

# Critical Dialogue

**What Unions No Longer Do.** By Jake Rosenfeld. Cambridge, MA: Harvard University Press, 2014. 279p. \$39.95.  
doi:10.1017/S1537592714003260

— Kathleen Thelen, *Massachusetts Institute of Technology*

In the United States, “Big Labor” is frequently taken to task for exercising “overweening power.” To a comparativist this is a strange charge. By any measure, the American labor movement is among the smallest and weakest in the rich democracies. It was not always so. American unions were once of middling strength (comparatively speaking), before falling into a steady and relentless decline since the 1950s. What have we lost in this process? This is the question Jake Rosenfeld explores in a masterful analysis of the consequences of organized labor’s collapse in the United States. In this meticulously researched and carefully argued work, the short answer he offers is that we have lost what was once “the core equalizing institution” in the political economy, a steady force “fighting for economic and political equality in the United States” (p. 2). Organized labor’s decline, moreover, was not the inevitable result of faceless market dynamics but the result of identifiable political conflicts. The impact of this decline has been to tilt power further toward the more privileged segments of society.

Rosenfeld draws on multiple data sources and deploys creative empirical strategies to tease out the impact that unions have had on workers generally and on specific groups of workers (women, minorities, immigrants) over time. He demonstrates that declining union strength in the United States exacerbates inequality in several ways. First, he debunks the popular image of unions as “special interests” to show how union wage bargaining had broad knock-on effects for nonunion workers as well—not just through threat of organization but also by shaping societal understandings of fairness. Second, Rosenfeld shows that once unions overcame the racism of many early organizations, they made significant contributions toward counteracting racial discrimination in the American workplace. In a sustained analysis of the evolving relationship between African Americans and organized labor, he shows how and why African American women came to count among the biggest beneficiaries of union representation—and the biggest losers with labor’s decline. Third, he shows

how unions provided a pathway to the middle class for successive waves of newly arrived immigrants. Tracing unions’ changing views on immigration, he shows how it produced some of organized labor’s most inspired leaders and how immigrant groups have anchored some of labor’s most successful recent campaigns. Fourth and finally, he clarifies the source of organized labor’s political power. Unlike business interests, organized labor’s influence in politics has never relied on campaign contributions so much as on the role that unions have traditionally played in increasing electoral participation among society’s most vulnerable groups.

Although Rosenfeld does not bring evidence from other countries to bear, having done so would have only strengthened his case. For example, we know from comparative work by Michael Wallerstein (“Wage Setting Institutions and Pay Inequality in Advanced Industrial Societies,” *American Journal of Political Science* 43 [1999]: 649–80) that unions have a very significant impact in reducing wage dispersion. We know from Evelyne Huber and John D. Stephens that welfare state generosity is strongly associated with union strength (*Development and Crisis of the Welfare State*, 2001). And finally we know from the work of Jonas Pontusson (“Unionization, Inequality and Redistribution,” *British Journal of Industrial Relations* 51:4 [Dec. 2013]: 797–825) and of Torben Iversen and David Soskice (“Information, Interests, and Redistribution,” Harvard working paper [2012]) that unions not only increase electoral participation among low income groups. They also provide a crucial networking and informational function so that working-class voters are aware of partisan differences and their implications for policy. In a country such as the United States where elected officials are more responsive to their affluent constituents (e.g., Larry Bartels, *Unequal Democracy*, 2008), where surveys indicate widespread underestimation of the extent of inequality (Organization for Economic Co-operation and Development, “Inequality and Well-Being in OECD Countries,” 2009), and where the political preferences and electoral behavior of the least well-off are often poorly aligned with their objective material interests (e.g., Nathan Kelly and Peter Enns, “Inequality and the Dynamics of Public Opinion,” *American Journal of Political Science* 54 [2010]: 855–70),

the networking and informational functions may be as important as bringing out the vote.

