

Study shows diminished but 'robust' link between union decline, rise of inequality

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University of Illinois sociology professor Tom VanHeuvelen focuses on the rise in inequality as a key part of his research. His recent study found a 'robust' link between the decline of unions and the growth of wage inequality. Credit: L. Brian Stauffer

Numerous studies have linked the decline of unions with the rise in wage

inequality, but some prominent ones have come with questions.

The questions arose because those studies relied on cross-sectional snapshots of the population, which could not follow individuals or their careers over time. That meant they could not account for how individual worker characteristics—things like talents, family background, schooling and intelligence—might explain some of the unionization-inequality connection.

University of Illinois sociology professor Tom VanHeuvelen sought to address that issue in a new study that tracked individual workers over the period 1973-2015, using data from the country's longest-running longitudinal survey on household income. The study was published online by the journal *Social Forces*.

VanHeuvelen found that the magnitude of association between unionization and [wage inequality](#) in those previous studies is cut by about half once those worker characteristics are taken into account. What remains, however, is "remarkably robust," he said.

"I find that both the direct and indirect effects of union decline are just really robust as you track people along their careers. It means that if unions had stayed strong, it's likely the typical wage attainment of people would have been higher, and it's likely that wages would have been more predictable and less volatile."

The unionization-inequality connection remains even when looking only at nonunion members, or at union members in only public or only private sectors, VanHeuvelen said. For instance, the study suggests that nonunion workers would have seen 3 to 7 percent higher wage growth over their careers if not for the decline in the indirect power of unions.

The connection also remains when looking only at workers who have

moved—or only those who have not moved—between either industries or regions of the country. It also remains when looking only at the last three decades or only at workers born since 1960.

"It's the same takeaway message in every case," he said. "The bottom line is that paychecks would probably be bigger, and paychecks would probably be more secure and reliable, if unions hadn't declined over time."

In speaking of the direct effects of union decline, VanHeuvelen is referring to unions' ability to bargain and advocate for their members. The indirect effects are those coming from the unions' influence in building social networks and in advocating for public policies or programs—work hour restrictions, job security, [health care access](#), food stamps, etc. - that benefit all worker households, both union and nonunion.

These indirect effects make unions an anchor in what other researchers have called the "moral economy," VanHeuvelen said, defined as broadly shared norms of fairness that have been institutionalized in market rules and customs and that can reduce inequality in pay, even among nonunionized firms and workers.

The principal data set for the study came from the Panel Study of Income Dynamics, based at the University of Michigan. Begun in 1968, "it's considered one of the gold standards of inequality data and longitudinal studies," collecting extensive data on individual households over time, he said.

VanHeuvelen said he was very surprised by the results, which ran counter to his expectations when he started the research. He assumed that there would be little [effect](#) after accounting for individual [worker](#) characteristics, or what researchers call "unobserved heterogeneity."

"I thought I would find a solid effect of [union](#) membership, but not an effect of this broader contextual importance."

More information: Tom VanHeuvelen, Moral Economies or Hidden Talents? A Longitudinal Analysis of Union Decline and Wage Inequality, 1973–2015, *Social Forces* (2018). [DOI: 10.1093/sf/soy045](https://doi.org/10.1093/sf/soy045)

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