Growing Inequality and the Decline of Organized Labour in the United States

by

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A Thesis submitted to the Faculty of Graduate Studies of

The University of Manitoba

in partial fulfilment of the requirements of the degree of

MASTER OF ARTS

Department of Sociology and Criminology

University of Manitoba

Winnipeg

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Introduction

Wealth and income inequality in the United States is currently on the rise and a number of different explanations have been proposed for this phenomenon. The question this thesis will attempt to answer is: what is the nature of the interaction between the decline of organized labour and increasing inequality in the United States? This is so important because growing income and wealth inequality if left unchecked will cause great harm to those who continue to see their wages stagnate or decrease. This thesis will argue that the answer to this question is that the decline of organized labour plays a major role in the increasing inequality facing the United States today. It will begin by identifying the theoretical framework to be used, followed by a short explanation of the selected methodology, a description of inequality in the United States: its rise, fall and current trajectory, an analysis of unions in the United States and the reasons for their success during the period before World War II and then the subsequent post-war period, the causes of their decline, an examination of the connection between the decline of organized labour and the increase in wealth and income inequality since the 1970s and finally a section which connects power resource theory and income and wealth inequality.

Theoretical Framework

The theoretical framework of this thesis will be informed by power resource theory because it offers a number of analytical tools which prove useful in uncovering the connections between inequality and union decline. Power resource theory is a radical approach which looks to address some of the perceived shortcomings of other radical and mainstream accounts of the welfare state (Korpi, Walter, O'Connor, Sila, & Olsen, 1998, p. 6).

Power resource scholars attempt to do this by looking at power in capitalist society as fluid and there being multiple avenues which labour can follow to improve its power in relation to capitalists, keeping in mind capitalists will have the upper hand within a capitalist society (Korpi, et al., 1998 p. 6).

These power resources could be further broken down into four categories: structural power, associational power, institutional power and societal power (Schmalz, Ludwig, & Webster, 2018). Structural power in its essence is the importance of wage earners within the economy - workers have structural power if they have the ability to disrupt capitalist production (Schmalz et al., 2018 p. 116). Structural power can also be split into two different forms: workplace bargaining power, which is based on the value of the workers to the corporation and can be exercised through the withholding of one's labour (Schmalz et al., 2018 p. 116-117). The second form structural power can take is through marketplace bargaining: this power comes from a worker's value within the labour market (Schmalz et al., 2018 p. 117). Associational power is the power of collective worker action in the form of unions or other worker associations which can partially but not fully make up for a lack of structural power possessed by a group of workers; this power is based on several factors such as number of members or if resources are used efficiently (Schmalz et al., 2018 p. 118). Institutional power is power is derived from laws and/or agreements between institutions and either comes from attempts to work together or through concessions extracted because of power imbalances (Schmalz et al., 2018 p. 121). Institutional power is often seen as a secondary power resource because it is often obtained as a result of the expenditure of other power resources namely structural and associational power; however this form of power can persist even after the diminishing of structural and associational power resources (Schmalz et al., 2018 p. 121). The final form of power, societal power, is the ability of social groups to find allies with common goals in order to exert influence within society as a whole: not just the workplace but in the political sphere as well (Schmalz et al., 2018 p. 122). Societal power can come from coalition power which in essence is a form of associational power in that one social group seeks out another so as to boost the resources available to support a goal of the social group (Schmalz et al., 2018 p. 122). Discursive power is power that comes from one group's ability to convince others that what it struggles for is just and to thereby gain the support of other political or social groups so as to gain the upper hand in the dispute (Schmalz et al., 2018 p. 123).

To build upon these four categories of power resources another type that can be identified is normative power resources which "involve the allocation or manipulation of symbolic rewards and deprivations, [and] generate positive orientations among those subject to them (Korpi, 1998, p. 43)." This is an important idea in helping to understand how organizations like unions or political parties can strengthen the ideological cohesion within the group through strategies which do not always directly lead to monetary reward. Power resource theory not only tries to analyze the direct application of power but how people who have power can use it as a resource in more indirect ways to influence policy and decision making (Korpi et al., 1998, p. viii). So within a power resources approach, when examining a rational relationship between employers and employees, rational in the sense that each side will attempt to achieve their own goals, what needs to be understood is that employers can use their resources to either attempt to destabilize labour or try to come to some sort of agreement (Schmalz , Ludwig, & Webster, 2018, p. 115). Workers can attempt to use their power resources to alter social structure by disrupting the value of capital either through collective bargaining or through work stoppage tactics like strikes (Schmalz et al., 2018 p. 115).

Power resource theory will be used as the theoretical framework because it offers both a critical look at economic structure, which is important when examining economic inequality, and an analysis of the power dynamics in politics and institutions, as both institutions in the private and public sector can have an effect on policy that affects workers and capital throughout the whole country. This also must include evaluating the strength of organized labour and considering what type of party is in power which tends to affect how strong a state's redistributive policies are, which is an important aspect of power resource theory.

What power resource theory does better than other theories on inequality is identify political power and acknowledge that all economic and social groups have some amount of agency and how it is utilized leads to either increasing or decreasing inequality. Power resource theory will help to identify the strength of the American labour movement in the post-war period as a key factor which mobilized its power resources effectively to achieve the goals of labour, whether through legislation or collective bargaining. Power resource theory will also be able to identify the increasing power resources of business, how they were used and how the power resources available to organized labour diminished. This stems from the misuse of unions' power resources which contributed to their decline and the corresponding use by business of its own power resources in the right places which led to its increase in power, resulting in increasing inequality.

Methodology

The method used for analysis will be a historical single-case study to demonstrate the connection between growing inequality and the decline of organized labour and will focus on the case of the United States. This thesis will limit the period of time under examination within the United States to the 1920s to the present, as it is within this period that this phenomenon is most pronounced. This thesis will not examine certain areas which are connected to inequality because of limited space. One such area is financialization.

There are two major criticisms of the case study approach: firstly, the question of how representative the selected case is of the issue in general (Hamel, Dufour, & Fortin, 1993, p. 5 This study is only focused on how unions affect inequality in the American context; it is not intended to necessarily be applicable to unions in other countries even though some of the findings could potentially apply. No findings from this study will attempt to be used universally and will be clearly stated to only apply to the context within the United States. Secondly, there is the question of how rigorous the case study is, and by extension to what degree has the researcher introduced his or her own bias into the selected study (Hamel et al., 1993, p. 5). In terms of rigour in regard to this study, a lot of effort was put into reviewing a wide range of data that came from many different scholarly books and articles to understand the connection between inequality and the decline of unions. Furthermore this case study frames its findings around data which has been peer-reviewed and only argues positons which can be justifiably supported by the research available.

This thesis will put a larger emphasis on policy of the federal government than that of states, but will not completely focus on the actions of the federal government, as while the federal government has a whole host of other powers which states do not have, such as the ability to control trade and monetary policy and superior financial resources, individual states below the federal government also can have an impact on inequality (Kelly & Witko, 2012). This study will contribute to an understanding of the situation within the United States; it might have some relevance for countries other than the USA but that is outside the scope of this thesis.

This thesis is focused on creating a qualitative argument showing that the decline in organized labour has led to increased inequality, with some quantitative data used to support the qualitative argument advanced. The reason a historical single-case study is best for this thesis is that it can clearly lay out the evidence of inequality's ebb and flow to demonstrate that income and wealth inequality is on the rise and that during the time in which this occurred a corresponding decline occurred within the organized labour movement in the United States. Case studies are valuable when studying issues systematically as "they allow in-depth illustration of different examples of the population under study (Guthrie, 2010, p. 67)."

Data on income and wealth inequality will be drawn from a number of different scholarly studies including: Emmanuel Saez and Gabriel Zucman's book *The Triumph of Injustice: How the Rich Dodge Taxes and How to Make Them Pay*. This is further augmented through political and sociological accounts explaining the conditions which led to the trends we see to this day. Data on the decline of unions have been gathered from a number of different scholarly texts and books from numerous fields of study which have both qualitative and quantitative evidence on rising inequality.

The Evolution of Inequality

Wealth and income inequality have fluctuated throughout the history of capitalism. In order to understand the rise, fall and subsequent rise of inequality we shall examine three periods of inequality within the United States. For clarity the first section will look at quantitative data on income and wealth inequality before laying out the qualitative arguments on why income inequality took the trajectory it did. The first period shall be the 1900s to the 1930s. This period demonstrates the rampant income and wealth inequality that preceded the New Deal legislation which would help lower inequality in the proceeding post-war period. The second period will be the post-war period up to the 1970s as it was within this time frame that wealth and income inequality dropped. The third period this section will analyze is the 1970s to the present because it will be shown that inequality did begin to accelerate from this point onwards after some decline. Income inequality will be the focus of the section, while wealth inequality will be the secondary focus of this section and while both are connected one does not necessarily prove the other. Different classes, including the working class, will be identified to demonstrate how disproportionate the earning gap has become between the top 1 percent and the working class. The working class is specifically brought up now because of how it is often conceptualized - clarification is needed to define the "working class". Often the term "working class" excludes people in professions that require higher education, such as teachers, social workers and middle level managers who are thought to be in a category of their own: the “Professional-managerial class”(PMC), while others like Peter Meiksins argue: “’Privileged, skilled, autonomous workers are still wage-labourers, whose privileges, skills and autonomy are under constant threat of removal by capitalists’ and public sector bosses.” (Camfield, 2020). The PMC is a term which certain scholars use to identify a segment of the working population but most of the workers that certain critical scholars consider to be a part of the PMC are actually part of the working class, making the working class a much more diverse group of workers, whose interests might not always align, much like the capitalist class (Camfield, 2020). The last three sections will show the political influence over increasing and decreasing inequality, that neoliberalism is worth highlighting as a major cause of increasing inequality, and finally some explanations for variation in inequality.

Data on Income and Wealth Inequality

Before we look at American history which will help to demonstrate the qualitative claims of the thesis, we will begin by look at the quantitative data which will establish the claim that both income and wealth inequality have changed from its peak in the 1920s until the Great Depression and then both once again rising after the 1970s. More of the focus will be on income inequality over wealth inequality because data for income is more readily available and more reliable than on wealth inequality. (Keister & Moller, 2000, p. 63).

In terms of growth for the decade preceding the Great Depression, the economy grew at a rate of 4.1 percent of the gross national product, which was a measurement tool similar to the more modern GDP (Kotz, 2015, p. 192). We can see that in the lead up to the Great Depression, economic growth was significant and constant, while those at the top received an increasingly disproportionate amount of the income earned at this time. It is difficult to get a complete understanding of inequality before World War Two in the United States because the data from that period are unreliable due to the multiple illegal methods and grey area loopholes which allowed for rich people of that era to underreport taxable earnings (Geloso & Magness, 2020, p. 835). There are also questions about the data used by Piketty and Saez in terms of income taken by taxes before 1943 because income was self-reported to the IRS, making the data less reliable in estimating how much of people's income was accurately being reported and thereby taxed during this time (Geloso & Magness, 2020, p. 835). What is important to note is that there was still a high concentration of income inequality leading up to the Great Depression and this began to fall during and afterwards, with government playing a role in decreasing income and wealth inequality. This would also be reflected in the numbers when looking at wealth inequality which will be shown later. The top marginal tax rate was at 7 percent in 1913 but near the end of World War I in 1917 this top rate was at 67 percent; this tax rate was a product of the desire to limit profiteering by the munitions industry and by 1917 was implemented to cover all corporations (Saez and Zucman, 2019, p. 33). More progressive taxes were also introduced: taxes on large estates reached 70 percent by 1935 and stayed between 70 and 80 percent until 1981, when taxes on the largest estates had only been 20 percent in the late 1920s (Saez & Zucman, 2019, p. 34).

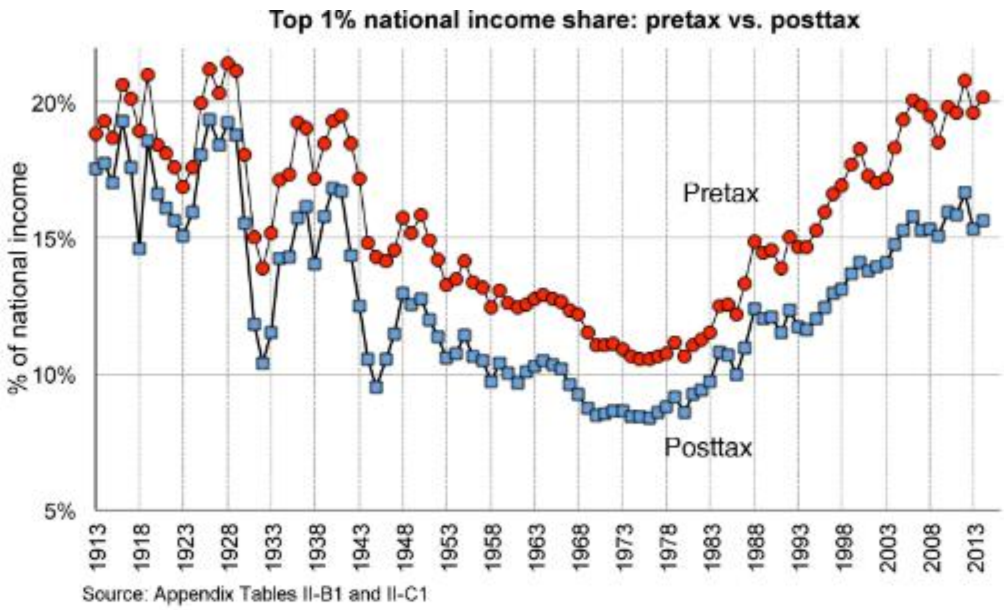

Figure 1

(Piketty, Saez, & Zucman, 2018, p. 587)

This graph shows the difference in pre-tax and post-tax income for the top one percent. Piketty, Saez, Zucman define post tax income as “pretax income minus all taxes plus all government transfers and spending (federal, state, and local).” (Piketty, Saez, & Zucman, 2018, p. 587). In terms of tax progressiveness, a number of progressive taxes have been reduced leading to taxes in the 2000s being far less progressive than in the 1960s, causing the tax burden of the 0.1 percent dropping from 60 percent to around 40 percent (Chernomas et al., 2019, p. 31). According to income reported to the IRS, people within the top income bracket earned a reported 2.6 percent average of all fiscal income per year from 1913 till the year FDR took office in 1933; however because of a change in tax policy in the decades after the war in the 1950s to 1980 the share earned by those in the top income bracket came down to only 0.6 percent average of fiscal income (Saez & Zucman, 2019, p. 38). Taxes that directly affect capital continue to fall, with the average taxation on capital coming down over 40 percent between the 40s and 80s,down to 36 percent in the 90s and 26 percent after the latest capital tax cuts under President Trump (Saez & Zucman, 2019, p. 92-93). This is a problem because it results in the decrease of the tax burden of the capitalist class, causing the income they receive to become an even bigger wealth advantage over the average worker (Saez & Zucman, 2019, p. 97).

An examination of the average real weekly wages (adjusted for inflation) of working-class families shows that their high point was in 1972 when they were $315.44, but since 1972 they dropped over the next twenty years - the weekly average continued to drop to its lowest in 1993 (Moody, 2007, p. 79). Furthermore the gap in wages between workers in the bottom 50 percent and the top one percent has only grown: in 1980 the top one percent earned 10 percent of the total income in the United States and those in the bottom 50 percent earned 20 percent; as of 2018 the top one percent earned 20 percent of total income while income earners within the bottom 50 percent's share of the total income decreased to just around 12 percent of total income (Saez & Zucman, p. 2019, p. 6). For a decade after that there was continued growth in wages - up 11 percent from 1993, however these wage gains were erased by 2006, leaving workers with only the buying power of those from the 1960s while working longer hours and doing more (Moody, 2007, p. 79). Calculating the wage growth for the average American worker between 2001 and 2006, considered to be an economic boom period, reveals that workers' wages only grew 1.9 percent a year with inflation included; this is in comparison to skyrocketing corporate profits which were rising at 12.8 percent a year within this 5 year period (Chernomas & Hudson, 2016, p. 38). The low growth of wages was in the face of productivity gains: when calculating what wages would look like for workers post-1980 if they had continued to mirror the growth of productivity as they had in the post-war period, the median family income would be $20 000 dollars higher (Chernomas & Hudson, 2016, p. 38). For the highest income earners —those in the top 0.1 percent —post 1980 up to 2018 income increased by as much as 430 percent over their previous income. In comparison to the growth of the top 0.1 percent's income, income growth for workers within the bottom 50 percent has been so much lower, with pre-tax income or the average annual pre-tax income of those within the bottom 50 percent to have only grown by 0.1 percent since the 1970s (Saez & Zucman, 2019, p. 164). Wages are only a part of total compensation for workers, so including benefits like health care would bump compensation up to an increase of 2.5 percent per year which when compared to other historical economic boom periods is a much lower rate (Chernomas & Hudson, 2017, p. 38).

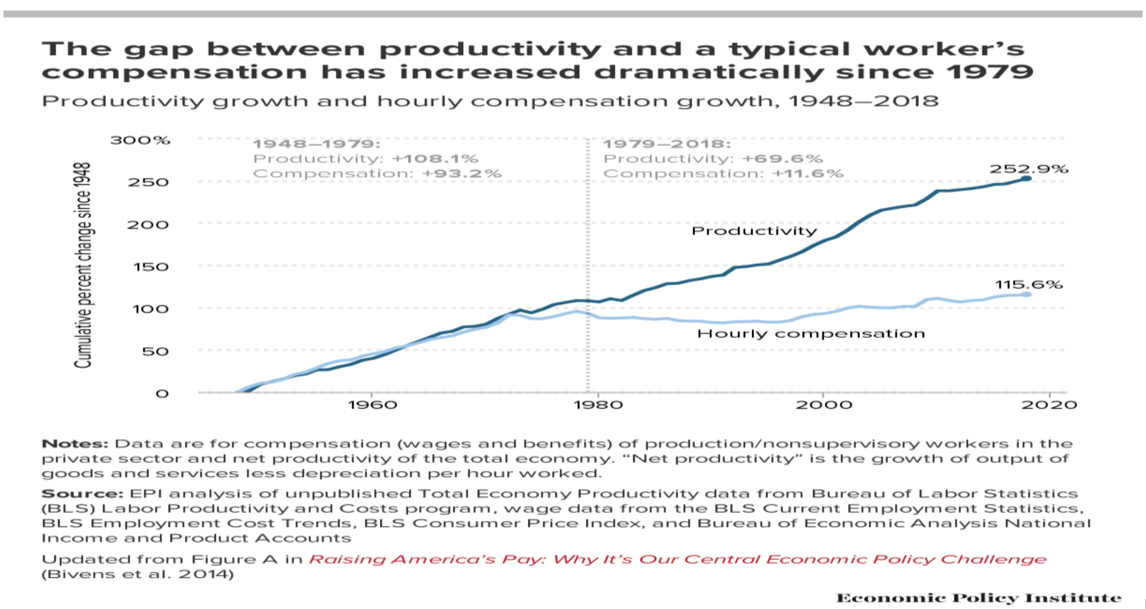

Figure 2

Figure 2 shows the decoupling of productivity gains from hourly wage gains made by American workers and how that gap has only grown since the 1980s, which is different than what wealthy

Americans have experienced. Income inequality has not improved in the 21st century: after 2007 and the great recession, inequality in the United States has continued on an upward trajectory - the Gini coefficient created to more accurately measure inequality has shown a marked increase (Chernomas et al., 2019, p. 39). When using the Gini coefficient as a metric for measuring income inequality we see a significant increase in income inequality between the 38 years from 1970 to 2008, as income inequality increased from .46 to .63, which is a 36.5 percent increase (Kilman, 2020, p. 3).

