Labor Supply

decisions of firms) and because questions involving labor supply are closely tied to important issues of the public policy (such as the effect of income taxes on how much individuals work). This research has been increasingly sophisticated in economic and statistical modeling. In addition, much more is known today about work patterns than was known in 1950. Some components of the economist’s standard model of labor supply (such as the intersubstitution elasticity) have been estimated with confidence. However, there remain some disagreements about the values of other labor systems and how the effect across different individuals of increases in wages on hours worked. Most economists probably believe that, for the typical worker, increases in wages generally induce relatively small increases in work hours although researchers would refrain from confident statements about precise magnitudes.

See also: Economic Geography; Employment and Labor; Labor, Regulation of; Labor, Division of; Sex Differences in Pay; Spatial Labor Markets; Unemployment; Structural: Work; Anthropological Aspects; Work; Sociology of: Workplace Environmental Psychology

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Labor Unions

Labor unions are interest associations of workers in waged employment. They are formed to improve the market position and the life chances of their members by representing them in the labor market, at the workplace, and in the polity, and in particular by collectively regulating their members’ terms of employment. Unions are part of the transition to industrial society in the nineteenth century, together with the de-feudalization of work, the rise of free labor markets, and the commodification of labor. While employing modern means of formal organization, they represent an element of traditional collectivism in a market economy and society. Unions have taken a wide variety of forms and adopted different strategies in response to different conditions and historical developments. They are therefore favorite subjects of comparative social science.

1. Unions in the Social Sciences

The literature on unions is vast and extends into several disciplines. In the Marxist and socialist tradition, authors in the late nineteenth and early twentieth centuries and their followers believed that very how unions might contribute to the overthrow of capitalism or, to the contrary, its stabilization. Democratic reformers like Beatrice and Sidney Webb explored the potential contribution of unions to the democratization of a competitive industrial society. Institutional economists, such as Commons and Perlman in the United States or Brentano in Germany, tried to understand the economic causes and consequences of unionization. Neo-classical economists like Böhm-Bawerk explored the capacity of unions to override market prices and achieve a lasting redistribution of resources, while their successors in the 1960s applied theories of monopolistic competition to analyze the impact of collective bargaining on wages (Chamberlain). Early econometric analyses studied the impact of economic fluctuations on union organization and union activities, including strikes (Ashenfelter). The discipline of industrial relations, which grew after World War II in the US, Scandinavia and Britain (Flanders, Clegg), focused on unions as participants in collective bargaining under the ‘New Deal’ and in the postwar ‘mixed economy.’ Sociologists took an early interest in the transformation of unions into centralized and hierarchic mass organizations with a staff of full-time officials (Cassau). Postwar American research on union democracy was in particular interested in the question of consensus in unions, while macro-sociological studies have investigated the origins of unionism in the context of social protest movements and their integration in the modern nation-state (Tilly). Political sociology and political science display a lasting interest in the role of unions in the politics of industrialized democracies. Economists study the economic effects of unions, in particular with respect to relative labor market, inflation, productivity, and employment (Freeman and Medoff, Calmfors and Driffil, Skiodile). Similar concerns figured prominently in labor economics. Institutional and neo-corporatism in the economic policy of advanced European welfare states (Schmitter, Crouch). Labor law has long been concerned with the rights of unions and their employers, and with reconciling collective bargaining and collective industrial agreements with civil law and the freedom of trade and contract. Constitutional lawyers, in particular on the European continent, are interested in the rights of unions and collective bargaining in relation to the state and public legislation.

2. The Rise of Unionism in Industrial Countries

Unions emerged in conflict with both economic liberalism and political authoritarianism, striving simul-

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like Germany, Japan, Italy, and Spain, where unionism was suppressed by authoritarian regimes and replaced with state-controlled mass organizations of workers. In the United States, by comparison, the New Deal extended union organizing rights while the Swedish Social-Democratic government of the 1930s and the British war cabinet of the 1940s began to develop the contours of the labor-inclusive Keynesian welfare state of the second post-war settlement after 1945.

