

# The Unions

THIRD EDITION

structure,  
development,  
and  
management

**Marten Estey**

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**Marten Estey**

The Wharton School,  
University of Pennsylvania



**HARCOURT BRACE JOVANOVIĆ, PUBLISHERS**

San Diego New York Chicago Atlanta Washington, D.C.

London Sydney Toronto

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Printed in the United States of America  
Library of Congress Catalog Card Number: 80-83972  
ISBN: 0-15-592952-6

# Foreword

## to the First Edition

**A**s a long-time student of the labor movement, a diligent and respected researcher, and a teacher with a sense of balance and synthesis, Professor Estey was an obvious candidate to write this book. It is never easy to reduce great quantities of knowledge about a subject—particularly one in which the writer excels—to a lean muscular work that embraces all aspects while also providing some of the fat of detail and insight. Professor Estey has indeed done both. He has reduced a substantial body of material to a clear, concise statement, and somehow—and this is the essence of his art—he has managed to ease its terseness with a style and readability that will attract a wide range of readers in and out of the academic world.

If one could have but one book with which to become conversant with the American labor movement, one would be wise to choose this new study by Marten Estey.

*Leonard Sayles*  
Columbia University

# Preface

**T**his book was written primarily for the student—whether in college or in business—who wants a brief but analytical account of what unions are, why they behave as they do, and how they are managed, as well as an account of the rules under which they operate.

The primary emphasis is on the nature of unions as organizations and on the similarities and differences between unions and the business organizations with which the majority of them deal. Accordingly, the text includes analyses of (1) the patterns of union growth; (2) the evolution of union organizational forms and models in response to changing needs and circumstances; (3) the present organizational structure of the American labor movement and the functions of its components; (4) the business-like versus the democratic aspects of union behavior; and (5) the decision-making process within unions.

In recognition of the fact that most of today's college students were born a generation after the problem of labor's civil rights was as burning a public issue as the civil rights of minorities is today, a chapter is devoted to the historic development of the law with respect to unions. Finally, a chapter has been added assessing the impact of collective bargaining, the principal activity of labor organizations.

If this analysis substitutes light for some of the heat which readers of all persuasions are apt to bring to the subject, it will have served its purpose.

*Marten Estey*

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# The Changing Dimensions of the Labor Movement



**T**he American labor movement (a collective term for labor unions and employee associations<sup>1</sup> with headquarters in the United States) is a complex institution, the culmination of over 180 years of activity, of expansion and contraction, of ebb and flow. It is the resultant of a myriad of economic and social forces, personal influences, and chance events. Like other social institutions, it is no monolith, but is composed of vastly varied components ranging from the miniscule to the gigantic, from the young to the old, from the declining to the expanding.

Its dynamic character is demonstrated by the fact that the years 1964–1978 witnessed a structural change in the American labor movement comparable in significance if not in scope to the organization of the mass production industries in the 1930's. We refer, of course, to the rapid growth of labor organization among public employees and the rise in their total membership from 1,453,000 in 1964 to 6,019,000 in 1978, a gain of over 4.5 million members.<sup>2</sup>

This significant increase in public employee membership is due to the combined effects of a 150 percent increase in union membership in the public sector and to the fact that during this period an increasing number of professional employee associations (many of whose mem-

<sup>1</sup>Perhaps the basic difference between unions and employee associations is that collective bargaining over the terms of employment is the primary function of unions but not necessarily of employee associations, many of which have assumed that role only recently.

<sup>2</sup>1978 figure from U. S. Department of Labor, Bureau of Labor Statistics, "Labor Union and Employee Association Membership—1978," Press Release, September 3, 1979, p. 3.

Unless otherwise indicated, all 1978 membership data that follows are from this press release, or from unpublished data provided by courtesy of the BLS from its forthcoming *Directory of National Unions and Employee Associations*, 1979.

bers—e.g., teachers—are public employees) and state public employees associations engaged in collective bargaining and were listed as labor organizations for the first time. This phenomenon is so recent that employee association membership was not available before 1968, when it was first reported to be 1.7 million.

Because of the high percentages of women and of white-collar workers among public employees, the rapid growth of organization in the public sector has led to a major breakthrough in the organization of both women and white-collar workers, each of whom now constitute approximately a quarter of the total membership of American labor organizations. Equally important, this growth of organization has meant the emergence of collective bargaining as a major force in the public sector of the economy.