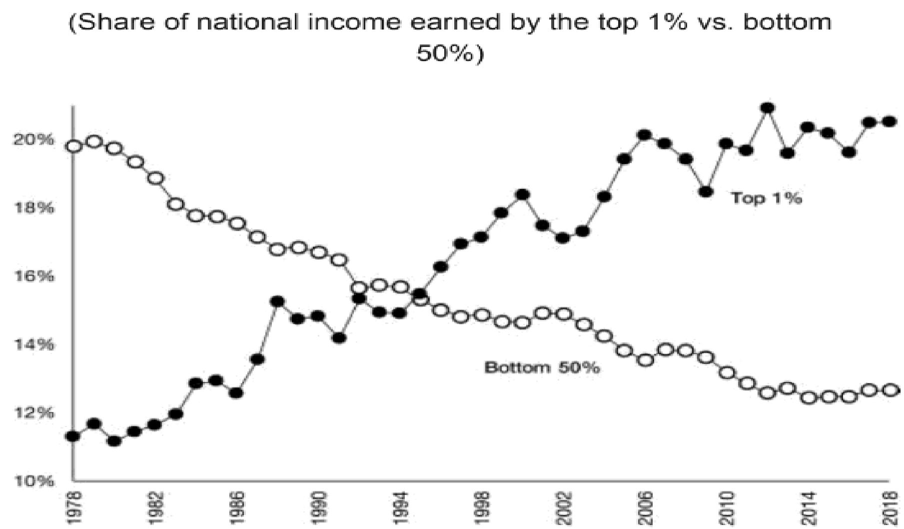

Figure 3

(Saez & Zucman, 2019, p. 7)

When examining wealth inequality we see a similar trend to that of income inequality: the richest of American society generally saw their wealth grow in the period before the Great Depression and then begin to decline into the 1930s during the Great Depression, before rebounding by the 1980s. In the early 1920s those within the top 1 percent controlled around 30 percent of household wealth (Keister & Moller, 2000, p. 63). Between the late 1920s and the 1970s the 0.01% of the wealthiest American families lost half the value of their average wealth ($44 million in constant 2010 prices); sixty years later, in 1988, that value was fully recovered (Saez & Zucman, 2016, p. 554). Those within the top 1 percent were also able to invest much more into long-term wealth, owning nearly 50 percent of financial assets during the late 1980s and 1990s and, because of their ownership of these assets their combined net worth was nearly 40 percent of the total net worth of all Americans (Keister & Moller, 2000, p. 63). The changes to income and wealth inequality did not occur in a vacuum: there were multiple factors which led to the widening of this divide including some of the policy that targeted the top income earners. The recovery of wealth by the richest in America was in large part due to changes in economic policy (Saez & Zucman, 2016, p. 554). We can notice an important change in wealth seen by most Americans; further examination is needed in order to understand why inequality began to increase in this period.

Inequality in the Early 20th Century

Before examining the inequality of the 1920s and 1930s it is important to understand the background of the rising inequality of the time, which occurred in part because of the capitalist transformation of the American economy that had begun in the late 1800s to the early 1900s. It was during this period that workers had not yet been able to successfully turn labour unrest into a successful power bloc, nor were they able reach out to other groups within society so as to strengthen their political resources in relation to the political strength of capitalists. This period is also notable for a change in the associational power of workers: before industrialization farm workers gained power around harvest time. When the economy shifted from primarily agricultural to industrial workers' power was not seasonal - they could disrupt the economy by disrupting regional or local production. Hugh Rockoff states the

American Gilded Age is said to have been the years from 1870 to 1899 just before the turn of the 20th century and was a period with rapid technological advancement and inequality; technological growth was great – the United States surpassed England as the leading industrial economy by 1910 (Rockoff, 2008, p. 3-4). Part of the reason that inequality had been able to grow so much during the Gilded Age was the lack of a consistent federal income tax; there was an income tax during the Civil War and an income tax would not be implemented permanently until 1913 (Rockoff, 2008, p. 27). This had to be done through a constitutional amendment, passed in 1913. The 16th Amendment gave the federal government the legal power to implement income taxes after an earlier decision by the Supreme Court ruled the implementation of an income tax was unconstitutional (Saez & Zucman, 2016, p. 32).

At the beginning of the 20th century the economy was seeing a radical transformation in which small farmers and small businesses were being absorbed into the capitalist economy and the birth of the large scale corporations formed in rail, manufacturing and telephone industries (Kotz, 2015, p. 183). From the early 20th century onward the industrial economy was evolving towards the more efficient assembly line but only by the 1920s did this form of mass production begin to take off, largely due to advances in power generation and the development of the necessary complex supply chains that would become ever more important for the move towards more advanced assembly lines (Rockoff, 2008, p. 8-9). The great wealth that had been accumulated during this period forced a reaction to the excesses of the Gilded Age (Rockoff, 2008, p. 22). 1902 and the ushering in of President Theodore Roosevelt could be considered the start of what is known as the progressive era; in this era the policy goal of the US government was to try to create economic reform; this reform was not radical in nature as it was not intended to significantly reshape the economy but rather to tax the excess income being earned at the top and bring in other social welfare systems that were being implemented in other countries like Britain and Germany (Rockoff, 2008, p. 22). However the period that is considered to be the progressive era actually predates Roosevelt by two years at the turn of the 20th century and is considered to have lasted until 1916 (Kotz, 2015, p. 187). Action by the government was influenced by the radicals and the reformers of the time, such as the Socialist Party calling for a radical solution alongside the more moderate reformers who won out; the more radical voices were demanding “the nationalization of banks and big corporations” and this pressure from these two camps helped to push Roosevelt towards the reform that did occur (Kotz, 2015, p. 188). During this period there was an attempt to shift how economic injustice was described: the word “poverty” was coined and was not just used to describe people who were experiencing hard times economically but also that their situation was not of their own making and was caused by something beyond their control such as market forces (McDonagh, 1993, p. 231). This demand for change of the capitalist system was not only a demand of people with a left wing orientation rather the demand for change of the capitalist system in the United States occurred within a more sizable portion of the population, creating an opportunity for change to occur (McDonagh, 1993, p. 231-232). This ideological shift was a move away from the idea that individuals should be responsible only for themselves towards an ideology where everyone should benefit from the fast-growing economy, leading to millions of workers joining the ranks of the middle class as well as those within the political elite (McDonagh, 1993, p. 232). This was brought about through regulation as well as social welfare policy creation, however policy which was implemented during this period could be argued as a “triumph of conservatism” as is argued by Gabriel Kolko because as he states reform during this period by the federal government could have taken any number of avenues but the solutions that were crafted during this time were solutions that advocated for by capital (Kolko, 2008, p. 2). Thus even though reform to American capitalism occurred during this period, it was success driven from capital’s desire in shaping the response to stabilizing American capitalism through business controlled reform rather than radical reform that went against the capitalist norms (Kolko, 2008, p.2-3). The regulation was meant to target the worst excesses of unfettered capitalism by introducing minimum wage laws, antitrust legislation and making child labour illegal (McDonagh, 1993 p. 232-233). Further reform was introduced in the form of new progressive taxation supported by a growing number of people in the north and western part of the country that would begin in this decade and be revisited in the 1930s (Saez & Zucman, 2019, p. 33-34). At this time organized labour was only beginning to attain societal power however this power was only enough to put pressure on the federal government, while capital clearly had more influence over the final bills which became law. The progressive era did not last extremely long as by the 1920s we can see changes in how the state approached its relationship with businesses (Kotz, 2015, p. 192). During the 1920s three different Republicans were elected president, leading to a more lax regulatory regime and fewer constraints on businesses (Kotz, 2015, p. 192).

Inequality from the 1930s to the 70s

What does not seem to be in dispute is that when examining inequality during the 1920s we can see a peaking of inequality just before the Great Depression in the years 1928-29, and inequality falling during the years of the Great Depression and beyond (Geloso, Magness, Moore & Schlosser, 2019, p. 43). This study argues as well that income inequality fell quite significantly during the Great Depression and was on a more gradual path of decline in the following decades (Geloso et al., 2019, p. 43). They claim that even though income inequality fell during this period it was not greatly affected by the policy change of the time; what affected the drop in inequality more was the aftershocks of the Great Depression (Geloso et al., 2019, p. 5).

While the Great Depression played a role in leveling out inequality, Geloso et al. minimizes the role government policy creation had on inequality, as well as a number of other factors like the rise of organized labour and the introduction of new policy to help both workers and those who were unemployed. However The Great Depression created a moment where change was possible and led to a number of important pieces of legislation including: “federal cash and work relief programs established in 1933, social insurance in 1935, federal regulation of working conditions in 1938” (Noble, 1997, p. 54). This should be noted as the time in which organized labour was successfully able to gain associational resources by taking advantage of the crisis and bringing many workers across the country into the movement. This allowed for its acquisition of societal power which gave it a powerful voice within government decision-making, which just a few decades earlier was lacking in comparison to the power to influence policy that was held by capitalists. The legislation was not limited to one area and during this time was far-reaching, changing course in a number of different policy areas including health and welfare and oversight of a number of different industries. What this looked like in practice was full-employment monetary and fiscal policy, increasing minimum wage and, while not as generous as certain social assistance programs, increases to social assistance (Chernomas, Hudson & Hudson, 2019). Financial regulation was also introduced in the 1930s, brought on by the crash of the financial sector during the Great Depression, along with a number of agencies that were responsible for handling the oversight of financial institutions (Kotz, 2015, p. 16-17). More progressive taxes were also introduced: taxes on large estates reached 70 percent by 1935 and stayed between 70 and 80 percent until 1981, when taxes on the largest estates had only been 20 percent in the late 1920s (Saez & Zucman, 2019, p. 34). Another tax innovation that was introduced in the 1930s was an income tax which required people to pay based on the income they received so that no one would retain what was considered an excessive amount of money (Saez & Zucman, 2019, p. 35-36). US President Franklin Roosevelt also wanted to curtail the top incomes and keep them from going out of control by increasing marginal tax rates for the top income earners - the top marginal tax rate was raised to 79 percent in 1936 and was close to 100 percent during World War II (Saez & Zucman, 2019, p. 35). These new taxes would not only help to reduce income inequality but could also be seen as one of many reasons for the reduction of wealth inequality that occurred during this period.

This was also a period of civil unrest caused by the material conditions which led to massive strike action from emboldened organized labour and the shocks provided by the Great Depression. It was a time when change was possible. The balance of societal power in the USA between capital and organized labour was shifting, the extent of the shift and its permanence of this shift was the question. All members of the ownership class at this time were not fully on the same page because of the capitalist class diversity in the American context; they did however still agree on the major issues, which were to “maintain class power and high profits” (Domhoff & Webber, 2011, p. 31). Those with the most power in shaping their political agenda were the agribusiness owners, corporate moderates and ultra conservatives. The forces that pushed for change were the trade unionists, liberals and the Communist Party; however the trade unionists, liberals and the Communist Party were also divided, possibly more so, in what they should be advocating for to the Roosevelt administration (Domhoff & Webber, 2011, p. 31). The main contribution of the Communist Party was the rallying of people to protest for change through its organized demonstrations, and assisting in the formation of certain unions under the domain of the CIO in the second half of the 1930s (Domhoff & Webber, 2011, p. 32). However a coalition between organized labour and liberals did form to help bring change in the form of New Deal legislation (Domhoff & Webber, 2011, p. 84-85). Although many progressive pieces of legislation were passed in this period several of them did not go as far as originally intended: social security for instance was meant to originally cover all American workers but ended up excluding-most African Americans via the exclusion of agricultural and domestic workers (Steinmo, 2010, p. 175). What this shows is that capital’s position as the superior power, although threatened by the rise of organized labour, was still able to maintain its hegemony. Labour’s position was rising which led to a number of victories for the working class but was not strong enough to have legislation passed that was completely in organized labour’s favour. This was in part due to organized labour’s decision to ally itself with the Democratic Party without questioning whether the Democrats could be entirely reliable. The inadequacy of the Democratic Party as an ally had a lot to do with the its composition: southern Democrats made up a sizable minority in both the House and Senate, controlling 35 percent in each chamber while supporting racial segregation and all but two of them being against organized labour. Because they were influential for decades they allowed for the blunting of the most radical pieces of the New Deal legislation (Domhoff & Webber, 2011, p. 60-62). It has been argued that Southern Democrats were not the main stumbling block for much of the New Deal legislation as long as the legislation did not deal with respect to either unionization or civil rights for African Americans (DeWitt, 2008, p. 54). Also it was Henry Morgenthau, Jr., the Secretary of the Treasury in the Roosevelt administration, that led to the exclusion of agricultural and domestic workers from social security legislation (DeWitt, 2008, p. 63-64). Whatever the case there were forces within the Roosevelt administration which led compromises to pieces of progressive legislation when it came time to pass them into law along with the intensive lobbying efforts carried out by the forces of capital. This is true of other periods within the United States as well: many pieces of legislation designed to be progressive ended up having serious compromises accompanying them, such as social security and legislation pertaining to workers as we will see later. This however was the time when workers were at their peak in terms of their associational power: without the contributions of organized labour focusing the worker unrest at the time both in the workplace and politically it is possible that there would not have been such a focus on improving the lives of American workers through federal legislative action.

Inequality, both income and wealth inequality declined in this period and continued to decline - there are a number of changes within American society which could have led to this decline, including drastic policy changes encompassed within the New Deal which introduced social safety net legislation, increased taxes and regulations which would help rein in the excesses of American capitalism and possibly the economic effects of the Great Depression. The post-war era because of the convergence between the rich and the poor, has led to it being dubbed the "Great Convergence" by economic historians Claudia Goldin and Robert Margo (Koechlin, 2013, p. 18). That does not mean that this period was without businesses fighting back against social policy as most businesses opposed the increasing government presence in the labour market and even more became lined up against government social welfare policy after 1932, which was a year of panic for businesses (Noble, 1997, p. 59). The reason that change happened more in this period than in certain other ones like the 1920s was that the Great Depression had caused people to question current political institutions and to realign into groups that would fight to get politicians and institutions to enact change, such as organized labour and New Deal Democrats (Noble, 1997, p. 55). This realignment gave unions a more prominent nce New Deal Democrats and this meant unions' societal power increased. While conversely the societal power that businesses had through lobbying the government had been diminished but still a large threat to the interests of unions as the circumstances of the Great Depression made it so that employers were no longer able to employ large segments of the working population; this allowed for labour and other forces to align against capital to have a more prominent voice in determining legislation that would help a wide swath of the population (Noble, 1997, p. 60).

The changes brought in by the New Deal did not become national change, since many of those business leaders that were strongly against the New Deal began to work with business elites in the South to keep the South free from these constraints Noble, 1997, p. 60). This allowed capitalists in the rest of the country as well as capitalists who produced goods in the South to keep a greater portion of their power intact and would lead to not only a reduction of the power resources available to workers in the South but also to workers in the rest of America for as long as the South could fend off organized labour. This alliance was formed because the northern elites wanted to escape the new legislation which would limit their profit while the southern elite were worried about how it would affect their positon as well as racist fears that the black population in the south would gain a more equal status in relation to the white population (Friedman, 2008, p. 324-325). The momentum to pass a wide array of progressive legislation in the style of the New Deal ended by the late 1940s, when those aligned against the vision of New Deal policy had gained enough support to stop any new legislation in that vein from passing with or without the majority the Republicans had in both the House and the Senate (Noble, 1997, p. 70). The Roosevelt administration's ability to enact progressive legislation was also limited by the judiciary: the Supreme Court for instance diluted the Wagner Act by weakening provisions which protected workers' rights to strike and ability to control the workplace (Andrias, 2016, p. 17). An important prelude and challenge to the New Deal legislation can be found in the court decision of 1932 in Crowell vs. Benson, in which the Court ruled that compensation claims derived from federal law needed to be reviewed individually under the act before a judgement could be made (Schiller, 2007, p. 410). What this meant was that the validity of any of the New Deal legislation passed by Congress would be determined by the courts, which would decide if agencies had the authority to enforce powers granted through federal legislation, possibly leading to New Deal legislation being struck down (Schiller, 2007, p. 412). However by the end of the 1930s the courts changed their stance on how they interact with agencies, creating a “uniform doctrine that dictated extreme deference to admin-istrative (*sic*) actors.” (Schiller, 2007, p. 434). When reviewing the decisions of administrative bodies brought to court they would use what is called the “one-sided substantial evidence test” which would take into account above all else “evidence supporting the agency's decision”(Schiller, 2007, p. 434).

There was a small window during the Great Depression in which progressive legislation was passed. Jefferson Cowie regards the New Deal policy makers as succeeding in taking steps to democratize capitalism while on the other hand failing to democratize access to the labour market or fair and equal access to voting rights (Cowie, 2017, p. 184). The taxes introduced in the 1930s and increased in the 1940s played a role in decreasing income inequality by helping to regulate the earnings of those at the top. This should also have had an impact on wealth inequality by transferring more of the wealthy’s income to programs that help lower-earning Americans. The introduction of taxes from the time of FDR seemed to help close the income gap as income reported to the IRS in the period following the war, these tax changes also affected the overall share of reported income of the richest Americans into 1980 (Saez & Zucman, 2019, p. 38). This could be because of tax evaders - it was hard to get a grasp on income in the 1920s because of this very issue however Emmanuel Saez and Gabriel Zucman 2019 argue that even when accounting for all the variables that could mask the true share of America’s wealthiest what we know about how the wealthiest lived and how businesses operated during this time, high taxes on the rich did keep the money paid out to those at the top in check (Saez & Zucman, 2019, p. 39-40). To some observers it seemed as though balance had been found where profits would not only flow to those at the top of the capitalist hierarchy but instead would be shared throughout society. Even though there was a Republican in the White House during the 1950s and Congress full of people hostile to policy expanding the welfare state as in the New Deal there were some improvements to programs which helped workers, such as the expansion of social security to more people and marginal tax rates on the top earners still over 80 percent, with the caveat that there were more ways around this being added in new tax bills (Steinmo, 2010, p. 179). In the 1960s two healthcare programs were introduced however once again they were targeted programs: Medicare was targeted at the elderly but covered 99 percent of them, while Medicaid was means tested and only available to people poor enough to qualify (Myles, 1998, p. 351). Medicare and Medicaid, while not universal programs, did help the segments of the population they were targeted at, leading to some growth in post-tax income for those within the bottom 50 percent of income (Piketty, Saez, & Zucman, 2018, p. 583). While new policy to tackle income and wealth inequality was still being passed albeit at a much slower rate this did not stop workers from benefiting from increased wages. In the period of 1945 to 1967 income continued to rise for the average worker, both in the form of hourly earnings (up 58 percent) and the median family income which had increased by 75 percent (Noble, 1997, p. 80). This did not turn out to be the case in the subsequent period for either wealth or income inequality as the trends of lower wealth and income inequality that were seen up to the 1970s began to reverse themselves during the 1970s and into the current decade.

Inequality 1970s - Present

Looking at income trends for families between the end of World War II to the mid-1970s we can see that income roughly doubled when taking into account inflation for not only the top but also those in the middle and at the bottom of the income distribution (Mitchell 2013 853). It is during the period from the 1970s onward in which we see rising income inequality and a return to the income inequality not seen since before the Great Depression. We can look at this period from the 1970s onward as not only a shift in political resources of both capitalists and organized labour but also a change in the institutional power of capital. Capital was able to decrease the institutional power of organized labour because of its new-found ability to shift production from domestic markets where unions could more readily contest its power to new developing markets. Capital's ability to shift production to new markets not only hurt the ability to bargain but also the structural power of organized labour because up until this point it had been much harder to move manufacturing jobs when production was based more in the country of origin. These developing markets often were places like China or Mexico where workers earned less but more importantly allowed corporations more power at the bargaining table by threatening relocation without adherence to demands of now-global capitalists. This was along with the decline in the number of workers in unions and the way laws changed in the neoliberal era which could be considered even more important. We can see this in the way income inequality changed in the United States. While it is harder to find data on post-tax income inequality, Piketty and Saez estimate that pre-tax income inequality in the United States remained above that of its European counterparts until after 1910, at which point the top 10 percent's share of income in the United States has remained above countries in Europe. (Piketty & Saez, 2014, p. 838-839). Although still accompanied by a decline in income inequality during the post war period (Piketty & Saez, 2014 p. 838). One study looking at post-tax income found that the United States also has one of the highest levels of income inequality in industrialized countries after accounting for federal taxes and transfers throughout the 1970s to 2000 (Mitchell, 2012, p. 854-855).

