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Imagining Unions
by Joel Rogers and Charles Sabel

Unions are in serious trouble in the United States, and despite the efforts described by Larry Cohen, Kris Rondeau, and Allison Porter and Richard Bensinger, their current trajectory is grim. Private sector union density (the unionized percentage of the workforce) has fallen to a pre-New Deal level of eleven percent, collective bargaining is now about givebacks, and the national political stroke of unions is visibly shaky even in the Democratic administration they just spent tens of millions getting elected.

Along with members and clout, unions have lost social esteem. Most Americans actually like unions (if not their leaders), but correctly view them as increasingly ineffective. Business, which generally hates unions, now treats them with contempt. And liberal new class professionals try not to think about them at all. Among friend and foe alike, it seems, unions are widely regarded as social dinosaurs. Appropriate, perhaps, to an age of manufacturing, white male workers, mass production, and class struggle, but not to a service economy, numerically dominated by women and racial minorities, allegedly heading toward a future workplace in which all workers are empowered and management is just another job. Few outside the labor movement see unions as part of the solution to current economic and social problems. And if you're not seen as part of the solution well, you're in very deep weeds.

International comparisons underscore the depth of American labor's current weakness. The United States now has the lowest effective rate of unionization in the developed world. And now, as ever, it lacks those other institutions worker-based political parties, mandated works councils or other forms of worker representation inside the firm, or general wage regulation that elsewhere supplement union power. By any measure, we are more union free than any other rich nation. And by any measure, it shows in the lowest level of general social protections (e.g., health insurance) and highest level of wage inequality, after-tax poverty, and working class electoral abstention in the developed world.

While labor pains in the United States are particularly excruciating, however, they are not unique. Worldwide, the forward march of labor has been halted or reversed. Virtually all rich nations show a decline in union density since 1980. Deep fissures have appeared within unions and union federations. Structures of centralized collective bargaining have widely collapsed. And labor's stature within social democratic parties has been sharply curtailed, even as those parties' fortunes have declined.

In thinking about the revival of unions in the United States, this international pattern suggests that more will be needed than to address the special difficulties unions face here. We completely agree with Larry

Cohen on strengthening the right to organize, with Allison Porter and Richard Bensinger on the need to devote more resources to organizing, and with Kris Rondeau on the need to develop new models of how organizing is done. We also recognize and respect the fact that any American unionist would kill for the problems of the Swedish or German labor movements. But the worldwide decline of labor suggests that improvements in labor law or union organizing efforts, essential as they are, will probably not be enough to restore labor's position in American public life. After all, labor law and organization are already better elsewhere, and unions are still in trouble. A more fundamental rethinking of labor's position is in order.

Labor is in trouble around the world because a particular set of political and economic institutions that once gave it power and a respected social role are everywhere coming unstuck. We believe, despite this change in circumstance, that the basic function unions perform remains absolutely essential to democracy, that past arrangements can be understood in ways that are instructive about the general requirements of union strategy, and that the broad outlines of a viable current strategy satisfying those requirements are visible. We believe, in short, that it is both necessary and possible to imagine unions once again. Here's why.

Necessity and Possibility

Forget about Hoffa and pinky-rings for a moment, and consider unions in the abstract. What are they? They are the most basic (in America the only) independent, collective organizations of workers in the economy. Their central purpose is to represent workers in the organization of production, and to assure a more fair distribution of the benefits and burdens of economic cooperation. So described, unions are manifestly necessary to a democratic society.

Democracy means something like everybody should have an equal say in how the society is run. But we live in a world in which effective say is materially conditioned; resources time, information, and money to buy these and other things are needed to be a player. And we live under capitalism, a system in which most people generally workers have very little material while a few others generally capitalists have a lot.

The question arises: How might most people, with few individual resources, get anything approaching the equal say that is definitive of democracy? And the answer comes: Only by pooling their individual resources through organization. Without worker organization, there is no effective check on the power of the few by the diffused power of the many. Democracy becomes a joke. And the distribution of resources and of human welfare reflects it.

