Episode 255: The Year of Strikes

Lizzy: Hi, I'm Lizzy Ghedi-Ehrlich,

Lisa: And I'm Lisa Hernandez.

Lizzy: And we're your hosts for Scholars Strategy Network's No Jargon. Each month we'll discuss an American policy problem with one of the nation's top researchers without jargon. And this month we're looking back at the U.S. labor movement and all the union led strikes that we saw in 2023.

Lisa: Yep. And labor is definitely something that we're thinking about in the midst of, uh, let's say SAG after a year. We had Red Cup Friday strikes. We had, I mean, I feel like every single area of labor had some form of strike, some form of unionization.

Lizzy: Yeah,

Lisa: Like, labor is is a big talk right now.

Lizzy: It is, there was manufacturing, there was support services like your baristas, hospitality you just mentioned, to the writers and actors guilds. So media. Yeah, it was really kind of opening people's eyes to, I think when we think unions, you know, we think hard hats and making buildings and cars, um, and that is still a big part of it.

It's so much in fact.

Lisa: Yeah, and we have nonprofits unionizing, we have artists. I feel like especially with the rise of AI and all the different complications of living in this, uh, fast-paced world that we are in, people are thinking of how to protect themselves in their workplace. So it's an exciting time. Hopefully we see some changes.

Lizzy: Is it an exciting time? Is it a blip on the radar? Is something worse about to come? Is this hiding other information? We'll find out. Welcome to 2024. We're gonna be speaking to Nathan Wilmers, an Associate Professor of Work and Organization Studies at the Massachusetts Institute of Technology MIT, professor Wilmer studies the causes and consequences of rising US income inequality and by using the tools of economic sociology, his ongoing research links big changes in the US economy and US economic policy to that rising rage inequality.

Here is our conversation...

Lizzy: Hello Professor Wilmers. Thank you so much for coming on No Jargon.

Nate: Thanks so much for having me, Lizzy.

Lizzy: So our conversation is actually going to mark our first episode of 2024, and we're kicking off the new year with an expert-led tour of what's happening with the labor movements in the US.

And as someone who studies union activism, seems like 2023 was a pretty big year for you and other researchers looking into that space. We had healthcare strikes, auto worker strikes, hotel workers, writers guild, Hollywood actor strikes, those were big. A lot of activity. So what just happened is our opening question, why was 2023 such a big year for these headline grabbing labor actions?

Or was it actually the headline grabby-ness of it all that just made it seem to those of us, um, you know, on the outside that it was an exceptional year for labor actions? Is this actually more of a continuation than some of us might realize?

Nate: Yeah, great question. And I think the answer is sort of both. So I agree on your second point that it's always really hard to distinguish what's kind of the overall trajectory for American labor unions versus what's happening at a few high profile strikes or organizing campaigns or things that, are really present in the media and get a lot of attention.

I would say that what we saw this year, in a sense, is the culmination of a slightly longer process where basically going back, say 10 years to the recovery from the Great Recession, we had this pretty long period of, weak labor markets, high unemployment that continued up until maybe 2012, 2013 or so.

And that was a period where labor unions really continued to struggle as they have since, about 1981. Since that time though, like, potential union members, uh, relatively low wage workers, people working in retail and hospitality and in manufacturing, these workers have actually seen their labor market positions strengthen quite a bit. So they've had, uh, rising real wages. There's been lower unemployment, higher labor force participation, lots of stuff that really suggests sort of, um, emboldened and strengthened, uh, workers in America. On the other hand though, we have not seen a rise in our standard indicators, like what shows union strength or union vitality.

So for example, the share of workers who are members of labor unions really didn't increase much between the recovery of the Great Recession and say 2022. Basically the decline in union, density that had started in the early 1980s continued. So, I mean, that, that brings us to the present of like what's happened in the last year.

