previous years. Hacker and Pierson's (2010a) concept of policy drift is applicable to the evolution of the Wagner Act—as the foundations of U.S. political economy shifted over time, a once effective piece of legislation became outdated. After passage, Wagner had catalyzed a spectacular growth in union membership, but years later, administrative appointments of an all pro-business National Labor Relations Board and the downfall of established bargaining patterns had become new obstacles to union success (Kochan et al. 1986). For this reason, a return to the Wagner version of NLRA would be necessary, but not sufficient, for the labor movement to regain lost power.

*Policy Drift Hypothesis: Union membership declined over time as existing labor law became less supportive of unionism*

### **Explanation 2: The Reconfiguration of Productive Capital**

A reconfiguration of productive capital preceded the decline of union power in the 1980s. Comprising five primary moments, this reconfiguration included: 1) a deindustrialization of regions containing unionized workforces and heavy industry, 2) the rapid growth of the services sector, 3) a rise in global competition causing a reduction in investments in domestic goods production, 4) the wide-scale automation of production, and 5) an increased reliance on college-educated workers. Together, these factors may have destabilized the capital-labor accord of the early postwar era.

Massive layoffs began as the 1970s experienced crisis and economic stagnation. The postwar economic engine ceased to produce the prosperity that many businesses came to expect. At the same time, new technologies enabled unprecedented levels of capital mobility, allowing capital to flee to new industries and locations, particularly from domestic heavy industry and the unionized Northeast and Midwestern states (Bluestone and Harrison 1982; Miller and Tomaskovic-Devey 1983). Bluestone and Harrison (1982) estimated that 38 million jobs were lost during the 1970s as businesses engaged in practices of disinvestment and capital flight away from unions—a process characterized by the reallocation of investments away from revenue sources, non-investment in the maintenance of existing machinery, the physical relocation of capital equipment, and the complete relocations of factories. At the same time, global competition increased as foreign markets developed and U.S. capital chased new investment opportunities. This whole process can be called deindustrialization.

This considerable shift in the employment structure of the U.S. economy is also reflected in changes to a more service-oriented economy (Miller and Tomaskovic-Devey 1983). Most job loss occurred in the manufacturing sector, as those jobs could be more easily moved to regions of the country or world where labor was cheaper and unions nonexistent (see Silver 2003), fostering the transition to a more service-oriented economy as job growth concentrated mostly in the service sector. Likewise, continual productivity gains in manufacturing meant fewer workers were necessary to perform the same tasks. This process was further driven by new capitalist demands for the freer flow of capital across international borders, thereby creating demands for more financial malleability of international capital (Harvey 2005), which further enabled job destruction and industrial reconfiguration in the U.S. as these demands bore fruition. Since union strength had been strongest in the manufacturing sector and in the Northeast and Midwest, the sudden onslaught of layoffs eliminated union jobs, directly reducing union membership.

The spatial and sectoral reorganization of work within the U.S. might also explain union decline. Many jobs were eliminated, but the total number of U.S jobs increased. Western (1997) is critical of the idea that changes to the industrial structure have been purely negative. He argues that a disaggregated analysis of unionization by industry is necessary to make this argument. Rather than contributing to union decline, changes in the industrial structure may have simply caused a shift in union strength towards some industries and away from others. While density levels have fallen uniformly across industries in the U.S., some of the effects of such a shift might be partially taken into account by controlling for geographic region of employment (Goldfield 1987).

The geographic shift of industries from heavily-unionized states to low-union Right-to-Work states may be a major example of the changing industrial structure, leading to union decline (Rao et al. 2011; Hogler et al. 2004). Since employment growth in RTW states is an indicator of deindustrialization and capital flight from states with stronger labor laws, the geographic reconfiguration of employment demonstrates the relational nature of workplace contestations. Employment in the United States did not shrink, but its overall composition did change. Given the destruction of employment in Northern manufacturing and the growth of employment in the RTW states, capital flight may have been responsible for much of U.S. union decline.

*Capital Flight Hypothesis: Capital flight away from states with strong labor laws caused union decline.*

Increasing global competition was likely a driver of union decline. Historically, firms actively avoid unions by diverting investments when possible (Silver 2003). The decentralization of global economic activity across the postwar era (Clawson and Clawson 1999) was a likely result of employers fleeing heavily-unionized regions in favor of cheaper labor. Increasing import penetration in the goods-producing sector provides support for this argument, as this means that Americans increasingly consumed foreign goods, leading to declining unionization as domestic production diminished.

*Global Competition Hypothesis: An influx of global competition undermined union employment*

The size and physical organization of the workplace might also influence union formation (Anner 2011), due to the disruptive capacity of employees whose work is time

sensitive or spatially isolated (Kimeldorf 2013). Silver (2003) discusses how technical and organizational fixes enable employers to hinder union formation within a workplace. For instance, as Silver notes, workers in a continuous-process automobile plant have much more ability to shut down an entire facility with a strike than do workers in a textile factory who each tend to their individual looms, simply because autos on a production line must be assembled in a specific order and textiles do not require sequential assemblage. Management is keenly aware of this and attempts to dilute this type of power with technical and organizational fixes such as increased use of computers and robotic equipment, segmentation of different departments into various puppet companies within the same workplace, phantom employment practices (the absence of management, common in janitorial work), and the flexibilization of employment through contracted employment and the other precarious types of employment (Silver 2003; also see Batt 2001).

Another major way workplaces have been reorganized is through a process of technological change, or automation, which has increased dramatically since the early 1970s. The increasing automation of production may have driven union decline (Reich 2007). Kristal (2013) argues that the computerization of the economy has been a primary driver of union decline, resulting from factor-biased technological change (i.e. computerization has benefitted capitalists more than workers) and class-biased technological change (i.e. computerization has provided capital with increased ability to suppress unionism) in which employers consciously automate workplaces to reduce worker power. Rather than taking power into account, as Kristal does, the skill-biased technological change (SBTC) literature assumes that technological advancement is a



natural process that weakened labor unions by providing highly-trained workers the agency to bargain individually and reducing the bargaining leverage of lesser-trained workers (Acemoglu et al. 2001; Autor 2003). Complementing Kristal's theoretical perspective, Hanley (2014) claims that SBTC is undermined when a relational approach is used to understand technological change, as occurs when employers use technological advancement to stake claims on their managerial authority. Regardless of theoretical perspective, previous literature has mostly viewed automation as a threat to the existence of labor unions.

*Technological Change Hypothesis: The automation of workplaces reduced union membership, but the effect is greatest in the manufacturing sector*

The changing economy has led to a higher demand for workers with college educations. Mosher (2007) claims that the increasing college premium in the 1980s was the result of union decline. Having a bachelor's degree certainly provides many workers the option to change jobs without starting from the bottom of a new career ladder, unlike most blue collar jobs. This may lead some workers to believe that this type of leverage is enough to allow them to bargain individually rather than collectively. Another possibility is that college educated workers tend to have better working conditions and less cause for grievance than other workers. While these possibilities cannot be examined here, the rising employment of the college educated on union membership can be analyzed.

*College Education Hypothesis: A rising proportion of the workforce with bachelor's degrees reduced union membership.*

As all of these broad changes to productive capital transformed the domestic economy, power relations between labor and capital were fundamentally altered. Capitalists benefitted from these transformations, likely driving union decline. Organized labor became disempowered, leaving unions more vulnerable to the actions of employers. Many capitalists took advantage of their renewed strength.

### **Explanation 3: Political Mobilization and the Business Offensive**

During the 1970s, two major transformations to the behavior of capitalists transpired. First, the business elite politically mobilized as an interest group. Second, employers engaged in an anti-union business offensive, becoming more openly hostile to the practice of collective bargaining. These two processes occurred in tandem, but the business offensive required the advancement of political goals before becoming fully successful.

Businesses mobilized to confront labor unions directly at firm and industrial levels, but they also collectively organized to influence the national institutional landscape. Earlier views on the business offensive focused largely on the role that employers played in fighting union efforts, but a proliferation of literature on the business mobilization has emerged in recent years (Mizruchi 2013; Walker and Rea 2014; Hacker and Pierson 2010a, 2010b). Scholars have sought institutional explanations to account for the disparities created by the political system, which have inevitably led to an inspection of public policy and a resulting examination of how the decline of organized labor's power changed the political landscape in the 1980s.