But if worker organization is necessary to democracy, why is union organization that is, an organization rooted in the internal governance of the economy itself? Workers might advance their interests, as workers, through other means say, through a workers' political party. Or they might express identities extending beyond the economy say, as Catholics, gays and lesbians, Hispanic activists, or members of soccer leagues and tavern clubs. Don't such forms of worker organization suffice for democracy?

No they do not. The basic reason, again, is that all politics is materially conditioned. Hard experience with political parties shows that unless workers have resources of their own, and a real ability to act in the economic realm, they cannot control even those parties that claim to act in their interest. Groups that seek to express their members' identity beyond the economy, meanwhile, inevitably find that they must attend to members' interests inside the economy as well (say, to prevent job discrimation). Sometimes that has required a struggle against reactionary unions. But this quarrel has been with particular instances of worker organization, not with the proposition that independent worker organizations representing all workers are needed.

So, the basic point still stands. To act effectively in forums outside the economy, just about everyone needs some representation and power within it. Just about everyone, that is, needs unions, if democracy is to work.

That unions are necessary to democracy, of course, doesn't make them possible. That has always required a fight. And labor's history under capitalism shows that unions will win that fight if and only if they do three things simultaneously: secure material benefits to members or potential members, solve a problem capitalists cannot solve on their own, and, chiefly by doing these things, win general social respect and acceptance even from non-members. Under the best of circumstances, this is a difficult trick to turn. But unions emerged half a century ago as major social forces precisely by pulling off a giant trick of exactly this kind. To understand their present needs and strategic options, it will help to understand just how they did it then, and just why the old trick no longer works.

A World Lost

In the old deal of the New Deal and the postwar era, unions functioned as the redistributive agent of the working class. They operated in essentially closed national economies, where the state relied on fiscal and monetary policy to regulate the macro-economy. They demanded and got wage and benefit increases for their members partially extracted from firms directly, partly extracted through the state. And, through the alchemy of Keynesian economics, they brought benefits to the broader society. By delivering solid and rising wage floors to their members, they boosted aggregate demand. This gave firms markets for sales, and reasons to renew investment. And that, in turn, increased productivity and lowered the cost of mass consumption goods, which was good for everyone.

Getting to this system required that unions organize both workers and capital.

The organization of workers, however, was facilitated by the fact that the working class was a more or less determinate social group, whose shared interests were spotlighted by the institutions of mass production. In a vast assembly line factory churning out cars or refrigerators, with each worker doing a numbingly simple task, and super-ordinate layers of oppressive management, it wasn't too hard to figure out which side you were on.

The organization of capital was facilitated by the same production system. This was the age of monopoly capitalism in a more or less literal sense. In many of the most important industries, a few producers, with vast identifiable production complexes, were the key to market power. Organize them you could organize them and you had most of the industry. Deals struck with lead firms could be extended through most of the industry, and the deals could be good. Large firms could afford wage increases in a way that low-cost rivals could not. And as industry leaders, they had every incentive to cooperate with unions in removing such rivals by making sure that all firms paid the same costs.

Inside the firm, finally, unions struck a deal with management. In return for labor peace, they would get pay increases proportionate to productivity advance, and shared control over the movement of workers within the internal labor market of firm employees. In return for this, management kept the right to manage to make essential decisions about firm structure, product strategy, production design, and the level of employment.

Of course, there was enormous variation across union movements in the precise structure of this deal. But most rich capitalist countries featured its three common, essential elements a Keynesian, demand-based national policy framework, ready made blocks of workers able to cut and enforce deals, and large, dominant, stable firms through which the deals could be cut.

Over the past 20 years, each part of this system has fallen apart.