And I think it's still a little bit too early to say, but it does seem as though there's some evidence that, there has been, a bit of a resurgence in union activity. So you, you listed a series of strikes. You know, in 2022 we had big organizing drive at Amazon, a big organizing drive at Starbucks.

And all of this just starting in 2023, has started to actually be reflected in our aggregate data. So we've seen just recently that the number of successful union elections where workers basically petition the, a government agency, the National Labor Relations Board, to hold an election in their workplace to determine, okay, should we be represented by a union or not?

The rate of those elections, the number of people unionized. In those elections actually increased in 2023. It's also the case that if you look at sort of, workers' responses to the question of like, are you a union member? Those numbers have actually stabilized a little bit, maybe ticked up slightly in 2023.

So I would say that like, this year has been distinctive in part because of the big attention grabbing headlines, but more so because we're kind of finally starting to see maybe at least some stabilization or leveling out in this long union decline this year. If not, uh, sort of, you know, big increases in union membership are, are those sort of things quite yet?

Lizzy: Tell me a little more about that long decline you've cited, 1981 and the early eighties as clearly some type of inflection point. Help me know a little bit more about the trend that we've then seen over the past 40ish years. What does it mean to be stabilizing now? You know, stabilizing relative to what?

Nate: Yeah, definitely. You know, you can always sort of, uh, go back further and further and there's lots of things that have contributed to the decline of labor unions in the US. Some of these are political about court decisions that have restricted labor law and made it harder for workers to organize.

Some of it is about big economic trends like the decline in American manufacturing, the failure of labor unions to, organize jobs sort of in the rising service sector, the failure of labor unions to organize in the American South. Um, there, there's lots of things going on here, but I say 1981 because there was sort of a, a big inflection point in a lot of these kind of trends and, and union activity and, uh, union membership that happened right around the time that, President Reagan responded to a strike by air traffic controllers, by essentially firing all the strikers and, replacing them with permanent, uh, replacements, which also sort of broke the labor union that was representing these, uh, air traffic controllers.

And, you know, the reason this was so important isn't that there's a whole lot of workers who are air traffic controllers. In fact, you know, obviously that's a really niche small occupation, but what it did was it signaled to a lot of employers in the private sector that there's sort of gonna be, uh, broad political cover and support for taking a harder line with private sector unions, which then contributed to sort of, employers over the course of many years afterwards, pushing unions for concessions. Really fighting new union organizing drives quite aggressively, much more aggressively than than they were, approached previously.

So what all of this added up to is basically a continual decline in union membership that, you know, union density peaked in the 1950s, really at about a, a, a third of eligible non managerial, non-supervisory workers. And now it's down to about, 6% in the private sector. Of course unionization, it's been a little more consistent and in the public sector for lots of different reasons.

But this has really been a remarkable decline in union, uh, membership that has reverberated out to affect lots of other things beyond union. So there's great research showing how the decline of unions has contributed to the rise of labor market inequality. There's research showing that the decline of unions is connected to political realignment and big political changes.

There's just lots of ways that, this big, long-term trend has really shaped our society and our economy over the last few decades. So again, we don't know whether this, uh, trend is over. We, we don't know whether we're seeing a real sea change here, but, really, it's, it's the first time in, in a long time where it seems like, hey, there are some things coming together that, that suggest that this at least could be a, a turning point for, for labor unions in the US.

Lizzy: For those of us who are watching that trend, we'll see what happens in 2024. Um, but for folks who are really looking to better understand these big labor actions like striking, which clearly, I mean, the walkthrough you just gave us of union membership decline, to me that seems very obvious why, you know, you would increase the risks, um, in taking actions like that the smaller and smaller your membership gets.

So it makes sense to me that that would've become something rarer. Um, but also when you're talking about power imbalances and wage inequality that stem from a lack of union representation, then you're also maybe making some of those situations more likely, you know, larger actions that sort of have to happen.