The bases of political support for business interests must be recognized to understand how their new political coalition was established. Responding to political backlash from the social movements of the 1960s (Frank 2003), economic crisis in the early 1970s (Mizruchi 2013; Bluestone and Harrison 1982), and uncertainty over the future, some Americans sought to return to 1950s-era glory by confronting the imagined moral decay sweeping over the country, robbing the U.S. of the greatness achieved through hard work and sacrifice since World War II. Many labor-supporting Old Leftists felt alienated by many of the New Left's social justice causes that seemed divorced from labor issues (Frank 2003). Republicans successfully split the New Deal coalition by harnessing the resentment of Southern whites in years following the 1960s civil rights legislation (Hacker and Pierson 2010b). The rise of the religious conservatism in Republican politics catered to the moral decay arguments in the stagnant 1970s (2010b). Following the turmoil of the 1960s an emergent radical right also appeared on the political scene (Blee and Creasap 2010; Epstein and Forster 1967). Harnessing these various cultural groups was essential for business interests seeking to gain influence as the American political landscape reconfigured.

Business became mobilized as these processes took place. Shortly before his nomination to the Supreme Court by the Nixon administration in 1971, then attorney and chair of the Education Committee of the Chamber of Commerce Lewis Powell penned a letter to the Chamber of Commerce calling for the business community to tap into its unused organizational potential to combat what he perceived as an attack on the free enterprise system. This included a call for the development of conservative responses to liberal media, universities, and cultural products (Gross et al. 2013; Mizruchi 2013;

Hacker and Pierson 2010b). Even if this memo echoed sentiments already present in the business community, Powell's call to arms and subsequent judicial appointment to the U.S. Supreme Court were signifiers of an emerging activism within organized business interests.

Though the goals of restoring American enterprise to its pre-Depression form are wide-ranging, one primary aspect was the business community's view that organized labor was one of the primary impediments to this vision. The Business Roundtable formed in 1972 as a collection of CEOs sought to advance the political interests of American business (Walker and Rea 2014; Mizruchi 2013; Hacker and Pierson 2010a). Mostly unstudied until recent years, the policy-drafting American Legislative Exchange Council (ALEC) was formed in 1973 by conservatives seeking to change the political tides in response to Left successes of the 1960s. Conservative think tanks mobilized to develop intellectual alternatives to the messaging of organized labor and the New Left—these included the already existing American Enterprise Institute (AEI) (Mizruchi 2013; Medvetz 2006) and Hoover Institution, as well as newly funded think tanks such as the Heritage Foundation founded in 1973 (Gross et al. 2013), the Cato Institute founded in 1977, and the Manhattan Institute founded in 1978 (Medvetz 2006). Other preexisting business interest organizations actively opposing unions were the National Association of Manufacturers, the National Federation of Independent Businesses, and the U.S. Chamber of Commerce (Walker and Rea 2014; Mizruchi 2013; Hacker and Pierson 2010a). These organizations all played active roles in undermining the strength of the labor movement throughout the 1970s.

Mobilization within the business community meant that businesses played a more active role in developing policy and influencing elections. Another significant way capitalists mobilized was through the development of a conservative media organizations (first print media, then radio in the 1980s, television in the 1990s, and web-based media in the 21st century) and cultural alternatives that business-friendly politicians could use as tools to promote or pursue their agendas (Jamieson and Cappella 2008). Other ways might be through alternative knowledge-producing systems such as the think tanks described above (Gross et al. 2013; Medvetz 2006).

The political mobilization of business in the 1970s produced the political space for the simultaneously-occurring business offensive. While a product of broader political forces, the business offensive clearly occurred at the workplace level. This includes enhanced and increased union prevention tactics pursued by employers and attempts to use the NLRB as a tool for preventing union certification elections, or enabling decertification elections. The business offensive had two primary components: 1) the use of anti-union intimidation tactics on the part of employers and 2) the use of the NLRB as a tool to actively thwart union efforts (see Bronfenbrenner 2009). The results of NLRB elections are measurable and, ultimately, responsible for labor's success in organizing.

Employer opposition to unions has probably played a role in the decline in union strength. Although many— if not most—employers never fully embraced the idea of organized labor in their workplaces, employer opposition towards unions markedly increased for two decades before the 1980s (Freeman and Medoff 1984; Clawson and Clawson 1999; Fiorito and Maranto 1987). Clawson and Clawson (1999: 97) remark,

“The vehemence of the employer mobilization suggests that the accord may never have been as fully accepted by capital as many had supposed, that instead capital may simply have recognized the strength of labor and concluded that certain kinds of opposition were not [then] feasible.” Evidence of this is found in the attempts of management to break the Steelworkers union during their prolonged strike in 1959 (Metzgar 2000) or the efforts of eventual Phelps Dodge CEO Richard Moolick to bust unions in the 1950s and 1960s, decades before eventually working to bust the copper miners’ union after becoming CEO of Phelps Dodge in 1982 (Rosenblum 1997). Others argue that this accord existed, but was only pragmatic, a product of its own time, and by no means universally accepted by management (Mills 1948; Kochan et al. 1986; Mizruchi 2013). Regardless of how one views the existence of an accord, anti-union sentiment always existed within the business community and the intensity of active employer opposition to unions changed by the 1980s.

Freeman and Medoff’s (1984) landmark study, *What Do Unions Do?*, illustrates how union success rates in NLRB elections had deteriorated beginning in the mid-1950s, continuing into the late 1970s, when the private-sector success rate in NLRB elections dropped below 25 percent. They also mention that employers contest nearly every NLRB election, conduct anti-union campaigns, fire union activists, and bargain in bad faith over contracts when unionization occurs. Beginning in the 1960s, employers’ use of illegal tactics and disregard for labor law increased (1984). As Freeman and Medoff (1984: 233) claimed, “managerial opposition to unionism, and illegal campaign tactics in particular, are a major, if not the major, determinant of NLRB election results.” Since this study was published before the documented crash in union representation, it suggests that

employer behavior changed prior to the 1980s as much as or more than NLRB behavior. Although employers clearly disregarded the threat of unfair labor practice (ULP) rulings as the business offensive began (Freeman 2011), the national increase in ULP claims submitted against employers coincides with the intensification of employers' animosity towards organized labor.

Some work has sought to contextualize the historical origins leading to the increasing hostility of employers and the increased prevalence of using NLRB elections to prevent unionization (Bronfenbrenner 2009). Recent work has attributed the decline of unions to the anti-union NLRB appointed by President Ronald Reagan (Tope and Jacobs 2009; to a lesser extent Jacobs and Myers 2014). Reagan appointed an all pro-business board, but worth mentioning is that NLRBs of previous presidential administrations had never been decidedly pro-labor (Barkin 1961). Some of this work also attributes Reagan's 1981 firing of over 11,000 air traffic controllers from PATCO—a public-sector union whose employees were terminated by Reagan after conducting an illegal strike—as a moment that emboldened employers to embrace an anti-union strategy (see McCartin 2011 for a history). These beliefs are common in the labor movement, but fail to properly contextualize the broader structural changes taking place in the years prior to Reagan's election, such as the origins of economic financialization and several deregulatory acts passed by Congress under the Carter administration (Miller and Tomaskovic-Devey 1983), the political mobilization of business (Hacker and Pierson 2010a), as well as the increase in employer-contested NLRB elections and anti-union tactics from management throughout the 1970s (Reich 2007; Freeman and Medoff 1984).

Rather than going on the offensive as the result of administrative power or charisma from the executive branch, others have attributed the business offensive to changing economic conditions of the time. For instance, Kleiner (2001) points to employers eventually realizing the perceived high benefits and low costs of suppressing union activity. Kochan et al. (1986) explain that, after decades of stable bargaining conditions under the guidelines set by the National Labor Relations Act of 1935 (the Wagner Act), management decided that it was no longer committed to bargaining faithfully with unions, even as organized labor remained committed to the established, yet outdated, practices (specifically collective bargaining methods), resulting in a gigantic setback to the labor movement as unions struggled for survival during the business offensive. Mizruchi (2013) describes this period of transition as a time where the corporate elite collectively mobilized around a specific cause (i.e. to defeat organized labor in the wake of the crisis, slump, and new regulations in the 1970s), achieved their goal, and then fractured into narrow, self-interested pursuits. Some union decline may have resulted from the business offensive that emerged from political-economic transformations in the 1970s.

