

13A

Appendix

# Wage Determination

# Union Membership

- 15.3 million workers in 2009
- 8 million in AFL-CIO (The American Federation of Labor and Congress of Industrial Organizations )
- 6 million in Change to Win  
The **Change to Win Federation (CtW)** is a coalition of American is a coalition of American labor unions
- Remaining in other independent unions

# Union Membership

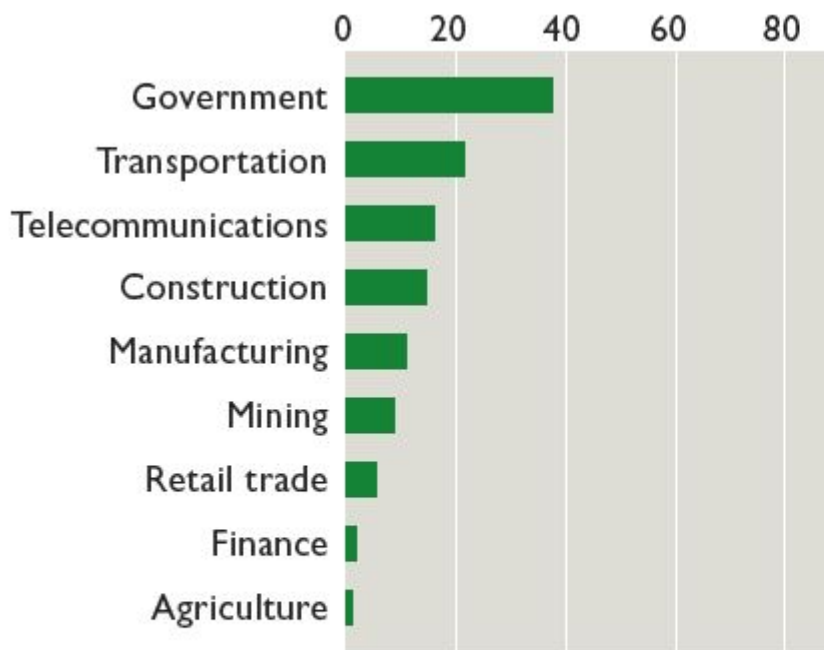
- Unionization rate highest among:
  - Government
  - Telecommunication
  - Transportation
  - Construction
  - Manufacturing
- Lowest among:
  - Finance
  - Agriculture

# Union Membership

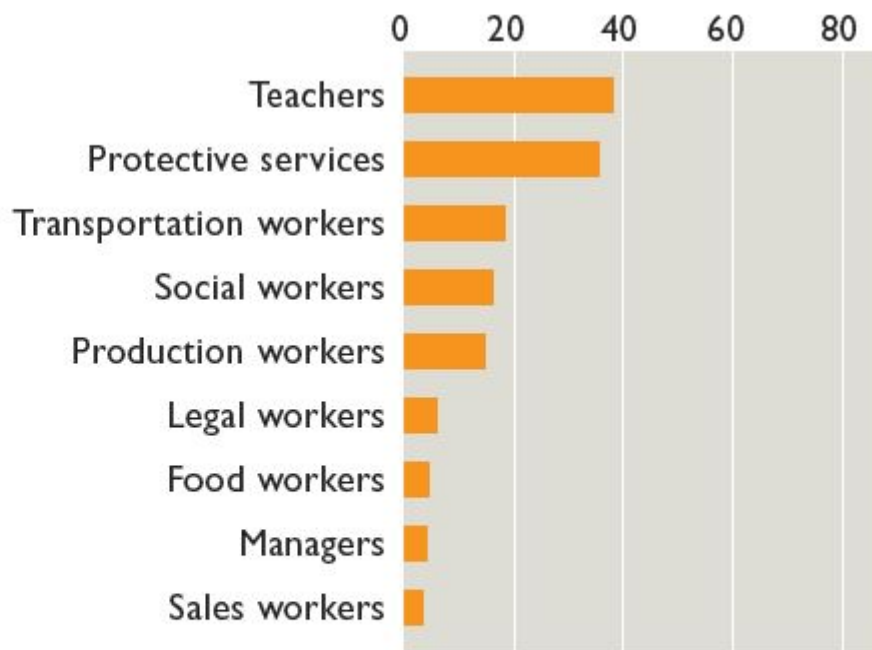
- Distribution of union membership
  - 13% men versus 11% women
  - 14% African American versus 12% white
  - 11% Asians
  - 10% Hispanics