To understand the sharp increase in income inequality we must first understand the failure to update or replace outdated legislation. At times it is not what government does as much as what government does not do that can negatively affect inequality: this phenomenon has been identified by Hacker and Pierson as “drift” (Hacker & Pierson, 2010, p. 170) . Drift is not only inaction but inaction after a problem within current public policy has been identified, a number of solutions have been recognized but new legislation cannot be passed through the legislature (Hacker & Pierson, 2010, p. 170). An example of how policy drift occurs is the ability of senators to filibuster any piece of legislation that does meet the 60 vote threshold (Hacker and Pierson 2010 170). A good example of this is the minimum wage. The federal minimum wage over time became decoupled from productivity; this meant that minimum wage increases depended on passing legislation, but because legislators have failed to pass such legislation the minimum wage continues to stagnate at a below living wage level in most places (Bonica, McCarty, Poole, & Rosenthal, 2013, p. 120). Drift is something that directly plays into increasing inequality because changing the law is often much harder than blocking change from occurring.

Policy drift has become more of an issue over time because of the increased polarization of Democrats and Republicans, with Democrats drifting towards the right on certain ideological positions since the New Deal and the post-war period, while the Republicans continue to shift farther towards the right of the ideological spectrum. However while the parties have grown farther apart on certain issues there has support from both sides in further advancing the neoliberal agenda since the 1980s through areas such as free trade and financial deregulation. The rightward turn of both major parties negatively affected the political resources available to organized labour, because the Democratic Party was the party that was most receptive to the demands of labour since at least the Great Depression. What makes this a bigger issue in regard to drift is that reform becomes harder and harder and the standard for passing legislation higher as each side, Republicans and Democrats, dig in on their political positions, which only favours increasing inequality (Hacker & Pierson, 2010, p. 170-171). This is further exacerbated because Democrats or Republicans need to control three levels of power within the United States government: the Senate, House of Representatives and the Presidency since bi-partisan compromise in policy has become harder to achieve (Enns, Kelly, Morgan, Volscho, & Witko, 2014, p. 290-291). This means even if there is majority support for a certain policy option by one party that might address income inequality it can be stifled. Peter K. Enns, Nate Kelly, Jana Morgan Thomas Volscho and Chris Witko's study on inequality and increasing policy stagnation echo Hacker And Pierson's thoughts that increased polarization has happened in unison with the rise of inequality since the 1970s (Enns et al., 2014, p. 296). The stagnation of regulations and taxes not only affect income inequality but have the potential to affect wealth inequality as well. This is because taxes, transfers and financial regulation are one way to mitigate the disparity in pre-tax income and the more loopholes left in dated regulation can mean that more wealth is left untouched by policy that was designed to address wealth inequality.

Finally, organized interest groups provide better incentives for policy inaction in comparison to disorganized voters who in most cases pay less attention to policy decisions than those who are directly affected by policy changes (Hacker & Pierson, 2010, p. 171). When identifying organized interests it would be impossible to not mention the organized interest of the wealthy who help to defeat ambitious legislation through their accrued influence; often this influence over those senators or representatives works against the goals of democracy in representing the will of the majority (Andrias, 2015, p. 426). In the current neoliberal era this has become problematic as it has only been since the 1970s that businesses began hiring their own lobbyists and expanding their operations to increase their political influence (Andrias, 2015, p. 441). This is not to say that every wealthy individual or corporation is always on the same side of an issue; different groups within the capitalist class can have diverging interests dependent on their own industry, however when it comes to economic issues in areas like labour law, lowering taxes and getting rid of regulations which can affect profit they often unify their lobbying to reach a common class-centric goal (Andrias, 2015, p. 437-437). Social scientists have noticed that those who fit into the capitalist class participate more in the political system than any other economic group and this has been found to be true because they have more resources at their disposal to protect their economic interests; businesses for instance make up two-thirds of political lobbying efforts with around $2.57 billion being spent during 2012 in above-the-table lobbying efforts, with it being theorized that this number would grow significantly if lobbying disclosures were more far-reaching (Andrias, 2015, p. 440-441). While lobbying groups exist outside of those that represent the needs of capital they are far fewer and weaker in scope and resources possessed, as one example would be organized labour which has grown much smaller since the 1970s and whose shrinking resource pool is focused more on issues faced by their membership rather than the broader political goals pursued by big business (Andrias, 2015, p. 442-443). This type of inaction politically does not only inflate the difference in income but also stands to increase wealth inequality that arises from failing to address inadequate or outdated policy or regulations that can lead to the generation of more wealth for the wealthiest in America.

Neoliberalism and Changes to the State

When it comes to trying to pinpoint the exact political reason for increasing income and wealth inequality it is impossible to say there is one answer: many of the changes to tax policy, political institutions and money entering the political system have all played a part in the trends we see. Alongside looking at institutions and changing political landscape we have explored the early 20th century as well as the golden age of capitalism between the late 1930s and up to the mid-1970s. However there is one period in particular that must be looked at when exploring the growing income and wealth gaps within American society and that is the period of neoliberalism which began in the 1980s and continues to the present day. The political and economic changes which have resulted from the neoliberal project have occurred during a time of a tremendous increase in inequality. Government policy has a direct impact on both pre-tax and transfer inequality as well as post-tax and transfer income (Hacker & Pierson, 2010, p. 169). Neoliberalism is an integral part of the capitalist class's move to restore the power and wealth which it relinquished after the Second World War - this will be shown below.

The basis for liberal theory is based around individual rights, civil liberties, private land ownership and an economy based around free market principles that will bring greater prosperity the greater the growth was within the economy and after World War II this idea seemed to have some merit. However this theory is flawed and while there was a time when a growing number of people within American society were benefiting from economic growth, within the new neoliberal era this is not the case and it is in fact unequally beneficial to a certain segment of the population (Antonio, 2013, p. 20-21).

Neoliberalism originated as an economic theory developed at the Colloque Walter Lippmann conference which took place in Paris 1938 and included academics like "(…Raymond Aron, Louis Baudin, Friedrich August von Hayek, Ludwig von Mises, Michael Polanyi, Wilhelm Röpke, and Alexander Rüstow)" (Mirowski & Plehwe, 2009, p. 13). There were four points included in their definition of neoliberalism: "the priority of price", "the free enterprise", the system of competition and", "a strong and impartial state." and while they wanted to push their vision of capitalism as a political project through a journal and a think tank, World War II put a pause on the assembly of the neoliberal project (Mirowski & Plehwe, 2009, p. 13-14). In 1947, two years after World War II had ended, neoliberal thinkers once again began to organize under the leadership of Albert Hunold and Fredrick Von Hayek and the Mount Pelerin Society was formed, bringing in scholars from both Europe and the United States because of their grievances with the current economic order (Mirowski & Plehwe, 2009, p. 15-

16). However it was not until the 1960s when neoliberal theory began to be advocated by a new generation of economists that neoliberalism began to be implemented in the 1970s, during the presidency of Jimmy Carter; it only accelerated during the Reagan presidency (Kotz, 2015, p. 46). While the American capitalist state in the post-war era might be considered as moving towards a more collectivist culture in some respects like the provision of the social safety net, progress towards a more collectivist culture not only did not cover all aspects of American society but any such progress went even harder in the reverse direction (Cowie, 2017, p. 184-185). It was during the 1970s that individualism, still a major part of post-war American society, evolved into what could be called reformed individualism; this reformed individualism arose from a string of political failures to revitalize labour law in the spirit of the New Deal era unionism and a new focus on individual rights in the workplace, while forgoing any type of economic solidarity in favour of giving an equal chance to compete in a shrinking labour market (Cowie, 2017, p. 185). The shift from Keynesianism to neoliberal capitalism happened because problems within the economy of the Keynesian welfare state were escalating from the early to mid-1970s, as the rate of profit that corporations had enjoyed since the 1940s was dropping drastically; this paired with stagnant productivity increases, rising unemployment and inflation was among the reasons for governments to turn to neoliberalism as a means to fix the economy (Chernomas et al., 2019, p. 28).

Neoliberal policy changes the boundary of the free markets through commodification of goods and the regulations which restricted transactions on the local, federal and international levels. What has also been a characteristic of neoliberal globalization is the increasingly volatile nature of the resulting economy, which has led to many serious financial crises around the world (Harvey, 2007, p. 34). Neoliberalism is the reformation of government by providing security for the capitalist class, giving them ever-more freedoms and expanding the economic sphere through the commodification of almost everything (Cahill, 2014, p. 14). This in turn can be seen as nothing less than a major boost to the power resources of capitalists because of their victory in influencing the political changes to the American economy, leading to a higher focus on the generation of profit over the demands of workers. This was a major change from the golden age of capitalism, during which fiscal policy was directed to creating full employment, targeting an unemployment rate around 4-6 percent; fiscal policy during the 80s and beyond was designed to fight inflation rather than encourage greater employment (Chernomas et al., 2019, p. 32). The goal in changing fiscal policy was to reduce forms of income support provided by the government to help workers during downturns in the economy and instead to force workers to rely on solutions based within the free market (Chernomas et al., 2019, p. 32).

This was not because of globalization nor a single person in charge of monetary policy but as a result of the philosophy that was used as the basis for American governance during the Reagan years which asserted that markets could regulate themselves, and adding more regulation would be a burden on money-making corporations (Skidelsky, 2009, p. 27). However the change to neoliberal fiscal policy and a more laissez-faire direction away from the more interventionist policy of the New Deal did not lead to an increase in growth equal to that in the pre-neoliberal era as growth pre-1973 was measured at 4.8 percent while the economy from 1980 to 2007 was only growing at a rate of 3 percent (Chernomas & Hudson, 2017, p. 36).

Another feature of neoliberal capitalism in America was the redeployment of the welfare state, this is to say the function shifted from how the Keynesian welfare state operated to the new priorities of the neoliberal welfare state: this meant a shift in the priorities from providing for the good of citizens in need into punishment and welfare programs based around the needs of the market and by extension those in charge of large corporations (Wacquant, 2009, p. 6). An example of the redeployment of the Welfare State occurred through the transformation of the welfare and expansion of the prison systems. Loic Wacquant in his book *Punishing the Poor* examines these changes in the prison system as well as the welfare programs arguing that welfare programs which were originally intended for providing help to those in need have changed to become punitive in nature and the prison system expanded as a solution to deal with the poor (Wacquant, 2009). When thinking about this expansion of private sector involvement in public sector programs we can see how instead of government programs being run fully in the public sector those increasingly tasked with delivering the benefits to recipients are largely outsiders, often from the private sector (Hacker, 2004, p. 243). Another change that is different yet related is something Hacker calls “risk privatization” in which social policies only cover a shrinking portion of the of the potential calamity these programs are supposed to protect against (Hacker, 2004, p. 243-244).

Examining the evolution of the state into its neoliberal form would be incomplete without examining the changes to taxes which led to an even greater growth in income inequality and in turn to wealth inequality. The progressive gains of New Deal legislation did not simply collapse on their own but as a result of a resurgence of capital and its allies creating organizations like the Business Roundtable and other conservative organizations which worked to tear down everything that had been achieved by New Deal legislation rather than to build upon it (Cowie, 2017, p. 183). Labour in contrast have seen their taxes rise, with taxes on workers increased by more than 10 percent in the same period, making tax rates on labour exceed those on capital for the first time in the modern United States (Saez & Zucman, 2019, p. 93). This is not taking into account the amount of money that comes out of labour's income for health care which Emmanuel Saez and Gabriel Zucman contend constitutes a hidden tax on America's workers; workers on average contribute $13 000 towards private health insurance plans and this could be considered an 8 percent increase on the average worker's tax burden (Saez & Zucman, 2019, p. 93-94). A study by Thomas Volscho and Nathan Kelly examines what led to the rise of extreme income inequality from 1949 to 2008; one of the claims advanced by this study asserts the connection between progressive taxes and lower inequality (Volscho & Kelly, 2012, p. 694). Taxes on income and capital gains have a noticeable impact on the distribution of income even before taxes are taken into consideration (Volscho & Kelly, 2012, p. 694). They theorize this could be because those in the top income bracket choose to work less as more of their earnings are consumed by higher tax rates or when taxes are lower there is less incentive for hiding their true taxable earnings through legal or illegal methods (Volscho & Kelly, 2012, p. 694). Finally a strong case is made by Thomas Volscho and Nathan Kelly that when the top 1 percent of income earners are taxed at higher rates the concentration of income that is in the possession of the top one percent will decrease (Volscho & Kelly, 2012, p. 694). This is because government policy is not only effective in redistributing income after it has been distributed to labour and capital but government also has a number of ways to regulate the distribution of income before taxes and transfers have been taken into consideration (Hacker & Pierson, 2010, p. 169). This is because government policy shapes the form which the economy takes, modifying behavioral patterns of the different economic actors through the shaping the characteristics of the capitalist system (Hacker & Pierson, 2010, p. 169-170).

The United States devotes the least amount of its GDP to social expenditure compared to other rich nations outside of Australia and what this has meant for American society since 1996 is the constant lowering of aid to the poor, often through the cutting of welfare programs: individuals receiving benefits from the Temporary Aid for Needy Families (TANF) program went from 12.4 million people down to only 4.4 million people by 2010, while the cash benefits received from TANF "fell by about a third (in real terms)" from prior welfare programs between the years 1979 and 2006, while in contrast providing generously to the rich, often in the form of tax cuts (Koechlin, 2013, p. 14). These tax cuts have had an effect on inequality as a study on tax policy conducted on data from 1979 to 2007 found that tax policy played a part in increasing inequality even though it was not the highest contributor to rising inequality (Bargain, Dolls, Immervoll, Neumann, Peichl, Pestel, & Siegloch, 2013, p. 2). Neoliberalism has been labeled "deregulation of the state" but this misses the true purpose of neoliberalism, which is the changing of the makeup of the state by reducing the state's focus on providing a safety net and financial as well as social regulations and instead creating conditions which allow for maximum capital accumulation by those within the capitalist class (Aalbers, 2013, p. 1084). Neoliberal labour market policy has shifted income from workers to increased profit for companies: corporate profit has continued to rise as well as CEO compensation while most workers have seen their wages barely rise compared to their impact on production

(Chernomas et al., 2019, p. 39). During this period of increased productivity and lowered compensation for workers because of the sharp decline of organized labour allowing the transformation of jobs across multiple industries, the nature of these new jobs was largely part-time or temporary; the scope of this change was captured in a study showing that workers working "all forms of contingent jobs" made up a third of the US economy in 1997 (Kotz, 2015, p. 28-29). Then there is the wage gap which accompanies the rise in part-time work. This part time work or contingent work is found within every sector of the American economy and this is important because not only is the job security of contingent workers not as high as other non-contingent workers, but these workers could have less access to important job benefits like career advancement opportunities, benefits as well as legal protections which might only cover full time workers (Smith, 2008, p. 197-198). "The U.S Government Accountability Office (GAO)" considers part time or contingent workers to be: "workers who do not have standard full-time employment, and including independent contractors, temporary workers, subcontracted and leased workers, and part-time workers"(Smith, 2008, p. 198). The number of part-time workers has been growing in the United States and from 1995 to 2005 their numbers have increased by around 3 million workers to around 41.26 million workers in total, while the total number of contingent workers has been steady at around 31 percent of the total U.S workforce (Smith, 2008, p. 198). Furthermore these disproportionate wage gains have hit people especially hard after the Great Recession as, while growth in the economy has occurred, many people have not shared in the benefits generated; this is reflected in the number of Americans in debt which currently stands at 60 percent of Americans, these 60 percent of Americans also have no money saved (McAlevey, 2020, p. 235).

Businesses also changed in the neoliberal era, with the rise of new institutional investors in the 1970s. These investors signaled a clear shift in how stock trading was conducted - before investments were conducted through individual households (Lazonick & O'Sullivan, 2000, p. 16). Institutional investors were different in that they were large companies or collections of investors like pension funds and life insurance companies; this added to the pressure to create shareholder value centred around short-term gain rather than more stable long-term investments like bonds (Lazonick & O'Sullivan, 2000, p. 16). The response by regulators to this new financial movement was massive deregulation: not only was there significant deregulation in the banking sector but The Employee Retirement Income Security Act (1974) was amended in 1978 to enable pension funds and life insurance companies to make much more risky investments, when prior to this point by law they could only invest "in high-grade corporate and government securi-ties(Sic)." (Lazonick & O'Sullivan, 2000, p. 16). The regulatory changes which occurred in the decade prior set the stage for new strategies to increase capitalization: this was done through the hostile corporate takeover and the change in strategy from "retrain and reinvest" to "downsize and distribute" (Lazonick & O'Sullivan, 2000, p. 18). Hostile corporate takeovers were takeover bids that were "pursued without the acquiescence of target management"; the number of these bids was not small either, with nearly half of major corporations receiving such bids (Holmstrom & Kaplan, 2001, p. 125-126). Retrain and reinvest was a corporate strategy that emerged post World War 2; this strategy involved top executives being trained from within the company by working their way to the top; opportunities for promotion were a natural part of the post-war corporations and were a privilege afforded to the white collar labourers within any given company (Lazonick, 2017, p.

12). The shift towards downsize and distribute in the 1980s and 1990s is important because this signaled a clear shift in corporate governance: top managers would get rid of large portions of their labour force “in an attempt to increase the return on equity” (Lazonick & O'Sullivan, 2000, p. 18). This shift in philosophy on the value of labour was a problem for unions because with its structural and associational power already in decline its institutional power which came from legislation was declining and the willingness of capital to work with labour also changed in a negative manner. These changes in corporations were so important because they led directly to the permanent loss of well-paying blue collar jobs, hundreds of thousands during the 1980 to 1982 recession and 4.6 million jobs in the manufacturing sector “between 1983 and 1987”(Lazonick & O'Sullivan, 2000, p. 18-19). We can see that inequality both income and wealth inequality in the neoliberal era increased, but why did inequality suddenly increase over previous years? There are a number of ways to explain this.

Theories on Inequality

There are in fact several different approaches used by those who study inequality; these approaches fall into a number of distinct categories within the literature, four of which have been identified by Nico Wilterdink (2016) along with an additional approach found while studying the literature.

The first category is one most often used by economists and is based upon how the labour market changes; it takes into account technological advancement, globalization and changing demand for skilled vs unskilled labour (Wilterdink, 2016). Gary Burtless’ work on the effects of free trade on inequality in comparison to the impact of technological change argues that free trade agreements have a bigger impact than they have been given credit for (Burtless 1995). In "Globalization and the Rise of Labour Market Inequalities", Adrian Wood proposes the possibility that changing market demand due to globalization could be leading to a rising demand in developed countries for highly-skilled workers, which lessens demand for less-skilled workers, whose demand is shifted to developing countries, leading to widening economic inequality between skilled and lesser skilled workers (Wood, 1998). Another argument which combines labour market changes with changes to insitutions comes from Kollmeyer who argues there have been other factors which have influenced income inequality, with the deindustrialization and shift to a service-based economy seen as one of the big influences on rising income inequality (Kollmeyer, 2018, p. 8).

Second is an analysis which argues that capital ownership is responsible for inequality. This approach has been used by a number of scholars such as Thomas Piketty in *Capital in the Twenty First Century,* in which they try to demonstrate through their formula that "inequality will grow when the rate of return to capital exceeds the growth of national income, and this condition has been met since economic growth slowed down in the 1970s" (Piketty 2013). A second example comes from Bengtssonand and WaldEnström in "Capital Shares and Income Inequality: Evidence from the Long Run" who, building upon Piketty, make the case that income inequality is in part determined by comparing what capital takes from production vs labour (Bengtssonand & WaldEnström, 2018).

