

Would Stronger Unions Help the Middle Class?

Strengthening labor unions is not as politically polarizing as it once was, but it may not help workers that much.

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Now that Republicans and Democrats have announced their intentions to raise middle-class wages, the question is: How? In his State of the Union address, President Obama called for stronger unions: "We still need laws that strengthen rather than weaken unions and give American workers a voice." It's not unusual to hear a Democrat voicing support for labor, but reinvigorating unions on behalf of the middle class may [not be as polarizing](#) as it once was.

It also may not work. Economists Emin Dinlersoz, of the Census Bureau, and Jeremy Greenwood, a professor at the University of Pennsylvania, believe weaker unions are a symptom of today's polarized economy, not a cause. [They argue](#) that, as high-productivity unionized industries such as manufacturing replaced people with machines, low-skilled union workers became less valuable, particularly in relation to better-educated employees. Unions work by equalizing wages across different types of workers. But once higher-skill workers became more valuable, they had less incentive to unionize with their less-skilled colleagues. The model fell apart.

Unions typically help people who are underpaid and work in businesses that earn large profits—construction workers, for example, or pressmen in newspapers' heyday. It's harder for today's low-wage and middle-class workers to unionize because most manufacturing, retail, and food service firms operate on thin margins. What's more, workers don't have the same unique skill sets they once did; they can be replaced quickly, which erodes their bargaining power.

Dinlersoz and Greenwood believe that unions once thrived because there was a time when workers of all skill levels had an incentive to band together, but it doesn't work today. Organized labor is a clunky and ineffective way to restore the middle class because it homogenizes labor in an increasingly diverse economy.

If the goal is to redistribute income, the tax code is more effective than a private, third party that has its own interests. If the goal is to give workers a bigger share of profits, the Center for American Progress offers better suggestions: Pay employees in stock and build skills and infrastructure.