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UNIONS, WOMEN, AND THE CONSEQUENCES OF THE JOBLESS RECOVERY

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ABSTRACT

This article examines trends in salaries and employment for union-affiliated men and women. The special characteristics of the current jobless recovery have implications for the relative position of the unionized and nonunionized workers and further implications for the wage and benefits of women in particular. Through the use of data from the Bureau of Labor Statistics and the Economic Policy Institute, trend analysis leads to several vital conclusions. First, the loss of union positions in the private sector is solely responsible for the economy's decline in the rate of unionization. Second, unions help working women achieve equity with their male counterparts so that declining unionization rates prevent an avenue of advancement for women. Third, the recent loss of union and manufacturing jobs has important effects on overall worker income and additional effects on income distribution. The implications of an economy that continues to grow at a slow pace with sluggish job growth must be understood before policy makers' attention can be drawn to this important matter.

The latest recession in the U.S. economy started in March 2001 and ended in November 2001, as determined by the National Bureau of Economic Research (NBER), the generally recognized arbiter of business-cycle turning points. Even though the recession was relatively mild and short-lived, the negative consequences of economic slowdown have lingered on long after the recession was officially declared to have ended. According to Campbell and Parisi, the adjusted gross income (AGI) reported on individual tax returns for tax year 2001 dropped by 3.1 percent relative to the previous year [1]. "This was the first time since 1949 that AGI had fallen" [1, p. 8]. In 2002, the total AGI fell another 3.2 percent from its level in 2001. Total overall income reported by Americans to government declined for two consecutive years, a phenomenon that is the first since the modern tax system was introduced since World War II [2]. In addition, economic hardships of recession have been exacerbated because the economic recovery that has followed has proven to be atypical. It has been anemic in the area of job creation.

The recovery has been dubbed a "jobless recovery," a particularly ironic oxymoron. This jobless recovery has been unfolding on the heels of a business climate where cost-cutting, downsizing, and outsourcing have been the name of the game. Responding to the "discipline" of the market, or perhaps the stock market, cost-cutting measures pursued by various companies have chiefly translated into eliminating jobs—especially those that are covered by collective bargaining contracts.

Since 1983, the first year for which comparable data regarding union membership have been available, the unionization rate in the United States has steadily declined. In 1983, 20.1 percent of wage and salary workers were members of a union. In 2003, however, this rate had declined to 12.9 percent, down from 13.3 percent in 2002 [3].

This article examines the trends in union affiliation of wage and salary earners to ascertain relative position of workers in the economy and the role unions might play in that regard. Also, special characteristics of this jobless recovery and their implications for workers in general and for women in particular are studied. The implications of an economy that continues to grow at a slow pace characterized by a sluggish job growth must be understood before policy makers' attention can be drawn to this matter.

TRENDS IN UNION MEMBERSHIP

Comparable union membership data have been reported by the Bureau of Labor Statistics (BLS) since 1983. It is obvious to the most casual observer that the sectors of the economy in which unions thrived—manufacturing, mining, transportation, and public utilities—are declining with respect to the overall U.S. economy. In addition to the decline in the unionized sectors, an increasingly hostile legal environment has resulted in further decline in union membership. The views of the U.S. Supreme Court and the National Labor Relations Board (NLRB) reflect those of the president(s) who appointed their members. Over the last couple of decades, it has ben tougher for unions to organize and stay organized. During these decades there were three Republican presidents and one Democrat who had opportunities to appoint judges and NLRB members.

Over the period 1993 through 2003, Figure 1 shows that the unionization rate has decreased steadily. The steep decline observed in Figure 1, especially during the early part of the Clinton Administration, is partly due to the hostile legal