Keynesianism is qualified. A combination of market saturation and the entrance of new competitors into the saturated markets undercut the autonomy of national economies, uprooting the foundations of Keynesian policy. By the early 1970s most people in the advanced economies who could afford cars, radios, or washing machines had them, so the growth rates of national manufacturers in those industries slowed. At the same time, firms in newly industrializing countries like South Korea or Mexico got better at producing the less sophisticated goods demanded in the advanced countries, while Japan got better at producing the more sophisticated ones. With new producers crowding into already overcrowded markets in the United States and Western Europe, domestic firms were driven to look for new export outlets. But once all the firms in an industry began looking for export markets, it became next to impossible to regulate the growth of any economy by stimulating consumer demand. If the French government, for example, tried to accelerate growth in France by putting more money in consumers' pockets, nothing prevented German or Italian firms from beating the French firms to the market. Even the fear of such cross-border raids was enough to dampen the stimulative effect of Keynesian stimulation. Firms were unlikely to expand capacity to meet the new demand if they had to worry that a foreign competitor could capture the market before their new facilities were ready.

Firms reacted to these pressures in two sharply contrasting ways, both of which had the long-term effect of undermining their self-sufficiency thus killing the stable firms that comprised another core element of the old system.

One response especially common in the United States was to meet the competition by cutting costs, primarily wage costs. To achieve these cuts, large firms were broken up into separate profit and cost centers, thus achieving the transparency needed for strategic planning. Labor-intensive, low skill operations were then transferred abroad to low-wage countries in the developing world, while the remaining domestic workers were told that their jobs would be next if they (and their unions, where they had them) did not make concessions on wages and benefits. This sweating strategy obviously drains work from rich countries to poor, depresses living standards at home, and wrecks lots of communities along the way. American firms were naturally drawn to it in the 1980s because union weakness kept it available, and because the semi-skilled workforce relied on for generations of assembly line mass production provided a weak basis for more advanced and versatile production strategies.

Another response more common in Western Europe was to compete on quality and product differentiation rather than price. The basic idea here was to allow skilled workers, operating sophisticated, flexible machines, to customize products to customers' needs. Although goods made this way cost more than the mass-produced item, buyers will pay a premium to get what they want that more than covers the difference. This high-wage, high-skill strategy is obviously better for domestic workers and community stability. West European firms were naturally drawn to it in the 1980s because stronger unions blocked sweating, and ample reserves of skilled workers made upgrading possible.

Today, however, the lineup between countries and strategies is much less clear. Both American and European firms discovered hidden costs to their strategies. Now they borrow from the other's model.

The news from the United States is that many firms have figured out that sweating is a losing strategy. There is always a lower-wage competitor ready to pounce on the low-wage subsidiary just established, and the divisions in firm operations occasioned by the search for cheap labor between planning and production, between conception and execution make it harder to avoid and learn from manufacturing mistakes. At least some firms (still a distinct minority) are seeking radical quality improvement and product customization and differentiation, and are placing a corresponding emphasis on the skill and shop-floor responsibility needed to get better integration of product design and execution. While others (still a distinct majority) continue with their sweating strategy, what they once did with conviction they now do with hesitation.

The news from Europe is that skill is not enough to stay abreast of the market. Firms get stuck in specialty niches. The craft hierarchies established inside firms in which those with more skill are supposed to solve the problems that the less skilled cannot thwart the needed flow of authority to the shop-floor. And long-term relations between the component-making and assembly divisions of the same firm degenerate into cronyism, as the company's traditions of technical flare become a pretext for not worrying about costs. Inspired in part by US-style administrative decentralization, the response all across Europe has been to break large concerns into autonomous profit or cost centers with the power to restructure their own operations and then sink or swim. Typical is Volkswagen's hire of the Spanish head of General Motor's purchasing operations, with the aim of reorganizing its relations to its external suppliers and building effective shop-floor teams in its own plants.