A third approach is studying changes within institutions and political changes that are considered responsible for the recent trend of growing inequality; this encompasses studying the decline of organized labour, privatization of the public sector and government policy (Wilterdink, 2016). There are many authors who use this approach: David Kotz uses social structure of accumulation theory in his book *Rise and Fall of Neoliberal Capitalism* to argue that each form of capitalism has a distinct set of institutions and ideas whose purpose is to promote profit-making and that end up resulting in crisis (Wilterdink 2016; Kotz 2015). Other such analysis comes from Jacob Hacker and Paul Pierson in "Winner-Take-All Politics: Public Policy, Political Organization, and the Precipitous Rise of Top Incomes in the United States" which makes the case that inequality in the United States has mostly been to the benefit of the rich and that this occurs because of the influence that government and economy have on each other (Hacker and Pierson 2010). Nathan Kelly and Christopher Witiko argue in "Federalism and American Inequality" that the federal and state level governments can influence inequality and that Power Resource Theory [PRT] has become useful for analyzing inequality in the United States post-1994 (Kelly and Witiko 2012). Also in "Institutional Changes and Rising Wage Inequality: Is There a Linkage" it is argued by Nicole M. Fortin and Thomas Lemieux that a third of the increase of wage inequality during the 1980s can be attributed to three institutional changes: economic deregulation, minimum wage falling below inflation and the decline of unionization, which had varying effects on inequality depending on gender (Fortin and Lemieux). Another interesting analysis comes in "Punishing the Poor The Neoliberal Government of Social Insecurity" by Loic Wacquant which examines the shift of prison and welfare laws in a more punitive direction which targets the poor (Wacquant 2009).

Fourth is the figurational power-interdependence model which examines power relations at both the national and international level (Wilterdink, 2016). This model analyzes how interdependence between different classes and groups affects inequality both within the nation state and within the international system (Wilterdink, 2016). Within each of the respective layers studied there are multiple groups connected in which changes to laws can shift the power dynamic and change how the interdependences function, shifting power either upward or downward (Wilterdink, 2016). To elaborate further, neoliberal globalization has enabled businesses to move their operations to the countries with the lowest labour cost and coupled with global financial markets have taken power away from labour unions and national governments as the dependence of businesses is no longer on any singular nation state (Wilterdink, 2016).

In addition to the categorization system created by Wilterdink another type of scholarship emerged to explain rising inequality and this was financialization; this has become an area of interest to a wide variety of scholars since the late 1990s to explain increasing inequality (Zwan, 2014). In “Crisis in Neoliberalism or Crisis of Neoliberalism?” by Alfredo Saad-Filho, financialization is defined as the spread of finance from the finance sector to sectors where finance is only a secondary method of capital accumulation like industrial capital (Saad-Filho, 2019, p. 243). This has been found to have relevant connections to the increasing of inequality and the decline of labour as financialization has been observed to have severely affected labour by chasing increased profit for shareholders and top management at the expense of their labour force ; this has meant an increase to corporate downsizing even in periods where corporate profits were rising as was observed in the late 1990s (Lazonick & O’Sullivan, 2000). In “Financialization, income distribution and the crisis” Engelbert Stockhammer attributes the creation of financialization to multiple steps taken by governments that would increase the liquidity of capital through the deregulation of fiscal markets (Stockhammer, 2013).

From Wilterdink's method of categorization I see the most merit from capital ownership and institutional analysis of inequality. When examining the relationship between capital and labour it is important to examine how capital uses its control over the means of production to affect organized labour's ability to improve its material situation. This is because the more control capital exerts over the means of production the more difficult it is for labour to deal with increased inequality. Why focus on institutional accounts? That is because power is focused within institutions whether it be political, corporate or labour - institutions let us understand the drivers of inequality. Legislative changes have the power to shape and influence the relationship between citizens and the economy by setting up rules and regulations which set the boundaries for what is acceptable within the workplace, for instance minimum wages, taxes which affect capital and labour, unemployment insurance . Then there are other institutions which affect the balance , the evolution of the corporation from local to state to national to multi-national, combined with the increased hostility towards any form of organized labour and increasing exploitation of the worker. Corporations have also been an important force in the creation of legislation and blocking of legislation. Labour organizations play an important role in making sure the voice of the workers is heard within companies and in the political process. It is in that clash between organized labour and capital where we see inequality increase or decrease. To contextualize these changes to wealth and income inequality is to point out reasons for why these radical shifts happened. When labour was on the rise we saw legislation being passed and institutions being changed to deal with issues that were plaguing the working class in terms of income, benefits and working conditions. While when organized labour grew weaker we saw the pendulum swing the other way and legislation was either passed when it came to helping the needs of capital or blocked when trying to address problems faced by the working class. Capitalists increased their exploitation of the working class and their grip over the means of production Therefore it would be negligent to leave out the impact that organized labour can have on inequality and so we will explore the labour movement through its rise and fall to understand the impact it has had on both increasing and decreasing inequality. This also makes power resource theory ideal because it examines the power that exists within class forces and how they pool those resources together to create change. Capital and organized labour both have power, which can rise or fall depending on the social and political context, we saw that power shifted over the 20th and 21st century capital had the advantage in their power resources until the Great Depression changed the status quo, there conflict which followed for decades between labour and capital which led to the eventual rise of capital from the 1970s onward. This is to point out that there and have always been power resources and by making the connections between organized labour, capital and politics we are able to better understand changes to inequality.

<u>The Rise and Fall of Organized Labour</u>

The Formation of Organized Labour and Its Rise

In order to understand how organized labour became a force in the post-war period but eventually declined there are a number of variables which must be explored: first, the conditions which allowed organized labour to thrive in the United States. Second, we must identify the nature of the unionism of the American labour movement. Third, this section will show that an aggressive labour movement was responsible for much of the gains politically and within the workplace witnessed from the 1930s and onward. Fourth, we must identify the role which organized labour played in its decline. Finally, what external factors led to the decline of organized labour that were not present or were less pervasive than in other periods. For the purpose of this thesis, the post-war period is considered to encompass the years from 1945 to the middle of the 1970's because it was during this time that pro-labour legislation was enacted and unions had their greatest power and influence. After this a new period occurs where the balance of power shifts away from unions and the workers who benefited from strong unions.

The most important period for organized labour in the United States was from the early 1930s into the early post-war era; this is because many of labour's legal rights were won during these years, rights that would be one of many factors in creating the foundations of unions' ability to bargain collectively for decades to come. These rights would contribute to the institutional power of organized labour by further legalizing unions and an institutionalized bargaining process. In the decades prior it had been the different levels of government which would intervene on behalf of management when struggles occurred between management and labour (Kotz, 2015, p. 183). Labour unions did exist in the late 19th century but there were few members within the working class who were actively a part of these unions and if workers tried to disrupt operations in an attempt to bargain they could be replaced on the spot, less skilled labourers of course being more easily replaced (Naidu & Yuchtman, p. 2016, p. 11). Often this would lead to violent action on the part of striking workers to keep replacements from taking their jobs and would in turn be further escalated by employers who would reply with violence of their own (Naidu & Yuchtman, p. 2016, p. 15-16). The power resources available to unions at the time were still low compared to the industrial capitalists of the time and only after significant societal and political changes would workers gain the power required to challenge the employers in the factories. European workers had developed a sense of class consciousness much earlier than their American counterparts because of the different historical events which allowed for the development of class solidarity (Davis, 1987). The rise of second generation workers born from the "new immigrants" who in the decades prior (1900-1920) had attempted mobilization, paired with the mistreatment occurring within the industrial factories and worsening conditions arising from the Depression led more workers to break down the traditional barriers between each, allowing for the creation of class solidarity to develop (Davis, 1987). Unions after World War I had gained an increased share of the nonagricultural workforce at 20 percent but going into the 1920s and up to the New Deal this percentage had fallen to 10 percent, from five million American workers in 1919 to under three million by 1933 (Domhoff & Webber, 2011, p. 75).

In the United States the establishment of workers' rights was a slow process. Before 1932 what could be collectively bargained was defined by the courts, helping to ensure the power of employers (Taplin, 1990, p. 253). Just over a decade earlier the National Guard had been called in, Delaware, Pennsylvania and Indiana, to crush a steelworkers' strike (Kotz, 2015, p. 192). We can begin to see a shift in attitudes towards organized labour in the 1930s by politicians although there were still numerous clashes between organized labour and political leaders in the 1930s and 1940s.

There are a number of pieces of legislation that shape the context in which the American organized labour movement was formed and help to explain its reliance on the business unionism model in dealings with capital. Business unionism which involved a focus on contracts and the creation of a legal framework for collective bargaining and the contracts at the same time regulated the use of self-help tactics like walk-outs (Taplin, 1990, p. 257). Two such laws that emerged out of the Great Depression were the Norris-La Guardia Act and the National Labour Relations Act.

The 1932 Norris-La Guardia Act did two things for organized labour: outlawed yellow-dog contracts and made union leaders not responsible for acts against the law carried out by other members within the union (Taplin, 1990, p. 254). It also prevented employers from making workers choose between being in a union or being hired, along with limiting the use of labour injunctions (Domhoff, and Webber 2011 77).

The National Labour Relations Act (NLRA), also known as the Wagner Act, passed in 1935, was an important first step for giving legal rights to workers within the private sector. This bill established the legal right to organize unions and to collectively bargain for most workers within the private sector (Bronfenbrenner, 2003, p. 34). Additionally, to ensure that the provisions of the Act were followed, the National Labour Relations Board (NLRB) was created to require corporations to bargain in good faith but, significantly, was not created as an authority to force affected parties to the bargaining table (Taplin, 1990, p. 255). This bill set the stage for unions to increase their institutional power in the workplace because it established and legitimized a system of bargaining to which capitalists were willing to adhere for decades, giving unions legitimacy in the workplace. Known union-buster Martin Jay Levitt mentions a number of things the NLRA did over the 12-year period before its amendment which made it a powerful tool for organized labour: the Act made it illegal for management to spy, intimidate or incite violence on union activists or for management - created labour organizations to exist within the company (Mcalevey, 2020, p. 60). These had been key tools of anti-union management. For example, Henry Ford used many aggressive anti-union measures, including a large number of workers to violently put down worker unrest and 1,000 workers whose job it was to spy on the floor workers in order to root out anyone trying to organize (Farber, Herbst, Kuziemko, & Naid, 2018, p. 126). The outcomes from the NLRA established a more solid legal foundation for the organized labour movement in the United States, and while this Act might have become outdated in the decades to come, it could have been built upon if the initial momentum for the politics of the New Deal had continued to carry over into the 1940s and beyond.

Not every piece of legislation in the post-war period was a win for labour as one of the biggest blows to organized labour came in the form of the 1947 Taft-Hartley Act (Taplin 1992 p. 257). Taft-Hartley, also known as the Labour-Management Relations Act, was an amendment to the NLRA passed in 1947 which disallowed wildcat strikes, boycotts as well as sympathy strikes and allowed employers to campaign against unions during paid work time (McAlevey, 2020, p. 58-59). A few of the key sections of the Act which harmed unionization efforts were: the removal of the protection of the NLRA for an estimated ten percent of the total U.S labour force, enabled employers to file election petitions before union organizers had solidified worker support, a “free speech provision” which allowed the company to make any anti-union statement it saw fit and finally section 8(b) which instituted limitations on union tactics prior to the election which were not included in the Wagner Act (Abraham, 1994). Another provision in Taft-Hartley enabled states to enact right-to-work legislation, which hamstrung unions from collecting mandatory dues from workers that would normally automatically fall under the authority of the workplace's union (VanHeuvelen, 2019, p. 7) The Taft-Hartley Act also limited the overall bargaining power of unions, such as by disallowing the ability of unions to refuse to collective bargain and to renegotiate collectively bargained agreements and reducing the scope of legal strikes (Abraham, 1994). Taft-Hartley also enabled management to fire identified union organizers whether they were highly productive or not as well as enacting a number of different methods to impede unionization efforts (McAlevey, 2020, p. 60). This Act directly attacked union power, by limiting what falls within the scope of legal collective bargaining and what tactics can be used to organize new labour unions (Fletcher and Gapasin 2008 p. 27). This led to employers believing that they could reap certain benefits from bargaining according to the regulations set out in the Taft-Hartley Act (Taplin 1992 p. 257). On a macro scale Taft-Hartley was important because it helped to shape the institutionalized labour process through a specific bargaining model in which employees could bargain for better wages and benefits but only by agreeing to this model of contractualism; they gave up their rights to help to create their own working conditions on the floor (Taplin, 1990, p. 257-258). Contractualism referred to a set of rules and regulations that were set out in law which governed the relationship between organized labour and employers within the collective bargaining process (Taplin, 1990, p. 257-258). These laws allowed for workers to increase the power of being part of a union, unions were now protected in some capacity and legitimized -

because of this they earned more power at the expense of capitalists. This meant a boost in associational power because of how much easier it was for unionization efforts to succeed compared to decades past. Taft-Hartley on the other hand reduced the structural power of unions while at the same time increasing the institutional power of unions for a period of time because through Taft-Hartley the power of employers was solidified in the workplace.

Organized labour in the United States made its biggest strides towards becoming a force to be reckoned with beginning in the 1930s, during the Great Depression. We can see the formation of two of the biggest union umbrella organizations: the more conservative American Federation of Labour (AFL) and the Congress of Industrial Organizations (CIO) which was more radical at the beginning. These organizations were able to contribute financial resources which would allow for greater organizational efforts in the organized labour movement which allowed for an increase of the power resources of labour in their battle against capital in the workplace and against capital in the political arena. The AFL was formed in 1886 as an "organizational umbrella" for a number of different craft unions (Ian Taplin, 1990, p. 253) . It focused on skilled workers and had a rule of one union per craft (Bellace, 2014, p. 5). The AFL wished to stay away from partisan politics because its leaders believed that only by being nonpartisan could unions have independence (Hattam, 2014, p. 4). However in decades preceding the Great Depression, 1890 to 1920, the AFL, although more conservative than certain other labour organizations of the time, fought as hard or in some cases harder when fighting for better pay and benefits (Kimeldorf & Stepan-Norris, 1992, p. 506). The CIO arose because of a fundamental disagreement between John Lewis and other leaders of the AFL who wanted to focus on high skilled workers while Lewis wanted to organize "low skill" workers in industries such as steel and the auto industry who had no representation (Gross, 2005, p. 85-86). The original CIO was formed during Lewis's time in the AFL as the C ommittee for Industrial Organization from a number of unions under the AFL who would all later break away because of their disagreement on the direction the organized labour movement should follow (Gross, 2005, p. 86-87). The CIO in its early years was committed to bringing semi and unskilled workers into its organizations and to have one union per industry (Bellance, 2014, p. 5)

The two main umbrella organizations for American unions of the 30s and 40s were the AFL and CIO; the AFL was the more conservative organizational umbrella at the time in comparison to the CIO which started out with a more radical ideology. One example of their difference can be seen in the CIO's willingness to threaten strikes on defence projects in 1941 during World War II even after both the AFL and CIO agreed on a no-strike pledge during the War, while the AFL was against violating the agreement to get better contracts (Lichtenstein, 2003). What should be remembered is that during this period before the merger of the AFL and CIO there was a marked difference between the two main labour organizations in the United States which took different approaches to accomplish the goals of organized labour. This marked difference changed definitively in 1955 when the AFL and CIO merged creating the AFL-CIO (Bellance, 2014, p. 5).

Why Unions were Successful in the Post-war Period

One of the main reasons for union success in the post-war period was their aggression in taking strike action when employers refused to bargain in good faith with their representatives. What was important was that the militancy of that time was not limited to one group of organized labour. It was not just steel or manufacturing. Worker solidarity during this period made up for the disparity in resources allowing them to increase their power resources within the workplace in order to bargain for better wages, benefits or conditions. This was nowhere more evident than in the coal industry, which by the 1930s and 1940s was an important industry for not only the US economy, but the frontline for industrial unionism in the South and the rest of the country (Goldfield, 2020, p. 35). This is because not only were coal workers some of the most fearless workers in resisting police forces to fight for better wages or conditions, they also saw the bigger picture by lending aid to workers in other industries who were fighting for progress (Goldfield, 2020, p. 67). Coal were within the vanguard but this was with the support of workers within other important industries including dock workers and railway men making up what was known as the “triple alliance”, they become much more of a force because they could shut down production as well as distribution of American energy production (Mitchell, 2009, p. 405). While this did not always work it did made them a credible threat to those within the capitalist class and leading to at least one massacre of striking coal workers in Colorado 1914 (Mitchell, 2009, p. 405). This was effective in both the 30s and 40s as well as the 60s and 70s, when unions created a crisis through militant action which politicians could not ignore, leading to positive results for unionized workers. Unions were able to understand the value of their work to the economy and turn their structural power into material gains.

We have seen what an aggressive labour movement looks like within the United States: during the 14-year span of 1933-1947 numerous strikes by organized labour occurred (Holt, 2007, p. 108-109). This was not the only time organized labour employed a massive number of strikes to achieve organized labour's goals however as we can see in this graph, the early 1930s was the beginning of heightened strike activity which had massively decreased since 1920.

Figure. Annual Number of Strikes and Workers Involved, 1900 — 79.[5]

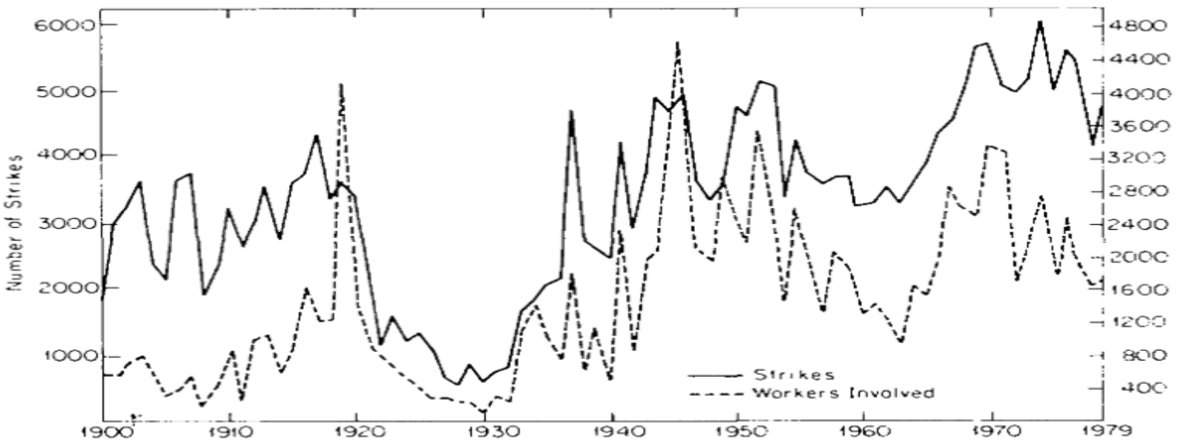

Figure 4 (Kaufman, 1982, p. 475)

Strike action that began in the 1930s forced Congress out of fear of radical social change to pass multiple pieces of pro-organized labour legislation with one of the earliest successes being The National Labour Relations Act(1935), recognizing the right to form unions and minimum wage laws while in the workplace workers won many times in bargaining for collective agreements for years to come (Holt, 2007, p. 109-110). High numbers of strikes continued to happen, with notable periods of high-strike activity occurring in the early 1950s, latter half of the 1960s and a few years in the 1970s before continued decline from the late 1970s to 2013. Figure 5 covers similar data all from the Bureau of Labour Statistics but the first data point occurs in 1947 and covers strike activity up until 2013 rather than the end point of figure 4 which is 1979 and the scale is different because in figure 5 work stoppages are only charted at 1000 or more workers, while figure 4 does not have such a set threshold and charts strikes below 1000 workers as well as above 1000 workers (Kaufman, 1982, p. 486).

