

# Ronald Reagan and the Politics of Declining Union Organization

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## **Abstract**

*New union members in the United States are typically gained through workplace elections. We find that the annual number of union elections fell by 50 per cent in the early 1980s. A formal model indicates that declining union election activity may be due to an unfavourable political climate which raises the costs of unionization, even though the union win-rate remains unaffected. We relate the timing of declining election activity to the air-traffic controllers' strike of 1981, and the appointment of the Reagan Labor Board in 1983. Empirical analysis shows that the fall in election activity preceded these developments.*

## **1. Introduction**

Declining membership in US labour unions throughout the 1980s is often traced to political causes. Following the national election of 1980, the Republican Party controlled the Senate and union leaders found regular support among just 130 out of 435 representatives in the Democratic-controlled House (Gross 1995: 247). Most important, the incoming Reagan administration boasted a free-market philosophy that was inimical to the interests of organized labour. The anti-union stance of the Reagan administration was expressed in public policy and political appointments.

During the first Reagan administration, two political events stand out as symbolizing vigorous Republican opposition to organized labour. First, in the summer of 1981, striking air-traffic controllers were dismissed by President Reagan and non-union employees were hired as replacements. This event is often held out as demonstrating a new strategy of employer opposition to industrial action. Second, in the 12 months following the election, two seats on the five-seat National Labor Relations Board (NLRB) were filled by Reagan appointments. These and subsequent appointments to the Labor Board were to establish a solid pro-management majority that expanded employers' rights to oppose union organizing.

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The link between the political composition of the NLRB and union decline seems particularly suggestive because of the Board's key roles in union elections and labour law administration. The main framework for US labour law is provided by the National Labour Relations Act (NLRA). The original Act of 1935 was passed to quell industrial unrest and encourage collective bargaining. Through a system of government-run elections, the NLRA created an enforceable procedure for union representation based on majority vote within bargaining units. Employer conduct was tightly regulated during elections, and the use of threats and dismissals to influence the vote was prohibited. Violations could be remedied by bringing unfair labour practice charges before the NLRB.

Earlier research on the political determinants of unionization examined trends in the unionization rate, or the success rate of unions in NLRB elections (Weiler 1983; Lalonde and Meltzer 1991). Although the Reagan administration is sometimes charged with lowering the overall rate of American union organization, union decline has a significant structural basis in the slow (even negative) rate of employment growth in the unionized sector of the economy relative to the non-union sector (Farber and Western 2001). The political determinants of unionization are thus more likely to be observed in the process of recruiting new members through the NLRB election process. A number of studies observe that the success rate of unions in NLRB elections has declined through the postwar period. The slow rate at which unions now organize new members is thus attributed to electoral failure.

Although our analysis studies the organization of new union members through NLRB elections, we shift attention from the election win-rate to the overall volume of election activity. The annual number of elections contested by unions fell dramatically in the early 1980s. Although often overlooked, the effect of declining election activity far overshadows the impact of declining electoral success on new union organizing. Using a series of monthly data on election activity, we document this decline and examine its timing in relation to the air-traffic controllers' strike and the installation of the Reagan Labor Board. We find that the sharp decline in election activity follows the inauguration of President Reagan but precedes the air-traffic controllers' strike and new appointments to the Labor Board.

## **2. Trends in union election activity**

The National Labor Relations Act (NLRA) provides the central mechanism through which jobs become unionized. The NLRA, passed in 1935, guarantees the rights of workers to organize and bargain collectively with their employers. The Act also specifies a procedure for unions to become recognized as the exclusive bargaining agent of workers. The procedure is initiated when a large proportion (at least 30 per cent) of workers show interest in union representation by signing authorization cards. The union

then petitions the NLRB to conduct a representation election. Employers and unions campaign among workers from the time of the petition until the election. The NLRA also defines a set of unfair labour practices (ULPs) that limits the use of threats, dismissals, and coercion to influence the vote or the organizing process more generally. Violations can be remedied by bringing ULP charges before the NLRB.

In the early post-NLRA years new union members were often enlisted outside the NLRB election process through strikes for union recognition and card checks. Organization through recognition strikes occurred when unorganized workers struck their employer with a demand for recognition of a union and the employer acquiesced. Organization through card checks occurred when employers agreed, without an election, to recognize a union and bargain, following a strong show of interest by workers through signed authorization cards. While systematic evidence on the quantity of organizing through these mechanisms is difficult to obtain, the general perception is that they have become much less important in new organizing.