The post-war period saw the development of a new system of capitalism that in the second half of the twentieth century saw the worldwide ascendance of a 'mature' type of unionism, centered at the level of the national state and pursuing economic and social policy goals through collective bargaining and political-electoral lobbying within the confines of capitalism and parliamentary democracy. This development was part of the consolidation of both democratic capitalist and the nation-state in the countries under American hegemony, where legal recognition of unions and free collective bargaining, extensive social welfare provision, state-owned public sector, and the pursuit of full employment made possible the coexistence of liberal democracy and the market economy. The normalization of what was known as the American system (Ruggie) coincided with national regulation and standardization of the employment relationship and of the status of wage earners as distinguished from employers and the self-employed, which in turn corresponded to the advance of industrial mass production. For reaching legal and political regulation of the labor market, introduced to insulate employment and employment conditions as much as possible from economic fluctuations, stabilized union power. The worldwide outburst of labor militancy in the late 1960s, which took national union leaders by surprise, further added to union power, as governments, still feeling politically constrained to provide for full employment, more than ever depended on union cooperation for restoring economic and political stability.

Economic, political, and social change in the 1980s and 1990s caused a roll-back of unionism in most countries, and provided new contexts in which elections could be won even with high levels of unemployment. Under the leadership of the post-New Deal United States, governments also found less need to protect the political and social interests of workers and labor inflation than 'social contracts' with union leaders who had often turned out unable to deliver on their promises of wage moderation. Low inflation and high unemployment influenced the trajectories and ideologizing of the latter. By comparison, in late industrializing countries with authoritarian governments and narrow economic perspectives, the elimination of 'yellow' company unions controlled by employers as well as recognition of collective bargaining in labor law, for both of which governments were often crucial. Collective bargaining, in turn, required that unions established organizational authority over the strike—the collective withdrawal of labor's power of production—of workers from employers—just as political parties of unions demanded that strikes were called only for economic purposes, aandonading the syndicalist tradition of the 'general' political strike. Union organizational development 'under' involved integrating the growing number of white-collar workers, either in separate unions or inside encompassing industrial unions, while the political parties of these countries and generally remained much less successful than the organization of blue-collar industrial workforce.

The literature offers a variety of explanations for the growth and decline of union membership over time and the differences in union density rates between sectors and countries. Unions tend to be strong in the core sector of export-oriented manufacturing, like metal engineering, in large establishments and in the public sector, while they are weak in private services and in small firms. But cross-country differences are considerable, and indeed on hardly any parameter of social and political character, unions differ as much. While in some Scandinavian countries around 80 percent of wage earners are union members, in the United States, it is only around 35 percent by the end of the twentieth century. And while union membership relative to the workforce declined during the 1980s in the United Kingdom and the Netherlands, it increased in Belgium and France. Fluctuations in membership over time can also be enormous, as they were in Britain where in the three years between 1920 and 1923, union density declined from 45 to 20 percent.

Economic studies have found that in the United States and Britain in particular, union density tended to increase with nominal wages and inflation, while it was negatively affected by unemployment and already high level of unionization (Bain and Elshtick). However, studies of this sort cannot explain the various union's large historical fluctuations in historical continuity. Institutionalist approaches take into account that union growth includes the acquisition by unions of recognized status, based on collective bargaining with employers or the state helping unions recruit members ('union security'). Often such status is gained in exchange for political and economic moderation in union density then reflect differences in 'union membership culture' between states that keep members ('workers don't organize unions; unions organize workers'). In addition to the closed shop in its many official and unofficial versions—which makes membership mandatory and employment in a workplace dependent on it—employers may assist unions in collecting their membership subscriptions.

