



**WHAT IF UNIONS
SUDDENLY DISAPPEARED?**

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“Unions were at the center of a dynamic that changed the definition of the middle class and the American Dream.”

Damon Silvers, Policy Director, AFL-CIO

U.S. trade union membership was at its peak in the 1950s, when nearly one in three workers were union members.¹ Today only one in nine belongs to a union, according to the latest data from the Bureau of Labor Statistics; and the figure is only one in 15 among private-sector workers.² This decline raises stark questions not only about the challenges that unions face, but also about how the economic landscape might change if labor union membership diminishes further. Indeed, what if unions disappeared altogether?

This is not simply an imagining. Hard-pressed states and communities around the nation—many of them with little or nearly no union representation—are dealing with lower take-home pay, limited workplace protections and support, and the reality of rising income inequality. These issues have not happened suddenly, but represent economic shifts dating back decades.

After World War II the U.S. witnessed an expanding middle class with rising wages and living standards, especially for workers in the manufacturing sector. But beginning in the 1970s, jobs in manufacturing declined because of factors such as offshoring, new technologies and pressures to increase industrial productivity. Meanwhile the country’s diversified service sector continued to expand.³ Throughout these shifts, unions continued to play a key role in driving economic progress for workers.

Creating economic security

“Unions were at the center of a dynamic that changed the definition of the middle class and the American Dream,” notes Damon Silvers, policy director for the AFL-CIO. “Unions were the central driver of many of the public policies that created a level of economic security for ordinary people: the Social Security Act, rise of the minimum wage, the post-war boom in public investments, expansion of higher education, the GI Bill, access to home ownership, civil rights legislation, public housing, food safety and consumer protection, and progressive taxation. The result was that the American Dream was redefined as the idea that...if you did your part in society and worked hard, you would enjoy a middle class standard of living.”

So what if unions were to suddenly disband? While the vestiges of union representation and bargaining would continue for a time to sustain some worker rights and benefits, we can already see the impact on households in states with a weakened union presence. In Wisconsin, a 2011 state law stripped public-sector unions of their collective-bargaining rights, and reduced take-home income by

CREATING ECONOMIC SECURITY

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Food safety and
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Progressive taxation

requiring workers to pay more for their healthcare and retirement plans. The result has been a 70% drop in membership of the state employees union.⁴

A 2015 International Monetary Fund study found that declining union membership contributed to a rise in inequality in advanced economies between 1980 and 2010. This was largely due to a rising share of income among the top 10% of earners. The study indicated that weaker unions have less of a voice in corporate decisions, including executive compensation, and less influence on public policy.⁵

If unions were to disappear, we could expect these challenges to increase, as working people would find it more difficult to find a voice in public life and larger society. But as workers band with others to amplify their concerns, and as policy leaders recognize the deteriorating effects of income inequality on society, a resurgence of organized labor in some form would be inevitable.

The inevitable re-emergence of unions

Looking at history, the experience of Chile offers a real-world example of the dismantling and subsequent resurgence of labor rights at a national level. In the early 1970s former dictator Augusto Pinochet suspended unions, terminated collective-bargaining agreements and restricted labor protections.⁶ This was a drastic shift, as 33% of workers in the country were union members the year he took power.⁷ While unions and certain labor rights have gradually re-emerged, the process has taken decades amid high income inequality.⁸ In view of improving economic inclusion, the current president, Michelle Bachelet, has sought to strengthen unions. In August 2016 she enacted a law expanding collective-bargaining rights—the latest in a series of reforms.⁹

While the U.S. has not experienced such a sharp removal of labor rights, the absence of institutions to advocate for workers would exacerbate social conflicts, intensifying the need for channels to express discontent. Eventually, this would create the conditions for new kinds of organizations and other innovations. Steve Early, a labor expert and long-time organizer, notes, “It doesn’t have to take the form of a traditional union to make improvements in wages and workplace conditions.” He says, “It will take more flexibility in approaches in the kinds of jobs that traditionally don’t have union members.”

Mr. Early points to Uber drivers and Microsoft “permatemp” workers as examples of non-traditional workers who are classified as independent contractors, lack the benefits of traditional employees and would be attracted to joining forces. So would health aides who provide direct care in clients’ homes and have gained employee status, but still struggle with low pay and a lack of benefit coverage.

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Even as younger workers lack experience with unions and are accustomed to flexible workplaces, both labor experts agree that the future will lead to new structures to channel the desire for collective organizing. Mr. Silvers observes, “We need worker organizations that are in synch with how workers are living and what workers care about.” He recognizes that a future in which unions re-emerge as a stronger and more widespread presence will require innovations, and he believes the workplace will remain the central realm for this to happen. “The workplace is the seat of human experience and the seat of power.”

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