*Business Offensive Hypothesis: Union decline was produced by an accelerating business attack on labor in the 1970s, including both a resistance to new union formation and established bargaining practices.*

#### **Explanation 4: Union Failure**

Throughout most of the postwar period, unions failed to organize at an adequate level to maintain vitality. The labor movement in the United States, through its postwar embrace of business unionism—a version of unionism expressed through a narrow focus



on economic benefits and a general disregard for social issues outside of one's bargaining sphere— became an amalgamation of unions that largely sought to protect and further their own gains rather than devote resources to pursue a broader working-class movement. Business unionism seemed to work well for the labor movement, especially since union membership continued to expand. In practice, this was often a mechanism for serving the short-term economic interests of a body of largely white, male unionists while excluding others. However, workforce demographics changed over the second half of the twentieth century. Two major demographic factors have negatively affected union strength, continuing to present a challenge to unions today: 1) the number of people in the workforce has grown dramatically since the end of World War II, presenting an organizing challenge for unionists, and 2) the composition of the workforce has become more feminized and less white, posing a challenge for many unions and workers who have sought to protect—or, more accurately, regain—their status in the labor aristocracy. This failure to embrace unionism as a working-class movement also harmed the labor movement in the postwar years.

Union density is bound to shrink when the size of the workforce grows rapidly, unless new workers and firms are organized into unions (Clawson and Clawson 1999; Western 1997; Farber and Western 2001). This is simple math. Workforces that grow quickly do not usually grow as rapidly in established areas of the economy; rather, they grow in geographic or industrial areas that are new, innovative, or transformed places (Silver 2003; also see Piketty 2014, Ch.2 for a discussion on the effects of demographic growth on social change). These areas of the economy are generally not the places where unionism is already established, so a post-industrial U.S. economy has come to require

organizing in new industries. As Clawson and Clawson (1999) emphasize, the hesitance of many established unions to include women and racial minorities despite the progressive social movements of the 1960s and 1970s as well as the resulting influx of these groups into the workforce, limited the ability of the labor movement to build democratic unions with capacity to organize in a changing economy. Due to the fact that capital always gains a foothold in the workplace before organized labor—and since that creates a power differential from each workplace’s birth— unions faced an institutional challenge organizing in an expanding economy, especially given their aversion to women and minorities. So, the failure of unions to effectively maintain organizing efforts may have contributed to organized labor’s decline (Freeman and Medoff 1984; Milkman 1985).

*Union Organizing Hypothesis: The failure of unions to sufficiently organize new workplaces in the postwar era contributed to union decline.*

With the “male breadwinner” ideology regaining prominence after World War II and remaining throughout the 1950s—and to some extent, never completely fading—many Americans believed men should be the primary household wage earners while women managed the domestic work (Coontz 2000). Many of the women whose industrial fortitude of the 1940s inspired the creation of the Rosie the Riveter image suddenly found that their liberation was temporary as traditional social norms reemerged. The long-held cultural belief that women should tend families while men earned wages, or that women should work jobs that only compliment men’s wages, reduced the social value attributed to feminized labor, simultaneously reducing the perceived value of

women in society (Glenn 2002). Even during the 1930s and 1940s, many unions kept women on the periphery of the labor movement (Lasky 1985) or excluded them entirely (Strom 1985). The changing nature of unions in the 1950s, coupled with highly gender-segregated workplaces, maintained gender inequalities within the labor movement. As the occupational structure shifted from traditional union strongholds in manufacturing to the more feminized service sector, the material conditions of the new economy came into conflict with outdated cultural beliefs (Milkman 1985).

Some scholars have attributed women's lower levels of union density to a disinterest in being organized, usually because of their shorter job tenures and proclivities for leaving the work force to have children (Bok and Dunlop 1970; Barkin 1961). This view, although dated, overlooks the fact that workplaces have historically been shaped to reinforce gender distinctions (Smith-Doerr 2004; Salzinger 2003), due to the efforts of males working to protect their privileged economic status (Glenn 2002) and cultural meanings of gender (Brenner 1998). However, women have actually demonstrated stronger inclinations to support unions in their own workplaces (Milkman 1985; Freeman and Medoff 1984) and have been closing the gap relative to men in total levels of unionization since entering the workforce en masse post-1970 (Milkman 2007).

The norm in organizing efforts— even in organizing culture itself (Rooks 2003)—has been for men (usually white) to dominate unions, although there have been efforts towards increasing gender equality. Much of the old labor iconography features images glorifying masculine culture and the language is filled with metaphors related to war or dominance (for example, see Kornbluh 1988). Even the joking relationships and shop talk in male dominated industries include metaphors and allusions regarding the

desirability of masculine characteristics and the undesirability of feminine traits (for example, see Burawoy 1979; Halle 1984). Overall, the labor movement, similar to most male-dominated institutions, has not traditionally welcomed women.

*Female Exclusion Hypothesis: The growth of less gendered workplaces contributed to union decline.*

Many labor unions have also consciously excluded racial and ethnic minorities from their ranks and leadership positions. Sometimes, such as in the case of the United Auto Workers, the national or international leadership may promote inclusivity while its locals work to maintain a racial hierarchy (Georgakas and Surkin 1975). Williams (1987), in a 1976-1985 ethnographic study of black workers in suburban Chicago—covering the time period in which union strength declined the most—found that even after deindustrialization, white flight, and urban decay, black workers at one of the only well-paying factories in town were regularly denied advancement opportunities afforded to white workers, disparaged by management, and alienated from their unions. Royster (2003) illustrates how young black students graduating from technical high schools are often not mentored by teachers with the necessary network connections to land jobs in skilled-trade jobs—jobs that likely would be unionized. Whether unionized, or seeking stable working-class employment, racial minorities have historically been excluded from unionized jobs and participation in organized labor.

Trade unionism emerged in the 19th century as a movement dominated by white men (Fletcher and Gapasin 2008) and remained so as industrial unionism grew in the 20th century (Milkman 2007; Rooks 2003). Although trends have changed— and despite

a few notable exceptions— contemporary unionism struggles with many of the same problems of inclusivity. Fletcher and Gapasin (2008) stress the need for worker education in organizing efforts as a way to overcome this challenge to building a stronger labor movement. As the United Farmworkers illustrated in the 1960s (Ganz 2009; Shaw 2010), the Justice for Janitors campaign of the early 1990s (Milkman 2006; Waldinger et al. 1998), and more recent campaigns have displayed, organizing around social-justice, movement-oriented unionism is definitely possible.

*Racial Exclusion Hypothesis: The growth in racially diverse workplaces contributed to union decline.*

### **Explanation 5: Financialization**

In addition to the reorganization of productive capital, the rise of finance capital has transformed the U.S. economy as well. A process of financialization began with several deregulatory measures in the late 1970s and early 1980s, which played a pivotal role in weakening the strength of the labor movement. National policy came to privilege the liquidity of capital over production and employment stability as deregulation proceeded, leading many non-finance firms to progressively prefer investments in financial services over production (Lin and Tomaskovic-Devey 2013), causing an institutional reorganization which transferred power to finance-oriented capitalists. Financial markets created new financial mechanisms, such as derivatives, that acted in accordance with developing market logics (MacKenzie and Millo 2003). Institutional analysis has revealed that debt holding became a highly profitable endeavor as interest rates became more flexible, leading to an expansion of finance capital in non-finance

firms following the Supreme Court's Marquette decision in 1978 (Hyman 2012; also see Tomaskovic-Devey and Lin 2011). A removal of the restrictions on bank mergers following the Depository Institutions Deregulation and Monetary Control Act of 1980 allowed for a consolidation of the banking industry (Tomaskovic-Devey and Lin 2011) shifting economic power into the hands of large corporate banks and away from the rest of the economy. In the process, the finance industry vastly expanded its influence over the economy through the expansion of credit and asset management (Greenwood and Scharfstein 2013). Financialization is marked by the increasing reliance on finance by non-finance firms as well as the predominance of banks over the non-finance economy (Epstein and Jayadev 2005; Krippner 2005). The combined effects of financialization, as investments in finance capital have encroached on productive investments, has been associated with an overall decline in production in the U.S. economy (Stockhammer 2004; Tomaskovic-Devey et al. 2015).

Financialization has been deeply tied to the shareholder value movement, which holds the benefit of stock owners as the primary concern of a company (Fligstein and Shin 2007). This ended the "managerial revolution" described by economic historian Alfred Chandler (1977), reconfiguring the dominant logic of U.S. capitalism from production-oriented to finance-oriented. As Fligstein and Shin (2007) note, the shareholder value movement was fundamentally at odds with organized labor, viewing unions as costly inefficiencies from which profits could be freed. Since finance became more profitable than production over the short run, one of the ways shareholders may have sought to eliminate unions was through financial investment at the expense of

production (Lin and Tomaskovic-Devey 2013), thereby gaining the ability to circumvent unions in times of labor unrest.

Financialization has been shown to negatively impact labor in other ways as well. Lin (2013) finds that financialization is associated with declines in employment. Davis (2014) finds that financialization has occurred at the expense of investment in production, which explains why employment would decline as a result. Lin and Tomaskovic-Devey (2013) speculate that productive labor has been devalued in the process (see Hanley 2014 for an example of this). However, some of what appears as financial investments in the balance sheets of U.S. companies may simply be global investments in international subsidiaries (Krippner 2011; Baud and Durand 2012), which also could undermine organized labor via direct externalization of production.