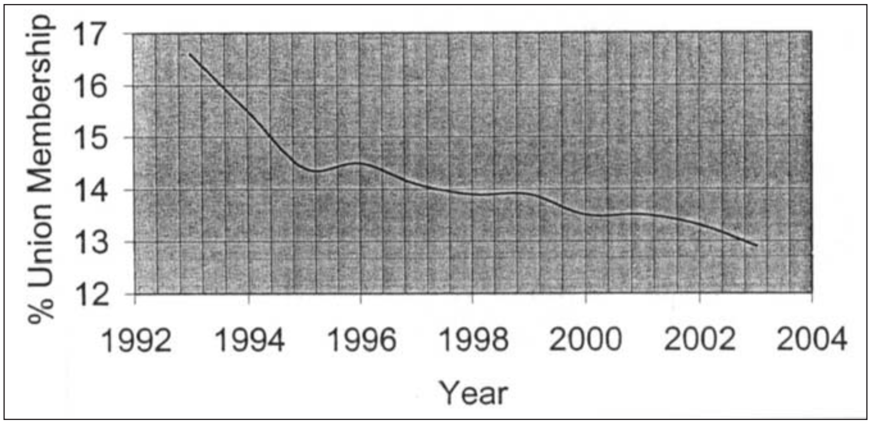

Figure 1.
Source: U.S. Department of Labor, Bureau of Labor Statistics—Archived News Releases http://stats.bls.gov/newsrels.htm.

environment created by judges and members of NLRB appointed by Presidents Reagan and Bush.

Table 1 reveals that from 1993 to 2003, union membership at the national level systematically declined in relative terms, and in six of eleven years it declined in absolute terms as well. Over the same period, union membership decreased by 822,000 or five percent. Considering that total employment increased by 17.3 million or 16.5 percent, the losses to the union movement are staggering. In addition, Table 1 shows that while union membership for men has suffered a systematic and dramatic decline, the number of women who are members of a union has increased over this period. All of the union membership losses have been by men; women have gained union jobs in both relative and absolute terms. In addition, Table 1 indicates that even though in 2003 union membership rates were higher for men (14.3 percent) than for women (11.4 percent), the gap between the rate for men and women has narrowed considerably since 1993. Because union jobs tend to be better-paying jobs with fringe benefits, these compensation differentials have significant consequences for workers in general, and for women in particular.

Table 2 shows the overall level of employment and its distribution between the private and public sectors and the unionization rates for both sectors from 1993 to 2003. It also shows the distribution of union membership at different levels of government (federal, state, and local) for the years in which it has been reported. A careful examination of Table 2 reveals that the ratio of private sector employment to total employment rose from .82 in 1993 to .83 in 1994-1995, to .84 in 1996-2003. This suggests that over the last eight years, approximately

Table 1. Union Affiliation of Employed Wage and Salary Workers by Gender
(Numbers in Thousands)

	Total			Male			Female		
Year	# Emplyd	# Union	% Union	# Emplyd	# Union	% Union	# Emplyd	# Union	% Union
1993	105,067	16,598	15.8	54,776	10,083	18.4	50,292	6,515	13.0
1994	107,989	16,748	15.5	56,570	10,106	17.9	51,419	6,642	12.9
1995	110,038	16,360	14.9	57,669	9,929	17.2	52,369	6,430	12.3
1996	111,960	16,269	14.5	58,473	9,859	16.9	53,488	6,410	12.0
1997	114,533	16,110	14.1	59,825	9,763	16.3	54,708	6,347	11.6
1998	116,730	16,211	13.9	60,973	9,850	16.2	55,757	6,362	11.4
1999	118,963	16,477	13.9	61,914	9,949	16.1	57,050	6,528	11.4
2000	120,786	16,258	13.5	62,853	9,578	15.2	57,933	6,680	11.5
2001	120,760	16,275	13.5	62,727	9,502	15.1	58,033	6,773	11.7
2002	121,826	16,145	13.3	63,272	9,325	14.7	58,555	6,820	11.6
2003	122,358	15,776	12.9	63,236	9,044	14.3	59,122	6,732	11.4

Source: U.S. Department of Labor, Bureau of Labor Statistics—Archived News Releases http://stats.bls.gov/newsrels.htm.

