Objectives

1. Describe why American workers have formed labor unions.
2. Summarize the history of the labor movement in the United States.
3. Analyze reasons for the decline of the labor movement.
4. Explain how labor and management negotiate contracts.
Key Terms

• **strike**: an organized work stoppage intended to force an employer to address union demands

• **right-to-work law**: a measure that bans mandatory union membership

• **blue-collar worker**: someone who performs manual labor, often in a manufacturing job, and who earns an hourly wage

• **white-collar worker**: someone who works in a professional or clerical job and who usually earns a weekly salary
**Key Terms, cont.**

- **collective bargaining**: the process in which union and company management meet to negotiate a new labor contract

- **mediation**: a settlement technique in which a neutral person, the mediator, meets with each side to try to find a solution that both sides will accept

- **arbitration**: a settlement technique in which a neutral third party listens to both sides and then imposes a decision that is legally binding for both the company and the union
Introduction

• How do labor unions support the interests of workers?
  – Labor unions support the interests of workers with respect to wages, benefits, and working conditions.
  – They provide workers with the power of collective bargaining.
Labor Unions

• What can employees do who feel that they are paid too little, work too many hours, or work in unsafe conditions?
  – Many workers choose to join labor unions to deal with such issues.
  – In the United States today, one out of every eight workers belongs to a labor union.
  – In the past, though, unions had a stronger influence on the nation’s economy.
The Labor Movement

• Labor unions arose largely in response to changes in working conditions brought about by the Industrial Revolution in the early to mid-1800s.
  – Working conditions in factories were poor and very dangerous.
  – Skilled workers began to form unions to protect their interests but many were fired for joining.
  – In 1886, Samuel Gompers founded the American Federation of Labor (AFL), which ignited the U.S. labor movement.
• Many employers did not respond well to unions and forced workers to sign yellow-dog contracts, promising not to join unions.
  – In the 1930s, Congress passed measures that protected unions. Union strength grew, peaking in the 1940s at about 35 percent of the nation’s non-farm workforce being members.
  – Checkpoint: Why did union membership rise in the 1930s?
The Labor Movement, cont.

- Unions became the dominant force in many industries, making money in member dues and controlling the day-to-day operations of many industries.

- As they grew, some unions began to abuse their power. As a result, companies in need of improved efficiency in order to stay competitive found unions to be an obstacle.
The Movement Declines

• Checkpoint: What are three explanations for the decline in union membership?
  – In 1947, Congress passed right-to-work laws, banning mandatory union membership.
  – Other reasons for decline include:
    • The decline of manufacturing in the United States, where unions were the strongest
    • Rise of women in the workforce
    • Movement of industries to the South, which historically has been less friendly to unions
Another theory for union decline is that other institutions now provide many of the services that had been won in the past by unions.

– What was the peak of union membership?
Change in Union Membership

U.S. Economic Activity as a Percent of GDP, 1959 and 2006

- 1959
  - 26.1% Manufacturing
  - 73.9% All other economic activity

- 2006
  - 12.1% Manufacturing
  - 87.9% All other economic activity

SOURCE: Bureau of Economic Analysis

Gender Makeup of the U.S. Labor Force, 1970 and 2005

- 1970
  - 62% Men
  - 38% Women

- 2005
  - 54% Men
  - 46% Women

Labor and Management

• A union gains the right to represent workers at a company when a majority of workers in a particular work unit vote to accept the union.

• Once this happens, the company is required to bargain with the union to negotiate an employment contract.
  – Contracts get negotiated through collective bargaining.
Collective Bargaining

• The union brings the following goals to the collective bargaining table:
  – Wages and benefits
    • The union negotiates for wage rates, overtime rates, planned raises, and benefits.
  – Working conditions
    • Safety, comfort, worker responsibilities, and other workplace issues are written into the final contract.
  – Job security
    • The contract spells out the conditions under which a worker may be fired.
Strikes

• Sometimes agreements cannot be reached between the union and management.
  – In these instances, unions may ask its members to vote to approve a strike, which can cripple a company.
  – A long strike can also be hard on workers, since they are not getting paid.
Outside Help

• If a strike continues for a long time, the two sides can call in a third party to help settle the dispute.
  – In mediation, a neutral person meets with each side to try to find a solution that both sides will accept. This decision, though, is nonbinding.
  – In arbitration, a neutral third party listens to both sides and imposes a decision, which is legally binding.
Review

• Now that you have learned how labor unions support the interests of workers, go back and answer the Chapter Essential Question.
  – How can workers best meet the challenges of a changing economy?