Will Labor Unions Make a Comeback?

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Labor in the Age of Finance: Pensions, Politics, and Corporations from Deindustrialization to Dodd-Frank, by **Sanford Jacoby.** Princeton, NJ: Princeton University Press, 2021. 254 pp. $35.00 cloth. ISBN: 9780691217208.

The rise and fall of the U.S. labor movement is a sad story. It begins in the nineteenth century with a group of people who were underdogs who fought, organized, persisted, and endured under incredibly hostile political and economic conditions. They won important victories during the Depression of the 1930s and helped build the prosperity of the white American middle class after World War II. The peak of union power was 1954, almost 70 years ago, when nearly 35 percent of all workers were in unions. Then the economy, politics, and corporations turned against unions to slowly erode the bases of their power. Corporations eventually retook their dominant role in American society. By the time we get to the 1980s, union power was already in decline. Shareholder value capitalism systematically attacked what was left. Today, private-sector unionization accounts for about 6.2 percent of all private employment (overall rates of unionization are 10.3 percent with a large share of public-sector workers in unions). With no organized forces to counter the power of corporations, the owners and managers of corporations have been able to direct more and more of the value produced by their firms to shareholders. As a result, income and wealth inequality have increased and work has grown more insecure. Health care and pensions, in particular, have become less generous and more costly for most Americans.

Sanford Jacoby's *Labor in the Age of Finance: Pensions, Politics, and Corporations from Deindustrialization to Dodd-Frank* takes this story up and tries to explain what has happened to unions since the rise of shareholder value capitalism in the 1980s. The blurbs on the back of the book suggest that this story has a happy ending. But the book is clearheaded. Unions have not disappeared. Instead, they have hung in there and tried to take what the system has given them. Jacoby's book spends most of its time recounting how unions have tried to influence the financialized governance of the shareholder value corporation. The book shows the great tenacity of unions in the face of the constant and multifaceted assault on their position. But most of these efforts have not resulted in any substantial change. While he tries to end on a hopeful note, Jacoby recognizes that there are still broad structural political and economic forces arrayed against a real resurgence of unions. I return to this issue at the end of my review.

Jacoby begins by saying that unions have three sorts of power: organizing power, bargaining power, and political power. Organizing power is based on the numbers of union members and their density across industries. The larger those numbers are, the more successful unions can be in getting new members and setting the conditions for higher wages and benefits. Bargaining power refers to the kinds of institutions that govern unions' abilities to organize. Here, the governance of union formation processes affects how hard or easy it is to form a union. Political power is the direct ability to join political parties and influence government directly. For the entire postwar era, unions have been a pillar of the Democratic Party, including even now. Jacoby notes that all three forms of power have decreased since their peak in the 1950s. He argues persuasively that the decline of unions' position in the labor market has made them less important in politics.

The first chapter of the book reviews the history of unions in the United States. After

World War II, unions found American corporations were willing to bargain with them. This was due to their being such a large portion of the labor force and their willingness to use their power to strike. But it was also due to the fact that American corporations were highly profitable and dominated many of the world's most important manufacturing markets in the postwar era. Unions were one of the most important organizers of the Democratic Party, and they routinely turned out to support Democratic candidates who supported union issues.

But all of this began to break down in the 1960s. Global competition, particularly from Japanese and German corporations, undermined the profits of U.S. firms. Union jobs began to decline as their numbers dropped and their ability to organize decreased. Their political power began to decrease as well. The Democratic Party began to represent other interest groups, including absorbing the racial, ethnic, and gender social movements of the 1960s. The 1970s produced an era of slow economic growth and high inflation. American corporations continued to suffer and continued to lay off workers and close plants. Unionized workforces struggled to hold onto jobs, benefits, and high wages.