A **trade union** (British English, where also **amalgamation** is used), **labour union** (Canadian English) or **labor union** (American English)

# Union Membership



(a)  
Percentage unionized,  
by industry



(b)  
Percentage unionized,  
by occupation

# Decline of Unionism

- 22 million workers in 1980
- 15.3 million workers in 2009
- Structural changes in economy
- Increased management opposition to unions
- Substitution of machinery for workers
- Improved wages, fringe benefits, and working conditions

# Collective Bargaining

- Union status
  - Closed shop
  - Union shop
  - Agency shop
  - Open shop

(A **closed shop** is a form of union security agreement is a form of union security agreement under which the employer agrees to hire union members only, and employees must remain members of the union at all times in order to remain employed)

# Collective Bargaining

- Managerial prerogatives
- Wages and hours
- Seniority and job protection
- Grievance procedures



# The Bargaining Process

- Begins 60 days before contract expires
- Possibility of strike
- Compromise
- National Labor Relations Board

# Economic Effects of Unions

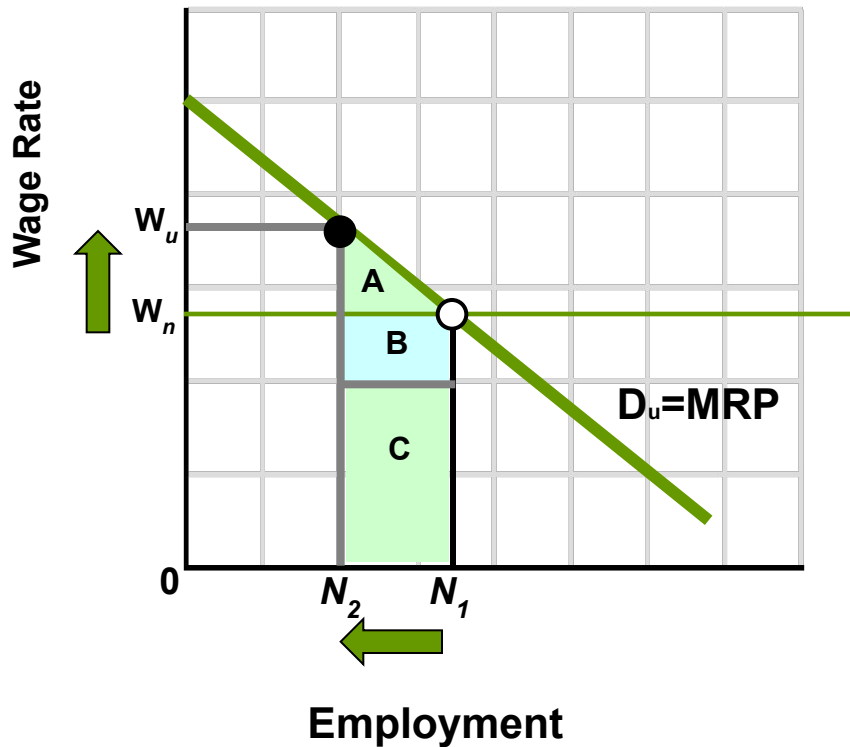
- Featherbedding and work rules
- Output losses from strikes
- Efficiency losses from labor misallocation
- Offsetting factors

Featherbedding is the practice of hiring more workers than are needed to perform a given job, or to adopt work procedures which appear pointless, complex and time-consuming merely to employ additional workers.

The term "make-work" is sometimes used as a synonym for featherbedding.

# Economics Effects of Unions

## Sector 1: Union



## Sector 2: Nonunion

