



## How the Decline of Unions Has Increased Racial Inequality

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By 1980, the wages earned by African-American women and white women came close to being equal, but since then the gap has nearly tripled. Meanwhile, average wages for African-American men stagnated, and wage inequalities between black and white men remained stubbornly high. In this same period, membership in U.S. labor unions has plummeted – from one in every three private sector workers enrolled in a union in the mid-1950s to just one in twenty today. So it is natural to ask whether such sharp union decline helps to explain racial economic gaps today.

Our research uses 40 years of nationally representative data and a technique sometimes called “counterfactual analysis” to discover what wage trends among blacks and whites, men and women, would have looked like if union membership in the private sector of the U.S. economy had not declined so sharply. The short answer is that union decline has made racial gaps worse, especially among women.

### The Story of African Americans in American Unions

Many people think of a union member as a white, blue collar male – and this image has prompted some to suspect that unions reinforce rather than reduce racial and gender inequalities. But the image is outdated. Since the 1960s the U.S. labor movement has been racially diverse. Back in 1935 when President Roosevelt signed the Wagner Act into law – guaranteeing American workers the right to bargain collectively with their employers – less than one out of every 100 union members was an African American. By the mid-1970s, African Americans were more likely than whites to be enrolled in unions – women as well as men.

Mid-twentieth century unions experienced a remarkable racial turnaround. In the early 1900s, nearly all U.S. unions discriminated against African Americans and refused to let them join their ranks. But during the 1930s and 1940s, competition between the fast-growing industrial unions of the Congress of Industrial Organizations and the established craft unions of the American Federation of Labor spurred organizers to reach outside existing labor strongholds to recruit millions of new members. During the run-up to World War II, many African Americans eager to escape punishing agricultural employment in the South arrived in the Midwest and Northeast to look for new manufacturing jobs just as expanding factories were targeted by union organizers.

Black workers were understandably wary at first, given the history of racial discrimination. But before long they came to see organized workplaces as a partial refuge from the racist practices endemic to many nonunion firms. After World War II, stable employment, rising wages and robust benefit packages cemented the connections of African-American workers to the labor movement, especially in the highly industrialized Midwest. In the nation as a whole, unionization rates for black men in the private sector rose to nearly 40% by the early 1970s. What is more, by the end of the 1970s nearly one in four black women in the private sector

belonged to a union – double the rate of union membership among white women.

## How Union Decline Influences Wages and Racial Wage Gaps

An extensive body of research has established that belonging to a union raises one's wages higher than they would be in a nonunion workplace. Unions use the process of collective bargaining to increase compensation for union members compared to other workers doing the same type of work who have similar skills and experience. Our research confirms a large effect of union membership on wages for both black and white workers – an effect that holds true even after we take into account other influences on wages such as age, education, occupation, and the particular industry and state where workers are employed. Across the decades covered by our data, unionized workers in the private sector have earned wages approximately 25% higher than otherwise similar nonunion workers.

Tellingly, we find that the effect on wages of belonging to a union is similar for blacks and whites. This means that union decline affects inequalities between blacks and whites only because African Americans have recently been more likely than whites to be union members. Differences in unionization by race are much greater for women than for men. Consequently, our hypothesis is that the decline of unions has had a bigger impact on rising wage inequalities among women than among men – even though we also believe that union decline has contributed to wage stagnation for both black and white men. And this is exactly what we find. Union decline since the early 1970s has widened wage disparities between black and white women in the private sector – at the same time that union decline has reduced the average wages of both black and white men working in the private sector.

## What Might Have Been

Our counterfactual analysis provides a way to think about how wages might have evolved in the United States if unions had remained as strong as they were at their peak.

- Had unionization rates for women remained at their late-1970s peak, racial wage inequality among women working in the private sector today would be reduced by upwards of 30%.
- If rates of union membership among African-American men working in the private sector were as high today as in the early 1970s, weekly wages would now be approximately \$50 higher. For a full-time worker, that translates to an income increase of \$2,600 a year. Union decline has similarly held down the wages of white male workers, so racial gaps in income have not changed dramatically. All male workers have lost ground together in the private sector.

Our findings recast the modern American labor movement as a remarkably inclusive institution that gave a vital boost to the economic fortunes of African-American as well as white workers and their families. The near disappearance of private sector unions in recent times has made many of America's economic and social problems worse – including racial wage gaps. Union decline has increased wage inequalities between white and black women workers in the private sector, just as it has also lowered average wages for male workers across the board.

Read more in Jake Rosenfeld and Meredith Kleykamp, "**Organized Labor and Racial Wage Inequality in the United States.**" *American Journal of Sociology* 117, no. 5 (2012): 1460-1502.

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