3. Union Organization and Union Growth

The first unions were local protest movements of the "working poor" in the mid-nineteenth century, when they were superceded by formally organized craft unions of skilled workers which thrived particularly in the liberal political environment of early industrializing Britain and America. Commanding considerable market power, craft unions represented their members mainly through economic action. In addition to maintaining sizeable mutual saving funds, many of them were cartels that unilaterally fixed the price of their members' services. From the state craft unions did not expect much apart from freedom of organization. While unions have maintained a role in political organizations, not only was membership in them reserved to the skilled. To control the labor supply, draft unions also limited apprenticeship training, prevented employers from hiring non-union members for craft jobs ("pre-entry closed shop" for specific 'job territories'), and defended an organization of work that ensured demand for their members' skills (job control unions).

Where craft unions became firmly established, they survived beyond the second wave of unionization at the end of the century, when the growing masses of unskilled, mass-production, workers and the self-employed, which in turn corresponded to the advance of industrial mass production. For reaching legal and political regulation of the labor market, introduced to insulate employment and employment conditions as much as possible from economic fluctuations, stabilized union power. The worldwide outburst of labor militancy in the late 1960s, which took national union leaders by surprise, further added to union power, as governments, still feeling politically constrained to provide for full employment, more than ever depended on union cooperation for restoring economic and political stability.

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Similarly, favorable legislation on union recognition or workplace representation through works councils may improve unions' ability to recruit. In some countries, like Switzerland, non-members are legally obliged to pay union dues, and in Belgium and Denmark unions administer parts of the public social insurance systems, enabling them to discriminate against non-members and thereby create additional incentives to join.

Moreover, generally, the organizing powers of unions may be described in terms of generic problems of collective action in the rational pursuit of group interests. Union achievements, like higher wages or favorable social policy legislation, are often collective in nature. As they cannot be withheld from workers who have not contributed to their production. Apart from sentiments of fraternal solidarity, there is then little incentive for workers to join a union, even if they find the outcomes of union activities desirable. Indeed, given the risk that others will "free-ride," members may contribute in vain, as the union may not find enough support to be successful. Like collective organization, unions therefore typically offer potential members "outside inducements" (Olson, i.e., benefits other than the collective goods for which they were originally found) in that they cannot be denied to other workers (for example, healthcare benefits). They also strive to make membership less voluntary and obligatory, often with the help of the state or the employers.

4. Unions as Collective Actors

As intermediary organizations, modern unions represent the interests of working people, the workplace, and the polity. Depending on their membership, they represent the broad range of work experience and skills that are part of the working class, the unions and their political influence to the three arenas and coordinate their activities in them differently.

4.1 Unions in the Labor Market

Unions, and indeed much of modern labor law, assume that individual workers are at a disadvantage vis-à-vis employers, and that redress of this imbalance requires that workers combine to face their employer as a collective. By regularizing wages and conditions of employment, sometimes also through state legislation, unions and the state can help to improve working conditions and make the market more predictable and protect workers' living conditions from fluctuations. In this sense, Polanyi regards unionism as an element of the "second movement" against "satanic mill" of the "regulating market" of early liberalism.

Economists have long debated whether unions can raise wages above market level. Clearly, they can get nominally higher wages to exceed the increase in productivity, which depending on the extent and nature of the use of monitory policy may result in either inflation or unemployment. With respect to the wage structure, in fragments of the labor force, unions may be able to defend wage differentials, causing a wide wage spread between skill groups and industries. Fragmented ("competitive") bargaining may also enable well-organized groups of strategically placed unskilled workers to make high relative wage gains, which in turn may result in a "leapfrogging" pattern of general, and potentially inflationary, wage increases. Wage good increases in certain industries, and in economies in which unions have little or no influence.