The end came with the rise of shareholder value capitalism and the financialization of the American economy. The 1980s witnessed deindustrialization and the destruction of a large part of the manufacturing base in the United States. There was a focused attempt to outsource, downsize, and use machines to replace expensive union labor. Corporations began to shift their pensions from defined benefit to defined contribution plans, and health care benefits became more expensive or nonexistent. Corporations used existing laws to forestall new organizing in the United States and to put pressure on existing unions. As union power declined in the economy, it also continued to decline in the Democratic Party. The Democrats controlled both houses of Congress during the 1980s and did not do anything to help blue-collar unionized workers' situations. While labor unions remain one of the main constituencies in the Democratic Party, their impact on policy has been thwarted. It remains quite difficult to organize new workplaces, and corporations have remained steadfast in their opposition to new unions.

So, in the face of what looks like an extinction event, what did unions do? Most of Jacoby's book is a look at how unions tried to influence the way corporations operated in order to preserve their remaining power. This meant trying to directly affect corporate governance by taking up issues that were important to labor and bringing them to boards of directors. The theory was, if boards did things to help their employees, then maybe people would get a little of that corporate pie.

The main way unions tried to do this was through the use of the stock owned by their pension funds. As Jacoby notes, Peter Drucker, a leading management theorist in the 1950s, thought this kind of pension fund capitalism would be a way for workers to create socialism by directly controlling the shares of firms. The problem, as Jacoby amply documents, is that labor was not a unitary force here (and neither were shareholders nor corporate boards!). On the one side, union pension funds wanted to push boards of directors to keep union pensions, benefits, and employment. By owning stock in a particular firm, a union-run pension fund could ask that board to engage in policies to help labor. The problem was that union-run pension funds were neither the largest nor most active pension funds trying to influence boards of directors.

Instead, most pension funds took their core interest to be protecting the pensions of those who had contributed to funds and needed the proceeds for their retirements. Jacoby spends a whole chapter documenting how CalPERS (California Public Employees' Retirement System), the largest and most influential pension fund, constructed a philosophy of what they wanted from boards and how they would work to get it. CalPERS led the way in championing "shareholder rights" to get corporations to maximize their share price and reward pensioners. They saw their role not as protecting current workers or jobs, but as ensuring the highest possible returns for their pensioners. Now the kinds of actions that might raise the share price were exactly the kinds of things

that might disadvantage current employees, such as holding down wages, offshoring activities, cutting pensions, and making workers pay more for their health care. In the case of CalPERS, the irony of all this was the fact that a large part of the state's workforce who were unionized were supporting their pension fund to take actions to undermine the remaining power of unions for publicly held corporations.

This meant union pension funds found themselves searching for allies on different corporate issues. Sometimes they could convince other large shareholders such as pension funds and mutual funds to join them in efforts to get corporate boards to alter their practices. But those victories were far and few. Jacoby documents three of the most important campaigns: the passage of the Sarbanes-Oxley Act, the Dodd-Frank Act, and the fight to limit CEO pay. Jacoby admits that labor had little influence over the Sarbanes-Oxley Act that pushed for greater oversight after the accounting scandals at corporations in the United States around the turn of the twenty-first century. He also argues that while labor supported the Dodd-Frank reforms, the bill had little impact on unions' ability to directly influence corporate practices that their members cared about. Perhaps their greatest success was getting corporations to be more transparent about the pay of CEOs. The publicity generated around these efforts was substantial and raised public awareness of how unequal the rewards in corporations have become. Jacoby documents the individual campaigns to affect various aspects of the way CEO pay was determined. But even here, the efforts to do so occurred corporation by corporation. They were frequently met with opposition, and many of the proxy measures failed.

Jacoby not only discusses the role of labor unions in corporate governance, but he also reviews some of what unions were doing to increase their economic and political clout. He reviews the rise of the SEIU (Service Employees International Union) and their efforts to unionize workers. There is a short discussion of the ''Fight for $15'' campaign, which was initiated by the SEIU. This has resulted in a relatively successful effort to raise the minimum wage in many states in the United States. But unions missed the opportunity raised by the Occupy Wall Street moment. In fact, Jacoby suggests that if anything that movement gave a needed boost to the AFL-CIO's focus on executive pay, not the other way around.