*Financialization Hypothesis: Both the increasing predominance of the finance industry and the financialization of non-finance firms will negatively impact labor unions.*

While financialization has had a notably negative impact on the U.S. economy, scholars have not yet linked the process with union decline. Van Arnum and Naples (2013) speculate that financialization may indirectly lead to de-unionization. To the best of my knowledge, scholars have yet to test the effect of financialization on union membership, although organizational inequality literature has served to highlight this possible relationship.

## **Data**

I have offered five primary explanations for union decline. Within the arguments for each lie hypotheses that parse different components or aspects of the explanations. These hypotheses must now be operationalized into variables that can explain the strength of each explanation at different moments in time. All explanations seem plausible, but the task is now to parse their temporal effects apart. To do so, hypotheses are examined using industry-level panel data for the years 1970-2008.

Variables have been collected from a variety of sources. The Current Population Survey (CPS) and its CPS Integrated Public Use Micro-Series (IPUMS) are each sources for demographic, geographic, and aggregated workplace data. The Bureau of Economic Analysis (BEA) provides National Income and Product Accounts (NIPA) data, which includes information on industry earnings, investments, and assets. The Internal Revenue Service (IRS) Corporation Complete Reports provides my financialization measure. The National Labor Relations Board (NLRB) provides detailed information on the outcomes of union certification elections and unfair labor practice (ULP) claims. The Organisation for Economic Co-operation and Development (OECD) Structural Analysis (STAN) database provides a measure for global competition. Details on data sources can be found in Appendix A. See Table 1 for a description of variables.



**Table 1: Descriptive Statistics**

<b>Table 1. Descriptive Statistics</b>					
<b>Variable</b>	<b>Obs</b>	<b>Mean</b>	<b>Std. Dev.</b>	<b>Min</b>	<b>Max</b>
Union Members (Ln)	1270	11.960	1.192	8.349	14.278
Capital Flight (%)	1270	0.357	0.120	0.053	0.826
Computerization (%)	1270	0.125	0.127	0.000	0.682
Global Competition (%)	768	0.155	0.144	0.000	0.838
ULPs (negative ratio)	1270	-0.374	0.114	-0.586	-0.178
NLRB Union Loss %	1270	0.514	0.046	0.400	0.597
Organizing Efforts (negative ratio)	1270	-0.091	0.060	-0.199	-0.021
% College Educated	1270	0.198	0.127	0.000	0.725
% Some College	1270	0.211	0.074	0.016	0.429
% Non-white Workers	1270	0.227	0.106	0.001	0.687
% Female Workers	1270	0.325	0.184	0.000	0.822
FIRE (%)	1270	0.177	0.019	0.147	0.205
Productive Firm Financialization (%)	1270	0.197	0.100	0.034	0.828

Suitable firm level employment data do not exist for the United States. Therefore, an industry-level analysis is used as a proxy for the sites where production occurs (see Kristal 2013; Lin and Tomaskovic-Devey 2013). Industries included in the data include all goods and services in the private, non-finance economy. In total, 44 industries are in the dataset. Twenty-two industries span the entire time period. Ten industries are only included for years 1970-1997. Twelve industries are only included for years 1998-2008. See Appendix B for a detailed description of industries.

One of the issues confronted by researchers using industry-level time-series data stems from the classification of industries in national data records. Data for the period 1970-1997 uses the Standard Industrial Classification (SIC) codes, but data for all years 1998 and after use the North American Industrial Classification System (NAICS). For researchers, the problem with this switch is that industrial classifications became reconfigured due to structural changes in the economy, meaning that many firms changed

their industry groupings while some industries became aggregated or disaggregated. To create a sense of continuity, industry groupings that remain mostly unchanged in the 1970-2008 period are combined to bridge the SIC-NAICS divide. Industry classifications that do not appear in NAICS simply disappear from the data with the end of SIC in 1997.<sup>7</sup>

Declining union power is measured using the dependent variable union members. It is a CPS measure of the natural log of total union employees per industry. Successes and failures of unions at individual firms cannot be analyzed with this data. However, within-industry unionization presented here demonstrates important structural level trends in the U.S. economy. I chose union membership, rather than the conventional union density. The reason for this choice lies in my conceptualization of power, which relies on total organizational mobilization capacity rather than relative proportions. As noted by nearly all previous scholars, there is a gradual decline across the period with a steep drop-off in the early 1980s.

The Labor Policy explanation includes policy drift. Policy drift is tested using a simple year measure.

The Reconfiguration of Productive Capital explanation is gauged by observing data on global competition, levels of automation, and worker education levels. The Capital Flight hypothesis is tested using Domestic Capital Flight, a measure of the spatial relocation of work away from unionized areas and into developing areas of the economy. Domestic Capital flight is an IPUMS measure of the percentage of U.S. workers within

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<sup>7</sup> This approach is somewhat conservative, as it only combines industries that can be directly replicated across industry codes.

each industry employed in Right-to-Work states.<sup>8</sup> The global competition hypothesis is tested using global competition, an OECD-STAN measure of import penetration<sup>9</sup> in extractive and transformative industries. Accounting for the technological change hypothesis, I measure automation, which is a BEA-NIPA measure of computer investment as a proportion of total investment in fixed assets. The college education hypothesis is tested using college, an IPUMS measure of the percentage of workers in an industry who have completed a bachelor's degree.

The Business Offensive explanation uses National Labor Relations Board data on national-level conflict between labor and capital. Both public- and private-sector information is included, due to limitations in data collection capabilities. However, the inclusion of data for the entire economy can serve as an indicator of the strength and the organizing efforts of the labor movement. Union losses measures the proportion of union certification elections lost by unions in relation the total number of elections held. This is partially an indicator of the increased usage of anti-union tactics on the part of employers, as the presence of these tactics has effectively lowered the chances that unions secure election victory (Bronfenbrenner 2009). ULPs is a measure of unfair labor practice claims made by workers at specific workplaces, with a negative coefficient to indicate employer resistance rather than union success. Although there are many tactical reasons for organized workers to file or abstain from filing ULP claims which can influence

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<sup>8</sup> For each respondent in IPUMS, the worker's state is coded as either a RTW state or a non-RTW state. CPS clustered several states into regions in years 1970-76, so fuzzy set coding was used to derive the percentage of workers in RTW states. Fuzzy set estimates were obtained using Bureau of Labor Statistics (BLS) Current Employment Statistics state employment estimates for total employment by state. The data can be found at <http://www.bls.gov/sae/#tables>.

<sup>9</sup> Import penetration is a measure of foreign goods in an industry as a share of the gross domestic product attributable to that particular industry.

results as strategies shift, the total number of claims filed is an indicator of the intensity of managerial opposition to unionism.

The union organizing hypothesis is tested using organizing efforts, a measurement of the natural log total NLRB union certification elections per thousand employees, with values flipped to negative to better capture organizing failure rather than the positive benefits of organizing. This serves as an indicator of the effect of labor's collective failure to effectively organize as unions went into crisis. The racial exclusion hypothesis is tested with non-white workers as a percentage of workers in an industry. The female exclusion hypothesis is tested using female workers, an IPUMS measure of the percentage of women in each industry.

The financialization hypothesis operates at both national and industry levels. FIRE (finance, insurance, and real estate) is a national-level BEA-NIPA measure of the percentage of the U.S. gross domestic product attributable to the financial sector, which is conceptualized as an indicator of the growing power of the financial sector. Productive firm financialization is an industry-level measure using IRS Corporate Complete Report data of corporate financial assets as a proportion of total assets in private, non-finance industries. This is conceptualized to capture a shift in firm investment strategy away from production and towards financial strategies.

## Methods

The analysis contains two stages. First, long-term effects of each factor on the entire economy are examined, providing the net effects of union decline. Second, locally-weighted regressions are used to estimate the dynamic effects of each variable as their coefficients weaken or strengthen over time. This trend is weighted exponentially by a factor of 0.810 for each year of distance from the current year so that the effects of any particular year diminish across each subsequent year, allowing trends to be plotted for specific points in time when the effects of each variable change. As a new approach for determining temporal causality, my usage of locally-weighted regressions is a powerful tool for parsing complex social processes by paying more attention to when a causal impact happens than simply to statistical significance across the entire period.

My main models address the various explanations of union decline with temporally-weighted single-equation error correction models (ECMs, see Beck 1991; De Boef and Keele 2008). The analytical advantage of ECMs is that they allow researchers to estimate the long-run, cumulative effect of the explanatory variable. I use temporal weighting to identify particular moments in time where effects are stronger and weaker.