Because what else can, um, you know, at that point, and you in fact, co-wrote a paper, uh, in 2022 with your colleague, Maxim Senoff, titled, Economic Outcomes of Strikers in an Era of Weak Unions. And you examined the history of strikes over the past several decades to determine their effectiveness and increasing wages, which is often, not exclusively, but often, what a lot of this is about. Can you walk me through some of that history and your findings there? I'd, I'd love to hear some stories from the past, and what you think might happen as a result of the strikes that we just saw.

Nate: Sure thing. Yeah. And so that paper, to be clear, is using data that doesn't include these recent few years. And the story there is basically, what we do is we compare what happens to workers who go on strike in the 1970s. We compare outcomes for those workers to, uh, workers who go on strike basically between 1981 and 2014.

Lizzy: So after the inflection point that we have discussed.

Nate: Exactly. Exactly. And what we find is that for workers who go on strike in the 1970s, there's actually a pretty consistent pattern of real wage increases for those workers. When you compare people who go on strike to other workers who are in similar jobs, similar industries, similar education level, the strikers actually experience more positive wage increases than the non-strikers do. And so, you know, that sort of 1970s story is consistent with the way we might think about, kind of like conventional labor relations where it's like, okay, there's bargaining between the union and the employer. And one way that the union can push a little bit harder and force the employer's hand is to go on strike to withhold labor and say, okay, we're not gonna produce anything until we can get a better deal.

It seems as though in the 1970s at least, this was kind of working as you would've expected. What we see in the more recent period, again [after 1981 is that there's a real shift in this where basically we see fewer and fewer workers going on strike. Then we also see that the workers who do go on strike no longer experience this pattern of consistent real wage increases above sort of the, the comparison or the control group that, is in similar jobs, similar industries, and, and, and not going on strike during that time.

So that's what we find now. As you point out how to interpret, this is sort of an open question. So one part of this might be what I mentioned earlier, that employers might be emboldened starting in the early 1980s and might be increasingly pushing unions for concessions, they might be saying, hey, you know, we're facing a lot of competition from Japanese imports.

Let's say, uh, imagine an American manufacturing facility. We're facing a, a bunch of new competition from cheaper Japanese import products. Is there any way you could agree to lower wages or worse health insurance, or a smaller pension contribution or some concession that will allow us to, to get costs down and hopefully compete better with these new foreign entrants.

And so if employers are doing that more and more, then it might be the case that strikes you could increasingly describe as sort of defensive strikes, unions that are backed into a corner and have to go on strike. Not because they're trying to get higher wages, but just because they're trying to avoid getting lower wages.

They're trying to avoid giving up some pay, giving up some concessions. And so that's likely part of what's happening is that, you know, maybe these strikes are still successful in a sense, but they're successful as defensive actions that prevent working conditions from getting worse, rather than what we saw in the 1970s of like, you know, uh, unions going on offense and actually improving wages and, and, and other working conditions.

Um, so that's one possibility. The other possibility though, that you gesture to is that it might be the case that strikes have actually gotten less effective at asserting union power during this period. There's a few different reasons why you might expect this. One is a really consistent change in employer behavior.

That was signaled with my story earlier about President Reagan's permanent replacement of striking air traffic controllers. A lot more employers started following President Reagan's lead on this. Starting in the 1980s and when workers went on strike, instead of sort of, you know, just shutting down production or trying to hire some temporary people or trying to have managers or supervisors keep the, plant or whatever going, they would increasingly just fire all the strikers and hire permanent replacements, new workers who will, then do the job that that union workers were previously doing.

And so what this means is that that actually weakens the efficacy of going on strike. It makes the threat of going on strike, less relevant and it makes it potentially much more costly and risky for, workers to go on strike if they might lose their job altogether because of taking this, uh, this.

Lizzy: Do you think it's possible that we will be looking back at this period, the period that the research we just discussed, uh, does not cover kind of starting in the early 2020s, and the strikes that we're recently seeing.