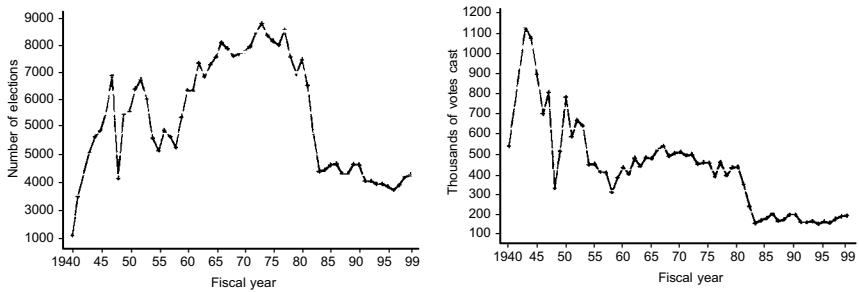
### **3. The quantity of election activity**

The left-hand plot of Figure 1 presents the number of NLRB-supervised representation elections held each year from 1940–1999. The large spurts of election activity in the early 1940s and early 1950s are clearly evident. Additionally, the number of elections increased rapidly during the 1960s before levelling off in the mid-1970s. This was followed by a sharp decline in the early 1980s. Since 1983, the number of elections has held steady at a relatively low level. The right-hand plot of Figure 1 presents the total votes cast in representation elections over the same period. While the spurts are evident in this series, there is a fairly steady decline in the total votes cast from the mid 1940s through the late 1950s.<sup>1</sup> The level of voting was fairly stable through the 1960s and 1970s before dropping precipitously (along with the number of elections) in the early 1980s. The total votes cast has remained steady at a very low level since the mid-1980s.

Figure 1 strikingly illustrates the sharp decline in union organizing activity in the early 1980s. The number of elections held fell by almost 50 per cent, from about 8000 in 1980 to about 4400 in 1990. The number of votes eligible to be cast fell from about 512,000 to about 221,00 over the same period, a drop of over 50 per cent. Over the same time period, non-union employment in the private sector increased from approximately 62.3 million to 85.4 million workers, an increase of about 37 per cent (Farber and Western 2001). Thus, the fraction of private-sector non-union workers who were eligible to cast votes in representation elections fell from 0.82 to 0.26 per cent.

It is interesting that the sharp decline in union election activity in the 1980s was not accompanied by a parallel decline in the proportion of elections won by unions or in the union vote share. Figure 2 plots the union

FIGURE 1  
Quantity of NLRB Election Activity, 1940–1999



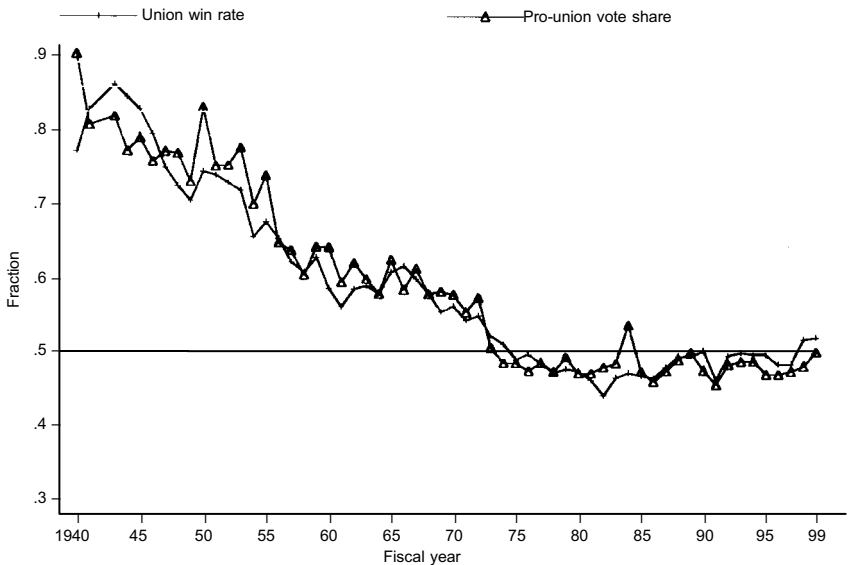
(a) Number of NLRB certification elections.

(b) Total votes cast in NLRB elections ( $\times 1000$ ).

win rate and vote share in representation elections held between 1940 and 1999. While both the union rate and vote share fell sharply between 1940 and 1975, both have held steady since the mid-1970s. In the early 1950s unions won 72 per cent of all representation elections, and by the late 1970s the union win rate had dropped to 49 per cent. Since then, the union win rate has remained at approximately that level.<sup>2</sup>

An additional factor intervening to reduce the effective amount of recruitment through NLRB elections is the increased difficulty newly unionized workers have had in negotiating a first contract with employers.<sup>3</sup> While there are no systematic data on representative samples of union-won elections,

FIGURE 2  
Union Win Rate and Vote Share in NLRB Elections, 1940–1999



Weiler (1984: 353–61) reviews several studies and reports that the fraction of union wins yielding first contracts fell from 86 per cent in 1955 to 63 per cent in 1980 (also see Prosten 1978; Cooke 1985).<sup>4</sup> Thus, even the already small new-organization rate based on the number of workers in potential bargaining units where unions won elections overstates the number of newly organized workers.