To absorb the interferences of industrial trends, fixed effect terms are included for industry in the models.<sup>11</sup> This ensures that the estimates are derived from within industry

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<sup>10</sup> When using locally-weighted regressions, a researcher must choose a factor that best fits their analysis. A factor of 1 would yield the same results for each year. Numbers closer to one are better at measuring long-term stability, while numbers closer to 0 are better at measuring shocks. After some testing, a factor of 0.8 was chosen as a compromise between the two. The calculations used in these models are more conservative than the cumulative effects in **APPENDIX C** so the results are not directly comparable. For this analysis, locally-weighted regressions are useful for disaggregating the time and sector-specific effects.

<sup>11</sup> The main interest of this study is to analyze the net effects of specific processes on the broader structure of the economy, but an analysis of particular industries might yield results that vary.

variance in the rate of change instead of unobserved between-industry differences.

Standard errors are clustered by industry.

The models are specified as:

$$\Delta Y_{i,t} = \alpha_0 + \alpha_{1,i} - \beta_1 Y_{i,t-1} + \beta_2 X_{i,t-1} + \beta_3 \Delta X_{i,t} + \varepsilon_{i,t}$$

where  $\Delta Y_t$  denotes the first difference  $Y_t - Y_{t-1}$ ,  $\alpha_0$  denotes the grand mean,  $\alpha_{1,i}$  denotes industry-specific deviation in change,  $\beta_1$  denotes the adjustment or error correction rate of  $Y$ , and  $\beta_2$  denotes that the direct effect of  $X_{t-1}$  on  $\Delta Y_t$ .  $\beta_3 \Delta X_{i,t}$  is treated as a control for short run investment allocations. Conditional on other covariates, a unit increase in  $Y_{t-1}$  leads to  $\beta_1$  unit decrease in  $\Delta Y_t$  and therefore  $1 - \beta_1$  unit increase in  $Y_t$ . Furthermore, because the dataset is unbalanced (the NAICS data has more industrial categories), the importance across years is equalized by assigning a year-specific inverse probability weight to each observation:

$$W_{i,t} = 1/N_t$$

where  $W$  denotes the weight of observation  $i$ , and  $N$  denotes the total employment in year  $t$ .

The first year every industry appears in the data drops from the equation due to the lag structure of the ECMs. This occurs in either 1970 or 1998, depending on the SIC/NAICS code. For this reason, the number of observations in the output does not match those of the descriptive statistics in Table 1.

ECM models estimate both an instantaneous and long run effect for all covariates. A conservative approach is employed here, focusing on the long-run effects in the

analysis. Interpreting the contemporaneous coefficient as an instantaneous effect is only appropriate when the causal direction is firmly established and might be less appropriate in a longer time series as temporal dynamics begin to emerge. The interpretation of the long-run effect, by contrast, does not require an implausible causal assumption and is consistent with the theoretical argument that long-term union decline has fundamentally altered capital-labor relations. To compute the long-run effect,  $\beta_2$  is divided by the error correction rate  $\beta_1$ .

Three of the five national-level trend variables cannot be entered into the same model due to multi-collinearity.<sup>12</sup> For this reason, my analysis uses four parallel explanatory models, each with different national-level independent variables. All industry-level variables remain the same in each model. Model 1, the “FIRE” model, examines the effects of the increasing predominance of FIRE in the U.S. economy. Model 2, the “Union Failure” model, tests whether or not decreasing union organizing efforts caused union decline. Model 3, the “Year” model, includes a control for year to estimate the extent to which effects captured through the simple progression of time, such as legislative policy drift, caused union decline. Together, these models will collectively test whether the Reagan presidential administration played a unique role in creating a crisis for organized labor (Tope and Jacobs 2009). While some national trends are not statistically tested in the same models, a side-by-side comparison of trends can highlight similarities and differences in each of these three models.

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<sup>12</sup> Collinearity tests were conducted to determine the suitability of covariates in models.

## **Results**

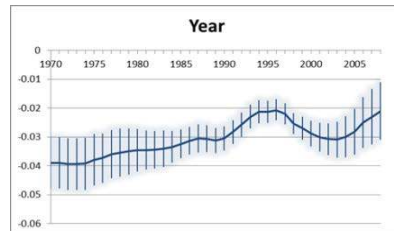
Results are organized by the five union decline explanations. Each is displayed below by model. Results are somewhat similar across the three national time trend models. See differences in the measured effects of FIRE, Union Failure to Organize, and Year variables to interpret any differences between models. Subsequent figures combine models by variable. Figures can be interpreted by viewing the trend each year in relation to zero. Anytime the confidence intervals for each coefficient do not overlap the y-axis of the graph, the effect for that particular year is significant. Only long-term effects for specific years are captured in this type of analysis. The profound strength of the temporal-weighted analysis is the ability to untangle the temporal dynamics of historical processes. Most time series analyses treat causal effects as if they are constant over time. This is almost always an unrealistic assumption. In the literature on union decline reviewed above there is a strong historical argument not only about what, but also when factors began to influence union decline. Aggregated long-term effects for the entire period are included in Appendix C.

First, I examine the labor policy in Explanation 1. Effects captured in the Year variable, presented in Figure 2, are consistently negative throughout the entire time period. This is important for several reasons. The year effect captures aspects of policy drift that are not modeled elsewhere. Although FIRE, Union Organizing, and the political mobilization of capitalists may be captured in this effect, this outcome nonetheless lends credence to the Policy Drift Hypothesis, which already receives qualitative support. Given that effects are present and strongest in the 1970s, evidence also suggests that the Reagan administration's policies and changes to the NLRB in the



1980s were not as uniquely influential to union decline as has previously been suggested (Tope and Jacobs 2009).

**Figure 2: Year-Specific Effects on Union Membership**



Explanation 2, on the reconfiguration of productive capital, examines structural changes to the political economic and industrial structures. Contrary to the Capital Flight Hypothesis, the increase in employment in Right-to-Work states was not a primary driver of union decline (see Figure 3). The shifting patterns of employment away from states with stronger labor laws actually boosted union membership as unions declined in the early 1980s. This is consistent with Western's (1997) argument that changes to the industrial structure merely shifted union strength. However, RTW laws probably still have a suppressant effect on the capacity of workers to exercise power.

**Figure 3: Effects of Domestic Capital Flight on Union Membership**



This counterintuitive result requires more explanation. Upon further inspection (Appendix D), the addition of a sectoral interaction to the models produced a negative

effect on union membership in the E&T sector. That is, the positive result for capital flight can only be explained by the expansion of employment in the service sector. The effects of capital flight to states with weak labor laws, then, must consider the sectoral transformation in U.S. employment. As employment in the extractive and transformative sector declined, the growth of the service sector provided new opportunities for unionization, even if conditions were not conducive to a thriving labor movement. At the same time, jobs in goods-producing industries were likely to be completely eliminated through offshoring or remain non-unionized after outsourcing.

Increased global competition has consistently reduced union membership in the E&T sector (see Figure 4). Important to note here is that the Global Competition measure only contains goods-producing industries, so graphs in this figure are not tested in the same analysis as other figures displayed. If global competition were to be factored into the rest of the results section, observations from the service sector would be eliminated from the analysis. Therefore, I have chosen to exclude results from the other variables included in the models with Global Competition.

**Figure 4: Effects of Global Competition on Union Membership**



The effect of global competition actually became stronger over time, even as there is less union membership to be lost. Consistent with Beverly Silver’s (2003) argument, capital seems to flee union dense geographic locations to less unionized locales whenever possible. This means that some types of work have been directly transported out of the United States, becoming direct competition for American workers. Simultaneously, and perhaps equally important, other countries became more economically competitive with the United States throughout the postwar years, a process that still continues. While difficult to trace, part of this increased competition might be the result of the financialization of investment portfolios of U.S. firms as they invest in foreign subsidiaries (Krippner 2011; Baud and Durand 2012). The Global Competition Hypothesis is supported.

The automation of the U.S. economy is presented in Figure 5. As displayed, results reveal that the effects of automation are not stationary. Investment in computer technology positively affected union membership until the mid-1990s. At this point, increased computer investment became a driver for union decline for the remainder of the time studied.