In one of the most intriguing aspects of the analysis, Rosenfeld delves into the changing composition of unions and its implications for distributional outcomes and political engagement. He shows that the popular image of unions dominated by white, male, blue-collar workers is long outdated. Since the 1970s, unionization rates among African Americans—men, but especially women—increased beyond the rates of organization among their white counterparts. However, the timing was “terrible,” as Rosenfeld notes, since African Americans signed up in ever larger numbers just as unions’ decline accelerated. Moreover, as private-sector unionization shrank, the center of gravity within the American union movement shifted toward the better-organized public sector, where union members are overall more affluent and better educated. As the author shows, these changing demographics diminish two of the most important equalizing effects that union representation traditionally brought. Not only is the union wage premium lower in the public sector (since it is among the least educated that union membership has historically brought the largest benefit), but organized labor’s political impact is also attenuated because public-sector workers are already much more likely to vote.

Finally, in *What Unions No Longer Do*, Rosenfeld shows us that it is no coincidence that the much-remarked-upon rise in inequality in the United States has gone hand in hand with the collapse of organized labor. While he emphasizes that there was nothing preordained about labor’s decline, nor anything inevitable about what is to come, the prognosis he offers is nonetheless appropriately grim. Indeed, there is some cruel irony in the fact that one of the bright spots he mentions in his work, the successful organization of home-health-care workers in several states, was dealt a serious blow in a recent Supreme Court ruling that prohibits unions from requiring these workers to pay union “agency fees” to offset the costs of representing them. Rosenfeld has given us a trenchant and sobering analysis of why we should not expect the situation for organized labor in the United States to change any time soon.

### Response to Kathleen Thelen’s review of *What Unions No Longer Do*

doi:10.1017/S1537592714003284

— Jake Rosenfeld

Reading Kathleen Thelen’s perceptive review of my book leaves me both encouraged and deeply troubled. I was encouraged because the comparative research she highlights in her review reinforces my core argument that labor’s decline in the United States has resulted in the near

disappearance of the country’s key equalizing institution. The vital role of organized labor in deepening democracy and mitigating economic risk for working- and middle-class citizens exists across the advanced democracies. Simply put, weakened labor movements and high rates of inequality—political and economic—go hand in hand. If they did not, then my own arguments concerning the consequences of union decline in the United States would rest on shakier ground.

In addition, I was troubled because the comparative research highlighting the importance of organized labor in mitigating the effects of globalization, alongside my conclusion that we should not expect a rapid turnaround in labor’s fortunes anytime soon, points to the continuation of a long-term, disequalizing trend. And here Thelen could have highlighted her own recent, and excellent, book, *Varieties of Liberalization and the New Politics of Social Solidarity*. In it, she emphasizes the importance of labor movements that have high density rates and that maintain robust cross-occupational ties in shaping a nation’s liberalization trajectory. Those countries with powerful and unified labor movements are more likely to embark on a liberalizing pathway that is equalizing—that promotes mobility while also offering strong social protections.

The U.S. labor movement is neither strong nor particularly unified. In the private sector, establishment-level bargaining, combined with virulent employer opposition, has prevented labor from reversing decades-long losses in density. The absence of union presence in many regions—and the powerful interests eager to maintain the status quo—has stymied labor’s legislative efforts to change the country’s collective bargaining laws. Current congressional dysfunction makes it extremely difficult to pass significant legislation of any sort, let alone on something as polarizing as labor unions.

The implications of Thelen’s book along with my own for the United States in the twenty-first century are clear: the continuing transfer of risk from institutions to individuals, alongside growing inequality in the economy and elections. That is a sobering and, I believe, quite likely scenario. But since the publication of both of our books, we have seen a rising chorus from the president on down the leadership ladder decrying inequality, and a rising social movement—one that remains organizationally and financially beholden to organized labor—pushing for, among other demands, higher minimum wages and greater unionization. On the minimum wage front, this movement has already scored important victories. The pathway to increasing union density, however, remains opaque. But just as Thelen highlights how liberalization takes different forms, some egalitarian, others not, a powerful labor movement in twenty-first-century America need not look exactly like its twentieth-century predecessor, while still working to fulfill its historic role as the key

equalizing institution. What shape, if any, will it take? The answer remains in the balance.