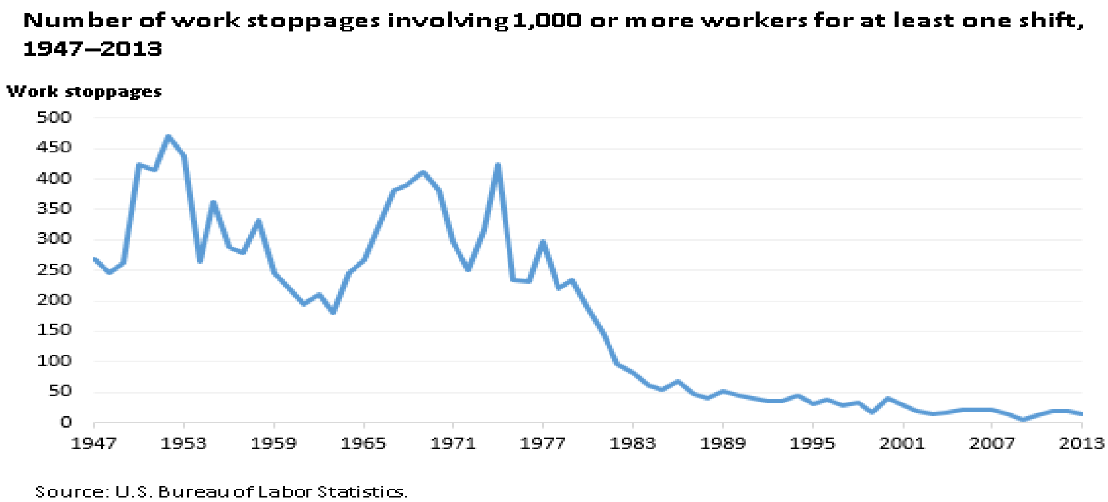

Figure 5

Unions were able to correctly understand how important their labour was to the country and not just to the capitalists but to the politicians as well, increasing their power and then using it strategically to get better pro labour legislation passed. Aggressive strike action could not be attributed to one union in this period. Action occurred through many different unions. In 1937 for instance many strikes came from unions that had fought against joining the CIO (Lichtenstein, 2003, p. 46). Unions during this period built up a base within the most important parts of the economy and this created situations whereby coordinated strike action could hurt businesses enough to force them into more favourable terms for union workers. John Lewis, the leader of the CIO, as well as Sidney Hillman of the Amalgamated Clothing Workers of America chose to put socialists and communists in the forefront of union recruitment efforts among other pragmatist union leaders; Lewis during this period also was looking to expand the union movement to include some forms of representation for women and people of colour

(Fletcher Jr and Gapasin 20-21). The CIO would organize labour unions by having members take jobs within factories so they could combat tactics used by management that would impede progress towards unionization and after accumulating experience in what worked and what didn't they would teach others what tactics were highly effective in forming unions (McAlevey, 2020, p. 50-51). Part of the strategy for union expansion in the 1930s was expansion in steel and automobile industries, while the other was to contribute to political campaigns that would help their fortunes. There were three races targeted: Franklin Roosevelt's reelection and pro-labour governors in Pennsylvania and Michigan (McAlevey, 2020, p. 52). The strike wave that occurred in 1941 also happened in part because of the massive organizational outreach made by the CIO in bringing industrial workers into unions, with 70 percent of strikes that happened that year being under the leadership of CIO-led unions (Lichtenstein, 200, p.3 46). One strike in April 1941 led by the United Auto Workers against Ford Motor Company convinced many other major unionized corporations that they needed to take the threat of the CIO seriously and led to a 10-cent wage increase that had been resisted by Ford, General Motors and others the winter before (Lichtenstein, 2003, p. 47). Union expansion in the 1950s was not nearly as dynamic as the 1930s and 1940s because of the leftist purges that occurred after World War II in the context of anti-Communist sentiment arising from the Cold War; however important organization campaigns occurred in the agriculture industry spearheaded by Cesar Chavez (Fletcher & Gapasin, 2008 p. 32). The main tactic used in this campaign was an international boycott organized "by Mexican and Filippo farmworkers" (Fletcher & Gapasin, 2008 32). The 1960s were a time of unrest within the labour movement during which black trade unionists began to challenge the status quo in order to revitalize unionization, with a focus on bringing in

African American workers who had been either ignored or discriminated against (Fletcher & Gapasin, 2008, p. 34-35).

It is during the 1970s we begin to see a decline in unionization. However while organized labour had been in decline since the late 1970s, that decline became more significant from the early 1980s onward and it was during this period of time when certain trends began to develop: one such trend was the falling number of workers in unions. There was a decline from 26.7 percent of workers who are unionized in 1973 to 13.1 percent in 2011 (Mishel, 2012, p. 2).

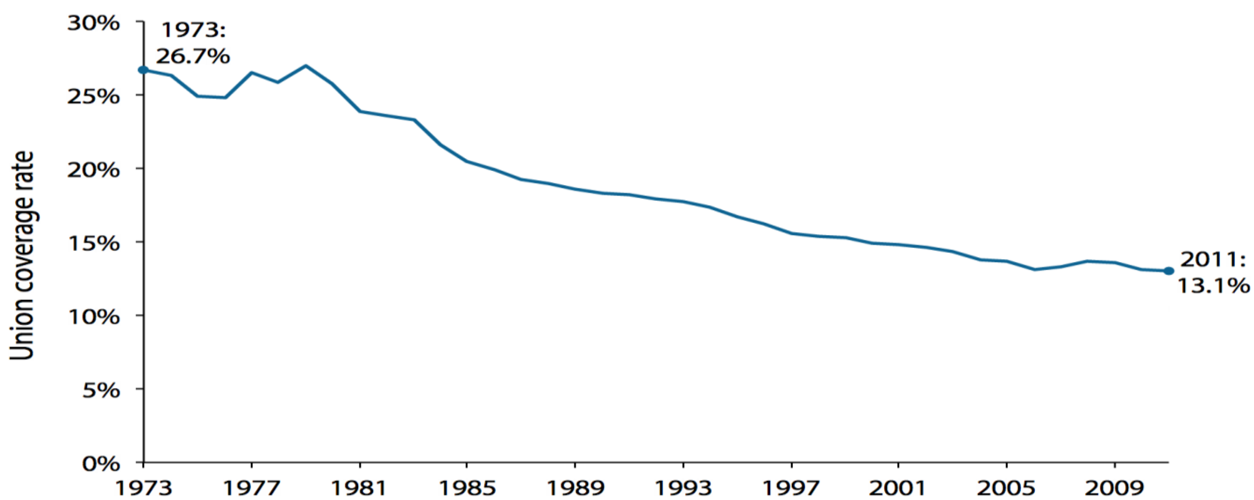

Figure 6 (Mishel, 2012, p. 2)

What is astonishing about the current rate of unionization in the US is that it is comparable to those unionization rates seen during the Gilded Age, coupled with economic inequality that has risen higher than previous decades (Andrias, 2016, p. 5). This was very important because the structural power of unions had already been in decline through the changing structure of the economy from an industrial economy to a post-industrial economy focused more on sectors like retail. The overall drop in the number of unionized workers left organized labour in an even worse situation because associational power was the other main pillar of organized labour's power. With associational power in decline it can only mean that organized labour's position in relation to corporations will continue to fall. This makes it so important to understand how unionism, business unionism in particular, could decline so much in what could be seen as a time when unions are needed most.

Reasons for Union Decline

Why has organized labour been in decline? There are a number of reasons. Though the decline of organized labour became noticeable in the 1980s it began decades earlier. The decline of organized labour was in part an internal problem through the accumulation of a number of strategic errors on the part of the labour movement that included exclusion of workers based on race or sex, pressure from outside forces, along with strategies endorsed by union leadership, its membership or both.

There are two important forms of unionism specific to the context within the United States: one of these is business unionism. Business unionism is a more corporate form of unionism where unionists regard capital as partners and bargaining is to be conducted within the framework of labour law. This form of unionism was dominant within the United States and its ideology changed the way unions saw themselves because of a deliberate policy from the top, their relationship with capital and the role and purpose of those who oversaw the union and the members who made up the union (Moody, 1988).

Another kind of unionism which is marginalized in the US is social unionism. Social unionism is a more activist-oriented form of unionism that would take harder stances against capital compared to business unionism, which saw the role of unions as more of a partner with capitalist enterprise not in direct conflict with capitalists; equally important, business unionism was leadership from above while social unionism envisioned a more democratic union process involving more of the membership (Moody, 1988). Social unionism has also been identified by a number of different scholars as a more effective form of unionism, that is capable of combating the neoliberal turn of the state (Ross, 2007, p. 17). Social unionism could also be categorized in a number different ways, since there are different interpretations of what social unionism is depending on what scholar is using the term (Ross, 2007, p. 17).

We will start by examining the two different approaches of unionism in the United States. Earlier we outlined what business unionism is and how it differs from social unionism. Now it is important to outline how business unionism contributed to the decline of organized labour. The legal framework which emerged in the post-war period not only enshrined the rights of unions but legitimized a certain form of unionism which was very much controlled from the top (Taplin, 1990, p. 258). This was because industrial relations were shaped by Taft-Hartley and the NLRA, bureaucratizing the labour process by creating a system of collective bargaining in which management was in control by way of interpretations of current labour law from the judiciary (Taplin, 1990, p. 258). Additionally important in legitimizing business unionism was the fact that the union was responsible for getting its membership to adhere to the terms which were negotiated (Taplin, 1990, p. 258). Business unionism was able to consolidate control over decision-making to those at the very top in part because of social and political changes within society but how would it keep the rank and file in check in giving up their ability to affect the decisions made by the union? For the leaders of unions to keep a firm grip on power they required a focus on an ever growing economy and productivity increases which would in turn allow them to deliver continued growth of wages and benefits for their members from employers and keep the status quo which had developed in the post war period (Taplin, 1990, p. 258-259). Overall it was not just how the union was structured but how it conditioned its members to envision what an ideal union leader should look like and how they needed to act (Fletcher & Gapasin, 2008, p. 57). Furthermore while business unionism helped gain organized labour a place at the table politically, by the 1960s this moderation had led to turning what could have been a potent class-conscious movement representing the interests of workers across the United States into just another lobbying voice that only represented certain segments of the population (Noble, 1997, p. 84). What was problematic about it though was that it weakened organized labour's resources because while it earned them some intuitional power among capitalists and within the political system it in turn led to defeat down the road since the leaders of the biggest business unions ended up surrendering power within the workplace.

Business unionism as the driving philosophy of the American organized labour movement led to great success for the movement and led to a number of achievements in terms of targeting industry important to the US economy at the time. However they made huge mistakes by excluding two important working demographics: African Americans and women, from the union movement. This was a potential moment in history where organized labour could have greatly increased its associational resources in a way that could have led to the balance of power greatly shifting between capital and organized labour. However the refusal to organize African Americans and women in any meaningful way was detrimental to this. At first, both before and after the War, African Americans who were gaining jobs in union industries were often excluded from unions with some exceptions due to racism, which starved them of an ally against business owners (Moody, 1988). While business unionism started out working for the labour movement later, when the political and economic conditions changed, the short comings of this form of unionism became apparent.

While some of the major unions might not have been firmly against the welcoming of African Americans into the union workforce they did nothing to support them either. The AFL for instance did not stand up against racial and ethnic cleansing within industries in which they had influence, such as the skilled trades and the development of the railroads (Fletcher & Gapasin, 2008, p. 12). In addition, the AFL welcomed a number of white supremacist unions that had strict policy excluding African Americans from membership and even though this started only being a problem in a few unions it later expanded into dominating how the AFL recruited workers (Fletcher & Gapasin, 2008, p. 12). Workers of colour were for the most part either not accepted into AFL-affiliated unions or were segregated into organizations within unions that were treated much worse than white members within the main union along with being denied from well-paying ladder jobs (Fletcher & Gapasin, 2008, p. 12; Noble, 1997, p. 86). This continued even into the 1960s and the civil rights movement, although union leaders started to advocate the passage of civil rights legislation that did not stop the continued discrimination against black workers (Noble, 1997, p. 86). This discrimination occurred in spite of the need for a large demographic of the workforce who were also located in key parts of the country that would be needed to establish a national labour movement. In 1900, 87 percent of the black population of the US lived in the South; it was not before 1910 to 1920 that the number of black people in the northern part of the country begins to increase (Moody, 63, p. 2007). After World War II 10 percent of black Americans migrated to the north of the country from the South looking for employment, however even with increasing numbers of black Americans entering union jobs in industries like auto-making or steel they had to fight to have any kind of voice in union affairs (Moody, 2007, p. 66).

Women were another faction within the labour movement which was kept at a distance or discriminated against. Women were another opportunity to boost to the associational power of labour: not only would organized labour have received a boost for its power in the workplace but they could have expanded unions' power into occupations in which they had little to no presence. Women, with only a few exceptions like the International Garment Workers Union or the Hotel Employees and Restaurant Employees Workers Union, were not even considered to join the male-dominated union movement (Fletcher & Gapasin, 2008, p. 12). This became important around the post-war period, when women began to enter the workforce in significant numbers: data show a continued upward trend over the post-war decades with women in 1940 making up 25 percent of the civilian workforce, while in the 1950s it rose to 29 percent, 1960s 32 percent and the 1970s where women made up 38 percent (Moody 2007 65). Milkman noted in 1985 that in some ways the organized labour movement had begun to bring more women and African Americans into the labour movement than in previous decades, but that they have not been brought in as contributing members, in ways which draw on their experience; women in particular are in mostly "female" occupations and while more of them have been brought into the labour movement, approaches which women use are ignored in favour of the approaches developed by men alone (Clawson & Clawson, 1999, p. 98-99).

Corporations were not the only ones who damaged the labour movement: in fact, leaders of organized labour also share in the blame. During the Cold War there was a great deal of outside pressure put on labour unions in the United States to get rid of Communists, socialists and other leftists because of the hostility towards the USSR and fear of its Communist ideology. During 1949 to 1950, Communists and socialists were purged from union ranks by the CIO, thereby removing the most militant part of the United States labour movement (Fletcher & Gapasin, 2008, p. 27-28). In addition to these members being the most militant within the labour movement, research conducted by Judith Stepan-Norris and Maurice Zeitlin found unions established by leftists were also more democratic than unions built by more conservative unionists, allowing the multiple factions of the rank and file to have the ability to help shape union policy (Fletcher & Gapasin, 2008, p. 24). The number of union members expelled by the CIO was said to be one million across 11 unions under the control of the CIO in 1950. They were expelled for being thought to too-closely follow the Soviet Union line ideologically; this led to recruitment grinding to a halt and drifting away from the left (Gross, 2005).

The impact of the more radical aspect of the labour movement was stated well by Micah Uetricht and Barry Eidlin:

> First, their left ideology infused their union activity with a militancy and dynamism in the workplace and their unions. Second, they were labor's most seasoned, dedicated organizers. Third, they served as a link between workplace and community struggles. Fourth, they were closely involved in the day-to-day activities of their unions. Fifth, they connected their unions' rank and file to leadership, both keeping members informed and involved, and holding leaders accountable (Uetricht & Eidlin, 2019, p. 40).

Organized labour was looking to appease the hegemonic forces within American society but what this meant was the radical component of labour was lost. Radical unions had played a huge part in the rise in associational power of organized labour. By taking the route of purging their ranks they were weakening the labour movement not only by giving up part of their ability to organize unions but also by losing associational power that was an important resource in the fight against capitalists in the workplace and in the fight for more equalizing social and economic policy.

Beyond issues of racism and sexism which plagued the American organized labour movement there were other problems which arose in how union leadership saw the future expansion of the movement and how it needed to deal with threats in the legislature at the federal and state levels as well as new challenges by corporations. There were certain forays into the South by organized labour but overall there was the lack of a plan to organize workers in the South, which would later weaken the position of organized labour under threat of plant closures in the north (Moody, 1988; Moody, 2007). This weakness became something that would help restore corporate power in the workplace and the political arena which had been jeopardized by the organized labour movement in the 1930s and 1940s (Friedman, 2008, p. 325). The leaders of the AFL and CIO did not understand exactly how important the South would become when capital decided to go on the offensive and break the hold unions had on industries.

The AFL-CIO did make some halfhearted attempts to organize the South but the South also had a high concentration of African Americans who had not forgotten the hostility unions had towards them. If labour had managed to organize the South it would have led to a major shift in the balance between labour and capital's power resources both in the short term as well as in the long term because the South was one part of the country where unions did not have the density comparable to other parts of the country. Their presence in the South would have forced businesses to negotiate fairer deals with organized labour or risk crippling action by unions rather than being able to locate in areas of the country where they could dictate terms for not just workers in the South but also in other areas of the country. Operation Dixie was the unofficial name of unions' attempt to bring southern workers into the unionization movement in the 1940s (Goldfield, 2020, p. 288). It was operated by union leaders in the South but had only lasted about a year when in 1947 it ran into resistance from southern employers and was ended with only 350 000 dollars invested (Goldfield, 2020, p. 296). On the other hand the CIO pledged a million dollars for its southern campaign, well short of the 1.8 million dollars per year Phillip Murray told the Executive Board of the CIO would be needed (Goldfield, 2020, p. 297). While on the surface it appears that a great deal of financial resources were spent on this campaign, the real money that went into Operation Dixie was far less than money spent on single-industry campaigns that occurred in 1936 and 1937 and where the primary funding for both of these campaigns mostly came from "the treasuries of a single union (steel by the UMWA; textiles by the ACWA)" (Goldfield, 2020, p. 329-330). Operation Dixie could be considered one of the poster children for the ineptitude, lack of understanding and discriminatory attitude of the CIO that explain why organizational attempts failed in the South (Goldfield, 2020, p. 288). However, somewhat mirroring the organized labour movement in general, there were some early successes for Operation Dixie in industries such as woodworking, tobacco, transportation such as taxi and bus drivers and over a number of different southern states like Alabama, Louisiana and Mississippi. The success enjoyed by the CIO ended very quickly as within the textile industry, central to their unionization strategy in the South, the CIO failed to gain traction by either failing to win the elections or being unable to gain the support required to force a unionization vote (Goldfield, 2020, p. 301-302). Operation Dixie attempted to organize textile workers, who would be the spearhead of a Southern labour movement, it was unable to make progress in the rural areas where textile workers were most concentrated; furthermore hardly any new members had been brought into unions and most importantly any gains that had been made during World War II were not carried over into the post-war period because of the failure of their strategy (Goldfield, 2020, p. 301). This became a factor that business would exploit in order to regain power and agency to control costs, which often came in the form of cheap non-unionized labour (Friedman, 2008, p. 325). This led to other problems for union strongholds in the north, since the emergence of a non-unionized workforce in the South meant that unionized workers in the North had to at times compete with lower wages paid in the South as well as a smaller part of the labour force being unionized (Friedman, 2008, p. 325). The effort at mass unionization of the South failed, thereby leading to the continued existence of areas in the US in which businesses could exploit their workforces. In the end the Southern strategy implemented by the AFL and CIO failed miserably and in turn opened up a front for businesses to exploit by allowing for business an area of the country they could move production to and in turn limit the power workers could exercise in the workplace.

One of the final nails in the coffin for building up the power of the organized labour movement was the refusal by union leadership to allow rank and file militancy in the face of increasing business hostility. There are many examples of this that can be considered in unions spanning many different industries: one of the most extreme was that of UAW leadership breaking up a wildcat strike in 1973; this strike at a Chrysler plant was organized by its own workers, while the union leadership gathered about 1,000 union officials to help force the workers back to work (Moody, 2007, p. 107-108). The concessions that unions began to make were numerous: firstly, two-tier bargaining, which usually led to short-term preservation of benefits for older workers and in many cases their replacement with cheaper new workers who were entitled only to reduced wages, benefits and sometimes hours, thereby leading to future workers having it worse than the generation before (Davis, 1986, p. 151). Not only did this hurt future union workers, it did not help selling the benefit of unions to those workers who were not in unions (Rose & Chaison, 2001, p. 37). This limited the potency of the movement: if worker militancy was an important part of organized labour's power resources in the workplace during the post-war period, this surrender by the leaders of organized labour in the 1970s would lead to a seismic shift in the balance of power between workers and capitalists not seen since the 1930s.