## Total Membership

engage collective bargaining  
all-time high

In 1978, contrary to popular belief, union membership in the United States was at an all-time high of 20,238,000.<sup>3</sup> Add to this figure another 2.6 million members of employee associations, and the net result is that membership of labor organizations in the United States totaled 22.8 million in 1978. These 22.8 million employees constituted 22.7 percent of the civilian labor force, and 26.6 percent of all employees in non-agricultural establishments. Because about one-fifth of the employees in private nonagricultural establishments are supervisory and managerial employees not normally eligible for union membership, it is probably fair to say that labor organizations in the United States now include more than one-third of those eligible to join.

## Membership Trends

To put these figures into meaningful perspective, let us look briefly at the trends they reflect. Unionism of the size and scale we know today is a fairly recent phenomenon, for although unions appeared in the United States before 1800, total membership in 1900 was still less than 1 million. Not until 1937 did union membership permanently pass the 5 million mark, and only since 1950 has total membership been consistently above the 15 million level. What might properly be called the modern labor movement, in fact, may be said to have started in 1933.

In that year, things looked bleak indeed for the labor movement. Union membership had dropped below 3 million, to the lowest level

<sup>3</sup>Another 1.5 million members of American unions were outside the United States, mostly in Canada, and are not included in this figure.



in seventeen years; only one of every nine employees in nonagricultural establishments, and only one of every twenty people in the labor force as a whole, belonged to a union. So grim was the outlook, in fact, that Professor George E. Barnett, a distinguished labor economist and historian, in his presidential address to the American Economic Association in 1933 prophesied: "I see no reason to believe that American trade unionism will so revolutionize itself within a short period of time as to become in the next decade a more potent social influence than it has been in the past decade."<sup>4</sup>

In fact, however, 1933 proved an historic turning point for organized labor. Starting in that year, total union membership, spurred first by New Deal labor legislation, then by the emergence of the CIO as a competitor to the AFL, and finally by World War II, underwent an expansion unprecedented in both amount and duration, more than quadrupling in the decade 1933–1943 and continuing with only an occasional interruption until 1956, when it reached a peak of 18,477,000, a figure more than six times that of 1933. Meanwhile, the proportion of union members in the United States had risen to include one of every three employees in nonagricultural establishments and one in four of the total labor force.

Immediately following this peak, union membership fell into a five-year decline, so that by 1961 total membership had dropped by more than a million, the most severe and protracted slump in union membership since the doldrums of the 1920's.

The mid-1950's proved, in retrospect, to be another turning point for unions, although of a different kind. What has become a basic problem for the unions is that membership increases have not kept pace with the overall rise in employment, with the consequence that the union's share of the labor market has been declining for the past quarter century. *This* is the proper meaning of the term "the decline of the unions."<sup>5</sup>

Thus in 1978, only 20.2 percent of the civilian labor force belonged to a union, as compared with a peak of 25.3 percent in 1953, during the Korean War. And this represents a 20 percent shrinkage of the market share held by unions—a matter of obvious concern.

But an even more fundamental problem is revealed by another measure of market share—the ratio of union membership to nonagricultural payroll employment. Generally speaking, nonagricultural payroll employment conforms more closely to the market for union membership than does the civilian labor force as a whole. It is a matter of

<sup>4</sup>George E. Barnett, "American Trade Unionism and Social Insurance," *American Economic Review*, Vol. XXIII (March 1933), p. 6.

<sup>5</sup>Much of the material in the next few pages has previously appeared in Marten Estey, "The State of the Unions," *Executive* (Graduate School of Business and Public Administration, Cornell University), Volume 6, Number 2, Spring 1980, pp. 15–17.

crucial concern to the labor movement, then, that union membership in 1978 represented only 23.6 percent of nonagricultural employment, down from 34.7 percent in 1954 (and even more from the World War II peak of 35.5 percent). By this measure, the union's share of the labor market had shrunk almost one-third in twenty-four years.

It is worth noting, however, that the employee associations have been growing at a faster rate than either the labor force or nonagricultural employment. In spite of a slight drop in membership from 1974 to 1978, membership in employee associations rose from 2.3 percent of the civilian labor force in 1968 to 2.6 percent in 1978, and from 2.7 percent to 3.0 percent of nonagricultural employment.

This overall picture is the resultant of two other new and contradictory trends that began in the mid-1950's. One is the long-term decline of organized labor's (in this case, the union's) share of the private sector labor market—the source of the overall decline in market penetration by organized labor. The other is the long-term rise of labor's share (in this case, *both* the union's and employee association's) of the public sector labor market. Here we are witnessing a structural change in the American labor movement comparable in significance to the organization of the mass-production industries in the 1930's. Reported membership in the public sector has risen from 915,000 in 1956 to 6,019,000 in 1978, a gain of over 5 million members. And in state and local government, where membership has grown most rapidly, labor's share of the market has risen from 27 percent in 1968 to 36 percent in 1978.