In both the United States and Western Europe, the upshot of all this firm-level reorganization is to undercut the integrity of workers as a group with distinct and compact interests killing off the third element of the old system. There are fewer places for unskilled or semi-skilled workers in manufacturing, and even where such places exist there are fewer career ladders connecting them to skilled work in the same plants. Thus, just as unions' core constituency is squeezed out of the well-paying manufacturing jobs, it becomes more difficult to advance the interests of their remaining members. Moreover, managers are increasingly vulnerable to job loss. Middle managers in large corporations disappear when the profit centers they once supervised are given the authority to make their own way; senior managers get the ax if their profit centers don't make it. Often it seems as though these groups have more in common with the skilled workers than the latter do with less-skilled brethren.

With their role in national macro-economic management eliminated by the decline of Keynesianism, with their role as the administrator of labor markets in large firms and well-defined industries eliminated by the massive decentralization of corporations, and with their core constituencies divided and disoriented, it is hardly surprising that even the strongest unions are on the defensive and the weakest ones are facing a rout.

A World Regained

What can unions do? To survive and prosper in the new system, unions will have to create and occupy a place analogous to their old one. What that means, again, is that they need to serve their members' interests in a way that also serves the interests of capital, and (precisely because it serves both) enables labor to claim to advance a general will that stands above the special pleading of any particular group. What might this look like, given the restructuring underway?

Take first the problem of serving members' interests. In the old system the unions provided job security though a combination of Keynesian demand management and internal labor market administration. As we have just seen, difficulties in controlling macro-economic demand and the internal structures of the firm make that much more difficult today. Accepting this, the alternative is to aim more for career security than job security, and to develop mechanisms of insurance rooted more in effective supply than effective demand. Instead of trying to define a worker's place in a fixed structure, a new unionism would seek to ensure workers' power in fluid ones. The way to do that is to provide all workers with the advanced technical (and, increasingly, business) training and counseling needed to assert power in the design of the work teams in which they are increasingly employed, and to move freely in external labor markets if their current employer goes under.

Notice that while workers desperately want such training and counseling services, there is little likelihood that firms themselves will provide the services. After all, the firms are busy forming cost and profit centers precisely because they have no idea what is working well enough to justify additional investment. Notice too that such services cannot easily be provided through (though they might be funded by) the state, which is certainly no more able than firms to ascertain the sorts of services needed. They will need to be provided by institutions that are both actually rooted in the economy, extend across the population of firms, and have workers' interests chiefly in mind. In short, they will need to be supplied by unions.

Unions cannot equip members for careers independent of particular firms, however, if compensation and work rules in the corporate way stations of a likely career are so diverse that no one with an acceptable job will dare to move. This problem, familiar today from the way people cling to jobs to preserve firm-based pension or health benefits, can only be solved by generalizing compensation and organizational practices. Barriers to mobility arising from the cross-firm differences in performance review or dispute-resolution procedures, stock option plans or opportunities for skill acquisition, and compensation itself that have in part arisen from decentralization now stand as a barrier to worker mobility. Just as unions can serve members' interests by making their skills more versatile, they should serve them by pressing both firms and government for greater uniformity in the conditions of compensation (itself increasingly tied to skill) and employment.

Here again, notice that unions have unique capacities to perform this role. If they are in touch with their members, they will have a much better idea than government or managers about just what underlying standards of equity need to be respected in establishing comparable work settings. As institutions spread across firms, they will have wider-ranging experience of the different kinds of jobs that cluster into careers than even the most decentralized, joint-venturing corporation. Firms and groups of employees trying to reconcile differences sufficiently to establish a workable workplace could thus well look to the unions when conflicts arise over the definition and application of rules. Moreover, as institutions of workers in the economy itself, unions are indispensable vehicles for enforcing standards with the local knowledge and capacity for disruption needed to play that role.