Second, in the 1970s and 1980s, the strategies of many major unions to deal with a string of losses in benefits and wages along with job losses was to try to compete with or amalgamate with other unions, whether or not those mergers made strategic sense, instead of trying to organize workers outside the union, which had been part of the front-line defence against industrial capitalists (Moody, 2007). There are many examples of mergers that were intended to bolster the strength of a union but failed to provide better results against corporations as Kim Moody states:

> The United Auto Workers (UAW) with by far the largest strike fund of any union in the United States (almost a billion dollars in the early 1990s and about three- quarters of a billion now) could not beat Caterpillar in 1993-94. The 1967 merger of "Mine-Mill" into the heavily endowed Steelworkers did not stop Phelps Dodge from destroying USWA Local 616 in 1983. The absorption of the United Packinghouse Workers (already merged with the Amalgamated Meat Cutters) into what became the United Food and Commercial Workers did not help Local P-9 in its fight with Hormel in 1985-86 or, indeed, stop the general collapse of pattern bargaining and wage levels in meatpacking. In an all too similar scenario, the merger of the Allied Industrial Workers into the United Paper Workers in 1993 pulled the rug on the strike of workers at A. E. Staley. The Rubber Workers entry into the Steelworkers did not bring victory at Bridgestone/Firestone in 1994 (Moody, 2002, p. 43).

The reasoning behind union mergers was one bigger union rather than two smaller unions will have more available resources both financial, money, better facilities, the ability to run better campaigns and in terms of power resources in negotiations and with politicians (Moody, 2002, p. 42). Therefore a merger to make sense and have a chance of succeeding it needs to be able to challenge the imbalance of power within an industry or address the needs of both unions that are making the merger, which in the examples above they did not (Moody, 2002, p. 45). The AFL-CIO merger did not completely work out: while it brought many unions under a united American labour union umbrella organization, they both represented different industries, with the CIO mostly focused in manufacturing, which by the 1970s was contracting; the AFL was concentrated in a number of regional bond industries like construction and transportation (Milkman, 2020, p. 285). In practice, this meant that while the CIO was more affected than the AFL, it did not change its organizational tactics which it had been using since the New Deal even with the environment changing around it (Milkman, 2020, p. 286). This shows the lack of foresight of part of the movement to merge: they merged and increased the overall number of workers under the AFL-CIO umbrella but their strategies were the same even though this did not fit for some of the local unions that were now controlled by AFL-CIO leadership. Even within unions in the same industries like teaching or steel there can be different philosophies in how unions are structured, making them incompatible (Moody, 2002, p. 45). Another reason that many of these mergers did not work was that they led to competition between unions for members, causing fragmentation and an overall weakening of bargaining power because of its diffusion in an industry (Moody, 2007, p. 116-117). In short the mergers did little to address the widening gap in power resources between unions and corporations. Union membership was declining and this meant union mergers were not effective in most cases because the fusion of two unions did not change the underlying problem, which was a sharp decline in associational power. Mergers did not increase associational power, they simply resulted in a combination of two or more sources of associational power, not a substantial increase to the overall associational power as new members were not being added. As globalization grew in the neoliberal era the diffusion of bargaining from an industrial level to either individual companies or even plants made it so that unions had to compete against each other in terms of bargaining as well as in terms of building their memberships mentioned above (Clawson & Clawson, 1999, p. 101). The combination of unions should have given more associational power to merged unions but the reason it did not for many was that the unions who merged were too different. Associational power is derived from amassing more people for a common goal but what these unions were aiming for and how they wanted to achieve their goals were often much different. Unions were also not adding members from the pool of already unionized workers and in essence competing with other parts of the movement.

Organized labour also gave in on unified bargaining patterns which were a form of solidarity between unions and allowed for a strong front against the demands of big business; without it union power was further fragmented on the collective bargaining front. When unions gave up on unified bargaining patterns and began to give concessions through collectively-bargained contracts it led to contract after contract in different industries where concessions were given whether or not the company was making money or even guaranteed that the plant would not be closed and moved somewhere else (Moody, 1988; Moody, 2007). Unions were in essence splitting their resources by moving away from bargaining as an industry and when they started to give up concessions that led to even further reductions in their structural power because they were fighting against each other in a race to the bottom. While at the same time capitalists were united which put them in a better position to extract their demands from organized labour.

Another failure of organized labour was the lack of drive by the union umbrella, the AFL and CIO, to unionize workers outside of where they were comfortable, like retail banking (Bellace, 2014, p. 5). There was a period in time during which unions might have had a chance to expand their influence into other sectors of the US economy in the 1950s and 1960s, however this window of opportunity closed by the 1980s; unions within key industrial sectors were in decline and there was nothing that could replace the outgoing union jobs (Bellace, 2014, p. 5). This was because the central labour federation did not put together a massive unionization campaign to organize workers in nonunion sectors of the economy and national unions only were interested in organizing unions that fell within their sector of the economy (Bellace, 2014, p. 5-6). Continuously passing up on expanding the union movement was an important contributor to the unions' decline because they were not prepared for the changing nature of the American economy. Union's structural power can only be maintained when workers are able to threaten the production of capitalists - if capitalists can move production to combat workers, workers are weaker or if unions no longer organize workers within the important sectors of the economy they also lose associational power which weakens them in the face of capitalists' own power resources. The numbers of union members have been constantly declining in the US, with the current inflow of members not surpassing those no longer in a union and the majority of union members coming from the public sector (Bellace, 2014, p. 4). By the 1970s the opportunity had been missed for organizing new workers into unions because of all the factors that formed against them (Davis, 1987, p. 131). Industries that had no potential for the offshoring of jobs like Walmart or McDonalds were of little interest for union expansion because of the difficulty brought about by weak labour laws and the financial resources big corporations like Walmart were willing to spend to stop unionization within their companies (Bellace, 2014, p. 5). While union expansion might not have been possible because of heavy resistance or different conditions than had existed after the passing of the New Deal, what is clear is that not even trying made it impossible to change the trajectory of the American labour movement by increasing its influence in other sectors when traditional sectors of organized labour power were in decline.

This points towards another trend: the decision by union leadership to move away from new member recruitment, with the money spent on recruiting new members falling from 1 dollar allocated per member in 1953 down to 71 cents per member in 1971 for new recruitment efforts (Kimeldorf & Stepan-Norris, 1992, p. 501). When we look at the total number of new union recruits between the 1960s and 1980s, it has been estimated that within those twenty years the number of new union recruits brought into the AFL-CIO was only two million out of an estimated total of 35 million new workers, while the concentrated loss within the manufacturing sector alone was around 750 thousand (Davis, 1987, p. 128). What this can tell us is that unions have failed to step up their own unionization efforts, whether it is through increased hostility from business management or through a lack of aggression and creativity that were a part of past successes (Kimeldorf & Stepan-Norris, 1992, p. 501). Blame for the lack of union growth cannot be solely attributed to external sources such as aggressive tactics of business, but those who have studied decline in organized labour have pointed out that the AFL-CIO was reliant on contracts to continue the infusion of new union members even when the climate was acceptable for union growth (Davis, 1987, p. 128). This demonstrates that the big unions specifically the AFL-CIO had become complacent in the face of what seemed like a new era of labour peace between business and labour.

Finally the way the AFL and CIO approached politics might have contributed to their changing fortunes. There were at times calls to create a labour party like those which exist in other countries. However any attempts at the creation of a third political party representing the desires of labour failed; one of the main reasons for this was the resurgence of right-wing trade unionism by AFL leadership who informally partnered with capital in their attack against the more radical unions within the organized labour movement (Davis, 1986, p. 66-69). One of the ways in which the AFL helped capital was locally cutting “sweetheart” deals with employers for the workers of the company before the CIO could organize a union drive (Davis, 1986, p. 69). Also in 1937 the AFL enacted a policy to oppose any candidate endorsed by the CIO, which in turn weakened the chance of any labour candidate put forward by the CIO to get elected (Davis, 1986, p. 70). The AFL’s insistence on fighting any labour party or candidate was a blow to the political resources of organized labour as a whole because it split organized labour’s total power resources. This reduced the chances for a party which would fight for labour and in turn increase labour’s influence. This war against the CIO by the AFL showed how fractured the labour movement was and closed the door to movement on the side of organized labour accrued from the New Deal leading into the Second World War (Davis, 1986, p. 70). The Democratic Party also positioned itself as the party to fight for the needs of the working class and by extension labour by advocating for those left behind in the Depression and through the legislation of the New Deal (Eidlin, 2016, p. 497). This is important because the Democratic Party was not always seen as the party of organized labour either: some union leaders like Samuel Gompers often supported Democratic Party candidates but there were also union leaders who supported the Republican candidates, like John Lewis who founded both the

CIO and was a leader of the Mine Workers (Eidlin, 2016, p. 498). There were a number of different attempts to create political parties more in tune with the political goals of organized labour like the Workingmen's Party that was formed after the Civil War and had some success in local elections and nearly winning in New York (Moody, 2007, p. 240). There was also a Socialist Party in the early 20th century as well as some farmer-labour parties that were limited to a few states, showing that there was some demand for a party focused on the needs of labour (Moody 2007 240). In the aftermath of World War II support for the formation of a labour party was at 13 percent of AFL union leaders along with 23 percent of the CIO; this number increased quite substantially within 10 years with 23 percent approval from AFL leaders and 52 percent from CIO leaders (Moody, 2007, p. 240-241). The reason a third party representing labour was important for advancing labour policy was that the Democratic Party, although friendlier to labour than the Republicans, was not a reliable ally; this was no less apparent than through the rhetoric of being committed to labour as an ally by President Roosevelt in his third term as president but still giving lucrative contracts through the War Production Board to companies who had openly violated the Wagner Act (Davis, 1987, p. 77). The organized labour movement failed to consider there were different factions within the Democratic Party: a large portion of the Democratic party at the time of the New Deal and in the 1940s was made up of Southern Democrats who began to oppose greater expansion of the New Deal when it would grow to encompass the black population (Lichtenstein, 2011, p. 515). Democratic presidents past and present have been reluctant to push through labour-related legislation, whether it was Franklin Roosevelt after the New Deal, Lyndon B. Johnson in failing with a majority to repeal section 14B of the Taft-Hartley Act, Jimmy Carter in 1978 who set out for only modest reform, Clinton in the 1990s, or Obama when he had a majority in both houses in 2009- 2010 (Lichtenstein, 2011, p. 513, 517-518). The failure of organized labour in the political arena was important because without either the Democratic Party being more aggressive in passing pro-union legislation or a labour party to push for the needs of organized labour the movement's power resources were weakened while capital's were on the rise through the empowerment of the pro-business agenda supported by the Republican Party.

Increasing Hostility to Unions in the Workplace and in Government

Internal mistakes in strategy mixed with outright racism and sexism in the American organized labour movement might not have been so damaging if the status quo had remained the same as the years where they enjoyed a great deal of influence through collective bargaining which followed the years of the New Deal. This however was not the case as hostility began to build up on a multitude of fronts magnifying the mistakes unions made and leading to a much greater decline than what might have occurred if different decisions had been made. Therefore it would be a mistake to only focus on half of the reason organized labour has declined.

Hostility towards unions did not only come from corporations but also from the courts as well as the federal and state governments. The courts, especially the Supreme Court, had a great impact on the decline of organized labour because of certain rulings that interpreted law in ways that were generous to the employer. The Court could be seen as a potential ally to labour in its ruling to uphold the NLRA but also organized labour's enemy through rulings like the Mackay Radio and Telegraph decision(1937), which gave corporations the ability to permanently fire and replace any striking worker (Mcalevey, p. 2020 56). This ruling's impact was not immediately felt by organized labour because culturally after the New Deal the idea of replacing striking workers was seen as unacceptable within society and it was a period in which workers were seeing massive gains through strike action (Mcalevey, 2020, p. 56-57). The politics of the Cold War also weakened the labour movement in the long run because of actions by the government spearheaded by Eugene McCarthy and the McCarthyist movement against communism in both the 1940s and 1950s (Cherny, Issel, , Taylor, Schrecker & Zahavi, 2004, p. 7). This crusade against Communists influenced the federal government's action against not just unions with ties to the Communist party or other left-wing unionists but against the organized labour movement as a whole (Cherny et al., 2004, p. 7-8). This attack on labour under the guise of purging Communists not only reduced the gains made by organized labour but lowered the political diversity which had started to grow in the 1930s (Cherny et al., 2004, p. 8). This would change with the presidency of Ronald Reagan, leading to disaster for the progress of the organized labour movement. President Reagan set the stage for private corporations firing and replacing workers on strike when in 1981 he famously broke the air traffic control strike by firing all the striking workers and then replacing them with non-unionized workers (Mcalevey, p. 2020, p. 57). This was stated to be a turning point for the decline of union power, as not only did Reagan embolden corporations in the workplace to be more aggressive against unions, he put unions and the allies of labour within the Democrats on the defensive in the legislature: before Reagan, businesses could only use their power to lobby against labour-sponsored legislation that would empower workers against employers (Jacobs & Dirlam, 2016, p. 473). After Reagan was elected corporations' victories within the legislatures won them new powers that would allow them to reduce the power of organized labour in its attempts to organize new workplaces (Jacobs & Dirlam, 2016, p.473). Reagan for instance was able to get approval from Congress for the appointment of a number of pro-business board members to the NLRA between 1983 and 1985: these appointments would lead to reduced victories for labour against businesses who used illegal tactics to stop unions from organizing (Moody, 1987, p. 161). Reagan's Congress would also undermine polices made by the NLRB by attaching riders to funding authorization for the NLRB along with businesses directly asking for help from members of Congress to pressure the NLRB in a way that would lead to a victory for businesses (Tope & Jacobs, 2009, p. 847).

Although the steep decline of unions was noticed much later, beginning in the 1960s and 1970s, this is not where it began: union density or the percentage of unionized workers within an industry began to fall in the years after Taft-Hartley was passed in 1947; however the ramifications from the passage of Taft-Hartley against organized labour were hidden beneath a growing economy (Bronfenbrenner, 2003, p. 37). Union density previous to this point had increased greatly since the New Deal: it was under 10 percent during 1935 while by the 1950s it had increased to 30 percent (Brennan, 2016, p. 72). There were also right to work laws to contend with worsened by labour's weakening position. Research conducted on the effects of laws which negatively affect unions varies on how great an effect these laws have had on the decline of organized labour but one thing is certain, these laws affect both union membership and how likely workers are to join a union (VanHeuvelen, 2019, p. 8).

Before the 1980s in the United States multiple massive corporations ran their businesses on the “retain and reinvest model”: “retain” means keeping money and people they employed while reinvesting money into human resources and physical capital (Lazonick & O'Sullivan, 2000, p. 14-15). The model which followed it was the “downsize and distribute model” which reduced the value of labour within the eyes of management and shareholders (Lazonick & O'Sullivan, 2000). Without the loss of structural and associational power organized labour had experienced moving into the 1980s, unions might have been able to maintain their institutional power. However the erosion of their structural and associational power over time meant that unions’ institutional power could easily be attacked by corporations, if corporations decided that the current status quo was no longer acceptable. So when in the 1980s corporations shifted towards a new business model focused on maximizing value, perception of workers was bound to change with it, leading to the deterioration of their institutional power in conjunction with their other power resources. The reason to highlight institutional power is that at this time structural and associational power were in decline; institutional power is separate but dependent on agreements between institutions, and when unions’ power has been diminished and laws no longer protect them it depends on corporations’ willingness to continue bargaining in good faith. With workers being devalued in the eyes of employers and the loss of structural and associational power, institutional power could no longer exist at the level it had attained during the post-war period. This in turn led to more hostility against organized labour and the rise of the anti-union industry, which began in the United States in the 1950s doing consultant work at the behest of a growing number of corporations (Logan, 2006, p. 652). The industry began to evolve in the 1970s and 1980s into a fully-independent enterprise, fanning the flames of an already-hostile business and political climate to promote demand for its services (Logan, 2006, p. 652). This was accompanied by an explosion of the number of union avoidance firms: only 100 such firms existed in the 1960s, while in the 1980s the number of firms was 10 times that, with many firms having an industry they specialized in (Logan, 2006, p. 654-655). The other important aspect of this industry is the lack of political oversight; the union avoidance industry is completely unregulated, and its methods for union-busting highly secretive, available only to corporations which have enlisted its services (McAlevey, 2020, p. 65). Unions have been lobbying unsuccessfully to regulate what these consultants can do since 1978 (Logan, 2002, p. 198). As he was leaving office, Bill Clinton attempted to regulate them through a reinterpretation of a current law, however when George W. Bush came into office that very same year he reversed the interpretation to its previous meaning (Logan, 2002, p. 197-198). This industry has played a role in union decline and as a result unions have had to spend resources that could be focused on other issues to advocate reform.

When businesses began to turn against organized labour they devised a number of strategies to deal with unions. Some of these strategies were legal while others were illegal but because of inconsequential punishments or weak enforcement of laws the businesses were allowed to succeed and prosper by attacking workers who were either organized or attempting to organize. One of the tactics pioneered by General Electric and other companies outside of unionized work in the 1950s and then put into wide-scale practice by most corporations in the 1960s was the creation of smaller factories wherein managers could exert greater control and then spread corporate messages that would instill individualism in the workforce (Davis, 1987,

p. 129). Factories were built in areas like the South or Midwestern rural areas that were far away from unionized workforces and would often lead to whole areas where workers would be resistant to the formation or extension of unions (Davis, 1987, p. 129). However this was only one aspect of organized labour's problem - there were also problems with existing legislation that had not been rectified.

The failure to update the NLRA is both an example of Hacker and Pierson's political drift and something that has greatly affected organized labour's future prospects to organize and resist companies who disregard collectively-bargained contracts. The NLRA was an important piece of legislation which provided an avenue for organizing workers; as it became less effective it reduced the associational power of unions because capitalists became more freely able to sabotage the organization process of non-unionized workers. In the current era, from the 1970s onward, legislation enacted between 1930s and the early 1940s has become inadequate to deal with the new realities of neoliberal capitalism: the NLRA for instance only has small penalties, long delays and weak enforcement mechanisms for dealing with employers that illegally resist unionization efforts as well as collective bargaining with already-established union representatives (Andrias, 2014, p. 6). For example, employers who wrongfully fire employees only have to pay wages that were not paid to workers prior to being fired, not wages they would have earned after they were fired, this is very problematic for the workers, especially since NLRB cases can take nearly 500 days to be resolved, which most workers can ill afford, unlike corporations with deep pockets (Andrias, 2016, p. 26). The main problem which thwarted new unionization efforts was the massive increase in illegal tactics in the workplace which was over 30 000 in 1978-1979, which overloaded the ability of the NLRB to make judgements on the legality of the tactics used by employers (Davis, 1987, p. 132). The smaller but still significant problem was rulings by the NLRB made it nearly impossible for "the Industrial Union Department of the AFL-CIO" to either collectively bargain or "run company-wide organizing campaigns" with the entirety of conglomerates (Davis, 1987, p. 131). The unions' inability to overcome these hurdles was reflected in their lack of success in unionization votes, as unions between 1950 and 1954 only managed to organize 1.3 percent of workers through NLRB elections which, although small, fell even more in the 1980s to as low as 0.1 percent of workers per year in the 1980s, hardly 20 years later (Milkman, 2020, p. 279). Other factors which could affect union density through this system was unions could be at the mercy of outside forces: depending on how the job market developed it could lead to the creation of new nonunion jobs while on the other hand union jobs could be lost for any number of reasons (Milkman, 2020 p. 279). Another shortcoming of the NLRA is that it does not strongly establish a legal framework for unions to bargain on behalf of employees or give state backing for collective bargaining (Andrias, 2014, p. 6). Additionally attempts by unions and political allies in Washington have failed in updating NLRA legislation to improve the collective bargaining rights of workers (Andrias, 2014, p. 27). This has been costly because all the evidence points to how ineffective this legislation has become in the absence of reforms to update it to fit the new economic situation.