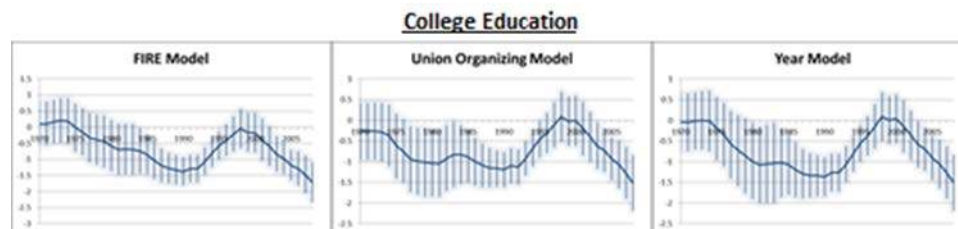
**Figure 5: Effects of Automation on Union Membership**



Automation may have originally represented an increase in fixed assets, which represented an investment in production in a particular locality. In later years, negative effects may have been caused by further advancements in computer technology and the growth of employment in the less capital-intensive service sector. Inter-industry variation of these effects likely exists, especially since some jobs may be supplemented and other jobs replaced by computer technology (Autor 2003; Kristal 2013).

For most years, union decline is not significantly related to the growth of college educated labor forces. However, an increasingly college-educated workforce negatively impacted unions beginning in the early- to mid-1980s into the mid-1990s and after 2003 (see Figure 6). That is, increases in college-educated workers were subsequently followed by loss of union membership net of other factors. Mosher (2007) finds that union decline precipitated growth in the college premium on workers' wages in the 1980s. This analysis reveals that, when any effect existed, an increase in college-educated workers preceded shrinking union membership. That is, rising college premium might have driven union decline in the late 1980s and early 1990s.

**Figure 6: Effects of College Education on Union Membership**



Explanation 3 includes the business offensive, which analyzes the behavior of employers. The effects of ULPs negatively impacted union membership at several points

in time, most notably in the time period before 1980 (Figure 7). Employers increasingly embraced illegal tactics throughout the 1960s and 1970s (Bronfenbrenner 2009; Freeman and Medoff 1984), so the negative effects of ULPs on membership before declines in the 1980s are not surprising. This does provide further empirical evidence that the business community was not emboldened or enabled by the Reagan administration, which did not take office until 1981. Worth mentioning here is that ULPs are initiated strategically by unions, so the initial impact of the business offensive might best be captured here.

**Figure 7: Effects of Unfair Labor Practices on Union Membership**



Union losses in NLRB elections only seem to have driven union decline in the late 1980s (Figure 8). However, the negative effect is not present when union organizing efforts are taken into account. This may happen because the lack of union organizing was more impactful than anti-union campaigns organized by management. Prior research has already indicated that unions are more likely to win when they devote more resources to organizing (Bronfenbrenner and Juravich 1998), so one may plausibly conclude that labor unions misallocated their resources by becoming more defensive in their efforts. In models measuring long-term effects for the entire period (Appendix C), rather than these year-specific models, union losses have a consistent negative effect on union membership.

**Figure 8: Effects of Union Losses in NLRB Elections on Union Membership**



Given the results of ULPs and union losses, the Business Offensive Hypothesis is supported. Figures for these two variables indicate that the effect of illegal employer tactics was already harming unions in the 1970s, before employers developed more sophisticated techniques for fighting unionization.

Union Failure is captured in Explanation 4, including the lack of organizing efforts and labor movement exclusion. Union Failure to Organize consistently led to declines in union membership in every year of the analysis, supporting the Union Organizing Hypothesis (Figure 9). Consistent with the findings of Bronfenbrenner and Juravich (1998), unions must organize if they are to win. Whether or not this has always been possible is debatable. The inadequacy of union organizing efforts may have stemmed from the purging of labor radicalism in the 1950s, the inability to predict the business offensive during an economic boom period, or possibly the organizational inertia caused by the bureaucratization of the labor movement. However, as some of the short-term survival techniques that unions used as the business offensive began were not effective in the long-term.

**Figure 9: Effects of Union Failure to Organize on Union Membership**



Women may have been historically excluded from many aspects of labor movement participation, but this analysis illustrates that this exclusion did not contribute to decline in the post-1970 era (See Figure 10). By some time in the 1980s or 1990s, the net effect of an increasingly female workforce was positive for labor unions. This effect became increasingly stronger throughout the 2000s. As old practices of female exclusion slowly yielded to new economic conditions (Milkman 1985; 2007), increasing labor movement access to feminized industries has buffered the unions from further decline. While sex-based exclusion is still likely a factor in the labor movement, I find no evidence supporting the Female Exclusion Hypothesis.

**Figure 10: Effects of Feminization of the Workforce on Union Membership**



Racial exclusion had no measurable effect on union decline in locally-weighted regression models (Figure 11). Even though racial exclusion has occurred within the

labor movement (Fletcher and Gapasin 2008), effects did not cause union decline at any particular time in this analysis.

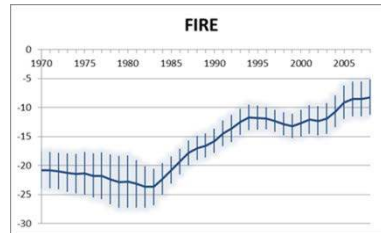
**Figure 11: Effects of Racial Diversification of the Workforce on Union Membership**



Explantion 5 considers the financialization of the U.S. economy. Financialization has resulted in lower union membership. The first component of the financialization hypothesis, illustrated in the Figure 12, presents the negative effects of an increasingly predominant finance sector on union membership, which persist throughout the entire period studied. As the FIRE sector grew as a proportion of U.S. gross domestic product, its ability to extract rents increased (Tomaskovic-Devey and Lin 2011) through expanded financial investments in the productive economy. Tomaskovic-Devey, Lin, and Meyers (2015) find that financialization increased interest paid to creditors, indicating that economic rents from the productive economy might be paid to FIRE. With this type of leverage, and knowing that bankers have played pivotal roles in anti-union business groups such as the Business Roundtable (Mizruchi 2013), the connection between a growing financial sector and union decline seems more intuitive. The rise of the shareholder value movement (Fligstein and Shin 2007, coupled with FIRE's unique power over the economy, explain negative impact of FIRE on union membership. The effects of a financializing economy were strongest earlier in the period, although they are always significantly negative.



**Figure 12: Effects of the Growth of FIRE (Finance, Insurance, and Real Estate) on Union Membership**



In contrast, the financialization of productive firms began to drive union decline only after 1980 (Figure 13). After financial deregulations relaxed restrictions on credit in 1978 and enabled banking industry mergers in 1980, firms gained the ability to generate income through investments in finance rather than production. With labor marginalized in the revenue generation process (Lin 2013), unions lost a strategic point of leverage in the bargaining process as their ability to threaten company revenue sources diminished. A financialized company can more easily outlast workers engaging in a traditional strike, which is why increased worker militancy (Aronowitz 2014) is not sufficient for unions contesting capital in the new economy. A deep recession in 1981-1982 could have served as a catalyst for firms to invest in finance instead of production, especially as high interest rates pressured firms to focus on short-term profitability.

**Figure 13: Effects of the Financialization of Productive Firms on Union Membership**



These results indicate that an adequate explanation of union decline should include explanations of: 1) labor policy and the effects of policy drift, 2) the reconfiguration of productive capital through a series of political-economic processes, 3) the political mobilization and offensive of the business community, and 4) the failure of the labor movement to adequately respond to a changing environment. As a new force driving union decline in the 1980s, the financialization of the U.S. economy may be included in the second point. Conventional explanations pointing to racism and sexism in the labor movement, capital flight to RTW states, and the importance of the Reagan administration are not supported by this analysis. In the case of race, sex, college, and RTW, the more fundamental problem was failure to organize. Only in the case of college educated workers is there evidence of union avoidance linked to the failure to organize during a major reconfiguration of the industrial structure. The main lesson to be drawn from this analysis is that labor lost power relative to capital due to a series of interdependent political and economic processes developing both within organizations and at the national level.

## **Conclusion**

Contrary to some recent research (Tope and Jacobs 2009; Jacobs and Myers 2014), this paper finds that Ronald Reagan was not the primary driver of union collapse in the 1980s. Instead, many forces led to the collapse of the labor movement as a powerful social actor. Union decline is a complex social issue that has occurred beyond the scope of one explanation or any one presidential administration. Although the Reagan administration's NLRB might have been particularly hostile to labor, I have shown that other social processes played a more influential role and began at earlier moments in time. Individuals are the product of their historical moment; likewise, Reagan's election in 1980 can be viewed, in large part, as a product of the success of the political mobilization of business in the 1970s<sup>13</sup>. The business community had effectively elected a pro-business candidate in their anti-union efforts, but the direct mobilization against union organizing drives, capital investments away from domestic production and toward finance, and global production, as well as the competitive pressures of globalization were more fundamental.