While the union win-rate and, to a lesser degree, the probability of a first contract have received some attention in analyses of union organizing, the massive decline in union election activity and its sharp drop in the early 1980s have gone largely unnoticed (Weiler 1984, 1990; Lalonde and Meltzer 1991; Dickens 1983). The timing of the decline in election activity — coming in the first years of the Reagan administration — appears to provide support for political accounts of the losses suffered by organized labour in the 1980s.

We next develop a simple model of union election activity that can reconcile the sharp decline in representation election activity during the 1980s with the steady win rate. This model highlights the role that political and economic factors can play in the election process, including the union's decision whether to attempt to organize through the NLRB election process and the ultimate outcome of elections held. We then review these political developments, before providing a more detailed analysis of trends in election activity.

#### **4. A model of union election activity**

An economically rational labour union will contest elections only where there is a positive expected value associated with the election. By this we mean that the value of a successful organizing effort to the union, including both the benefit to the newly organized workers and the benefit to the union as a whole, adjusted for the likelihood of success, outweighs the cost of the election effort. This suggests that, among all possible potential bargaining units (firms and establishments), called 'targets' here, elections are more likely to be held where the likelihood of a union victory is higher. There are important implications for the analysis of both the quantity of election activity and election outcomes over time. First, the potential bargaining units in which elections are held at any point in time are not representative of the pool of targets, since elections are more likely to be held in places where the likelihood of success is higher. Second, the pool of these 'favourable' targets is likely to become depleted over time as unions win elections in the best targets. This is true even if (1) the likelihood of union victory within particular targets is not changing over time, and (2) new targets are being created as a result of the creation of new firms and the growth of existing firms into new establishments. Thus, independent of any changes in worker or employer attitudes, the quantity of new union recruitment is likely to decline over time.

An intuitive description of the framework we have in mind to support this assertion begins with an economy without labour unions but where there is latent demand for unions. Starting from this point, there is a distribution

across firms of predisposition towards labour unions. Over time, unions organize in the targets (firms and establishments) where workers are most predisposed towards unions so that the remaining pool of targets is declining over time in its average predisposition towards unions. New targets are 'born' non-union. If workers in new targets have the same distribution of predisposition towards unions as in the initial distribution, then the average predisposition towards unions is higher among new targets than among those pre-existing targets that remain non-union. In this case, new firms and establishments serve to replenish the pool of good targets for unionization; but whether this replenishment is sufficient to offset the depletion of high-quality existing targets depends on the birth rate of new targets relative to the rate of recruitment of new members among existing targets. Alternatively, workers in new targets may be less favourably disposed towards unions than were workers in the initial distribution of firms and establishments. This could result from employers taking the likelihood of union organizing into account when siting new firms and establishments. They may try to locate in areas (e.g. the South) where workers are less favourably disposed towards unions and/or the economic, political, and social environment is hostile to unions. In this case the pool of targets for recruiting new members is even more likely to be declining in predisposition towards unions over time.

Now consider a union's decision regarding whether or not to contest an election in a specific target at a point in time. We characterize each target in three dimensions:

1. the probability that the union will win an election should one be held: denote this probability by  $\theta_i$ , where  $i$  indexes the target, so that  $\theta_i$  represents the probability that more than one-half of the voters cast their votes in favour of union representation;
2. the value to the union of winning the election and unionizing the target, including both the value to the workers of their becoming union members and to the union as a whole and other members of the union. This value is net of any costs of servicing the members of target  $i$  once it is unionized. Denote the net value by  $R_i$ ;
3. the cost of the union organizing effort to the union, including the cost to the workers being recruited. Denote this cost  $C_i$ .

Define the expected value to the union of contesting an election at target  $i$  as

$$V_i = \theta_i R_i - C_i \quad (1)$$

A rational union will undertake to unionize the target if  $V_i$  is positive. This implies that the condition for an election to be held is

$$\theta_i > \frac{C_i}{R_i}. \quad (2)$$

The right-hand side of (2) defines a critical value for the probability of a union victory. This is

$$\theta_i^* > \frac{C_i}{R_i}. \quad (3)$$

and unions will contest elections where  $\theta_i > \theta_i^*$ .

The facts established in Figures 1 and 2 can be understood in the context of this model. (Farber 2001 provides a detailed discussion.) First, the win-rate declined gradually over time as the stock of high-probability targets was depleted by past unionization efforts and the remaining targets were associated with lower  $\theta_i$ , on average. Second, changes in the economic, political and social environment that either increase the cost of unionization ( $C_i$ ) or reduce the benefit of unionization ( $R_i$ ) had sharply negative effects on the quantity of elections in the early 1980s. Since these changes in the costs and benefits of unionization did not affect the minimum value of probability of a union victory necessary for a union to contest the election ( $\theta_i^*$ ), the union win rate in elections held remained relatively fixed and even increased slightly in recent years.<sup>5</sup>

The task that remains is to investigate changes in the political environment in greater detail in order to try to determine what specific events might be associated with a sharp decline in the net benefit of union organization in the early 1980s.

