

Industrial Relations Theory

What Do Unions Do? A Twenty-Year Perspective. Edited by James T. Bennett and Bruce Kaufman. New Brunswick, N.J.: Transaction, 2007. 660 pp. ISBN 978-1-4128-0594-0, \$35.96 (paper).

The 1984 publication of Richard Freeman and James Medoff's *What Do Unions Do?* was a landmark event in research on labor unions. It challenged existing negative economic conceptions of the role of unions by presenting a two-faced model of unionism in which the negative monopoly face of unions was counter-balanced by a positive collective voice face. For those in the labor movement, this book became a powerful source of academic support for their value to society and the economy. Among academics, *WDUD* was equally influential, as it encouraged a renewed, more data-intensive and methodologically sophisticated approach to research on unions.

In the present volume, James Bennett and Bruce Kaufman have brought together an impressive set of scholars to review the progress in research on unions in the two decades since the publication of *WDUD*. The volume, which originated as a series of special issues in the *Journal of Labor Research*, serves both as an evaluation of the arguments presented in *WDUD* in light of subsequent research and more generally as an overview of the current state of research on unions. On both of these levels, the book is a tremendous success, albeit with certain limitations. It will be useful for anyone wanting a sourcebook on recent research on unions. Although not quite as accessible to non-specialist readers as *WDUD* itself, the volume should be particularly useful to academic researchers and to public policy and practitioner experts in the labor area. It will also provide a useful set of readings for graduate courses on labor unions, particularly those focusing on the economic effects of unions.

The volume covers an impressive array of topics, with leading experts reviewing union effects in each area. Subjects of the chapters are microeconomic theory perspectives on unions (Kaufman), early institutional perspectives on unions (Kaufman), union wage effects (David Blanchflower and Alex Bryson), unions and wage inequality (David Card, Thomas Lemieux, and W. Craig Riddell), non-wage compensation (John Budd), economic performance (Barry Hirsch),

union voice (John Addison and Clive Belfield), union effects on management and HRM policies (Anil Verma), employment conflict resolution (David Lewin), job satisfaction, organizational commitment, and turnover (Tove Hammer and Ariel Avgar), macro-economic performance (Daniel J.B. Mitchell and Christopher Erickson), public sector unionism (Morley Gunderson), international perspectives (John Pencavel), management behavior and unionization (Robert Flanagan), and political effects of unions (Marick Masters and John Delaney). In addition, the volume includes overviews on union effects from the perspectives of academia (Kaufman), management (Kenneth McLennan), and labor (Stephen Sleight). It concludes with a typically entertaining and insightful reaction chapter by Richard Freeman, one of the authors of the original *WDUD*. As the foregoing contents listing suggests, this is not a small or concise book. However, the diversity of topics covered does provide a relatively thorough review of research on union effects for the reader with the determination and endurance to plow through its some 660 pages.

The perspectives of the authors can be roughly divided into three groups in relation to Freeman and Medoff's two-faces analysis. First, some of the authors are critical of *WDUD* from a perspective that places greater emphasis on the negative monopoly face of unionism. Among these authors' various arguments are that *WDUD* overstates the economic performance case for unions (Hirsch), that management opposition is not responsible for union decline (Flanagan), that union decline is occurring internationally and is not peculiar to the United States (Pencavel), and that among public sector unions, even the voice dimension of unionism can have a negative monopolistic face (Gunderson). These arguments all have some force, but they tend to zero in on the most negative effects of unions. For example, reading Gunderson's systematic critique of the often monopolistic effects of public sector unions is rather like watching a lean, muscular lion chasing down a flock of docile sheep in a farmer's field.

Second, some of the contributors are generally accepting of the Freeman and Medoff two-faces perspective. Within this group are authors such as Masters and Delaney, who argue that we continue to see mixed effects of unions in the political arena as originally argued in *WDUD*, and Budd, who argues that union effects on non-wage compensation have both monopoly and voice dimensions. Budd

provides possibly the most direct and interesting extension of the two-faces analysis by proposing the existence of a third, “facilitation” face: unions, he argues, serve to enhance individual workers’ awareness of and access to benefits. This is a particularly insightful extension of the *WDUD* two-faces analysis because it shows a way to connect the collective institution of unions with an increasingly individualized world of employment relations in which access to individual employment rights and benefits is a top priority for workers.

Finally, a few of the authors criticize the Freeman and Medoff perspective for being too accepting of the traditional neo-classical economic perspective on unions and especially for accepting the monopoly analysis of unions’ impact on labor markets. Notable in this group are Kaufman’s analysis of how the insights of the early institutionalists could inform current perspectives on labor unions and Mitchell and Erickson’s fascinating analysis, based on a monopsonistic model of the labor market, of unions’ macro-economic impact. Both of these chapters take on the standard competitive labor market model that Freeman and Medoff accepted as the source of the negative monopolistic face of unions in *WDUD*. One can argue about whether they are right or not, but Mitchell and Erickson have come up with one of the most interesting alternative analyses of labor markets in many years. One of the limitations of industrial relations theory has always been its lack of theoretical model development. Here, however, is a neatly developed alternative model that could provide a valuable addition to future industrial relations texts and a useful starting point for much future research on labor and employment relations.

The most important limitation of this volume is its disciplinary narrowness: it is primarily a description and analysis by economists of economic research on unions. There are some exceptions, such as Lewin’s interesting chapter on dispute resolution and Hammer and Avgar’s chapter on unions and job satisfaction, which draws on psychological theory and research. However, the primary focus of the volume is on economic research, reflecting Freeman and Medoff’s own disciplinary orientation. As a result, there is limited attention to the contributions of research from other disciplines on labor unions. This emphasis may be no favor to organized labor. Labor’s enthusiastic embrace of *WDUD*—and, implicitly, its acceptance of the prevalent thinking of the academic discipline of economics as a key arbiter of its own legitimacy—was, after all, a gamble. That the gamble may have been unwise is suggested by Hirsch’s chapter in this volume, which strongly challenges one of

Freeman and Medoff’s most noteworthy claims, namely, that unions enhance productivity despite their negative impact on profits. Hirsch finds that post-*WDUD* empirical studies have shown, on the contrary, a union productivity effect of close to zero. Although Freeman in his response chapter raises some counter-arguments, it is worth asking what the policy implications would be if Hirsch is correct. To the degree that the labor movement has accepted the economic-centric arguments from *WDUD* as a key premise for its legitimacy, would the absence of a productivity-enhancing union effect undermine support for unions and for labor law reforms supporting the right to organize?

Overall, however, this volume reconfirms the importance and vast impact of *WDUD* over two decades after its publication. Although some of Freeman and Medoff’s findings and arguments are challenged by the assembled authors, many more are reconfirmed. Equally importantly, *WDUD* continues to inspire research and set the agenda for much current thinking about labor unions. Paradoxically, even as the American labor movement has declined in strength, the analysis in *WDUD* has continued to resonate powerfully.

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