By comparison, industrial or general unions typically represent a large and diversified labor force and strive to compensate wage differentials, raising the wages of their less well-paid members more than those of the others. The result tends to be increased capital intensity and unemployment at the lower end of the labor market. Industrial unions therefore favor extensive training and retraining, funded by employers or the state, to increase the productivity of the less skilled to a level where funds are too high to be distributed in such a way as to reduce the costs of redistributive bargaining or productivity-restraining work rules. After it was suggested that bargaining agents in large decentralized wage setting systems were more likely to be overpaid, at the same time, the corporation was more likely to work where government regulation was low. In the absence of functioning, this led to much more forms of "wage bargaining," where the state's role was to regulate the "police exchange" for wage restraint, which in turn was to enable governments to control full employment with Keynesian"options without having to accept excessive inflationary consequences. As the concessions gained by unions in this period were legislation on union recognition and access to the workplace, various other forms of "union security," the legal extension of collective agreements to all firms in an industry, higher social security and public pension benefits, and industrial democracy legislation. Neoliberalism, which was a social democratic complexion, but most conservative governments were also eager not to antagonize the unions. The more politically powerful unions became under corporatist arrangements, the lower was the rate of growth as strong unions were able to get in the political arena what others had to struggle for, with uncertain events, in the industrial areas.

The historically close involvement of union movements with their respective nation-states explains a lot of the complexity of effective union bargaining have been so far resisted economic pressures for institutional convergence. In fact, the structure of unionism and its status inside its institutional context is an important aspect of the nature of the political economy of capitalism that has attracted attention in the 1990s. The lasting symbiosis between union move-
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ments and national states also accounts in large parts for the weakness of international unionism. Such weakness is found even in the European Union, where in spite of deep economic integration national unions have remained highly distinctive in their organizational structures and modus operandi, and are jealously guarding their independence.

5. The Prospects of Unionism Today

Much of the literature on unionism in the early 1960s observed and predicted a decline of unionism in leading industrial societies. In most Western countries, with the notable exception of the United States where union decline continued unabated, this was contraicted by the 'hot autumns' of 1968 and 1969, which were followed by a sharp reversal of membership losses and by unprecedented influence of unions in politics. In the 1990s, however, union membership and power seem again declining worldwide. With the American private economy on the way to effective deunionization, the British government in the 1980s attacked unions' legal and institutional supports, with considerable success. In the American capitalist world, union influence was weakened by the end of politically guaranteed full employment combined with intensified international competition, while the growing importance of the service sector and the "knowledge economy" and the rise of a more diverse and better educated workforce made it more difficult for unions to recruit new members. Even where institutional conditions remained unchanged, unionism tended to be increasingly confined to the traditional sectors of the economy, which have long been shrinking in size and importance.

According to a minority of scholars, unionism has become deeply involved in the functional and social integration of the modern nation-state; in the national standardization of employment practices, the organization of redistributive solidarity at national level, and the political governance of the national economy. The decay of the second postwar settlement coincides with strong market forces for flexibility in systems of governance, less political interference, and internationalization of economic transactions. It is not clear whether and how unions, and indeed the nation-state itself, will find a response to the de-nationalization of the global economy. While their membership aging, unions may become defenders of an industrial employment and social security regime that no longer fits the needs of the restructuring of the modern labor market. These factors are common to the process of division labor. The concept is therefore meaningless to the winners of structural change in the highly skilled and female segments of the labor force, unions also seem less than successful in organizing the employment of the small and self-employed, especially many of them immigrants, that has been growing for some time in many industrial societies.

See also: Class Consciousness: Class; Social; Conflict; Organizations; Conflict Sociology; Industrial Policy; Industrial Relations; Collective Bargaining; Industrial Relations; History of; Industrial Sociology; Labor History; Labor Markets; Labor Movements; Gender in Developing Nations; Labor Movements and Gender; Labor Movements, History of; Labor Supply; Work; History of; Work; Sociology of Work; Work and Labor: History of the Concept; Labor, Division of

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W. Streake

Labor, Division of

Division of labor is a feature of social structuring found in all human societies. Its form varies widely and changes over time. In a narrow sense the concept is used in an economic context to describe the breakdown of a complex task into a number of detailed and specialized tasks. In a social context the meaning is much wider, because labor and hence the consequences of its division impacts decisively social structure. An example familiar to everyone is the household division of labor. This refers to the differential allocation of tasks to women and men in the family and in child-rearing. Following a definition of division of labor in modern capitalist-industrial societies will give us the main attention. Finally, the development of social thought on the concept will be briefly examined.