## **Relationship of Membership Trends to Labor Force Trends**

The seeming paradox of a long-term decline in the ratio of union membership to nonagricultural employment, coinciding with a long-term rise in union membership, reflects the fact that nonfarm employment not only expanded by 65 percent between 1956 and 1978, but has also undergone significant internal changes, involving shifts away from the well-organized industries and occupations to those in which unions had been less successful. Although these challenges have been met with considerable success, as we shall see, it is worth indicating briefly the nature of the changes and the challenges that had to be met.

The most significant changes in the structure and composition of the labor market are quite clear—a continuing shift *from* the goods-producing industries, the traditional stronghold of unionism in the United States, *to* the service-producing industries; and closely related to that, shifts from blue- to white-collar occupations, and from male to

female employees. Taken together, these changes in the industrial, occupational, and sex composition of the nonfarm labor force have had a far-reaching impact on the labor movement, and there is every indication that these trends will continue.

### *Shifts from Goods-Producing to Service Industries*

In 1956, when the detailed information on the composition of the labor movement was first reported by the Bureau of Labor Statistics, it was primarily a male, blue-collar movement, with nearly two-thirds of its total membership in the goods-producing industries—48.8 percent in manufacturing, 11.7 percent in construction, and 2.9 percent in mining—and only in transportation, with 15.1 percent of membership, was there substantial strength in the service-producing industries.

But the goods-producing industries did not share fully in the 65 percent expansion of nonfarm employment between 1956 and 1978; employment in goods-producing industries rose only 20 percent, while in the service-producing industries it rose 93 percent. And the industries in which union membership was concentrated in the mid-1950's generally fared even worse; employment rose only 2 percent in mining, 15 percent in transportation and public utilities, and 18 percent in manufacturing. Only the construction industry, where employment rose 38 percent, did better than the goods-producing industries as a whole.<sup>6</sup>

At the same time, employment increases in the service-producing industries (except transportation and public utilities) ranged from nearly 80 percent in wholesale and retail trade to 146 percent in the services, all industries in which unions generally had been relatively weak. The public sector, which has proved to be such a fertile field for union growth, grew 113 percent, mostly due to the 136 percent growth of state and local government employment; the federal sector grew only 25 percent.<sup>7</sup>

### *Shift to White-Collar Occupations*

The shift from the goods-producing to the service-producing industries had a further consequence—it significantly altered the occupational composition of the labor force, from blue-collar to white-collar, a change which may have had more profound consequences for the labor

<sup>6</sup>See the *Monthly Labor Review*, August 1980, p. 69.

<sup>7</sup>*Ibid.*

movement than the industrial shift alone. For in 1956, union membership was not only concentrated in the goods-producing industries, but an even higher percentage of total union membership—more than 85 percent—was in blue-collar occupations.

It is perhaps symptomatic, then, that union membership suffered a sharp decline after 1956, when for the first time the number of white-collar workers (25.6 million) exceeded the number of blue-collar workers (25.2 million).

The shift to the white-collar occupations has continued, so that by 1978, white-collar employment (47.2 million) was 50 percent greater than blue-collar employment (31.5 million).<sup>8</sup>

## *Shift to Employment of Women*

Historically, the American labor movement has been essentially a masculine preserve. There have always been important exceptions, of course—as early as 1920, unions in the clothing industry accounted for over 40 percent of women in the labor movement—but as recently as 1956, more than 80 percent of all union members were male.

If this pattern had continued basically unchanged, it would have further compounded the difficulties of the labor movement. But the sex composition of the labor force, like its industrial and occupational composition, changed substantially between 1956 and 1978. The number of women in the labor force rose from 21.5 million in 1956 to 41.9 million in 1978, a gain of over 20 million, or 95 percent. The number of men, on the other hand, rose only 13.4 million (from 45.1 million to 58.5 million) or 30 percent.<sup>9</sup> As a consequence, the percentage of women in the labor force rose from 30 percent in 1955 to 41.7 percent in 1978, in an acceleration of the slow but steady rise in female employment, which has been evident since 1900.

Behind all these shifts in the composition of the labor force lies another economic factor—technological change and rising productivity. Whether we call it automation or not is immaterial; the fact is that until very recently rising productivity in the production industries made it possible to produce more goods with the same number of workers, or even more goods with fewer workers. Accordingly, output has risen without a corresponding rise in employment or in union membership in the production industries. Rising output has also increased the need for labor in the distributive and service industries and thus has aug-

<sup>8</sup>Op. cit., p. 65.