**Varieties of Liberalization and the New Politics of Social Solidarity.** By Kathleen Thelen. New York: Cambridge University Press, 2014. 250p. \$60.00 cloth, \$22.99 paper. doi:10.1017/S1537592714003272

— Jake Rosenfeld, *University of Washington*

In the spring of 1994, President Bill Clinton unveiled a plan to overhaul the Aid to Families with Dependent Children (AFDC) program. According to Kathleen Thelen, author of the excellent new book *Varieties of Liberalization and the New Politics of Social Solidarity*, Clinton's proposal looked "very much like what we now call flexicurity," combining strict time limits with a job guarantee and a substantial investment in training (p. 126). The legislation sought to activate the labor market while providing protections and opportunities to workers. In so doing, it would counter the nation's trend toward disequalizing liberalism, a model of capitalism that combined liberal economic reforms with inegalitarian outcomes. By the time Clinton's welfare plan wound its way through Congress, all that remained were the strict time limits and reduced assistance to the nation's most needy. The United States would continue on a trajectory of growing inequality.

Recently, many scholars argue that *all* of the advanced economies are converging toward such a liberalizing model, not simply the United States. The overarching question that Thelen seeks to answer in this book is whether the convergence theory is correct. Countering varieties of capitalism scholars who stress institutional stability, she answers with a qualified "yes." The countries she investigates—each one broadly representative of a distinct variety of capitalism—have all liberalized in crucial ways over the past decades. Germany, Thelen's ideal-typical conservative Christian Democratic case, has experienced a growing secondary labor market defined by precarious employment, comparatively low pay, and few benefits. Denmark, representative of the Scandinavian Social Democratic states, famously embraced sweeping labor market reforms to promote labor mobility while decentralizing bargaining structures. And then there is the United States, which is, as usual, leading the way among its fellow liberal market economies in deregulating industries, decentralizing bargaining, and individualizing risk. Since liberalization is the dominant trend, should we expect inequality to follow similar trajectories in these nations over time?

Not necessarily. And here is Thelen's important qualification: Not all forms of liberalization are disequalizing, and coordination, she argues, does not necessarily lead to egalitarian outcomes. In the postwar Golden Age,

highly coordinated economies coincided with greater economic equality. But these are "analytically distinct" phenomena (p. 8), and their separation has grown with the rise of the service sector in all advanced economies. Distinguishing coordination from equality moves scholars beyond existing typologies in comparative politics, and opens up promising new avenues for exploring contemporary developments in the advanced economies.

Thelen thus distinguishes between *varieties of liberalization*. Instead of viewing all liberalizing tendencies as the same—and as similarly disequalizing—she distinguishes three liberalizing trajectories, each one spurred on by a separate set of institutional configurations that map onto the varieties of capitalism. For Germany and its fellow corporatist countries, strong coordination and other supports for manufacturing firms and workers has propped up a stable, highly protected set of insiders. Meanwhile, the outsiders have grown as a share of the labor force, and lack the stability, regular hours, and generous pay of the organized manufacturing base. As a result, Germany's "dualization" combines a highly coordinated sector with growing inequality. Thelen might have gone further here, by tracking how the insider/outsider dichotomy matches household dynamics: After all, if every household pairs a protected manufacturing worker with a precariously employed service worker, pooling resources might mitigate dualization's disequalizing tendency. On the other hand, the growth of assortative mating alongside the rise of single parenthood only reinforces insider/outsider cleavages, deepening inequality (see Gøsta Esping-Andersen, "Sociological Explanations of Changing Income Distributions," *American Behavioral Scientist* 50 [2007]: 639–58 for an analysis of assortative mating and inequality).

Denmark's liberalization, meanwhile, assumes the form of "embedded flexibilization" that emphasizes good jobs for all workers—not simply insiders (pp. 59–60). Robust initial and continuing training provides the linchpin that unites all types of employees in a framework that combines mobility with strong social protections. The United States and other liberal market economies embody the traditional liberalizing route: increased flexibility without security through "deregulation." Deregulation, in turn, allows for the introduction of various forms of employment "fissuring," to use David Weil's terminology (in *The Fissured Workplace*, 2014), which displace traditional employment relationships, shifting risk downward to the individual employee.

Thelen traces these developments across three institutional domains common in the varieties of capitalism literature: industrial relations, vocational education and training, and labor market policy. How governments, alongside business and labor representatives, have transformed these domains (or not) in the face of the rise of the service sector and globalization helps us understand whether a particular liberalizing trajectory leads to

egalitarian outcomes. Three variables stand out as crucial: employer coordination, which, Thelen stresses, “may be necessary but is by no means sufficient to secure the survival of egalitarian capitalism” (p. 203), state capacity, and labor movements characterized by high density *and* unity across occupations.