U.S. union decline has been the product of shifts in the relational power between capital and labor. Changes in the political economic structure afforded capitalists the opportunity to reclaim power that they had lost since the pre-NLRA era. Simultaneously, labor unions mostly failed to stake claims on the production process itself, leaving unions narrowly focused on wages and sapped of the energy gained during the early days of the Wagner Act. Meanwhile, U.S. labor policy changed very little in the years preceding

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<sup>13</sup> Unfortunately, I was not able to test the effects of the political mobilization of business in this paper. Deeper analysis of corporate lobbying, campaign donations, and the organization of corporate interest groups would be necessary to more thoroughly analyze this part of the story.

organized labor's crisis in the 1980s. Employers exploited the chance to take advantage of this new era. The culmination of all these processes has driven union decline.

A chain of shocks fundamentally transformed the collective bargaining landscape in the 1970s and 1980s. Private-sector union density had already been shrinking by the 1970s, but the rapid spread of global capitalism and a sharp oil crisis gave the business community an incentive to mobilize. Coming on the heels of racial and gender political turmoil, the business community exploited the opportunity to use the political backlash against leftism to change institutional politics. They used their resources to transform public policy by leading the drive to deregulate both financial and productive constraints, jolting the bargaining process out of its routinized patterns. Almost four decades later, organized labor has yet to recover.

Many causes have led to the decline of the American labor movement. When multiple causes are examined directly and with the use of locally weighted regressions, as in this paper, temporal dynamics become much clearer, revealing that certain factors are more or less prominent at certain points in time. For example, the expansion of the U.S. workforce has led to declines in union density since the 1950s. Declines in total union membership, however, did not occur until union jobs were destroyed in the late 1970s and were replaced by jobs in non-unionized industries and regions.

Accelerated union decline was first the result of the restructuring of the United States domestic economy in the 1970s and 1980s. Commonly termed deindustrialization, capital flight from unionized to non-unionized geographic areas caused layoffs in many major industrial centers. Job growth concentrated in Right-to-Work states where unions

and labor laws were much weaker. Manufacturing jobs left the country on a massive scale, usually replaced with service-sector work. Computer technology eventually began to eliminate union membership by the early-2000s, but this phenomenon most likely varied significantly by industry. As good-paying union jobs became less available, college education became increasingly necessary to obtain middle-class incomes, perhaps leading many to seek improved life chances through individual means rather than collective action. Together, these components of deindustrialization have smashed many strongholds of industrial unionism, where the labor movement was strongest.

Much of the decline was made possible as policy drift, the delayed effects of the Taft-Hartley Act of 1947, became more prominent in the late 1970s and early 1980s. While Taft-Hartley had limited labor tactics and sapped union vitality as part of its design, the slow drag of the early postwar era became a resurgent force in these later decades, in many ways preventing unions from defending themselves when employer behaviors changed. First, unions had lost rank-and-file vitality as leftists were purged from their organizations, leaving many unprepared for the coming business offensive. Second, Right-to-Work laws, born of Taft-Hartley, probably mired union organizing. Third, so long as other structural barriers kept the capital-labor accord in place, unions did not have to worry as much about restrictions on secondary boycotts, wildcat strikes, or court injunctions on strike activity. Though organized labor's hands were metaphorically tied in 1947, they did fine at the outset. In fact, absolute union membership continued to grow until 1980. Union bargaining with capital was akin to playing a game; when the game changed from soccer to baseball sometime around 1980,

unions suddenly could no longer play the game effectively. In this manner, national labor law became a hindrance on union activity.

Reacting to changes in the economy and political system, partially of their own creation, the business community sought to return to the favorable economic conditions of the early postwar era. Since capitalists could directly respond to increasing global competition, they targeted the domestic economy – mobilizing against union power (and state regulation) to mitigate growing uncertainty. Attempting to reclaim managerial prerogative, a twofold attack on labor unions was initiated. First, business interests organized to change national economic policy in efforts to reclaim economic surpluses and workplace control from workers. Second, employers took advantage of economic changes, oftentimes refusing to negotiate with unions, demanding concessions, and devoting resources to union prevention tactics. Coupled together, employers took advantage of favorable economic developments, institutionalizing their agenda within governmental policy as economic uncertainty swept the country. Organized labor's base of power was effectively swept away as employers reasserted dominance in the workplace. Many union jobs were eliminated as the union strategies of the past failed to address the new bargaining climate.

Failure to adequately organize was a major part of the failure of unions. Labor is more likely to win when more union resources are devoted to organizing (Bronfenbrenner and Juravich 1998). However, wages and absolute union membership rose consistently until the 1970s. Many labor unions lost sight of the need to constantly maintain union vitality by supporting the causes of workers everywhere. Clinging to the gains of the past, many unions were unable to expand their organizing efforts as they struggled for

self-preservation in the new economy. Many efforts towards labor movement reform were too little and may have happened too late.

Evidence in this paper reveals for the first time that the financialization of the economy may have been partly responsible for labor's sudden crisis of the 1980s. Growing influence from both the finance sector and firm-level financial investments consistently depressed union membership levels. Financial deregulation in the late 1970s and early 1980s made these two processes drivers of union decline. With increasing pressures to maximize shareholder value and efforts to reduce uncertainty, firms used financial mechanisms to undercut the bargaining power of labor unions. Financial sector growth continued to steadily suppress union growth through 2008. Likely a product of the shareholder value movement (Fligstein and Shin 2007), the increased reliance of productive firms on financial investments in the 1980s may have been the primary factor in ending organized labor's reign as an influential advocate of working-class interests. Reducing uncertainty, financial investments could have been used as a conscious anti-union tactic by buffering employers from the threat of labor militancy.

Other recent research has linked the automation of the economy to union decline (Kristal 2013). While this seems to be the case since the mid-1990s, computer investment is actually associated with higher levels of union membership in previous decades in my analyses. Some variation most likely exists by industry, but the net effects in the extractive and transformative sector are highly positive across the entire period. While computer investments undoubtedly reduced the need for some kinds of labor, other jobs were generated and most importantly computer investments are investments in

production. Unlike divesting from unionized areas or investing in financial speculation, computer investment is investment in production.

Aside from the substantive findings described above, I advance relational inequality theory and other theories of organizational power by highlighting the complex interplay of temporal dynamics on social processes. As I have demonstrated, the success or failure of competing groups at one point in time rests on the ability of actors to capitalize on institutional configurations of multiple social processes in previous time periods. Although the very nature of capitalism lends capital an advantage over labor, the ability of organized labor to wrest organizational resources from capitalists, or vice versa, lies in these groups' abilities to effectively assess and utilize themselves, each other, the state, and political economic arrangements. Like a chess match, the power of a player in one particular turn may not determine who wins the game, but it sure helps.

Accepting the overwhelming evidence of the benefits that unions provide to the economy, civic political participation, and the workplace, I will conclude by prescriptions for the recovery of the labor movement:

Build stronger union protections into labor policy. Policymakers must equal the playing field by ensuring workers' ability to unionize without minimal employer interference, relaxing restrictions that prevent some workers from unionizing, and rescinding Taft-Hartley limitations on labor tactics. To ensure continued union strength, labor would benefit from a higher degree of institutionalization within the government structure by increasing organized labor's access to the policy process.



Labor must use tactics that work in a modern economy. Union decline happened partly because old practices were no longer effective. Striking and militancy can be useful, but can also cost workers their jobs if an employer is persuaded to move production or financialize their investments. With this in mind, labor activists must strategically analyze their own vulnerabilities and points of leverage to overcome employer opposition (Juravich 2007).

Labor must expand organizing efforts. This is easier said than done, but a mass mobilization is necessary if the labor movement is to regain its status as a powerful voice for the working class. To accomplish this, labor leaders must continue organizing workers in new industries and occupations. Beyond this, unions must continue building a more inclusive labor movement, driven by the needs of workers on the shop floor.

None of these recommendations will be easy, as employer interests are structurally at odds with labor unions, but each serves a necessary role in rebuilding the power of the U.S. labor movement.

Looking to the future, unionism in the U.S. will continue to struggle. During the 1980s, unions lost much of their ability to influence representative politics, set prevailing wages, mitigate inequality, and a host of other effects as membership plummeted. This means that unions must now successfully navigate through an environment where labor policies are weakened, with employers less affected by traditional union tactics and better equipped to resist union demands. For unions to succeed and for workers to enjoy their right to unionize, organized labor must find strategic points at which capital flows can be blocked or threatened (Harvey 2011). How this is done depends upon the vulnerability of

corporate images, the perishability of products, types of links in supply chains, the liquidity of production processes, types of transportation materials, the geographic specificity of production, etc. Unions have a long struggle ahead, so better understanding union decline will be of utmost importance in implementing future strategies.

