

Who Killed American Unions?

By Derek Thompson

A new theory says that a wave of massive technological change gave life to organized labor -- and another wave took it all away

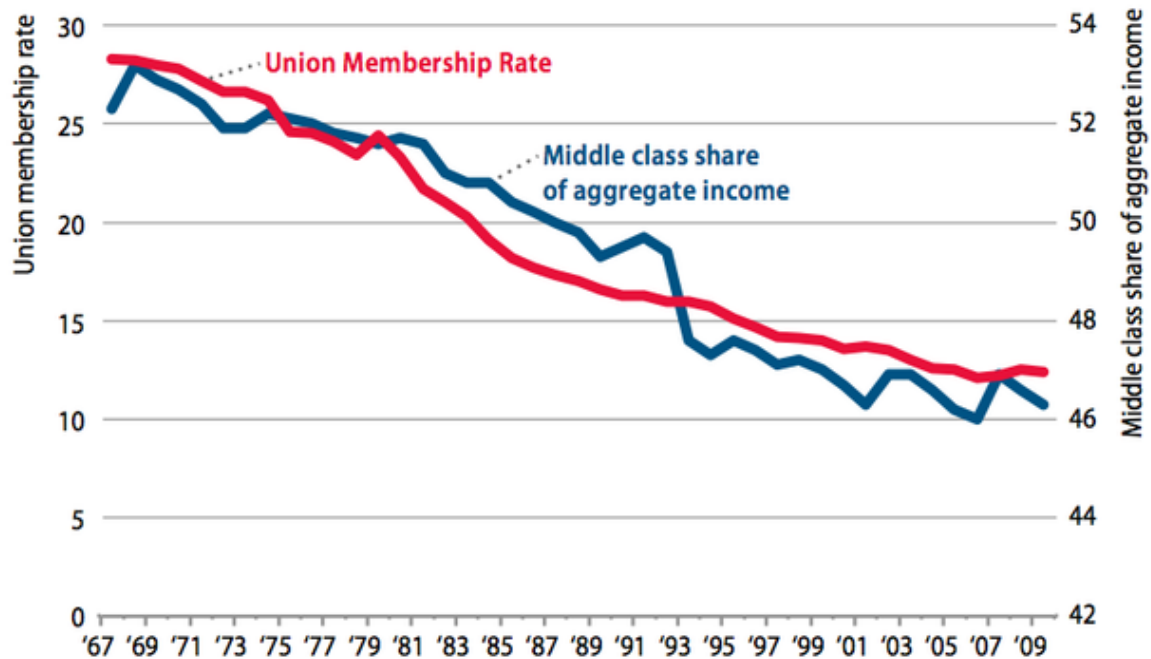


Wisconsin Governor Scott Walker doesn't like unions, and unions don't like him. But the most remarkable thing about Walker's relationship to labor isn't that he thinks unions are worthless -- most Republicans [agree](#) -- but that he thinks about them, at all.

Today, unions have been swept into dusty corners of the U.S. workforce, such as Las Vegas casino cleaners and New York City hotel staff. For much of the 20th century, things were different. Almost every person living in the Northeast, Midwest and California "was in a union himself/herself, had a family member in a union, or, at least, had a friend or neighbor in a union," Rich Yeleson, veteran in the labor movement, [writes in *The New Republic*](#). The apogee of the unions was also the apogee of the middle class, when it commanded more than half of total income. As the union membership rate dropped, middle class share of income fell, too.

Ties that bind

As union membership decreases, middle class income shrinks



Union membership now bobs around 12 percent of the workforce. It has been this low before -- 80 years ago. In 1900, just 7 percent of Americans were union members. So an elegant economic explanation of the fall of unions (not to diminish the good political explanations, but we're an economic section) should also explain the rise of unions.

I found a good one in "[The Rise and Fall of U.S. Unions](#)," by [Emin M. Dinlersoz](#) and [Jeremy Greenwood](#). Boiled down to a sentence: *Technological innovation gave life to the American union. Then technological innovation killed the American union.*