1. Labor

Labor or work can be defined as purposeful activity necessary in any human society to secure its existence. Only humans do work in the sense of using creativity, conceptual and analytical thinking together with manual or physical muscles in action for their utility (see Work and Labor: History of the Concept). A distinction between work and labor is often made. The word 'labor' is derived from the Latin laborum implying toil and distress, and this word has no etymological connection with the concept of work. Similarly, it is common for example to speak of the 'labor process,' the 'labor market,' the 'labor movement' (including the 'labor unions' in the economic, the 'labor party' in the political sphere), or the 'International Labor Organization' (ILO) and the expression 'work' is not used here.

2. Divisions of Labor

2.1 Concepts: Economic Division of Labor vs. Social Division of Labor

All empirical evidence shows that labor or work always entails some specialization. Division of labor refers to separation of activities and the specialized allocation to different individuals. It is a universal trait of human existence. This does not, however, imply that it is caused by natural differences (biological differences between women and men, for example). Division of labor is always human-made, its forms are socially shaped.

Any definition of division of labor basically must start with the recognition of two different connotations. In its narrow and simple sense, the concept is used in an economic context. It describes the splitting up of a complex productive task into a number of specialized, simpler tasks. The most renowned example is that of Adam Smith (1776) for pin needle production. The increase in productivity is exactly the ultimate reason for the separation and specialization of tasks in manufacturing.

This form is known as detailed or technical division of labor. It made its appearance on the stage of human history with all-pervasive force only three hundred years ago in Europe with the establishment of conditions not in use previously: that is manufacturing and the 'invention' of capitalist principles of production.

In a broad sense, division of labor is a precondition for conceptualizing society, as used in a social or sociological context. Reference to the social division of labor implies divisions at different levels of society which comprise its complex structure. Here the attention is on social differentiation such as class, gender, or ethnicity, on the role of power, on forces of social cohesion and disintegration, and on the importance of solidarity and morale. All the major institutions of a modern complex society play a part in the social division of labor, in the economic system with its elements like the market, competition, capital, contract law, labor market, even differences between (paid) employment and non-paid labor, in the political system with its various specialized institutions of the legislative, the executive, and the judiciary; in the cultural system with its various socializing institutions for the creation of skills, value orientations, and spiritual development.

In a schematic form the concepts may be listed this way:

- economic division of labor
- social division of labor
- detailed division of labor (e.g., technical division of labor)
- division of labor (e.g., by gender, occupations)

2.2 Levels

It is clear from the above that division of labor is a complex concept and can refer to different levels of human activity. It extends from the household level to the family on the micro level, through work organizations like enterprises on the meso (intermediate) level, divisions in society at large on the macro level, to the entire world on the global level. Examples of divisions of labor are found at various levels: the division of labor, the organizational division of labor, the occupational division of labor, or the international division of labor.

Here is an overview on the levels in schematic form:

- Micro-level: e.g., domestic or familial division of labor
- Meso- (intermediate) level: e.g., organizational division of labor
- Macro-level: e.g., occupational division of labor
- Global level: e.g., international division of labor

2.3 Dimensions

It is necessary to trace division of labor in various different dimensions. The most obvious dimension is a broad division of labor between women and men, which all known societies exhibit in some manner or other. This is not (or gendered) division of labor is obviously important in the area of work, but it also reaches beyond that to social, political, cultural, and religious fictions.

Any analysis of the social structure of a society, or a comparative study of different societies, must certainly consider the distinction between these varying dimensions. In addition, some dimensions are relevant at more than one level. The sexual division of labor,