<sup>9</sup>Adapted from the *Economic Report of the President*, 1980, p. 236.

mented the shift of employment from the production to the service industries.

Technological change also has increased the efficiency with which the housewife performs her domestic chores and has released her for outside employment at a time when employment opportunities are expanding in white-collar and service-industry occupations, which may be generally more suited to women's economic needs and training than production or blue-collar jobs.

The substantial shifts of the labor force away from the industrial, occupational, and sex base of the unions of the 1950's may go far in explaining the decline in union membership as a proportion of nonfarm employment. But that decline may be of minor importance compared with the changes in union structure and the composition of its membership dictated by these labor-force shifts.

## The Distribution of Membership

The profile of the composition of the labor movement in 1978 provides some measure of the extent to which it has been able to adjust and adapt to the sweeping changes in the composition of the labor force since the mid-1950's.

*Manufacturing → Stronghold of organized labor*  
**Industrial Distribution**

We have already noted that it is the private sector that has been the source of the overall decline in the share of the labor market represented by union membership. But the problem is distinctly different in the manufacturing and nonmanufacturing sectors of the economy.

In manufacturing, long regarded as the traditional stronghold of organized labor, the most critical current problem is that between 1974 and 1978 the number of union members fell by over 1 million. Union membership in manufacturing reached a peak of 9.2 million in 1968, in the middle of the Vietnam War. And it continued at approximately this level until 1974, when unions still claimed 9.1 million members, down less than 1 percent from the peak.

But between 1974 and 1978, union membership in manufacturing fell from 9,144,000 to 8,119,000, a drop of more than 11 percent. And no econometric model is needed to predict that when the 1980 data become available, union membership in manufacturing will be even lower, as a consequence of the almost daily layoffs and plant closings in

the auto and steel industries and of the decline in construction activity to a five-year low.

And here we have the basis for the decline of the union's market share in manufacturing from 51.3 percent in 1956 to 39.9 percent in 1978, a slide of 11.4 percentage points, over half of which has taken place between 1974 and 1978.

In nonmanufacturing, on the other hand, the problem is not lack of membership growth but the fact that employment is growing much more rapidly than membership. Nonmanufacturing membership rose from 8.9 million in 1968 to 10.2 million in 1978, a gain of 1,217,000 or more than 13 percent. But meantime, nonmanufacturing employment rose 37 percent, almost three times as fast as union membership. The result was that organized labor's share of this market fell from 24.6 percent in 1968 to 20.3 percent in 1978.

The bright spot in the picture, as we have indicated, has been the growth of membership in the public sector, especially at the state and local levels. Union membership in state and local government nearly tripled between 1968 and 1978, rising from 764,000 to 2,205,000, and membership in employee associations rose 40 percent, from 1.7 to 2.4 million. The combined share of the state and local labor market rose from 27 percent in 1968 to 36 percent in 1978.

Although unions have not yet caught up with employee associations in terms of total membership among state and local government employees, they are growing more rapidly—clear evidence that after a decade of competition with employee associations, unions have effectively adapted to this new market of professional, white-collar employees. The view that unions cannot appeal to this type of worker is clearly unwarranted.

Labor organization in the federal government has remained virtually stable in the decade 1968–1978, doubtless reflecting the fact, surprising as it may be, that federal employment has risen less than 1 percent during that time.

The approximately 1.4 million union members in the federal government (less than 50,000 federal employees belong to employee associations) represent 50 percent of all federal employees, and one may speculate that this ratio is likely to persist.

### *White-Collar Membership*

Data on the number and distribution of white-collar union members is limited and has been available only since 1956. In that year it was estimated that 2,463,000 white-collar workers belonged to American unions

and that they represented approximately 13.6 percent of total membership. During the slump in union membership from 1956 to 1961, white-collar membership fell off more than proportionately, so that by 1960 these workers represented only 12.2 percent of overall membership. Between 1960 and 1978, however, the situation changed dramatically. The number of white-collar workers in unions nearly doubled, to 4.3 million, representing 20 percent of all union members. And when we add the employee associations, whose 2.6 million members are all counted as white-collar workers, we get a total white-collar membership in 1978 of 6,855,000, who together constitute 28 percent of the combined membership of unions and associations.

Much of the rapid growth of white-collar membership, of course, is directly associated with the growth of labor organization in the public sector. Over half the gain is due to the inclusion of the employee associations, 95 percent of whose members are not only white-collar workers but government employees as well. And the growth of the Teachers Union and the State, County, and Municipal Employees added an estimated 750,000 more white-collar government employees during this period.