## 5. The legal context of union organizing

In the analysis below, we examine the effects of the changing environment for union organizing by studying the timing of key events that affected the administration of labour law and employer opposition to unions. A number of researchers have argued that changes in the administration of labour law have been an important part of the development of an increasingly hostile environment for union organizing. Changes in administration of the labour law allowing stronger employer opposition was viewed as a key determinant of American union decline. The employer opposition account was based on three key observations. First, the probability of a pro-union vote declined between 1945 and 1980 (Figure 2). Second, and as noted above, even when unions obtained certification, their success in obtaining a first contract has fallen over time. Third, the number of unfair labour practices charges against employers increased sixfold over this same period (Weiler 1983, 1984).

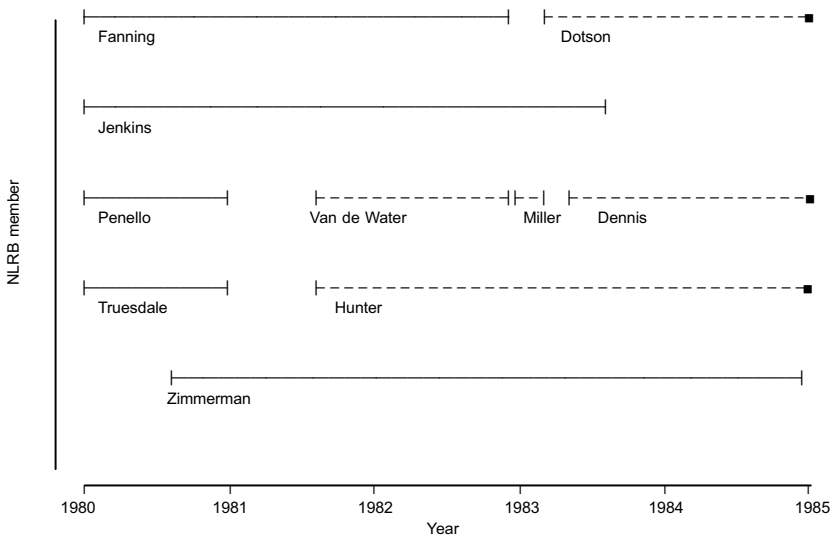
Some observers have interpreted this evidence as suggesting that employers increasingly adopted illegal tactics to defeat union efforts to recruit new members (e.g. Freeman 1988; Weiler 1984, 1990). Labour law was implicated by its failing to protect workers' rights to a fair certification process, free of employer coercion. There is mixed evidence that unfair labour practice charges adversely affect the probability of a union election victory.<sup>6</sup> However, there is fairly strong evidence that delays incurred by employers' filing of objections to the campaign process are associated with a lower

probability of union success (e.g. Roomkin and Block 1981; Cooke 1983). Additionally, the fact that unions have had increased difficulty translating election victories into first contracts has been used to argue that employers are not ‘bargaining in good faith’ as required by the NLRA.

More recently, a number of legal scholars have claimed that the Reagan-appointed Labor Board of the early 1980s established an ‘active regulatory constraint’ on collective bargaining (Weiler 1990: 19) which ‘accelerated the decline of unionism’ (Gross 1995: 255; see also Levy 1985). Seats on the five-member Labor Board are filled by presidential nominees serving five-year terms. Because of the length of term, the political complexion of the Board changes slowly. A time line of the composition of the Labor Board shows that a Reagan-appointed majority was slow to develop (Figure 3). A few months after Reagan’s inauguration in January 1981, Carter appointments Truesdale and Penello stepped down. In August 1981, these openings were filled by President Reagan’s first two appointments to the Board, John Van de Water and Robert Hunter. The Carter majority served through 1982, and a Reagan majority was finally formed under the new chairman, Donald Dotson, when Patricia Diaz Dennis joined the Board in May 1983.

The Dotson appointment broke tradition, coming from outside the usual pool of labour relations professionals supported by business and union representatives (Moe 1987: 268). Dotson, a former steel industry attorney, brought both a staunchly anti-union stance and an abrasive personal style to the Labor Board. The new chairman attracted controversy, becoming

FIGURE 3  
Composition of the NLRB, 1980–1985



Solid lines show Carter appointments; broken lines show Reagan appointments. Fanning, Van de Water, Miller and Dotson served as chairs.



involved in public disputes with other NLRB officials. In addition, while previous chairs had relied on the legal resources of the Board's general counsel, Dotson hired as board solicitor an official from the National Right to Work Committee — an anti-union lobby group (Gross 1986: 253).

