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Review of the Book *The Economic Analysis of Unions: New Approaches and Evidence*

Abstract

[Excerpt] This book surveys, synthesizes, and critically analyzes the rapidly growing theoretical and empirical literature on unions and dispute resolution. The focus is primarily on the United States literature, although references to studies from Canada and the United Kingdom are also included. That the survey is complete and up-to-date is suggested by the thirty *pages* of references at the end of the book; a number of these are to papers that are still awaiting publication. The authors present a remarkably balanced treatment and, for the most part, do not allow their own ideological orientation toward unions to influence their analyses.

Keywords

labor unions, dispute resolution, membership, productivity

Disciplines

Labor Economics | Labor Relations | Unions

Comments

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BOOK REVIEWS

Labor-Management Relations

Labor Organizations

The Economic Analysis of Unions: New Approaches and Evidence. By Barry T. Hirsch and John T. Addison. Winchester, Mass.: Allen & Unwin, 1986. xi, 337 pp. \$27.95 cloth, \$10.95 paper.

This book surveys, synthesizes, and critically analyzes the rapidly growing theoretical and empirical literature on unions and dispute resolution. The focus is primarily on the United States literature, although references to studies from Canada and the United Kingdom are also included. That the survey is complete and up-to-date is suggested by the thirty pages of references at the end of the book; a number of these are to papers that are still awaiting publication. The authors present a remarkably balanced treatment and, for the most part, do not allow their own ideological orientation toward unions to influence their analyses.

In turn, the book discusses models of union goals (including the testing of efficient contract models); the determination of union membership and growth; theories and empirical evidence on strike activity and impasse resolution under arbitration; the effect of unions on wages, fringes, and the distribution of income; the effect of unions on productivity, productivity growth, and profits; the role of unions in inflation; and the limited literature on unions and politics. Throughout, the authors summarize what they believe is known on topics and suggest subjects on which new research is required. Unlike H. G. Lewis, in *Union Relative Wage Effects: A Survey* (Chicago: University of Chicago Press, 1985), for the most part the authors take the results found in the individual studies they survey at face value. A notable exception is the set of studies of union effects on productivity; here the authors seem intent on proving that "the evidence of a union productivity effect is overwhelming" (p. 208).

As with any book of this scope, a reviewer can always find a number of things to quibble over and point out a few inaccuracies. For example, I was disappointed that the discussion in Chapter 3 of estimates of union membership equations that use individual data failed to stress

the importance of including both employer and employee preferences in the analyses. Similarly, the authors' summary of the wide range of estimates of union/nonunion wage differentials that come from micro-level studies that seek to control for selection bias (Chapter 5) fails to mention that these papers tend inappropriately to model unionization decisions solely in terms of single equation employee preference models. Finally, their discussion of unions and politics (Chapter 9) erroneously asserts that unions actively supported the *Fair Labor Standards Act* in the 1930s. In fact, unions initially opposed the passage of the Act, fearing that legally specified minimum wages might limit their ability to bargain collectively over wages.

Small quibbles such as these, however, do not seriously detract from the Hirsch and Addison book. It is well worth adopting as a supplementary text in a graduate level labor economics course, as it will give students an overview of the literature in the area. (I have already done so and assume that the authors will reciprocate by adopting my text, *Modern Labor Economics*, in their courses.) By its nature, however, its discussion of individual articles is not detailed enough for graduate students to substitute it for the original sources. Rather, it might be used as a readers' guide to the original articles.

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Collective Bargaining

The Economics of Collective Bargaining. By Charles Craypo. Washington, D.C.: BNA, 1986. xiv, 259 pp. \$16.00 paper.

The purpose of Craypo's book is to explain the economics of collective bargaining in the U.S. private sector. The book, which was commissioned by the George Meany Center for Labor Studies, is sympathetic to labor without being dogmatic. Although it is targeted for an audience with limited training in economics and labor relations, the material is presented in a manner designed to foster analysis as well as

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