## *Women Members*

Equally important is the rising proportion of women in the labor movement. In the twenty-four years between 1954 and 1978, the *number* of women belonging to labor organizations more than doubled, from 3.0 to 6.7 million; and the *proportion* of women rose from 17 percent to 27 percent of total membership.

Three-quarters of these women members belong to unions, and one-quarter to employee associations, whose membership in 1978 was 60 percent female.

The female members of unions and employee associations tend to be concentrated in certain industries and organizations. The National Education Association has the largest number of women members—an estimated 910,000—followed by the Teamsters (481,000) and the State, County and Municipal Workers (408,000). Add to these figures the women members of the Retail Clerks (before its merger with the Meat Cutters), the Clothing Workers, the Electrical Workers (IBEW), the Service Employees, and the Teachers, each of which claims over 300,000 female members, and we find that eight organizations account for over half of all women in labor organizations.

On the other hand, one-tenth of all national unions still report no women members, while in another third, women represent less

than 10 percent of the membership. All employee associations report women members, and only three have less than 10 percent women members.

Although women now account for more than one of every four members of labor organizations, this is not yet reflected in union or association leadership. In 1976, for example, women accounted for only about 7 percent of all union officers and about 25 percent of the officers of employee associations.

As president of the Coalition of Union Women, Joyce Miller pointed out to the AFL-CIO convention in 1979, "There is an absence of women at the top level of the labor movement."<sup>10</sup> Indeed, there had been *no* women on the AFL-CIO Executive Council, the governing body between conventions. But the situation has now changed: in August 1980, Ms. Miller, who is also a vice-president of the Amalgamated Clothing and Textile Workers, was elected to the Executive Council, the first woman member since the AFL-CIO was founded, and the first member not a president of a national union.<sup>11</sup>

## Geographic Distribution of Membership

Although the dynamics of change in the labor force have produced long-run shifts in its industrial and occupational composition, they have not altered the fact that the labor movement in the United States is a predominantly urban phenomenon.

Accordingly, in 1978, New York state had the largest *number* (2,753,000) and the highest *proportion* (39.2 percent) of union members; California had 2.2 million members; and Pennsylvania, Illinois, Ohio, and Michigan had over a million union members each. Together these six states accounted for more than half of U.S. union membership (10.5 million) and nearly half of all association members (1.1 million).

At the other extreme were South Dakota (25,000) and Wyoming (28,000), and four other rural states with less than 50,000 union members each—Vermont, North Dakota, Alaska, and Idaho. These six rural states had a combined membership of only 210,000, or barely 1 percent of U.S. union membership, and barely 3 percent of all association members (65,000).

In relative terms, the least unionized state continued to be North Carolina, whose 147,000 union members represented only 6.5 percent of its nonagricultural employment.

<sup>10</sup>*Proceedings*, AFL-CIO Convention, November 1979, p. 283.

<sup>11</sup>*New York Times*, August 21, 1980, pp. 1, 12.



## Long-Run Membership Growth Cycles

Concentration on short-run changes in union membership has tended, in recent years, to produce a situation in which gloomy predictions of stagnation alternate with enthusiastic refutations, depending on year-to-year fluctuations in membership.

A look at the long-run pattern of union growth, however, may provide a more dispassionate standard by which to evaluate the situation. It shows clearly that rapid expansion is the exception rather than the rule. The American labor movement has never grown steadily and evenly; its greatest gains have come in spurts, during which unions have made significant and usually lasting breakthroughs into new territory.

Thus in the forty-five years between 1933 and 1978, union membership in the United States has grown from a low of 2.8 million in 1933 to 20.2 million in 1978, a gain of 17.4 million members. But the bulk of this growth has been concentrated in four short periods of four years each, when membership rose both rapidly and substantially, as shown below:

Years	Net Gain (000's)
1933-1937	2,758
1940-1944	5,098
1949-1953	2,427
1964-1968	2,075

In these four periods of rapid growth, totaling sixteen years, the combined membership gains amounted to 12.3 million, or 70 percent of the total membership gain from 1933 to 1978.

These figures reveal two other significant facts about overall union growth. First, union growth has been closely associated with war; three of the four spurts in union membership in the past half-century occurred during wartime, and one other major growth period took place during World War I.

Second, it seems clear that periods of significant union growth have been identified with a major *external* stimulus—aside from the stimulus of war, the other major expansion of union membership in the past fifty years is linked with the passage of favorable legislation, specifically the Wagner Act. Leadership changes, such as Lane Kirkland's succession to the presidency of the AFL-CIO, have not in the past produced much