Critics claim that unions received prejudicial treatment while scrutiny of employer conduct was significantly relaxed under the Dotson Labor Board. Unions faced increased obstacles to contesting elections as representation petitions were increasingly dismissed for failing to specify appropriate bargaining units. Where elections were held, employer conduct was substantially deregulated. Under a line of Dotson Board rulings, employers obtained greater latitude to interrogate union supporters, make misleading campaign statements, speculate about the adverse effects of unionization and discharge union supporters. In Levy's (1985: 293) review, 'The centerpiece of the Board's strategy is to uphold elections marred by unfair labour practices, while legalizing employer practices which interfere with, restrain or coerce employee free choice in elections' (see also Moe 1987: 269). Beyond the election process, employers' obligation to engage in good-faith bargaining was weakened, and employer reprisals against strikers were deregulated. During this time, the Board accumulated its largest ever backlog of unprocessed unfair labour practice claims, delaying elections and first-contract bargaining (Gross 1995: 253–4; Levy 1985: 298–9, 321–37). Dotson vacated his chair of the NLRB in December 1987, and a new chairman, James Stephens, was named in January 1988. Subsequent Labor Boards, although not so active in establishing new doctrine, affirmed the weakened commitment to collective bargaining laid down by the Dotson Board during the mid-1980s.

Legal analysis of Reagan's first Labor Board often views union organizing activity as an important cause of union decline. Although the link between unfair labour practices and elections has been studied in detail, the impact of the Reagan Labor Board on the quantity of union organizing activity has not been extensively analysed. A key implication of the legal writing is that the number of elections contested and the union win-rate would both decline under the first Reagan Board. The optimizing model presented above implies that these regulatory changes would have a substantial negative effect on the frequency of elections but only a limited effect on the union win-rate, as unions will contest only those elections they believe they can win.

The influence of Republican administration of the NLRA may be difficult to detect because the industrial relations climate was changing in many ways as Reagan nominees were joining the Labor Board. In particular, the air traffic controllers' strike of 1981 has been viewed as a key watershed in US labour relations (Northrup and Thornton 1988; Traynor and Fichtenbaum 1997). Following strike action through the summer of 1981, air traffic controllers were fired by President Reagan and non-union replacements were hired. The strikers' union, PATCO, lost its representative role, and the hiring of permanent replacements became a highly visible employer strategy

for de-unionization. Analyses of strike data thus show the high use of permanent replacements in the 1980s in contrast to earlier decades (LeRoy 1995; see also Wachter and Carter 1989). Traynor and Fichtenbaum (1997) claim that the rate of union wage growth also slowed under the new labour relations regime ushered in by the PATCO strike. Although it chiefly highlighted the role of permanent replacements, the PATCO strike is viewed as contributing to a more general employer offensive against labour unions (Shostak and Skocik 1986; Goldfield 1987: 109–11). From this perspective, a shift in employer behaviour rather than labour law has driven the decline in organizing activity.

It is likely that these changes in the legal and political context of union organizing as well as changes in employer behaviour have affected all three characteristics highlighted in the model in ways inimical to union organizing. It is likely that the costs of union organizing ( $C_i$ ) increased during the 1980s while the benefit of union organizing ( $R_i$ ) has decreased. At the same time, it is likely that the probability of a union win in a typical potential bargaining unit ( $\theta_i$ ) declined during the same period. The result is the sharp drop in union election activity coupled with a slight increase in success in elections held.

We turn now to an examination of the timing of changes in election activity and of how they are related to some specific changes in the political and regulatory environment.

## 6. Analysing trends in election activity

Our analysis studies trends in the monthly count of certification elections, relating these to the PATCO strike and the appointment of the Dotson Labor Board. If the PATCO strike (August 1981) or the appointment of Chairman Dotson (March 1983) influenced organizing activity, we would expect this to result in changes in the trend of the election series around the time of these events. A simple model of this idea fits the election data to a linear spline function, with two knots corresponding to each event. In other words, the model fits the election data as three connected linear segments, the first and second segments connected at the first knot, and the second and third connected at the second knot. The locations of the knots,  $\{k_1, k_2\}$ , are parameters that can be estimated by searching over pairs of monthly time points. Specifying  $k_1 < k_2$  restricts the search to unique pairs of knots. Admittedly, this is a rough test because the influence of the Reagan Board grew over time as case law accumulated. Still, the two events provide convenient reference points for summarizing the elections' time series.