Growing Political Influence of Capital

There was a reason that businesses were seemingly winning in the legislature as well as the workplace: it was their recognition that through unity they could have more influence and resources; unions were losing ground to businesses, a situation which was only exacerbated when businesses coalesced to form a formidable political bloc that made their already considerable influence grow (Moody, 2007, p. 149). Their efforts formed into the Business Roundtable which led to not only business-friendly legislation under Republican administrations but under Democratic ones as well: everything from tax cuts to business-favoured free trade deals to deregulation (Moody, 2007, p. 149). Money was not concentrated only in the hands of Republicans but was given to Democrats as well so as to assure the interests of business were always represented no matter who was in power (Moody, 2007, p. 151). More recently, “Paycheck Protection” laws have been passed in multiple states as a result of the successful lobbying efforts of corporations – these laws require unions to continuously get approval for spending dues collected on any political activity (Lafer, 2017, p. 159-160). It could be argued that these laws give workers additional rights if current laws did not already empower workers in similar ways; instead these laws have attacked the political power of unions, making it harder for the voice of the average worker to be heard over the increasing power of capital (Lafer, 2017, p. 160-161). Federal and state laws already make it illegal to give dues collected from members to political activities of which they do not approve, rather these laws create new barriers which make it more time consuming and costly for unions to get involved in political activism (Lafer, 2017, p. 161-162). Paycheck Protection laws have clearly been targeted to damage organized labour and the ability of governments to pass such laws show how far organized labour has declined both in individual states and federally.

Taking everything into consideration it is fair to say that the decline of organized labour in the United States cannot be attributed to one factor just as its occurred because of victories on a number of fronts. Unions wasted the goodwill and momentum they had coming out of the New Deal and failed to respond when businesses went on the offensive both in the workplace and through lobbying in the legislature. While it is possible that American unions could still be in decline even if they had been more proactive and forward-thinking it is clear that their approach to the post-war period was rife with strategic errors. The solution to this problem is still very much contested between pluralists who look for reform and partnership more in the vein of traditional business unionism and radicals who want mobilization of workers as well as the regaining of lost power resources (Ibsen & Tapia, 2017, p. 180). While the pluralists do support a sort of business unionism they also recognize the need to appeal to more people in the workforce as well as focus on more issues than traditional business unionism strategies did (Ibsen & Tapia, 2017, p. 180).

Theoretical Explanations for Union Decline

What has been examined so far in this section are the factors behind the declining fortunes of organized labour. Within the literature there are a number of different explanations for why organized labour has declined. There are two major competing explanations: one argues that outside factors like increasing hostility towards unions or changes to the economic structure led to union decline, while the other argues that these external factors are only part of the reason and the other part is due to internal factors. Kris Warner in "The Decline of Unionization in the United States: Some Lessons from Canada", identifies weak labour law and fierce opposition from employers as reason for the decline of labour in the United States (Warner, 2013). In "Promises to Keep: Securing Workers' Rights to

Self-Organization under the NLRA" Paul Weiler argues current labour law and employer hostility are responsible for the majority of union decline (Weiler, 1983). Another article, "The Rise of Finance and the Decline of Organised Labour in the Advanced Capitalist Countries" by John Peters, attributes the decline of labour to changes in the economic system leading to new strategies by businesses that negatively affect labour (Peters, 2011). In the "Rising Toll of Discrimination Against Union Activists" William Cooice attributes the decline in unionization success to aggressive firing tactics used by management on workers who try to unionize and insufficient recourse for fired workers (Cooice, 1985). Finally in "The Decline of Union Success in NLRB Representation Elections" Ronald Seeber and William Cooke's main conclusion is that the primary factor for declining unionization is increased hostility of employers towards unionization efforts (Seeber & Cooke, 1983).

Some notable examples of scholarship which argue that unions have played a role in their own decline can be found. Kim Moody argues from this perspective in his two books: 1988's *An Injury to All: The Decline Of American Unionism* and his more recent work *US Labor In Trouble And Transition: The Failure of Reform From Above, The Promise of Revival From Bellow,* by identifying both increasing hostility of businesses and political representation alongside the continued move towards business unionism, lack of organization of new union members and failure to democratize the union process (Moody, 1988; Moody, 2007). This has both been linked in part to the weakening of organized labour and as a general observation to the current neoliberal era (Hacker & Pierson, 2010; Moody, 2007). In the book *Prisoners of the American Dream* Mike Davis argues in a similar vein to Kim Moody, attributing many of the current problems facing organized labour to labour's inability to adapt to the changes occurring politically and the maneuvers of capital which changed post-1960 (Davis, 1987). Another important book on labour that comes from this perspective is *Solidarity Divided* by Bill Fletcher and Fernando Gapasin. This book describes many of the same issues found in work done by Kim Moody; however it also discusses the inability of organized labour in the United States to adapt to a globalized world which has played a part in its decline (Fletcher & Gapasin, 2008).

While scholars within the first camp capture many of the problems plaguing unions by studying the increasingly hostile environment unions faced in the United States their analysis does not identify all aspects of the problem. The second group of scholars provides a more comprehensive picture of all the issues surrounding why unions are in decline because of their focus on not just an increasingly hostile environment but also the clear mistakes made by unions in dealing with the forces arrayed against them. This also is what makes power resource theory important in explaining the decline of unions

<u>Increasing Inequality and Connections to Union Decline</u>

We have now shown that a there has been a trend upwards in wealth and income inequality in the United States along with a steep decline of organized labour since the 1970s as separate phenomena. Within this last section it will be shown that the decline of organized labour has played a major role in the growth of income and wealth inequality. A casual look at the relationship could suggest a connection: unions were at their peak in the 1940s to 1960s and were more likely to represent workers that were less well-off which would suggest they had some role in decreasing the gap between the rich and the poor (Farber et al., 2018, p. 21-22). It was during this period where unionized workers had real structural power within the economy as unionized workers during this time were harder to replace. In addition unions also had high numbers of industry workers which at the time was the heart of the American economy, thereby increased their associational power and allowing for unions to gain more ground in the workplace and within the political process. This allowed for unions to reduce income inequality through earning better deals for their members.   These two trends both occurred around the same time period, with the growing aggression of businesses and the evolution of capitalism from Keynesian to neoliberal that persists to this day and as will be shown this is not coincidence.

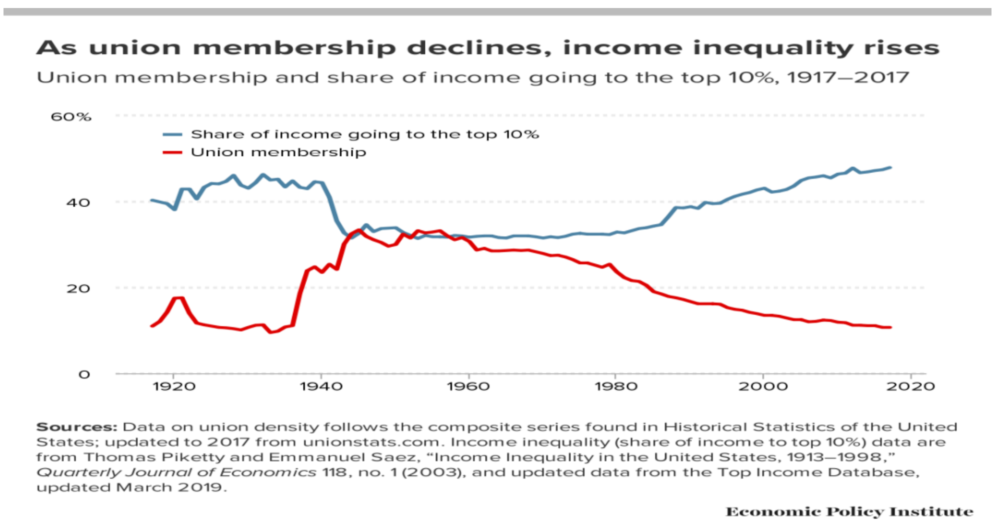

Figure 7

(Thomas Piketty, Emmanuel Saez and Gabriel Zucman 2017 68)

In order to prove that the connections between union decline and income and wealth inequality exist and are directly linked it will be explicitly shown that the decline of organized labour led to an increase of inequality. The results of Kollmeyer's study show that there is an interaction between structural changes to the economy and the decline of unions which led to changes in how income is distributed (Kollmeyer, 2018, p. 8). Technological change in the workplace can have an impact on wages, however from the study conducted by Roberto Fernandez on the technological transitioning taking place at a food-processing plant he found that while wages were affected by technological change, unions can have an impact on mitigating the effect disruptive technology change has on the workplace (Fernandez, 2001, p. 42-43). Additionally wages earned within the food processing plant did decrease however without the union's negotiation of wage guarantees at the food-processing plant they would have decreased further (Fernandez, 2001, p. 42-43). When unions are able to fight back and provide resistance and possibly threaten the operations of a business through the collective bargaining process they are able to make a difference and lower the CEO's compensation in order to avoid labour strife (Huang, Jiang, Lie, & Que, 2017, p. 580). Even from a position of weakness unions play a vital role in at least preserving the status quo for unionized workers and attempting to mitigate factors which can negatively affect their wages.

Another factor which has been raised as possibly affecting income and wealth inequality is the globalization of trade. Globalization however should not be seen as one of the more important factors leading to de-unionization in the manufacturing sector, but as a contributing factor nonetheless, with an estimated 15-20 percent of union density's decline attributed to globalization (Mishel, 2020). Free trade deals might actually be a net negative because of how they have changed since the post-war period: this is because in the post-war period free trade deals focused on lowering tariffs, while today they have a much different focus which is the reduction of regulations (Stiglitz, 2014). Globalization affects the structural power of unions, since it allows corporations to move jobs overseas, making union jobs that used to be hard to replace, vulnerable. The replacement cost of workers might have outweighed the financial benefits to corporations in the post-war period but international treaties have lowered the costs and made it profitable to move production. This also could be seen as n blow to the institutional power of unions because institutional power is predicated on some form of cooperation between institutions and globalization means that corporations have less incentive for cooperation and unions have less ability to force cooperation, while laws might be less effective at restraining and regulating corporations' behaviour because of their multi-national nature. This puts the pressure on unions to concede ground to corporations as the possibility of union jobs being lost in certain sectors looms large. If we look at one of the big trade deals which has affected American workers, the North American Free Trade Agreement(NAFTA), it was supposed to have created a net surplus of 200 000 jobs over the first two years and by the five-year mark a million new jobs were projected to be created; this has not come to fruition and instead 700 000 jobs had been lost to Mexico by 2010 (Faux, 2016, p. 5). Defenders of free trade agreements bring up other points like consumer goods becoming cheaper and even though jobs were lost most of the job losses came from those who were in "jobs at the bottom" which makes up 66 percent of the American work force and belong to those who do not have post-secondary education (Faux, 2016, p. 5). The size of the economy may be increasing but the gains have not been equally distributed: real wages for college-educated workers have not increased from 2001 to 2016 (Faux, 2017, p. 5). Globalization reshapes the economy by changing the value of jobs in different sectors or creating new ones: from an industrial-based economy to a service-based economy where the structural power of labour is limited because of the low-skill nature of service-based jobs.

Connecting Union Decline to the Rise of Inequality

When trying to isolate the impact of unions on wage inequality some recent studies have shown that unions have a major impact on stopping growing income inequality trends. A recent study conducted by Tali Kristal and Yinon Cohen examined which of the major factors played the biggest role in determining income inequality between 1969 to 2012 in the United States and found a strong correlation between a decline in unionization rates and the increase in wage inequality (Kristal & Cohen, 2016, p. 17-18). Furthermore the loss of union density mattered in both the long and short term in wages set in both the private sector as a whole and when only controlling for the manufacturing sector (Kristal & Cohen, 2016, p. 18). Having already lost structural power from the 1970s onward, organized labour's loss of density caused a reduction in its associational power, which gave it influence over wages and benefits. Capitalists were then in a position to take advantage of this shift in the balance of power. Finally up against other factors like computerization and a lower number of college-educated workers in relation to positions requiring an education the decline of organized labour played the biggest role in the rise in income inequality found within the private sector with the decline of minimum wage being the second biggest factor (Kristal & Cohen, 2016, p. 18). The power void left by a receding organized labour movement meant that the opposition capital and its allies could have more influence at all levels of government. Additionally, strong unions curtail inequality because they do not only fight for the wages of their members to increase but also to control the wage of those at the top of the wage scale where inequality has been growing the fastest (Bucci, 2018, p. 167). There are two possibilities explored by Qianqian Huang, Feng Jiang, Erik Lie, and Tingting Que in their 2017 study on how unions affect CEO pay: unions force the hands of CEOs within collective bargaining; this might either occur by applying pressure through collective bargaining, or businesses might lower the pay of CEOs as a way to extract concessions from unions at the bargaining table (Huang et al., 2017, p. 554). Their study does show a correlation between the decline of unions and keeping CEO pay in check, also states that have right to work legislation further limits the ability of unions to have an effect on CEO pay (Huang et al., 2017, p. 580). Right to work legislation also can stretch unions to their limit: if even 20 percent of their members leave, union representatives have to work that much more to represent those workers as well as workers in the union (Lafer, 2017, p. 84). Additionally, more workers might leave the union when they see nonunion members who no longer have to pay dues receiving the same benefits as dues-paying members, leading to a steep decline of union power overall and weakening their position at the bargaining table even further (Lafer, 2017, p. 84). Examining the actual impact of Right to Work (RTW) legislation reveals that it decreases wages by 3.2 percent, including unionized and non-unionized workers while decreasing the chance of receiving health and pension benefits in the workplace (Lafer, 2017, p. 84). What this demonstrates is that an effective use of the power resources allocated to unions can still have an effect even with an increasingly hostile business environment and the steep decline unions have faced.

Organized labour has two goals which correspond and play a role in decreasing wealth and income inequality: "first to influence labor markets directly and second to work within government to create more favorable public policy (Bucci, 2018, p. 152)." Both influencing labour markets and working to get better labour legislation passed happens because having a strong presence in the workplace means organized labour can tackle the large gulf between workers' wages at the bottom and at the top while by having an influence on public policy they can fight for government to influence inequality through taxes and transfer programs (Bucci, 2018, p. 153). Unions provide a very specific kind of power which is the "power over" which is the ability to influence others in a way that is beneficial to the person or group trying to influence others (Lévesque & Murray, 2010, p. 335). This can be both positive and negative and in the case of unions, union leadership attempts to influence workers in a way that enables change in the workplace and in society in general (Lévesque & Murray, 2010, p. 335). Within power resource theory it is important that there be not only a strong organized labour movement but also left-leaning parties and in the case of the North East and the Mid-West they had at the very least growing strength of the organized labour movement which was absent in the South (Bucci, 2018, p. 153). In the remainder of this section it shall be demonstrated how they have these effects and how their absence has caused increasing income and wealth inequality.

Income and wealth inequality have not stopped growing in fact they have only become more severe and this in large part is because of the decline of organized labour in the United States. Even though the American organized labour movement was never as strong as the European movement, it still had the strength to function as a viable power resource however organized labour today in the United States is extremely weak, as only 10 percent of the work force belong to unions, causing organized labour to have much less impact as a power resource (Kollmeyer, 2018, p. 5-6). Every single state saw unionization rates fall between 1980 and 2013; the rate at which they fell in each state varied and this is important because states in which unionization fell more slowly were also states which have been observed to have relatively better real wage growth than states where unionization rates fell more quickly (Machin, 2016, p. 345). The variation in levels of wage growth from state to state could be due to a number of different factors, however when controlling for other factors like the changing demographics of the workforce in each state as well as the decline of manufacturing jobs, union decline still had a major impact on real wage growth (Machin, 2016, p. 345, 349-350). At the industry level it has been found that increasing the unionization rate within an industry also leads to a drop in both the number of managers within a company and their pay rate, which drops by 5 to 7 percent depending on how much of a presence unions have (DiNardo, Hallock, & Pischke, 2001, p. 17)

One aspect of unions that helps to reduce inequality is that unions provide benefits to more than just unionized workers. The financial benefits received from unions have been found to extend not only to workers within the union but nonunion workers as well: scholars have calculated what effect the decline of unionization has had on wages, with the percent attributed to union decline being a quarter of wage inequality since the 1980s (VanHeuvelen, 2019, p. 6-7). Without associational power other forms of power resources for workers in the workforce will dwindle; the more of the population that is organized the more of a difference unions can make for all workers at the bargaining table. There are two noticeable effects unions have on the general workforce: Jake Rosenfeld points out unionization narrows the wage gap between blue-collar workers and those with varying levels of education and second there is less wage disparity between workers in similar jobs (Rosenfeld, 2014, p. 74). Unions also work to keep the wages of the top of the earning scale in check - the stronger the union the greater the share of income that goes to workers (VanHeuvelen, 2019, p. 6). Scholars who have studied the connection between organized labour and wage inequality have discovered when considering all the factors the decline of organized labour is responsible for over 25 percent of the growth of unequal wages after the 1980s (VanHeuvelen, 2019, p. 7).

Unions can influence the wages of those in the non-union sectors by their mere presence because of the competition it creates: non-union workers see the benefits being reaped by unionized workers in the same industry which can lead to their own unionization attempts or the company's increasing of wages and benefits in order to keep unionization efforts from occurring (Denice & Rosenfeld, 2018, p. 544). The second way that unions can influence pay for non-union workers is by attracting non-union members into higher-paid union jobs, thereby forcing a similar response by businesses in order to be able to continue to hire and retain staff (Denice & Rosenfeld, 2018, p. 544). Unions also function as something of a socializing force or part of the "moral economy", which Tom VanHeuvelen describes as "broadly shared norms of fairness institutionalized in market rules and customs that can reduce inequality in pay, even among nonunionized firms and workers (VanHeuvelen, 2018, p. 496)." Throughout their decline unions have become unable to influence the moral economy which then has direct effects on wages of workers that can affect wages over a longer period of time (VanHeuvelen, 2018, p. 520). This moral economy changed as organized labour declined and a more business-oriented culture was formed (VanHeuvelen, 2018, p. 521). As noted earlier, businesses in the post-war period generally paid higher wages and were more likely to collectively bargain constructively than after the 1970s, when businesses became more hostile to workers and the increases they demanded.

Technological changes can affect workers' wages but this does not mean the workers are powerless to fight against these changes in the workplace: Roberto Fernandez found that unions can affect how and what technology is used in the workplace, having an impact not only on wages but also helping to limit layoffs (Rosenfeld, 2014, p. 82). This of course requires a level of power over decision making in the workplace sufficient to influence how the workforce interacts with technology, which does not appear to be the case in the United States. What new technology can do is reduce the structural power of workers by rendering some jobs obsolete or lowering the number of workers needed for a role within a company. Technology taking the jobs of workers or leading to lower paying jobs is not inevitable and unions have the potential to play an active role in mitigating the resulting disruptions that technology can have in the work place. Unions are the strongest form of power resource that can be employed when dealing with this issue because individual workers do not have the resources to negotiate meaningfully with their employers.

