

How Much Do Workers Benefit from Labor Unions? Evidence from Union Formation Elections (with David Wasser)

Abstract:

This paper estimates the causal effects of newly formed labor unions on worker outcomes using a difference-in-differences design that compares workers in establishments where unions won or lost their elections. Using linked records from the Census Bureau's Longitudinal Employer-Household Dynamics program and the National Labor Relations Board, we construct a panel of more than two million incumbent workers employed at over 4,000 establishments that held union elections between 2002 and 2010. We track these workers beginning four years before the election to ten years afterwards, across jobs, industries, and states. We find four main results. First, incumbent workers in newly unionized establishments do not experience long-run gains in earnings or employment. Second, the effects of new unions on wages are heterogeneous but rarely positive: we find no large "winners" and some evidence of losses among workers in small or goods-producing establishments. Third, new unions do not increase the likelihood that workers remain at the establishment. Fourth, we show that union organizers tend to target establishments already on high-growth trajectories, and that post-union changes in hiring and productivity may dampen wage gains. Pre-election establishment characteristics explain the entire observed wage gap in our data, implying limited causal benefits of new unionization in today's U.S. economy.