More formally, the spline function for the count of elections in month  $t$  is

$$\begin{aligned} e_t &= a_0 + a_1t + u_t, & t &= 1974(1), 1974(2), \dots, k_1 \\ e_t &= b_0 + b_1t + u_t, & t &= k_1, \dots, k_2 \\ e_t &= c_0 + c_1t + u_t, & t &= k_2, \dots, 1999(12) \end{aligned} \quad (4)$$

where  $u_t$  is a normally distributed error term. The six parameters ( $a_0, a_1, b_0, b_1, c_0, c_1$ ) must satisfy the pair of constraints that the segments of the spline function meet at the knots. These constraints are that

$$\begin{aligned} a_0 + a_1 k_1 &= b_0 + b_1 k_1 \\ b_0 + b_1 k_2 &= c_0 + c_1 k_2 \end{aligned} \quad (5)$$

Visual inspection of the series in Figure 1 shows a relatively large number of elections in the 1970s, a dramatic drop in election activity in the early 1980s, and a generally low level of election activity through the 1980s and 1990s.

In order to fit the spline function, note that the spline coefficients can be collected in the vector,  $\beta' = (a_0, a_1, b_0, b_1, c_0, c_1)$ , and that the predictors in the spline regression of equations (4) and (5) are a function of the two knots,  $k_1$  and  $k_2$ , and can be written as the matrix,  $X(k)$ , where  $k' = (k_1, k_2)$ . On this basis, we specify the spline regression as

$$e = X(k)\beta + u, \quad (6)$$

where  $e$  is a vector containing monthly counts of certification elections over the time series, and  $u$  is the vector of normally distributed errors. Given  $k$ , maximizing the log-likelihood simply involves finding the least squares solution to the regression in equation (6). The maximum likelihood estimate of  $k$  is found by a grid search over  $k_1$  and  $k_2$  to find a pair of knots that minimizes the residual sum of squares of the regression.

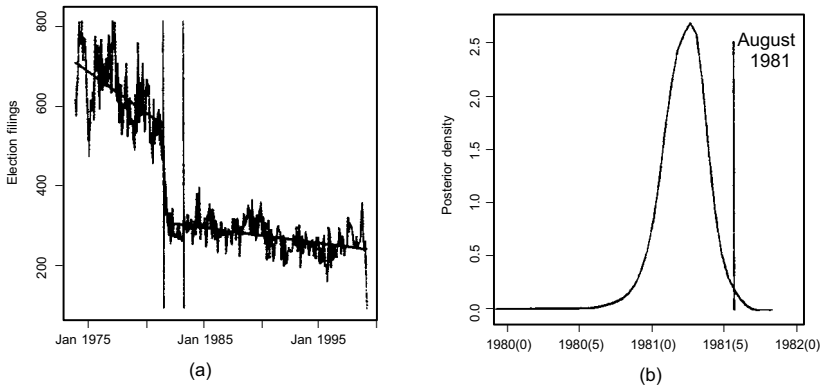
We fit this spline function using monthly data on the number of elections held in each of the 304 months from January 1974 to June 1999. These data are derived from the election-level data collected by the NLRB. If the PATCO strike and the political complexion of the NLRB are fuelling a decline in new union organizing, these events should predate our maximum likelihood estimates of  $k_1$ .

Results for the analysis are reported in Figure 4 and the first row of Table 1. The left-hand panel of Figure 4 shows the monthly number of elections and the regression line from the maximum likelihood estimate of the spline model. The two vertical lines indicate the timing of the dismissal of the PATCO air-traffic controllers in 1981 and the formation of a Reagan majority on the NLRB in 1983. Our estimates indicate that the sharp downturn in election activity pre-dates the PATCO strike by a few months. By the time Reagan appointees come to dominate the Labor Board, union election activity has already fallen from its pre-1981 average by about 50 per cent. In short, declining union election activity is set in motion before the two most spectacular political developments in labour relations — the PATCO strike and the Reagan Labor Board.

We can take the analysis a step further by estimating the probability that the earliest discontinuity in the election series arrives after the PATCO strike. We form a marginal distribution of  $k_1$  by integrating over  $k_2$ , and, after appropriate scaling of the likelihood, we interpret this marginal likelihood as a marginal posterior distribution with a uniform prior over  $k_1$  and  $k_2$ . We use this posterior distribution to calculate a probability that the

FIGURE 4

(a) Union Elections Filed Monthly with the NLRB and Spline Fit, 1974–1999. The vertical lines indicate the PATCO strike and the appointment of the Reagan NLRB. (b) Probability density of the first knot in the spline models.



first change point in the series follows the PATCO strike. The probability density for the location of the first knot in the spline model is shown in the right-hand panel of Figure 4. The vertical line in this figure indicates the timing of the PATCO strike. The probability that the decline in the election series in August 1981 is less than 0.1 per cent.