Is this another inflection point? If so, why or why not? Or just too soon to tell. Let's talk about something else.

Nate: Yeah, in a sense it's too soon to tell, but I'd love to talk about it anyway with that caveat that this is, yeah, predicting the future is super hard to do. But starting with sort of, the background to what's happened in 2023. Um, so as I mentioned before, there's been really tight labor markets since Covid, but actually predating Covid, going back to, you know, starting in 2012, real wages starting to, started to rise, uh, pretty consistently for workers starting in 2015.

Real wages for sort of the, the lowest wage workers in the economy actually started outpacing wage growth for, even relatively highly paid managers, professionals, et cetera, which is sort of the kind of first real decline in labor market inequality that we've seen, uh, since the, the early 1980s. So you have this context where you have pretty strong external labor market conditions that can embolden workers. So to continue with the, with the sort of strike hypothetical, let's say you're a worker trying to decide whether it's worth going on strike to try to improve your working conditions a bit, to try to get a bit higher of a wage increase or, or better medical benefits or whatever it is you're negotiating over.

If it's the case that you think you can, you know, if you go on strike and get fired, if you think it's actually gonna be pretty easy for you to get another, similar job elsewhere because, you know, labor markets are tight, unemployment is low, there's lots of help wanted signs everywhere. That might make it more likely that, a worker is gonna be willing to take that risk, be a little more aggressive in what's being demanded from, uh, from their employer. Now the tricky thing here though is an overall increase in workers' bargaining power doesn't necessarily lead to more strikes or more labor conflict. The reason for this is that if workers know that they have more bargaining power, employers should probably know this too, and should be willing to offer a more generous contract before a strike even happens.

Just the threat of a strike should be enough to do this. So you need sort of one more ingredient, I think, to make sense of what's been happening recently. And that is that there's sort of some disagreement, some basic confusion between employers and workers that makes it a little bit tougher for them to come to an agreement without a strike.

And this is gonna vary from case to case, exactly what this looks like. But I think sort of one overarching story that, is at least plausible as, as a possibility is that a lot of union workers are basically looking back over the last few years often. Collective bargaining agreements are agreed to at a three year period or a five year period, they say, okay, this is what our conditions will look like for the next few years.

Then, we'll negotiate again a few years from now. And so there's probably a lot of union workers who are looking at these last few years and seeing like, hey, during these really tight labor markets, I've seen lots of non-union. workers, say, again, in fast food and in retail, relatively low wage workers that have seen really substantial pay increases.

And this you can see clearly in the data. Basically pay increases for non-union workers have outpaced those for union workers up until about 20, 22. So those workers are looking back and saying, hey, there's a really tight labor market. Other people are benefiting from this. It's time for our employer to pay up and agree to a better contract to help us catch up with this.

You also see really high corporate profits during this period. You see a lot of businesses doing really well, could imagine a lot of unionized workers thinking like, okay, it's our turn. Let's figure out a more generous agreement. So then on the employer side, though, maybe they're not looking backward at what's been happening over the last few years.

They're looking forward and trying to think, okay, what are business conditions gonna look like over the next few years with inflation declining with the Federal Reserve raising interest rates? Maybe we'll get a soft landing. Maybe we'll get lower consumer spending, lower demand for our goods. Maybe we'll even end up in a recession.

And so when you have sort of some basis for a big disagreement between how workers and employers are seeing the bargaining situation, that's really, that's, uh, really ripe conditions for having a lot of really public labor conflicts. And so again, like for any single, uh, one of these strike instances or one of these bargaining sessions, there's gonna be lots of local details that matter a lot.

But I think at least, that gives some kind of frame for how we can understand what's happening is like workers have more bargaining power. There's a big disagreement between workers and employers. And yeah, that makes me think that, that it's really possible that, this could be an inflection point where, this big public and so far relatively successful union activism and, and these, these big labor conflicts -

if non-union workers are paying attention to that and thinking, oh wait, like, the United Auto Workers just won a really generous settlement from the big three automakers. If I am a, production worker in a Toyota plant in Alabama, I might be thinking, Hey, joining up with this union might be a way for me to really improve my situation as well.