Table 2. Union Affiliation of Employed Wage and Salary Workers by Sector
(Numbers in Thousands)

	Total				Union membership									
Year	# Emplyd	% Union	# Pvt	#Pblc	# PrSct	% PrSct	# PbSct	% PbSct	# Fed	% Fed	# State	% State	# Loc	% Loc
1993	105,067	15.8	86,450	18,618	9,581	12.8	7,018	37.7	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.
1994	107,989	15.5	89,650	18,339	9,654	13.2	7,094	38.7	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.
1995	110,038	14.9	91,696	18,342	9,433	12.5	6,926	37.8	n.r.	n.r.	n.r.	n.r.	n.r.	n.r.
1996	111,960	14.5	93,769	18,210	9,417	12.1	6,854	37.6	1,040	31.7	1,566	30.5	4,249	43.4
1997	114,533	14.1	96,395	18,147	9,363	11.9	6,747	37.2	1,030	32.0	1,485	29.5	4,232	42.7
1998	116,730	13.9	98,399	18,401	9,306	9.5	6,905	37.5	1,105	33.8	1,431	27.8	4,370	43.8
1999	118,963	13.9	100,025	18,938	9,419	9.4	7,058	37.3	1,047	32.1	1,527	29.2	4,484	42.9
2000	120,786	13.5	101,810	18,976	9,148	9.0	7,110	37.5	1,033	32.0	1,641	30.0	4,436	43.2
2001	120,760	13.5	101,605	19,155	9,113	9.0	7,162	37.4	1,037	31.6	1,732	30.5	4,393	43.1
2002	121,826	13.3	102,153	19,673	8,800	8.6	7,346	37.3	1,068	32.2	1,745	31.0	4,533	42.3
2003	122,358	12.9	102,648	19,710	8,452	8.2	7,324	37.2	1,004	30.9	1,706	30.3	4,614	42.6

Source: U.S. Department of Labor, Bureau of Labor Statistics—Archived News Releases http://stats.bls.gov/newsrels.htm.

84 percent of wage and salary workers were employed in the private sector, and only 16 percent were employed in the public sector. Furthermore, over the 1993-2003 period, employment in the private sector grew by 19 percent, while employment in the public sector grew by a mere six percent—a growth rate less than one-third of that experienced in private employment. Alternatively, of about 17.3 million in additional employment, 16.2 million employees were added to the private sector, and only about 1.1 million were added in the public sector over the period. Table 2 shows that while there was significant growth in employment in the private sector, union membership in private employment declined by about 1.1 million. In other words, the 19 percent growth in private employment came at a time when private sector unionization declined by about 12 percent. In stark contrast, union affiliation in the public sector increased by about 306,000 or by 4.5 percent over the same period. The unionization rate has held steady in the public sector (42 to 43 percent for local government and around 30 percent for federal and state government over this period), while the rate of unionization in the private sector has steadily decreased since 1994. Therefore, the loss of union jobs in the private sector is solely responsible for the decline in the rate of unionization. Because the private sector is so much larger than the public sector in the United States, the slight gains made in public sector unionization are overwhelmed by the losses experienced in the private sector.

Union jobs have typically been better compensated than nonunion jobs, *ceteris paribus*. With the loss of union employment, all other things being equal, we would expect incomes to decline across the economy. In fact, that is precisely what is occurring in the U.S. economy. Table 3 presents data to illustrate this point.

Table 3 indicates the significance of union membership for the economic well-being of wage and salary workers in the U.S. economy. Table 3 shows that over the last eleven years average earnings of union workers have been significantly higher than those of nonunion workers. That is, for a full-time, year-round wage earner, the difference between a union and a nonunion job amounts to just under $8000. Furthermore, the data presented in Table 3 suggest that while a gender wage gap is present irrespective of union membership, the ratio of female to male earnings is lower for those working in nonunion sectors. The ratio of female to male weekly earnings for union members is .84, but for nonunion workers this ratio falls to .76. In other words, the gender wage gap is more severe in the nonunion sectors of the economy. However, it is interesting to note that the earning disparity is larger within the female group than between groups (male versus female). The ratio for women not affiliated with a union to affiliated women is .75. That is, for women, the earnings gap is larger between union and nonunion employment. Therefore, not only do unions help working women achieve equity with their male counterparts, but they also improve their economic well-being. The next section discusses characteristics of the recent recovery and its consequences for working people.