A similar analysis for different industries and occupations is described in Table 1. All industries, except construction, show a substantial decline in

TABLE 1

Estimates of first and second discontinuity ( $k_1$  and  $k_2$ ) in election filing series, average number of monthly elections, and probability that  $k_1$  is after August 1981 (Standard errors in parentheses; standard errors for  $k_1$  and  $k_2$  are measured in months)

	$k_1$	$k_2$	Average no. of elections pre- $k_1$	Average no. of elections post- $k_2$	Probability $k_1$ after August 1981
<i>Industry</i>					
Private-sector	1981 (5)	1981 (12)	636.1	276.4	0.00
Construction	1984 (12)	1985 (1)	16.5	23.5	0.99
Manufacturing	1979 (12)	1982 (2)	284.8	84.3	0.00
Transportation, utilities	1981 (8)	1981 (10)	77.9	44.2	0.01
Trade	1981 (6)	1982 (1)	127.8	43.3	0.07
Services	1981 (5)	1982 (3)	111.8	69.8	0.02
<i>Occupation</i>					
Manual	1979 (11)	1982 (2)	326.3	138.4	0.00
Craft	1984 (12)	1985 (1)	11.7	14.9	0.99
Departmental	1984 (6)	1984 (10)	23.7	18.7	0.82
Professional, technical	1980 (7)	1985 (1)	35.4	10.5	0.18
Truck driver	1981 (5)	1982 (3)	60.8	48.4	0.02
Office, clerical	1981 (3)	1982 (1)	59.5	9.5	0.00
Other	1981 (7)	1981 (8)	127.3	31.3	0.00

election activity around 1981. The decline was particularly large in manufacturing, where organizing activity fell from 285 elections per month to just 84 per month. Although this represents a substantial fall in union organizing, the downturn begins in late 1979, before Ronald Reagan's inauguration. In construction, there is evidence that discontinuities in union organizing activity follow the PATCO strike and the installation of the Reagan Labor Board. In this case, however, the spline model fits rather poorly, and election activity grows sharply in the late 1980s.

Results are similar for election activity in different occupational categories. The largest occupation, manual employment, provides results strongly consistent with those found for industries. Union election activity drops precipitously in manual employment from 326 to 138 elections per month in the early 1980s. However, the decline begins in late 1979, well before the political developments of the 1980s. Estimates for craft and departmental occupations appear to provide some evidence for breaks in the series after the PATCO strike. Here, however, the election series for these occupational categories are not strongly trended, and the spline model captures random variation. In both these cases, estimated knots in the spline model are found well after the key political events of 1981 and 1984.

The model fit illustrates that  $k_1$  and  $k_2$  occur very close in time, providing little evidence for the distinct effects of the air-traffic controllers' strike and the Dotson Labor Board on organizing activity. Additionally, these data record the number of elections held in each month. These elections reflect filings for election made, on average, about two months earlier. Thus, it is unlikely that Reagan's treatment of PATCO in August 1981 could have an effect on the number of elections held until approximately October 1981. This strengthens our conclusion that the decline in union organizing activity predates the public watershed event of labour relations in the 1980s.

In sum, while the PATCO strike and President Reagan's first Labor Board may have contributed to a hostile labour relations climate, we find little evidence that these events sharply reduced the number of elections unions contested. Indeed, the trend towards declining election activity was already in place before the most visible political offensives against organized labour had begun.

## **7. Concluding remarks**

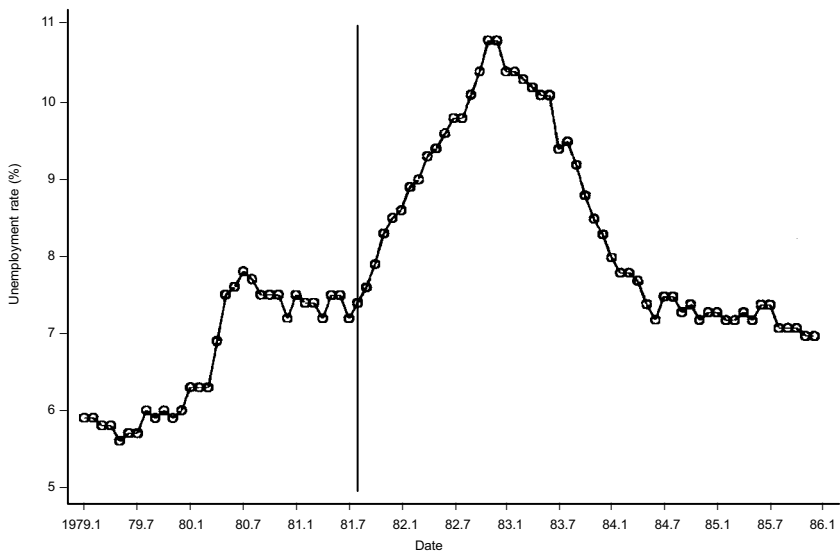
While there is strong evidence that the PATCO strike and the early Reagan Labor Board created a hostile climate for labour unions in the 1980s, there is little evidence that these developments precipitated the decline in union election activity. The anti-union climate of industrial relations in the 1980s may well have kept election activity at historically low levels, but the decisive downward shift in new union organizing is difficult to reconcile with the timing of political events.