Again, super speculative, but I think those are at least conditions under which we might see this as, as an inflection point retrospectively.

Lizzy: No, thank you. Uh, regardless of what ends up happening, I think that is a really interesting potential explanation for this moment, um, that people, uh, are observing. So I really appreciate thinking about it that way. Meanwhile, you mentioned multiple times that we are looking at a strong labor market.

Real wages have been increasing, especially for lower wage workers, low unemployment. You know, there's, there's so many, I'm hearing so many positive things about wages in the labor market, and yet it's very notable to me that that does not feel like the vibe, I guess is what I need to call it. Um, do you have anything to say about the discrepancy we're seeing about how Americans are viewing this current economy versus what you as a researcher can see when you look at actual wage and labor trends?

What is up with that mismatch that I think we clearly are both agreeing is evident?

Nate: Yeah, it's a great point, Lizzy, and, and something that I, I don't have a sort of single answer to, but can give a few speculative things. So it is definitely the case, like in the data, that we've seen really fast nominal wage increases, especially for workers in say, the bottom half of the labor market.

It's also the case that even once you adjust for inflation, if you deflate by the CPI or the PCE, these sort of different options you have for taking into account inflation for, for understanding wage growth, you still see strong real wage growth for workers in the bottom half of the wage distribution.

But if you look at, say surveys of people just asking, hey, how do you think the economy's going? Do you think you're better off than you were a couple years ago? Financially? As you know, like the vibes are really negative. People respond to those questions, really, really negatively. So what's going on?

Well, one part of this could just be like the remarkable salience of inflation over the last couple years. Like we basically had decades of really low inflation such that, during this, this big spike in inflation, which has already come down a lot, over the last year. But during this big spike of when we had really high gas prices and we, when we had rents going up a lot and all these sort of, big changes and expenses, I think that was really salient to people in a way that these pay increases that they were getting might have been somewhat less salient. So that's one possibility. Another possibility though that I think is actually a bit more interesting is that what we've been seeing is basically a decline in inequality for the first time in decades. And so what's that mean for people's sort of perception of the economy overall?

Well, it might be that relatively, low wage workers who have benefited a lot from recent conditions might actually be feeling pretty positive. But you would actually expect that a lot of these changes would play out, when it comes to higher wage, people feeling like, oh, the economy's getting worse.

So for example, if you think of say, a professional or managerial worker who's living in a big city, they've become really used to being able to go out, for food at a restaurant and pay relatively low prices or get DoorDash, food delivery or something. Where does that experience come from? Well, it's basically, you could think of it as subsidized by the very low wage workers who are working in that restaurant or who are doing DoorDash delivery.

And so you should actually expect that if inequality is declining in a society, there should be some people who are like a little bit dissatisfied with that or feeling a little bit of relative deprivation. Even if everybody's doing a little bit better than they were five or 10 years ago. There's still some people who are, you know, were previously at the top and used to just sort of always getting better and better, uh, circumstances relative to other people in the economy.

For those people, like that gap has shrunk a bit in a way that, again, totally speculative, but I could imagine that that contributing to this like overall gloomy, gloomy perception of the economy, that like you can't really have declining inequality without a reduction in, in relative gaps in living standards between people.

Lizzy: We've mentioned Reagan, we've talked a lot about unions and labor and private sector employers.

What about this current government? Is there any relation to the current administration, you know, at the federal level or, you know, state governments that is shaping any of this? I feel like they've been kind of largely absent from this conversation so far.