Next, consider how the interests of firms are advanced by this two-fold strategy of new-model unions. On the first training and counseling while members want a combination of technical and managerial skills to protect themselves against the risks of the labor market, firms would like to wave a magic wand over their current work force and have employees with precisely these skills costlessly appear. If the unions can help firms figure out how to make effective use of the vast public funds available for training, they can be the magic wand.

On the second achieving comparability across firms in conditions of work and compensation employers, too, have an interest in this goal. As firms decentralize and cooperate more and more closely with outsiders, there is less connection between who employs a person and where and with whom that person works. If an automobile firm and an airbag manufacturer co-develop a new product, a project group from one might easily spend six months on the other's site. Or if a manufacturing firm subcontracts its information-system work to a data-processing firm, technicians employed by the data processor might work full-time at the manufacturing site. In such cases, cooperating firms are in trouble if they tell their respective employees to treat their new co-workers as partners, and then themselves treat the partners very differently. Without some generalization in work conditions, rules, and compensation, advanced forms of cooperation are far more difficult to enter into, manage, and fold when the task is done.

Just as in the old system, then, unions can play an economic role that both advances their members' interests and solves economy-wide problems beyond the capacity of any firm. Organizationally, their doing so will inevitably require them to be attentive to a wider variety of worker interests than they are identified with at present, and to make deals across diverse firms to be more defined by geographic region and less by economic sector. (Here, recent signs of revival among US-metropolitan central labor councils are suggestive.) At the same time, because people still work in particular settings (largely defined by firm-ownership) it is vital that unions extend the power of workers in such settings throughout the economy including sites where unions themselves have relatively few members. This will require getting the government to guarantee a basic level of worker representation. All three changes would give unions more of a political flavor than they have at present. At the same time, the reemergence of unions as innovative, moral, and rational social agents of general benefit will award them a fair degree of political capital with the general public. People will see the point of unions more clearly than they do now.

In combination, these changes suggest a basis for a new political role for unions, at both the local and national levels, as advocates for the legislated social protections and supports needed to ensure equity as well as innovation. The welfare state needs to be moved from a jobs-based system to one of more generic social entitlement. Public programs as in unemployment insurance and training need to take full measure of increases in job mobility and risk. And, perhaps especially in the United States, the government needs to help spur industrial upgrading of the desired sort not only by rationalizing its services to firms, but by using its residual powers of direction (purchasing power, direct regulation of wage and production standards) to encourage movement in the right direction. New-model unions, as agents of the general interest, could play an important role in making sure that all this happens.

From Here to There

Would such a transformation of unions be possible in the United States? In truth, nobody knows.

Certainly there are already promising ingredients of the new strategy in place innovative union-led training programs, new models of organizing that seek to operationalize broader notions of community, a growing awareness throughout the labor movement that its real choice is not between passive cooperation and mindless adversarialism, but between the effective death of unions and their assumption of greater responsibilities for actually running the firm and the economy. And, certainly, there is a broad social interest in getting a better handle on the industrial restructuring that now hammers American living standards. Reflecting this, the Clinton administration says it wants to promote the high-skills, high-wage path even as it has thus far declined to push firms hard to do so, and even as it remains deeply ambivalent about the contribution of unions to making that happen.

But there are obvious obstacles as well. Redefining themselves as innovative agents of high-flex productivity would, for most unions, require considerable change in how they think about their job; and change is always hard. The strategy outlined would also require a vast increase in union reach implying substantially greater commitments to organizing, and willingness to experiment with new forms of representation in sites without majority support and a vast effort to layer into their own operations the technical competence to perform this new role. Eventually, we believe, it will also require unions to be much more active than they are at present in promoting a genuinely independent worker politics, and to rely less heavily on their friends in the Democratic party to save them. And, first and finally, there is the opposition amounting at times to an almost irrational hatred of the business community.

So it will be a fight, as ever. All we have tried to suggest here is that the fight is winnable there is a way, at least schematically, that unions could see their way through to renewed importance and worth and that almost everybody in America has a clear interest that it be won.

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