## APPENDIX A

### VARIABLES AND DATA SOURCES

<b>Variables and Data Sources</b>			
Concept Measured	Variable	Technical Definition	Sources
Union Strength	Union Members	Union Density* Total Workers	CPS
Deindustrialization/ Taft-Hartley	Right-to-Work State	Proportion of Industry Employment in Right-to-Work States	IPUMS
Skill-Biased Technological Change	Computerization	Computer Investment/Investment in Fixed Assets	BEA-NIPA
Business Offensive	ULP Claims per Employee (proportion)	-(Total Number of Unfair Labor Practice Claims Received Against Employers / Total Employees)	NLRB
Business Offensive	Union Win Rate (proportion)	1- (Total Number of Recognition Elections Won by Unions/ Total Number of Representation Elections)	NLRB
Union Failure	Union Certification Elections per Thousand Employees	-(Total Number of Union Certification Elections Held/ Total Employees)	NLRB
Job Control	College	College Graduates/ Workers	IPUMS
Job Control	Some College	Some College Education/ Workers	IPUMS
Social Exclusion/ Opportunity Hoarding	Female Workers	Female Workers/ Workers	IPUMS
Social Exclusion/ Opportunity Hoarding	Non-white Workers	Non-white Workers/ Workers	IPUMS
Predominance of Finance Sector	Predominance of FIRE	Value Added by FIRE / Gross Domestic Product	BEA-NIPA
Industry-Level Financialization	Financialization	Financial Assets/ Total Assets	IRS
			Additional Information
			Measures Shift in Industrial Structure
			Computer Investment contains NIPA variables: Mainframes, PCs, DASDs, Printers, Terminals, Tape Drives, Storage Devices, System Integrators, Prepackaged Software, Custom Software, and Own Account Software
			Employer Resistance, Intimidation, Firings
			Measures the Labor Movement's Success during Business Offensive
			Business unionist mentality reduced level of organizing as crisis occurred
			College premiums increase over time. Worker classification in union elections is also a struggle, which may be affected by education.
			Similar effect as above
			Excluded by local unions
			Excluded by local unions
			Measures the Financial Industry's Economic Influence during the Shareholder Value Era
			Managerial Commitment to Production

## APPENDIX B

### INDUSTRY MATCHING USED IN ANALYSIS

Standard Industrial Classification, 1970-1997	North American Industry Classification System, 1998-2008
	Mining
Metal mining	
Coal mining	
Oil and gas extraction	
Nonmetallic minerals, except fuels	
Electric, gas, and sanitary services	Utilities
Construction	Construction
Food and kindred products	Food, Beverage, and Tobacco manufacturing
Tobacco manufactures	
Apparel and other textile products	Apparel, Leather, and other textile products
Leather and leather products	
Lumber and wood products	Lumber and wood products

Paper and allied products	Paper and allied products
Printing and publishing	Printing and publishing
Chemicals and allied products	Chemicals and allied products
Rubber and miscellaneous plastics products	Rubber and miscellaneous plastics products
Petroleum(including integrated) and coal products	Petroleum(including integrated) and coal products
Primary metal industries	Primary metal industries
Furniture and fixtures	Furniture & related product
Textile mill products	Textile mill products
Primary metal industries	Primary metal industries
Fabricated metal products	Fabricated metal products
Machinery, except electrical	Machinery, except electrical
Electrical and electronic equipment	Electrical equipment, appliance, and component manufacturing
Transportation equipment, except motor vehicles	Transportation equipment
Motor vehicles and equipment	
Stone, clay, and glass products	

	Computer and electronic product manufacturing
	Nonmetallic mineral product manufacturing
Instruments and related products	
Wholesale (Total)	Wholesale (Total)
Retail(Total)	Retail (Total)
Transportation	Air, rail, and water transportation Truck transportation Transit and ground passenger transportation Pipeline transportation Other transportation & support activities warehousing and storage
Communication	Broadcasting and telecommunications Information services and data processing services Motion picture and sound recording industries

Business services	
Personal services	
Auto repair, miscellaneous repair services	
	Professional, scientific, and technical services
	Administrative and support services
	Waste management & remediation services
	Health care and social assistance (Total)
Amusement and recreation services	Amusement, gambling, and recreation industries  Other arts, entertainment, and recreation
Hotels and other lodging places	Accommodation
	Food services and drinking places

As displayed in the table for Appendix A, Standard Industrial Classification (SIC) coding for years 1970-1997 were combined with coding from North American Industrial Classification System (NAICS), years 1998-2008. Since industrial categories are not entirely congruent across the two classification systems, the combination strategy involved matching or combining industries when easily accomplished, and leaving industries separate from one another in cases where the industrial classification of firms

changed or became more detailed. The table is shaded to indicate which industries match, are components of each other, or are unique to each classification system across the two periods. In the data, this produced the effect of some industries spanning the entire period, while some ended in 1997 and others were began in 1998.



## APPENDIX C

### LONG-TERM EFFECTS AND ERROR-CORRECTION RATE PREDICTING

#### UNION MEMBERSHIP

<b>Table 3. Long-Term Effects and Error Correction Rate Predicting Declining Union Density, 1970-2008</b>			
	FIRE	Union Organizing	Year
	coef/se	coef/se	coef/se
FIRE	-21.164*** (0.891)		
NLRB Elections		-6.653*** (0.282)	
Year			-0.035*** (0.002)
ULPs	-0.355*** (0.083)	-0.254** (0.089)	-0.797*** (0.086)
Union Losses	-0.694** (0.265)	0.597* (0.281)	-2.286*** (0.353)
Productive-Firm Financialization	-1.631*** (0.129)	-1.842*** (0.104)	-1.945*** (0.127)
Domestic Capital Flight	2.013*** (0.332)	2.248*** (0.355)	2.167*** (0.400)
Automation (%)	0.712*** (0.128)	0.534*** (0.122)	0.562*** (0.140)
College Educated (%)	-1.445*** (0.230)	-1.159*** (0.226)	-1.326*** (0.263)
Female Workers (%)	1.928*** (0.363)	2.224*** (0.392)	1.552*** (0.446)
Non-white Workers (%)	-0.803* (0.327)	-0.614 (0.337)	-0.465 (0.424)
Error Correction Rate	-4.283*** (0.265)	-4.222*** (0.250)	-4.083*** (0.292)
Constant	Yes	Yes	Yes
$R^2$	0.145	0.144	0.141
Degrees of Freedom	43	43	43
Observations	1,226	1,226	1,226
<i>BIC</i>	-699.086	-701.507	-525.803

Note: \*\*\* p<.001, \*\* p<.01, \* p<.05

Reported  $R^2$  values do not include error corrections

## APPENDIX D

### LONG-TERM EFFECTS AND ERROR-CORRECTION RATE PREDICTING

#### UNION MEMBERSHIP WITH INTERACTON

Interaction

<b>Long-Term Effect and Error Correction Rate Predicting Declining Union Membership, 1970-2008</b>			
	FIRE	Union Organizing	Year
	coef/se	coef/se	coef/se
FIRE	-22.534*** (0.919)		
NLRB Elections		-8.510*** (0.314)	
Year			-0.040*** (0.002)
ULPs	-0.436*** (0.079)	-0.152 (0.092)	-0.900*** (0.085)
Union Losses	-0.458* (0.230)	1.387*** (0.232)	-2.005*** (0.292)
Productive-Firm Financialization	-1.109*** (0.136)	-1.412*** (0.114)	-1.411*** (0.125)
Domestic Capital Flight	8.187*** (0.579)	8.572*** (0.570)	8.531*** (0.639)
Dom. Capital Flight X ET Sector	-7.042*** (0.399)	-7.124*** (0.394)	-7.037*** (0.422)
Automation (%)	0.741*** (0.135)	0.523*** (0.108)	0.634*** (0.141)
College Educated (%)	-1.835*** (0.242)	-1.499*** (0.233)	-1.586*** (0.263)
Female Workers (%)	1.913*** (0.324)	2.175*** (0.338)	1.571*** (0.387)
Non-white Workers (%)	-1.113*** (0.316)	-0.999** (0.311)	-0.553 (0.383)
Error Correction Rate	-3.480*** (0.235)	-3.475*** (0.217)	-3.340*** (0.252)
Constant	Yes (0.126)	Yes (0.173)	Yes (2.924)
$R^2$	0.164	0.161	0.159
Degrees of Freedom	43	43	43
Observations	1,226	1,226	1,226
<i>BIC</i>	-748.356	-782.976	-654.237

Note: \*\*\* p<.001, \*\* p<.01, \* p<.05

Reported  $R^2$  values do not include error corrections

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