
ECONOMICS, LABOR & BUSINESS

The Brighter Side of Unions

"The Two Faces of Unionism" by Richard B. Freeman and James L. Medoff, in *The Public Interest* (Fall 1979), P.O. Box 542, Old Chelsea, New York, N.Y. 10011.

Organized labor has come in for increasing criticism in the United States—even as the percentage of workers in private industry who are unionized declines. The attacks, particularly from management worried about declining productivity and from minority groups calling for "affirmative action," are not entirely justified, according to Freeman and Medoff, who are Harvard economists.

Executives complain that high union wage scales necessitate hiring fewer workers, thereby restricting a company's output. In fact, although a union member earns only 10 to 15 percent more than a nonunion counterpart, his productivity, in manufacturing industries, is likely to be 25 percent greater. "Union workers spend more time on formal breaks, [but] they spend *less* time on informal ones," the authors report. And employee turnover is 45 percent less among unionized workers.

Even strikes "do not seem to cost society a substantial amount of goods and services," Freeman and Medoff suggest, though the effect on a single company can be devastating. For the economy as a whole, the number of man-days lost to strikes during the past two decades equals 0.2 percent of all man-days worked.

As for charges that union seniority rules slow minority advancement, the authors point out that, in 1975, blacks' hourly wages were 9 percent less than whites' within the unions but 15 percent less outside the unions. A higher proportion of blacks than whites join unions. And in 1976, they held 9.4 percent of union apprenticeships. Although they may conflict with federal antibias efforts, seniority rules, if maintained, will benefit the black worker.

Economists, Past and Present

"Modern Economics as a Chapter in the History of Economic Thought" by Robert L. Heilbroner, in *History of Political Economy* (Summer 1979), Duke University Press, 6697 College Station, Durham, N.C. 27708.

Does modern economics represent the apogee of economic thought? No, says Heilbroner, an economist at the New School for Social Research. He finds the achievements of the last 50 years "shallow and poor" compared to those of previous eras.

The forerunners of today's economists explored the "hidden prob-