A convincing alternative explanation is difficult to come by. One possibility is that the election of Reagan and the early experience of that administration, independent of any specific event, signalled a new era in labour relations that made unions and workers less favourably inclined towards organization. However, there is no way to test such an explanation.

Another possibility is that the deep recession of the early 1980s made workers so concerned about job security, especially in the relatively heavily unionized manufacturing sector that was particularly hard hit by this recession, that they were fearful that unionization would threaten their jobs to a greater extent than previously. However, the timing of the increase in unemployment does not match well with the sharp drop in election activity in 1981. Figure 5 presents the monthly seasonally adjusted civilian unemployment rate from 1979 to 1985. The vertical line is at the month of the PATCO strike (August 1981) for reference. It is clear that unemployment rose sharply in the first half of 1980, from 6.0 per cent in December 1979 to 7.8 per cent in July 1980. It then levelled off and even fell a bit through July 1981, when the unemployment rate stood at 7.2 per cent, before rising sharply to its peak of 10.8 per cent in November 1982. The sharp decline in union election activity occurred during the first half of 1981, while the unemployment rate was not increasing, and union election activity did not decline appreciably after the end of 1981 and through 1982, when the unemployment rate rose from 8.5 to over 10 per cent.

While we do not have a good explanation for the sharp decline in union election activity during 1981, it is perhaps more to the point in under-

FIGURE 5  
Monthly Civilian Unemployment Rate, 1979–1985



standing the decline of private-sector unions in the United States that the sharp decline in NLRB election activity in the early 1980s did not have a substantial effect on the fraction of private-sector workers who were unionized in the United States. The private-sector union membership rate (classification error adjusted as described by Farber and Western 2001) declined from 18.4 per cent in 1981 to 7.4 per cent in 1998. Had the annual organization rate through NLRB elections held at 0.3 per cent of the private-sector non-union work-force, i.e. the level that prevailed prior to the decline in 1981 (rather than fall to about 0.12 per cent), the private-sector union membership rate would have fallen from 18.4 to 9.7 per cent. Thus, only about 20 per cent of the decline in the union membership rate between 1981 and 1998 (2.3 of 11 percentage points) can be accounted for by the drop in the new-organization rate since the early 1980s. In fact, if there had been no union organizing through NLRB elections at all since 1972, the union membership rate would have fallen only by an additional 1.7 percentage points.

The fact is that the level of recruitment of new members through NLRB elections is inconsequential in increasing the union membership rate or even in halting the decline. This is because private-sector employment in the non-union sector has been growing at an average annual rate of 2.8 per cent since 1973, while union employment has been shrinking at about the same rate (Farber and Western 2001: 471). While we can debate the reasons for this disparity in growth rates, it seems clear that the larger economic forces dominate the effects of changes in administration of the labour laws. Without some change in the underlying employment growth rates, only a massive increase in the rate of recruitment of new union members, much larger than anything contemplated to date (say, by a factor of 10 or 20), could have a significant effect on the size of the union sector.

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### **Notes**

1. The difference in time-series behaviour between the elections series and the votes series reflects the fact that average election size fell over this period.
2. Farber (2001) presents an analysis of the decline in union success that focuses on the fact that union success fell more sharply in large units than in small units. This

- analysis has important implications for the relationship between the pro-union vote share and the win-rate.
3. By the effective amount of new organization, we mean workers who are in bargaining units where a union has won a representation election and where the union has negotiated a first contract with the employer.
  4. The NLR provides that unions have one year from the date of certification as the bargaining agent of the workers to negotiate a contract. If no contract is negotiated in that time, the union is no longer recognized as the bargaining agent.
  5. The win-rate in elections held depends on the average value of the probability of a win conditional on an election being held ( $E[\theta | \theta \geq \theta_i^*]$ ). This is the average value of the appropriate upper tail of the distribution of  $\theta$ . This conditional expectation may change over time, but it is unlikely to show the sharp drop that the quantity of election activity shows.
  6. See Lalonde and Meltzer (1991). Even analyses of the same data have led to dramatically opposed conclusions. Getman, Goldberg and Herman (1976) used data on employer behaviour and individual votes in a sample of representation elections to conclude that unfair labour practices had little influence on individual votes. A reanalysis of these same data by Dickens (1983) reached the opposite conclusion. Dickens found that unfair labour practices by employers substantially reduce the probability of a union election victory despite having a relatively small effect on any individual's vote. Flanagan (1987: 50–72) reviews this literature.

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