In Denmark, for example, a labor coalition comprised of representatives of salaried white-collar professionals, low-skill service workers, and the traditional manufacturing base partnered with peak employer associations at the strong and credible urging of the state to help usher in a new set of policies—key among them an integrated, comprehensive, and continuing training regime—that tempered the disequalizing tendencies of liberalization. Germany, by contrast, lacks such state power, and its labor movement remains dominated by manufacturing interests. As a result, vocational training was not expanded to incorporate the growing service sector, while labor market policy emphasized protecting core manufacturing jobs during economic downturns, further exacerbating dualization. In the United States, employer coordination helped to destroy an already weak and fractured labor movement, removing a key counterweight to deregulation and a key proponent of training and active labor market policies.

The good news, in Thelen’s view, is that pivoting away from the dominant perspective that sees liberalization as necessarily disequalizing means that further liberalizing tendencies can proceed in an egalitarian direction. And by pivoting away from varieties of capitalism scholars’ emphasis on institutional stability, significant change can occur that counteracts inequality, even in the most liberal of the liberal market economies. But then there is the bad news, which brings us back to the United States. Its labor movement in 1994 lacked both the density and political power necessary to retain those elements of Clinton’s original welfare reform plan that collectivized risk. Two decades later, union density has fallen further still, with unions now representing just one out of every 20 private-sector workers. As a result, the disequalizing path of liberalization continues. If, as Thelen argues, egalitarian capitalism rests in part on “high levels of organization and unity on the labor side” (p. 204) we should not expect a turnaround anytime soon.

### **Response to Jake Rosenfeld’s review of *Varieties of Liberalization and the New Politics of Social Solidarity***

doi:10.1017/S1537592714003296

— Kathleen Thelen

As a partial antidote to the otherwise rather despairing tone that runs through this exchange, I would like to devote a few paragraphs to some rays of hope that emerge from both of these books—even for the “hardest” case of the United States. They have to do, first, with the institutions

associated with the more egalitarian varieties of capitalism, and second with the political coalitions underpinning them.

On the institutional front, the analysis in my book contains plenty of bad news for liberal market economies like the United States. Yet the picture is not entirely bleak, because it also points to possibilities for policy innovations that do not rely on a country having inherited from the past particular structural features associated with the more “coordinated” variety of capitalism that in the “Golden Era” of postwar capitalist development was associated with the highest levels of social solidarity. One bit of good news, then, is that once we disentangle “coordinated” and “egalitarian” capitalism, we can see new possibilities for achieving more egalitarian outcomes even in “liberal” political economies. Rather than exclusively a matter of institutional prerequisites, these outcomes are a matter of politics and political coalitions—which leads me to the second point.

Is there any reason for hope on the political front? Since I write this from Germany, I answer with the equivocal “jein.” Certainly the current political polarization and the resurgence of a business community committed to a neo-liberal agenda does not inspire hope. On the other hand, some of the developments Jake Rosenfeld describes are not entirely foreboding. The shift in the composition of the labor movement that he describes for the United States—away from blue-collar manufacturing toward more educated salaried and public sector employees—is, if anything, more advanced in the more egalitarian social democratic countries of northern Europe. In that context, some of these groups (particularly public sector workers—and I would add, crucially, working women) are core constituencies of social democracy. These are groups that defend a universal welfare state—even if, as Jane Gingrich and Silja Häusermann have pointed out, they often increasingly embrace a different variety of universalism, one that emphasizes individual development, internationalization, meritocracy, and gender equality (“The Decline of the Working Class Vote, the Reconfiguration of the Welfare Support Coalition and Consequences for the Welfare State,” *Journal of European Social Policy* [forthcoming]).

If the experiences in these other countries are any indication, government policy (e.g., in areas such as education and training) will be crucial in forging links between these groups and the less privileged segments of the labor force. This is, of course, problematic in a country like the United States, marked by gridlock and associated policy drift. But Rosenfeld’s book itself also reminds us of advances, including at the state level, as well as historical examples in which inspired leaders have been able to overcome racial and other divisions to forge alliances across groups that are otherwise very differently situated in the labor market.

Grounds for unbridled optimism? No. But sufficient reason to keep trying anyway.