# The importance of labor unions in the united states

Countries, United States

A Labor Union is an “ association of workers that seeks to improve the economic and social well-being of its members through group action.” A labor union represents its members in negotiations with an employer regarding all the terms and conditions of an employment contract. These negotiations are called collective bargaining, which is concerned with wages, working hours, fringe benefits, job security, safety and other related to an employee’s working condition. This process is now a crucial part of the labor union movement and an accepted practice in many industrial nations.

In the United States, workers can become members of a union by voting to certify a union as their collective bargaining agent. Unionized jobs in the United States pay substantially higher wages than nonunion jobs, even after taking into account skill differences among workers employed in different establishments.  Overall, the gap in wages between unionized workers and nonunionized workers in about 15 percent in the United States, with unionized members receiving higher wages.

Unions tend to increase the wages of less-skilled workers by a larger percentage than they raise the wages of more-skilled workers because they have had greater success at organizing less-skilled workers. In addition to wages and fringe benefits, unions also bargain for better working conditions. Without the existence of these unions, workers may not have an established mechanism for informing employers of grievances about working conditions, wages, or other aspects of the employment relationship.

In many countries, labor unions are officially affiliated with political parties. The main goal of the labor movements in the United States is to improve wages and working conditions for their membership and representing their members if the employer attempts or actually violates contract provisions. Because of this labor unions, many workers can fearlessly voice out their concerns and demand for their rights as employees of an organization. Laws have been passed and the rights of workers for better working conditions, just wages, and the like have been properly monitored and abided by.

However, there are drawbacks as well to having these labor unions in the United States. Unions raise member wages but to not have sizable impact on productivity. Hirsch generalized that unions are associated with a reduction in profits, a decrease in investment in research and development and physical capital, and a lower employment rate. Vedder and Gallaway also made it clear that union power and membership has significantly decreased over the last half century, which has been a result of increased anti-union policy and a growing economy for the United States.

The effect unionization had on productivity levels was found to be small. Because productivity changes are small, they do not offset the higher costs incurred by firms who give a wage premium to union members.  It only makes sense that if profits and investment are going down as a result of unionization, the employment growth will slow down as well. Industries with high union densities, such as mining, construction, durable goods manufacturing, and transportation and public utilities, showed negative growth rates, indicating that there has been an employment shift from unionized sectors to nonunionized sectors (Vedder and Gallaway, 111).

Today's U. S. economy is highly competitive due to the deregulation of many large industries and a large increase in the private sector. Entry and exit into these industries has become easier, thus causing unionized firms to compete both nationally and internationally. Positive effects can be directed to the benefits of these labor unions on workers or employees, such as better working conditions, just wages, assured implementation of the terms of the employment contract and more.

They may not have been able to unify their voices with regards to fighting for equitable rights as workers if not largely for these labor unions, who as a whole, commonly generate attention from employers. This is not only to eliminate tension and bad publicity for the organization, but also to level out the needs of the company's workforce. These largely contribute or are primarily directed to the wellness of the affected workers. However, on the larger whole, numerous studies have indicated the negative effects labor unions have on the economy.

The study by Vedder and Gallway suggested that federal policy has a long-term effect on labor unions, but that for the most part the decline in labor unions is due to changes in the structure of the economy. IN fact, the Bush administration has implemented policy in the federal workforce to encourage workers not to join labor unions.

# References

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3. Pindyck, R. S., & David Rubenfield. (2001). Microeconomics, 5th Ed. US: Prentice Hall.