Table 3. Median Weekly Earnings of Full-Time Wage and Salary Workers by Union Membership and Gender, 1993–2003

Year	Overall	Union	Non-union	Male/union	Male/non-union	Female/union	Female/non-union
1993	$463	$575	$426	$608	$490	$504	$374
1994	$467	$592	$432	$621	$495	$522	$377
1995	$479	$602	$447	$640	$507	$527	$386
1996	$490	$615	$462	$653	$520	$549	$398
1997	$503	$640	$478	$683	$539	$577	$411
1998	$523	$659	$499	$699	$573	$596	$430
1999	$549	$672	$516	$711	$599	$608	$449
2000	$576	$696	$542	$739	$620	$616	$472
2001	$597	$718	$575	$765	$647	$643	$494
2002	$608	$738	$587	$780	$652	$666	$509
2003	$620	$760	$599	$805	$667	$696	$523
Mean		$661	$506	$700	$574	$591	$438

Source: U.S. Department of Labor, Bureau of Labor Statistics—Archived News Releases http://stats.bls.gov/newsrels.htm.

SPECIAL CHARACTERISTICS OF CURRENT JOBLESS RECOVERY

The Economy Experienced Job Losses Instead of Job Gains During This "Recovery"

In every recovery since 1939, which was the first year that monthly statistics about the labor market were collected and reported, two years after the end of a recession there has been a positive growth in the number of jobs created. This was true even for the jobless recovery of the early 1990s. According to the Economic Policy Institute, however, during the twenty-four months following the end of the latest recession in November 2001, the number of jobs lost was 726,000 [4].

Table 4 indicates that twenty-four months after the end of the recession of the early 1990s, the economy enjoyed a 1.3 percent increase in job growth. The previous eight recoveries had boasted job growth rates of at least five percent. During the eight quarters following the official trough of the recession of 2001, however, the number of jobs *declined* by 0.6 percent. Therefore, this is one

Table 4. Percent Change in Total Employment 24 Months After End of Recession

October 1945 to October 1947	+15.1
October 1949 to October 1951	+11.8
May 1954 to May 1956	+7.2
April 1958 to April 1960	+7.4
February 1961 to February 1963	+5.0
November 1970 to November 1972	+6.5
March 1975 to March 1977	+6.2
November 1982 to November 1984	+8.1
March 1991 to March 1993	+1.3
November 2001 to November 2003	–0.6

Source: Economic Policy Institute for jobwatch.org.

unique feature of the current jobless recovery that sets it apart from the previous recoveries. Moreover, the manufacturing sector, which accounts for about 15 percent of U.S. business-sector employment, has suffered job losses that are unprecedented relative to any historical standards. According to the Bureau of Labor Statistics, by the end of the third quarter of 2003, hours of all persons in manufacturing had fallen for the thirteen consecutive quarters. In other words, September 2003 was the fifty-second month that the manufacturing sector experienced job losses. Moreover, in the second and third quarters of 2003, hours of all persons in the manufacturing sector declined by 5.9 percent and 5 percent (seasonally adjusted annual rate), respectively [5].

Manufacturing jobs, however, are those that, on average, are better compensated in terms of both wages and benefits. Jobs in the manufacturing sector tend to be unionized and provide employees with a standard of living that is the envy of those working in the service sector. Policy makers and economists alike must be concerned with the loss of these jobs because the income effect of this loss could be quite significant.

Uneven Distribution of Income Growth between Corporate Profits and Wages

Bivens [6] examined the distribution of corporate-sector income between profits and labor compensation at an identical point in every economic recovery that has lasted for seven quarters since World War II. Figure 2 presents a graphical representation of his findings.