The effect organized labour has on wages is further strengthened when looking at the difference in pay between men and women who are in unions, women only enjoying a third of the effect unions provide compared to men, who receive the full effect (Denice & Rosenfeld, 2018, p. 554). Denice and Rosenfeld explain this through the industries that men tend to be clustered in, such as construction, transportation and manufacturing; when women are in industries which have a strong union presence they too are given the benefits unions provide even when in the non-unionized portion of that industry (Denice & Rosenfeld, 2018, p. 555). This is because in these industries workers still have associational power by virtue of their history as strong union-based industries and as this power declines due to the reduction in the number of unionized workers, the wage benefits provided because of the union also started to decline. When comparing earnings between union and nonunion workers within the same industry, union workers generally make more than nonunion workers - the extra money earned by union workers is known as the union wage premium (Bratsberg & Ragan, 2002, p. 1). What has been noticed about this wage premium by Barry Hirsch and Edward Schumacher was as union density declined from the 1970s to the 1990s the wage premium earned also dropped (Hirsch & Schumacher, 2001, p. 488). This could vary by sector as unions in the manufacturing sector saw their wage premiums drop from 33.2 percent to 19.7 percent over the same time period (Hirsch & Schumacher, 2001, p. 488). It is estimated that Michigan would have 10 percent less income inequality if union levels had stayed at their 1976 levels (Bucci, 2018, p. 165). Even a one percent increase in union coverage can lead to a decline of .21 percent in the wealth for those within the top echelon of companies and .24 percent reduction in income for those within the top 10 percent of income within the United States. On the other side of the income scale it can reduce those in poverty by .1 percent (Malloy, 2016, p. 15-16). This evidence is complemented by data showing that unions able to spend more because of union dues collected lead to higher wages earned by workers and even more so during times when unions can apply pressure to companies through the negotiation of contracts (Wilmers, 2017, p. 1471). Something else to consider is that even when workers are in an industry vulnerable to automation or offshoring union presence is still a positive force in combating increasing wage inequality (Denice & Rosenfeld, 2018, p. 555).

Union Decline, Politics and Increasing Inequality

Another factor is that unions are more than a tool to negotiate improved wages, benefits and working conditions in the workplace, rather they can also be a political force. It is important to recognize that before Reagan the power resources possessed by organized labour were much greater than today and also consider how much more polarized the two parties have become since Reagan (Jacobs & Myers, 2014, p. 768). What should also be taken into account is that politicians can influence organized labour in other ways than just through concrete policy: anti-union rhetoric espoused by Reagan and his administration signaled to employers they could get away with more hardline tactics, thereby empowering them on the shop floor while weakening unions in the same space (Jacobs & Myers, 2014, p. 769). This could further weaken unions by making them less attractive for new potential members which only furthers their downward spiral in both politics and in the workplace (Jacobs & Myers, 2014, p. 769).

Politics and unions have a deep connection and the decline of unions has led to a further power imbalance between capital and labour in influencing national and state policy which only strengthens the connection between labour's decline and income and wealth inequality's rise. During the post-war period unions had power within society because of their strength in the workplace and their ability to form alliances with groups with similar goals; this changed as they lost power in relation to capital. This shift in political power from labour to capital serves to create a downward trajectory, one which will only lead to a further deterioration of the rights of workers and policies which only benefit those in the upper class (Malloy, 2016, p. 18). It would seem that, in a democracy, as inequality rises the general public would demand government intervention to correct it. This has so far not been the case in the

United States and, while multiple polls show that people perceive rising inequality and are against it, there has been no move towards great public support for pro-redistributive policies (Macdonald, 2019, p. 1198). However it is possible demand is not fully reflected in the polls; there might be hope for future changes, with organizations such as the Democratic Socialists of America growing in membership, individual policies for redistribution receiving strong support and the increasing number of politicians being elected who support more redistributive policies like Alexandria Ocasio-Cortez and other members of "The Squad".

Unions can also be to have normative power resources over the members of the union; it is through their power to coerce and their ability to reward a certain approved behaviour that they are able to have an influence over a large number of workers within their union. There are a number of ways that organized labour can influence political outcomes: one such way is through the organizational power that large scale operations have over individuals; this is through using their local networks to pool resources in the form of money, time spent campaigning and getting members of the union to vote for the preferred candidate (Becher, Stregmueller, & Kappner, 2018, p. 1). A number of scholars have linked unions:

> to more liberal public policy and lower inequality (Becher, Stegmueller, and Kappner, 2018; Bucci, 2018; Franko, Kelly, and Witko, 2016; Kelly and Witko, 2012; Radcliff and Saiz, 1998), as well as greater demand for redistribution and liberal public policy (Franko, 2016) at the U.S. state level, and greater political equality in representation (Ellis, 2013; Flavin, 2016) (Macdonald, 2019, p. 1199).

What labour unions can do for their members is to provide information to them through a number of different platforms like social media or newsletters and highlight key pieces of information like the difference between what a top CEO is making compared to what the workers make, such as the AFL-CIO does (Macdonald, 2019, p. 1200).

Union leadership can also meet with their members in person to talk about current political issues in ways that emphasize the disparities in income and wealth, which can have an influence on the political views of individual members (Macdonald, 2019, p. 1200). A study conducted on whether being in a union influenced members' views on trade found that members' views were affected, while those who were nonunion members were different even when belonging to the same industry (Kim & Margalit, 2016, p. 735). This study points out that a relationship exists between being part of a union, in this case the United Auto Workers (UAW), and how much they are for or against free trade in comparison to nonunion members; the US-Korea free trade deal like the stance of union leadership provides an example of this; where unions and their members were at first against the deal but later once more beneficial terms for workers were added to the trade deal, the union began to talk about the deal much more favourably, leading to a massive change in attitudes towards the deal in a positive way (Kim & Margalit, 2016, p. 738-739). What becomes clear from this study is that unions that have been active in informing their members about given issues will drag the views of the membership towards those held by the leadership and furthermore can lead to support for a specific policy (Kim & Margalit, 2016, p. 741). This suggests that strong leadership is needed in so far as it helps push a unified vision of political issues by highlighting important information and winning over support of their membership, thereby increasing their power resources. While democracy for the rank and file allows them to voice their positions so that the leadership can gauge what issues are most important to fight for and effect change in how the union approaches political or workplace-related issues. This seems to suggest to find a balance between strong leadership and allowing the rank and file to part of the process with in the union. If this balance is not found it could weakens unions overall because divisions could form leading to the weakening influence of organized labour in politics and the workplace.

There is also the possibility for the views of unions to resonate with the general public and cause them to be more supportive of policies to fight inequality. The study conducted by David McDonald shows that the strength of a union is a driving factor for support for redistributive welfare state policy when union membership goes above 13 percent, compared to rising inequality which in isolation does not alone drive up demand for more redistributive welfare policy (Macdonald, 2019, p. 1206). Without union membership reaching this tipping point and wealth inequality increases, support for redistributive welfare policy actually decreases among the general public (Macdonald, 2019, p. 1206). The other important discovery was that unions in the private sector were more important to shifting attitudes of the general public to support more redistributive policy (Macdonald, 2019, p. 1206-1207). Unions are the greatest organization outside of party organizations in mobilizing the citizens in the lower or middle class (Sachs, 2013, p. 167-168). Finally a developing trend in union membership which has led to problems is the shifting nature of who unions represent, as the demographics of workers with union membership show. The biggest gains in unionization have been made by people with higher levels of education, while the numbers of workers who are without even a high school diploma have dropped in terms of representation in unions (Rosenfeld, 2014, p. 164). There is also an income disparity between those who have come to be represented by unions compared to workers who are not, workers in the top third of income distribution saw their increase in union representation increase, from 40 percent to 49.4 percent; while workers whose income is counted among the bottom third of income earners saw their union representation drop from 17.5 percent to 9.7 percent during a period starting from 1971 to 2004 (Leighley & Nagler, 2006, p. 2). these changes have corresponded with the decline of private sector unions and an increase in membership of public sector unions (Rosenfeld, 2014, p. 164-165). This matters for rallying support around politicians who share similar objectives to that of organized labour because without a union presence within the blue collar sector of the economy, workers without educations will be less susceptible to the influence of organized labour and mobilization as a power labour voting bloc (Rosenfeld, 2014, p. 167). This does not mean that public sector unions do not have any influence, on the contrary they have war chests which are used to support Democratic Party candidates, which has led to a number of different organizations trying to chip away and restrict the public sector unions (Milkman, 2020, p. 283). Former Governor of Wisconsin Scott Walker's attack on public sector unions in 2011 is notable for going after bargaining rights as well as the ability of public sector unions to collect fees for union member representation from nonunion members (Milkman, 2020, p. 283).

Another impact unions can have on inequality is through direct power to influence politicians through lobbying to bring in legislation or vote on legislation that will advance the goals of organized labour that may directly or indirectly affect income and wealth inequality. The vast financial resources that capital has can be turned into societal power. Organized labour can afford to spend a certain amount to try to secure the support of politicians but at least in the short term will never be able to match up in a battle of financial resources. Therefore labour unions have generally needed to rely on other forms of power to battle capital and because of the decline of their power resources we have seen less legislation to reduce inequality. Benefits from legislation is often seen as more secure, since benefits acquired through the workplace can often change from contract to contract, while if they are implemented by legislation it often requires a long process in order to repeal these benefits which is more noticeable by the general public (Bucci, 2019, p. 7-8). A study by Michael Becher, Daniel Stregmueller and Kronstantin Kappner found that union support can make the difference in the passage of legislation: both the Affordable Care Act, legislation that reformed health care after decades of failure, and the Jobs for Main Street Act were voted on upon partisan lines and in line with the positions advocated by the AFL-CIO (Becher, Stregmueller, & Kappner 2018, p. 21). Unions in the past also held great power; it was rumoured that in the 1940s the CIO had to be consulted by members of the Roosevelt administration before legislation was introduced and during the 1960s unions played a major role in shaping civil rights legislation (Sachs, 2013, p. 170). They were a powerful force during that period, with representatives directly crediting labour for the passage of civil rights legislation (Sachs, 2013, p. 170). When unions have a strong presence in areas of the country like the Northeast and Midwest it forces even Republicans to in part support some measures that reduce inequality: the 1966 House vote to increase the minimum wage had 18 Republicans vote for the increase and these representatives came from areas that were heavily unionized: New York, New Jersey and Pennsylvania (Rosenfeld, 2014, p. 161). However data have shown that the drop in union density has led to a subsequent drop in voting workers belonging to union households, which fell from 26 percent in 1980 down to 16 percent in 2016 (Milkman, 2020, p. 282). This just speaks to the need for unions to increase their associational power, which allows them to boost other resources like their societal power. If unions are not just limited to certain regions they can have wider influence on state and federal legislators and form alliances which might otherwise be unavailable to lobby for important initiatives that can help workers and reduce inequality. Alliances with other groups within society would potentially enable organized labour to politically counter the power of capitalists, creating the possibility for legislation to reduce inequality. Overall the picture remains bleak because with unions' decline many politicians no longer depend on their support and the decisions of politicians are therefore influenced more by the power that businesses wield (Rosenfeld, 2014, p. 196). Politicians in turn do not want to upset powerful businessmen and women, which makes them less likely to support pro organized labour legislation (Rosenfeld, 2014, p. 196). Also businesses and organizations whose purpose is to advance the political goals of business like the American Legislative Exchange Council have been successful in getting legislation passed in 10 state legislatures between 2011 and 2015 which attempts to thwart the flow of money from members in both the public and private sector to be used towards political activity by the union (Lafer, 2017, p. 156). The rhetoric justifying these laws by is about safeguarding the rights of workers but their real purpose is to restrict the power of unions to fight back, leaving corporate lobbying unchecked (Lafer, 2017, p. 157).

Increased union influence depends not only on who is elected but how responsive legislators are to the needs of constituents; what has been discovered is that as unionization increases in concentration legislators are more responsive to the demands of low income constituents and less responsive to the demands of their more wealthy constituents

(Becher, Stegmueller, & Stegmueller, 2020, p. 14-15). An important part of power resources theory is that strong left-wing parties are required for inequality to decline in a significant way. The United States never had a federal labour party but what the United States had were certain parts of the Democratic Party who were more in tune with the needs of the working class. There can be a significant effect on responsiveness: a Michael Becher and Daniel Stegmueller study showed that there is a big difference when moving from the median to the 75th percentile: 8 percent increase in responsiveness by politicians towards the needs of the poor constituents and away from richer constituents (Becher & Stegmueller, 2020, p. 15). This continues a theme that is found across many studies examining the connection between inequality and union decline. The more unions decline the less power resources will be available to keep in check the ability of capital to dominate the legislative agenda and keep politicians from working on legislation that would be of assistance to those who have not seen the benefits of continued economic growth. When the AFL-CIO takes a position on an issue it can have an impact on whether low-income voters see it as important but this means higher union coverage and density are needed to create a greater push for redistributive policy (Becher & Stegmueller, 2020, p. 24).

Power Resource Theory and the History of Inequality

Power resource theory is an important tool in understanding the history of inequality within the United States. Power resources focus on organized labour, capitalists and orientation of political parties in power as a way to explain whether inequality is increasing or decreasing, because organized labour plays an important role in challenging the hegemony of capital by harnessing the power of individual workers into a group. Organized labour before the Great Depression was much weaker than after the Great Depression because the conditions did not yet exist to be able to challenge capital. Laws were still stacked against unionization, which not only limited structural power because of how lawless the workplace was but unions' density was not very high, which limited their associational power thereby limiting their ability to challenge the status quo. This meant even when the progressive period happened in the 1920s it was short-lived because organized labour could not mobilize the resources needed to influence policy decisions on the same level as corporations could. The Great Depression in the 1930s was the opportunity organized labour needed, increasing their associational resources and bringing millions of workers into the organized labour movement. Organized labour was able to massively increase its associational power by the addition of millions of Americans to the labour movement and, in particular, by the CIO, which wanted to expand the movement beyond the current scope of representation which was a result of the short-sightedness of the AFL. Unions—especially the unions under the leadership of the CIO—were able to mobilize their resources in the workplace and form coalitions between organized labour and the Democratic Party as a way to get legislation through that would protect the rights of workers against the overreach of capitalists in the workplace. It therefore makes sense that at a time when unions' power resources were at their height there was a corresponding decrease in income and wealth inequality within the United States.

Unions' associational and structural power kept them strong in the 1950s and 1960s, as they were able to continue to push up the wages and benefits of workers in the United States and continue to fight for pro worker legislation when Democrats were in charge.

This led to a period of time where for the most part wealth and income inequality were kept in check because of the sustained strength of labour. However the expansion of the organized labour movement stalled during this period, after the strong growth of the 1930s and 40s. Unions were playing with fire because without an aggressive pursuit of increasing their membership a sudden downswing of associational and structural power could be a massive blow. Unions would in turn would have to rely on their institutional power within the workplace. Also since laws protecting unions were not being strengthened their bargaining power would depend on how willing employers would be to respect the previous status quo.

This is what began to happen in the 1970s. Capitalists started to attack unions' structural and associational power resources on several different fronts: globalization, which allowed corporations to move production to countries with cheaper labour costs like China, a shift towards low-skill jobs in the post-industrial economy leading to the deskilling of labour in the United States, legal action such as Mackay Radio and Telegraph that allowed employers to fire striking workers and the use of illegal tactics to oppose unionization efforts across the country. Destruction of their structural and associational power was only the first step for corporations to destroy union power; corporations then targeted the institutional power of organized labour in the workplace by launching an offensive against laws which protected workers, either by forcing changes as was the case with Taft-Hartley in the 1940s or by successfully stopping new laws which updated legal protections which had become outdated. The organized labour movement had become complacent and refused to make changes necessary to grow the movement in a way that would make it better-equipped to deal with the newfound hostility that came from neoliberal polices and large corporations in America.

Capitalists were able to go on the offensive during the neoliberal era because of their own growing power resources. This had a lot to do with the increased influx of money into the electoral system through the growing lobbying efforts of corporations. Organized labour as a whole was not prepared as much of the structural, associational, institutional and societal power it had in the decades prior was in sharp decline. The rightward shift of politicians in the United States was also largely due to the increasing resources corporations were putting towards election campaigns and lobbying efforts. Capitalists were seeing success in their strengthened alliances with politicians, who were ready to move past the policies that had come out of the New Deal in both parties, and with this rightward turn of politics in America organized labour now had even less support which meant that the mobilization of power resources to turn the tide back in their favour became less likely. This was not only problematic for union workers but workers in general as wealth and income inequality was rapidly growing between the top earners and the rest. Corporations because of their massive monetary contributions to politicians in Congress and towards their campaigns was something that the organized labour movement could not match. This was a problem because organized labour's power is derived from its associational, structural, institutional and societal power but associational and structural power in particular. However because their main sources of power had been so badly eroded this meant organized labour had less ability in most areas of the country to influence local and federal policy. In the neoliberal era that began in the mid to late 1970s and early 1980s the conditions that had enabled organized labour to be successful in the post-war period had changed, former political allies were unable or unwilling to pass pro-union legislation and the number of unionized workers in the United States fell dramatically as the

United States was transitioning out of the industrial economy which was the backbone of the American organized labour movement. This all meant that the common worker lost out because the organized labour movement that could once fight for workers everywhere no longer had the resources necessary to counter the anti-worker offensive of capitalists in the workplace and in legislatures all around the country. So it should come as no surprise that in the present day inequality continues to spiral out of control. Without organized labour finding a way to increase their power resources, organized labour will not be able to keep the power of capitalists in check in the workplace or their power within politics.

That takes us to what power resource theory might suggest could be done differently and there are a few possibilities for alternative paths the American organized labour movement could have taken. One such idea would be expanding the associational power of the organized labour movement: capitalists were able to take advantage of the concentration of unions in northern cities around white male industrial workers. Often women, workers of colour, workers living in the South and workers that did not fall into prototypical unionized industries like steel, manufacturing and construction were either discriminated against or not seen as important to a healthy organized labour movement, as was the case with workers in the South. So if organized labour had been serious about creating an inclusive movement the associational power of unions would be much higher in general allowing for a stronger front against the hostility of employers which arose from the shift towards neoliberal globalization. Organized labour also did not take advantage of its societal power by failing to create a labour party, which could have been an effective power in passing pro-worker legislation that would benefit all workers, and instead relied on Democrats to pass labour legislation, which did not work out in the long term. This potentially could have enabled them to harness their associational power which after World War II was massive in order to continue pressuring legislators to pass legislation which would protect workers and unions in the workplace against the eventual anti-union aggression of employers in the period beyond the 1970s. This might have also allowed for unions to maintain their institutional power at a similar level to what unions had during the post-war period because employers would not have been so unhindered in successfully getting legislation passed which had a negative effect on workers' rights and negotiating new contracts which continued to chip away at wages, working conditions and non-monetary benefit increases. For organized labour to make a comeback its most pressing need is to substantially increase its membership: this would allow it to increase its associational power and begin to fight back on more of an even footing with capitalists and could lead to a rise in its overall power resources.

Conclusion

This thesis has attempted to answer the question: What is the nature of the interaction between the decline of organized labour and increasing inequality in the United States? It has attempted to demonstrate that wealth and income inequality are on the rise in the United States and one of the biggest reasons for this is the decline of organized labour. The evidence shows that organized labour can have a major impact on income and wealth inequality, within the workplace unions can bring about better wages, benefits and job security. While outside of the workplace unions can pressure politicians to pass legislation that helps the common worker. This is dependent on whether organized labour has the size and resources to do so and because their resources have been in decline income and wealth inequality continue to worsen. When the presence of unions was reduced it led to a noticeable increase in inequality due in large part to the loss of power unions had in both the workplace and in the political realm. This notion that loss of union power has had an negative effect on inequality for the working class is also generally in line with the power resources approach which was used in this thesis. As long as organized labour continues to be weak in the United States the prospects of reversing income and wealth inequality will be remote. This study was limited to organized labour and inequality within the United States between the 20th and 21st Centuries. Other limitations include not examining the connection between the increasing financialization within the United States economy, rising inequality and how union decline might interact between the two. Further research could seek to make a comparison between the rise of inequality compared to the decline of organized labour in other countries, looking at countries that have stronger unions like the Nordic countries. Other avenues for further research would be to add the dimension of financialization to examine connections it might have with weakening labour unions. What the research does seem to suggest is that for this situation to change unions' strength must be rebuilt and new ideas implemented in the methods by which unions function and support their members.

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