Nate: Yeah, it's a great point and I think this stuff definitely plays a role. So if you go back, like even further in history to what we've been talking about so far to the 1930s, which was really when the kind of, big upsurge in union organizing activity happened, that gave us basically 30 years from the 1940s through the 1970s of really high union density, strong unions in the American economy, relatively low inequality. If you look back to what happened in the 1930s, you know, Franklin D Roosevelt and, and the New Deal, some of that was about new labor law legislation kind of, supporting new, uh, worker organizing rights.

But some of it too was just sort of informal support. Like, FDR famously said, look, if I was going to work in a factory, I would join a union right away. And it was sort of the first big, uh, statement by, the leader of the American government that like, hey, that there might be something really positive about labor unions.

So if you fast forward to today, President Biden has certainly been much more out front in terms of actively supporting labor unions than any sitting president in the last 30 or 40 years. And, and again, even, even before that, uh, he went to visit the UAW picket line, publicly supported a lot of this.

This new, new union organizing, in terms of public statements, you could imagine some effect of that, of emboldening workers to say, hey, just like in the early 1980s, we did not have support in high places. Here we, we sort of do, do, have, have some support from the government.

Beyond that, the, uh, there's a bunch of more concrete changes that. This government agency that I mentioned earlier, the National Labor Relations Board that basically oversees, uh, union elections and enforces various sort of, uh, protections that labor law gives to workers trying to form a union.

That agency has become much more aggressive in trying to facilitate and protect worker voice from employer interference than it has been in the past. Beyond that, yeah, state and local, governments have also had some role to play when, when it comes to, labor law, really, like the federal level trumps a lot of more local stuff because the National Labor Relations Act is sort of the governing law.

But there's been some supporting stuff like, California and New York have been experimenting with putting together policies to support, industry-wide bargaining for certain kinds of workers, like in fast food in the California case. They're saying, okay, even though fast food workers aren't by and large unionized, we're gonna have some bargaining between the employers association and union representatives.

To figure out at an industry-wide level, are there some minimum wages or sort of minimum training allowances or other supports that, that we wanna put in place industry-wide to, to try to improve working conditions in these settings. And so I think like in general there, there has been a lot of support and experimentation both from the federal government and from some, some blue states trying to think about sort of how do we

not just support the labor movement, but kind of redesign an institutional backdrop for unions in the 21st century. And of course it's, it's really hard to untangle how important those political and policy things are relative to the labor market fundamentals. But it does seem as though that they've been working in, uh, in concert to some extent.

Lizzy: Do you have any further thoughts, any final things, anything that didn't come up that you wanna leave our audience with?

Knowing again that these are January of 2024, bright-eyed and bushy tailed listeners who are looking forward to their rising wages and strong labor market.

Nate: Yeah. Happy New Year everyone. Um, I, I think yeah, the, the, these were great questions, Lizzy, and yeah, really enjoyed the conversation. I think, yeah, the thing I'd wanna leave listeners with is just that there's a lot of uncertainty here. Obviously I'm, I'm like, uh, hedging what I'm saying, and it's really hard to make predictions.

Who knows what the future will hold. But I do think this period that we've been living in is one where a lot of these sort of big economic trends that we've been living with for decades, rising inequality, declining unionization, wage stagnation, that these trends have really like started to shift and change recently in ways that

might be setting us on a new trajectory, or, uh, at the very least, there's sort of a, a, a big and now relatively long running interruption from, from what we've seen for decades. So I think that it is, there's a lot of open questions, but I think it is an exciting, uh, moment to be, uh, to be thinking about these, these issues.

Lizzy: Yeah. Well, thank you so much, Professor Wilmers.

Nate: Thank you, Lizzy. Really, really enjoyed, uh, chatting.

Lizzy: And thanks everyone for listening. For more on Professor Wilmers's work, check out our show notes at scholars.org/nojargon. No Jargon is the podcast of the Scholars Strategy Network, a nationwide organization connecting journalists, policymakers, and civic leaders with America's top researchers to improve policy and democracy.

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