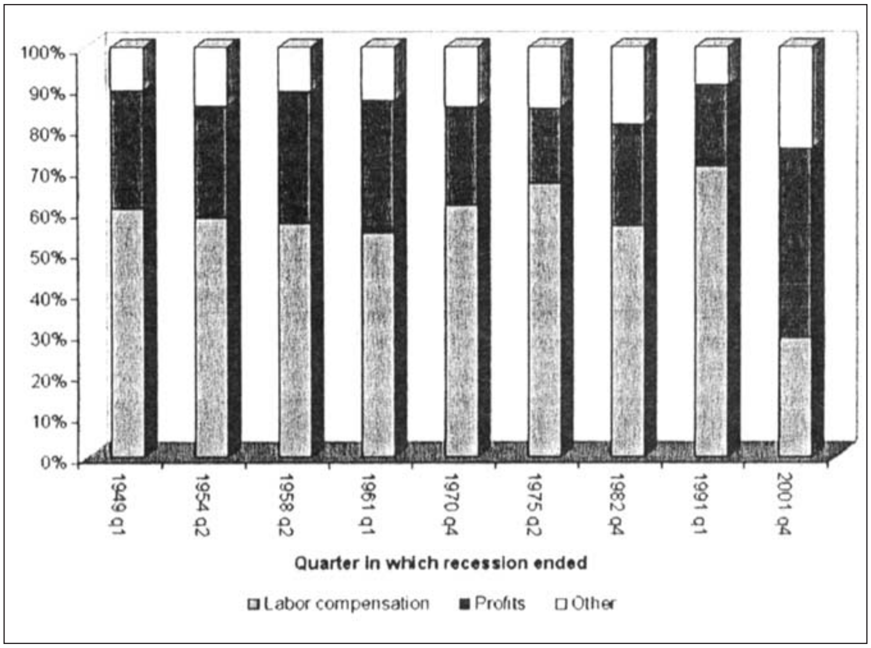

Figure 2. Shares of growth in U.S. corporate-sector income, first seven quarters into recovery.
Source: Reprinted from Economic Policy Institute—Economic Snapshots, December 3, 2003.

Figure 2 shows that the labor compensation share of income growth has declined, while the share that goes to profits has increased in the recent recovery. According to the Economic Policy Institute:

> Labor compensation's share of total income growth averaged 61% in previous recoveries, and has never been lower than 55% until the most recent one, in which labor compensation has accounted for only 29% of total income growth. Conversely, profits' share of total income growth averaged 26% in all previous recoveries, and have never been higher than 32% until the most recent recovery, in which profits accounted for 46% of income growth [6, p. 2].

Moreover, Table 5 presents data that show that while unit labor costs have systematically declined quarter after quarter since first quarter of 2001, unit profits have increased for the most part. Bureau of Labor Statistics defines *unit labor costs* as those that reflect changes in both hourly compensation and productivity. Hourly compensation includes wages and salaries, supplements, and employer contributions to employee benefit plan and taxes.

Table 5. Nonfinancial Corporations: Unit Labor Costs and Unit Profits, Seasonally Adjusted

		Indexes 1992 = 100		Percent change from previous quarter at annual rate	
Year	Quarter	Unit labor costs	Unit profits	Unit labor costs	Unit profits
2001	I	110.6	93.1	1.4	–20.2
	II	110.4	95.4	–0.4	10.0
	III	110.3	97.9	–0.6	10.8
	IV	108.2	107.6	–7.3	46.1
2002	I	107.9	107.6	–1.2	–0.2
	II	107.5	107.8	–1.3	0.9
	III	107.4	104.6	–0.5	–11.2
	IV	107.1	110.1	–1.0	22.8
2003	I	107.2	112.4	0.4	8.5
	II	106.1	126.8	–4.3	61.6
	III	104.5	142.8	–5.6	60.9

Source: Bureau of Labor Statistics; Productivity and Costs, Table 6.

Table 5 indicates that in nine out of eleven quarters listed, and in seven of eight quarters since the beginning of the current jobless recovery, unit labor costs have dropped. The most recent data show that in the third quarter of 2003, unit labor costs dropped by 5.6 percent, while unit profits rose at a 60.9 percent annual rate. This rise follows an unprecedented rise in the unit profit rate of 61.6 percent in the second quarter of 2003. This evidence suggests that the ill effects of the anemic recovery have been basically shouldered by working people. In other words, if unit profits are any gauge of how well companies are doing, one can conclude that the recent economic and political conditions, both domestically and internationally, have created conditions that have transferred the fortunes from the working class to the capital owners.

Rise in the Number of Discouraged Workers

Another characteristic of the current "recovery" is the rise in the number of "discouraged workers." A discouraged worker is defined as a worker who is no longer searching for employment after a bout of unemployment. After a prolonged search, the worker, unable to locate suitable employment, drops out of the labor market. Because of limited openings, the duration of unemployment has increased, and the number of people who have stopped looking for jobs has increased as well.