The book ends by considering where we are now. In the past several years, there has been a renewed discussion about whether corporations should take not just shareholders, but also stakeholders like workers and communities into account in their actions. The Business Roundtable recently endorsed such a perspective. But here again, we do not see labor unions at the forefront of this effort, but instead public intellectuals and nonprofit organizations. Jacoby concludes by suggesting that through their activities, unions have had some impact on corporate governance issues like executive compensation, but less on gaining new members or more political clout. The tactics of the SEIU have probably been the most important to trying to organize workers and have produced large-scale campaigns to raise the minimum wage. The focus of the AFL-CIO on executive compensation and regulation have been less successful and have little to offer rank-and-file members in terms of results. Indeed, one conclusion that Jacoby seems to resist is that the attempt to directly lobby boards of directors has been pretty much a failure. The real victories have come by upstart unions like the SEIU. These were direct action campaigns, not efforts to work quietly to influence boards of directors by attending annual meetings and lobbying in Washington.

This leaves us with the open question of what the future of unions is in the United States. Labor economists have been adamant that the decline of unions accounts for a huge part of increasing income and wealth inequality in the U.S., maybe as much as one-third of that increase. In spite of the lip service given by the Business Roundtable to respecting stakeholders, there is little evidence that this perspective is being put into action by the largest and most profitable corporations. Unions continue to face opposition by organized and powerful corporate campaigns to keep them from forming. Witness, for example, the campaign to keep Uber workers in

California from becoming employees rather than remaining contractors.

Part of this is driven by regulations that make it hard to organize and easy for employers to engage in all kinds of tactics to resist. The Democratic Party has lacked the political will to make it easier to organize when it has controlled Congress and the presidency. The Republican Party has historically opposed such moves. Jacoby recognizes these forces are still in play. With low levels of union density and rules that make it hard to organize, it is hard to see where a renewal of U.S. labor unions comes from. One certain lesson is that while the efforts to affect corporate boards are admirable, their impact is small. More public political campaigns, like those initiated by the SEIU, appear to have raised public awareness and worked to better the conditions of workers. But this is going to be an uphill battle no matter what. While he is hopeful, Jacoby's analysis makes it hard to see what will change in the American economy and polity to produce structural conditions more favorable to unionization.

Woman Abuse in Rural Places

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Woman Abuse in Rural Places, by **Walter DeKeseredy.** New York: Routledge, 2021. 162 pp. $48.95 paper. ISBN: 9780367443719.

Rural America has been in crisis for decades. Many rural areas are now characterized by relentless economic decline, joblessness, deaths of despair, shrinking populations, opioid addiction, and crime spikes (Peters, Monnat, Hochstetler, and Berg 2020). And these trends are accelerating. According to the Economic Innovation Group (2020), there has been an intensification of rural distress since the 1990s. The Census Bureau (2021) documents 1,888 counties in America, and half of them are considered rural. This translates to about 60 million rural Americans living in precarious conditions.

Powerful economic forces are accelerating the decline of rural places. Rural communities in Eastern Kentucky's Appalachian Mountains have been dispossessed by a shrinking coal industry (Harvey 2015), and loss of factory jobs in rural areas has caused unemployment to soar, reaching highs of up to 25 percent of young adults jobless in certain counties (Henderson 2017). While rural factory jobs were essential to our industrial history, manufacturing jobs are not coming back. Goods are now manufactured in China or put together by robots (Porter 2018). High-tech industries no longer need cheap labor from rural communities, but instead seek out highly educated workers—talent that is more likely to be found in big cities (Rainie and Anderson 2017). Geographic mobility out of rural areas is less of an option since housing in cities that offer prosperity and economic opportunity has become largely unaffordable (Semuels 2017).

The costs of the crisis in rural communities are profound and should concern everyone. Wasted human resources, suicide, and opioid addiction are frequently covered in media stories about the deterioration of rural America. A far less recognized issue is woman abuse in rural places. Moreover, scholarly research on violence against women has an overwhelming bias toward urban females. Walter DeKeseredy's *Woman Abuse in Rural Places* aims to draw attention to this often-overlooked demographic. As the crisis of economic decline intensifies in rural communities, the attendant problem of woman abuse is also escalating. Even though the majority of the world's population resides in urban areas, DeKeseredy points out that the rates of woman abuse are actually higher in rural locales than in urban places in the United States.