RAGE AGAINST THE MACHINE

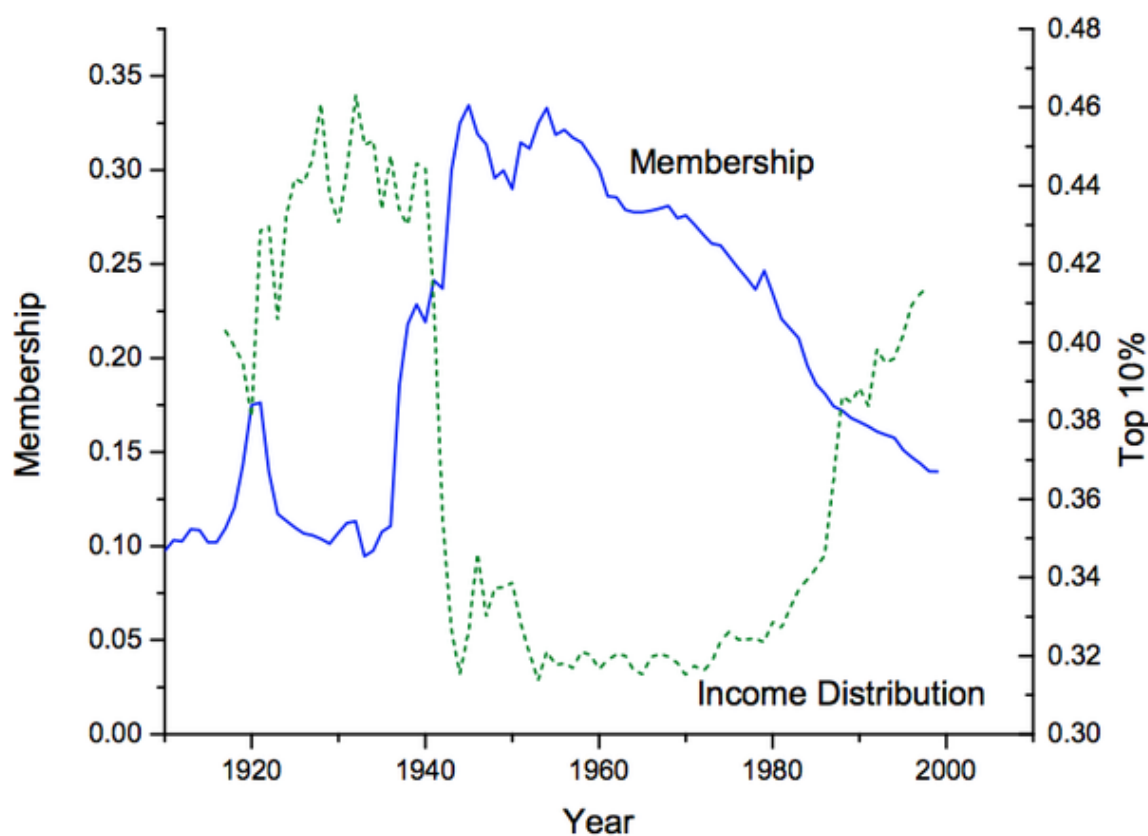
We'll start at the beginning. The setting is 1900, Michigan. The scene is car factory. There are skilled mechanics, who can assemble complex parts and oversee operations, and unskilled laborers, who do menial work like carrying and shoveling. Then there's Henry Ford, who changed everything.

Innovation in the form of assembly lines and mass production gave power to unskilled workers. With just a few minutes of training, anybody could put two nuts or attach a wheel and pass the car down to the next guy. What had once been an "artisan" economy, reliant on skilled mechanics, became an assembly-line economy, reliant on unskilled laborers. The conditions were ripe for the rise of unions.

"When the demand for unskilled labor rises there is a larger payoff to unionizing it," the authors contend. Unskilled labor is homogenous -- there are a lot of workers capable of fixing two bolts -- which makes it easier and more fruitful to bargain collectively. [Unionization has historically occurred in occupations and industries that attract unskilled labor](#). Just as importantly, it has historically not occurred in occupations that don't attract skilled labor. The few tech unions that exist -- such as [WashTech](#) and [Alliance@IBM](#) -- represent a tiny portion of the overall industry. It would seem that skilled laborers aren't as interested in yoking their fortunes together to achieve a wage boost.

In the second half of the 20th century, the information age did a few things that badly hurt unions. First, robots replaced unskilled workers in factories. Second, IT created complicated machines and programs that required something more than assembly-line competence. (Third, although this isn't prominently featured in the article, multinational companies got savvier about offshoring cheap labor that wasn't automated.) Just as Ford's innovation had disproportionately empowered unskilled workers, who are more likely to unionize, the information age had had disproportionately empowered skilled workers, who are more likely to not unionize.

As heavily-unionized industries declined, non-skilled workers lost their bargaining power -- and the middle class lost its share of overall income. The authors conclude: "The decline of the assembly line economy and the rise of the information age during the second half of the century [led] to the \cap -shaped pattern of unionization and the \cup -shaped one for income inequality."



WHAT NOW?

To review the theory: In the early 20th century, assembly line technology downplayed the skills of workers. It turned workers into specialized cogs. It also made unions alluring and effective and decreased income inequality. The next technology revolution, however, accentuated the skills of workers. As a result, it reduced the effectiveness of unions, increased the college premium, and fed income inequality.

[Dinlersoz and Greenwood's](#) elegant idea relies on the assumption that unskilled labor is easier to unionize. It doesn't do much to explain why that would necessarily be the case. Maybe unskilled labor is homogenous and easily organized in an assembly line scenario because they're all doing such similar

jobs. Maybe skilled workers don't want to pool their lot. Maybe manufacturing is uniquely receptive to unions, so that the 100-year rise and fall of manufacturing was inevitably going to coincide with the 100-year rise and fall of unions. But the conclusion is the same: Despite the political and cultural barriers to unions today, the tumult of technological change might be having the greatest effect on diminished organized labor.

This article available online at:

<http://www.theatlantic.com/business/archive/2012/06/who-killed-american-unions/258239/>

Copyright © 2012 by The Atlantic Monthly Group. All Rights Reserved.