Table 6 indicates that the number of discouraged workers has increased since the onset of the current recovery in November 2001. This is true for both male and female workers. However, Table 6 suggests that the number of women who joined the ranks of "discouraged workers" is larger. Because discouraged workers are not counted as unemployed, the rising number of discouraged workers is mostly responsible for the fact that the official unemployment rate is declining even while there is not much improvement in the labor market in terms of number of jobs created.

Increase in the Number of Multiple Jobholders

The loss of quality jobs that provide a decent standard of living and their replacement with jobs that can be characterized as secondary jobs with lower pay has resulted in an increasing number of people who have to work at multiple jobs to make ends meet. In addition, as Tilly showed, since 1970 a growing proportion of jobs in the United States is in the form of part-time employment [7]. Part-time jobs, however, command lower compensation. This forces part-time workers,

Table 6. Persons Not in the Labor Force, Not Seasonally Adjusted
(Numbers in Thousands)

	Men			Women		
Category	Nov. 2001	Nov. 2002	Nov. 2003	Nov. 2001	Nov. 2002	Nov. 2003
Not in the labor force						
Persons who currently want a job	1,996	1,936	1,907	2,324	2,471	2,294
Searched for work and available to work now	685	697	704	630	704	769
Reasons not currently looking						
Discouragement over job prospects	180	234	285	141	150	173
Reasons other than discouragement	504	463	419	488	553	597
Total: not current looking	684	697	704	629	703	770

Source: Bureau of Labor Statistics Household Data, Table A-13.

especially those who are *involuntarily* part-timers, to work at multiple jobs. Table 7 shows the number of multiple jobholders by sex.

Table 7 reveals that the total number of individuals who hold multiple jobs has been on the rise since the beginning of the current recovery. This is a clear indication that not only has this recovery failed to produce a sufficient number of jobs, but those precious few jobs created lack much "quality." Moreover, Table 7 shows that a proportionally higher number of women have had to suffer this situation of working at multiple jobs.

CONCLUSIONS

No doubt the United States' economy is undergoing structural changes. The manufacturing sector is becoming leaner, and the service sector is claiming an increasingly larger share of the economy. However, trends observed in the labor market reveal that corporate America's relentless pursuit of meeting the stock market's expectations for higher profits together with globalization have focused on minimizing costs. Cost cutting, in large measure, has translated into reducing labor costs, and union jobs have been especially victimized by outsourcing, downsizing, and the elimination of positions due to factory shutdowns. The fact that employment in the private sector has been increasing while union membership has declined suggests that high-paying, goods-producing jobs are being replaced with service sector positions and part-time jobs that pay less. While the private sector is turning into a service economy, the public sector has added union-affiliated positions. The recovery has not brought much relief for the working people. The data indicate that the larger share of growth in income has occurred in corporate profits.

The quotation of the day in *The New York Times* July 18, 2004, read: "There is a bit of a dichotomy," said Ethan S. Harris, chief economist at the Lehman Brothers. "Joe Six-Pack is under a lot of pressure. He got a lousy raise; he's paying more for gasoline and milk. He's not doing that great. But proprietors' income

Table 7. Multiple Jobholders by Sex, Not Seasonally Adjusted
(Numbers in Thousands)

	Men			Women		
Category	Nov. 2001	Nov. 2002	Nov. 2003	Nov. 2001	Nov. 2002	Nov. 2003
Multiple jobholders						
Total multiple jobholders	3,593	3,520	3,618	3,487	3,741	3,684
Percent of total employed	5.0	4.8	4.9	5.5	5.8	5.7

Source: Bureau of Labor Statistics Household Data, Table A-13.

is up. Profits are up. Home values are up. Middle-income and upper-income people are looking pretty good" [8].

Further complicating matters is the plight of women in this current economy. The income of women who are not union members is falling further behind those women who are union members. Women who are members of unions are also closing the wage gap with males in general.

The implications for union-nonunion incomes are clear from these data. The public sector's percentage of unionization has held up over the period examined. However, the private sector has lost union jobs relative to total private sector employment. As the number of high-paying, private sector union jobs decline, public sector employment becomes increasingly attractive, and this is particularly true for women. Perhaps of even greater significance is the evidence which suggests that current public policies have provided corporate America with recovery, but have failed America's labor force.

ENDNOTES

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