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ABSTRACT

This paper provides causal evidence on how wage inequality among workers affects the labor movement using three complementary research designs: a vignette experiment with union organizers, a natural policy experiment that increased wage inequality among Wisconsin school teachers, and an information intervention during the 2023 Writers Guild of America strike. Across all studies, we find that inequality undermines union strength through multiple channels. First, workers with high individual bargaining power are more likely to withdraw support in unequal environments, preferring individual over collective bargaining. Second, union organizers strategically respond to inequality in ways that may preserve membership but limit redistribution, such as shifting their campaign away from wages and choosing smaller, more homogeneous bargaining units. Taken together, our findings highlight the potential for “inequality traps,” where rising inequality erodes the very institutions designed to counteract it.

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An online appendix is available at <http://www.nber.org/data-appendix/w33978>

1 Introduction

The negative correlation between inequality and unionization rates in the U.S. has been extensively documented (Freeman, 1980; DiNardo et al., 1996; Card, 2001). Farber et al. (2021) further provide causal evidence that declining unionization rates since the 1960s have contributed to the rise in income inequality. The other direction of causality — namely, the impact of inequality on the labor movement — has also been theorized (Hirsch, 1982; Acemoglu et al., 2001), but never tested.¹

Both intra-occupation and intra-workplace inequality have risen substantially in the U.S. over recent decades.² This rising inequality among workers who could share the same union representation may challenge unions’ ability to attract, retain, and mobilize members. Indeed, workers with high individual bargaining power may prefer to negotiate individually and incur costs (e.g., retraining, switching firms) rather than bargain collectively if it entails redistribution (Acemoglu et al., 2001). Even when most workers favor collective representation, pay differentials may undermine their ability to coalesce around common bargaining priorities.³ Further, the dynamics of union support in high-inequality environments could alter the very objectives of labor organizations. For instance, if high earners become less receptive to traditional union messaging on wage compression, labor organizers might strategically pivot their focus toward non-wage amenities. At the same time, coworker inequality could also increase union support by galvanizing lower-income workers who stand to benefit from redistribution, or by mobilizing workers concerned with fairness or income security regardless of their own earnings position.

This paper provides causal evidence on how rising wage inequality among workers affects their support for collective bargaining and changes union organizers’ strategies, such as where they campaign, whom they target, and what they demand.

An ideal research design would feature exogenous variation in inequality alongside detailed docu-

¹We note that Hirsch (1982) includes an empirical section. It estimates a simultaneous equations model using 1970 industry-level data to study the joint determination of unionism and earnings dispersion. Checchi et al. (2010) and Töngür and Elveren (2014) also offer empirical evidence across several OECD countries and over time that is consistent with the reverse relationship. While informative, these analyses do not rely on exogenous variation in inequality to tease apart the direction of causality.

²Between 1980-2015, within-occupation inequality accounts for 62% of the growth in U.S. earnings inequality, while the between-occupation component accounts for 38% (Appendix Figure A.1). Relatedly, Hoffmann et al. (2020) uses a regression-based approach with additional worker-level controls and conclude that occupational differences play a secondary role in rising inequality in the U.S. Over the same period, within-workplace inequality accounts for approximately one-third of the increase, according to Song et al. (2019).

³Studying the formation of school districts in the U.S., Alesina et al. (2004) highlight how institutions such as local governments may break down due to the cost of aggregating individuals with heterogeneous preferences. In a similar vein, Goldin and Katz (1999) ascribe the birth of universal secondary education in the U.S. in the state of Iowa, at least in part, to homogeneity in income and wealth within local communities.

mentation of the labor movement's response. While inequality itself is seldom assigned randomly, we identify three research settings that achieve its tall order.

Our first setting is a survey experiment with labor organizers. We employ a vignette design presenting organizers with hypothetical firms that have the same internal wage structure but operate under varying degrees of labor market inequality. Specifically, we keep average market wages constant across vignettes but vary wage dispersion. This mimics a technological change that raises the market wages of some workers while lowering those of others, similar to the shock in [Acemoglu et al. \(2001\)](#). Organizers are asked to make *incentivized* strategic decisions (e.g., how to spend organizing budgets) based on their predictions about union support. Through multiple outreach channels, we collect responses from nearly 200 organizers representing 26 unions, 14 industries, and 39 U.S. states. We find that organizers anticipate substantially lower union support in more unequal environments. Given limited resources (and incentive-compatible choices), they would direct organizing resources toward more equal environments. Should they pursue a union drive, they would use strategies to mitigate the impact of inequality on union support. For instance, they are 23.6 percentage points (pp) (p -value < 0.001), or 25%, less likely to disclose information about market wages in environments where workers face unequal market wages, in line with the hypothesis that worker cohesion strengthens union support. Inequality also shapes campaign focus: in more unequal environments, organizers are more likely to build their campaigns around non-wage amenities at the expense of wage demands. Finally, in more unequal environments, organizers are 14.8pp (168%, p -value < 0.001) more likely to target smaller bargaining units that separate workers with different market wages rather than a single firm-level union. The latter two patterns highlight the trade-off facing organizers in high-inequality environments: preserving cohesion through smaller units of similar workers and focusing on less divisive (non-wage) demands may increase the chances of union representation, but it may also reduce the union's bargaining strength and ability to push for wage compression.

We find support for our experimental findings with national-level evidence in U.S. administrative data. Using data on private-sector contracts from the Office of Labor-Management Standards (OLMS) from 2002-2022, as well as Federal Mediation and Conciliation Service data on bargaining units from 2015-2021, we find that unions operating in more unequal industries are less likely to negotiate rigid pay scales, more likely to emphasize non-wage amenities over wage demands in their contracts, and represent smaller bargaining units as a share of establishment employment. Further, an analysis of AFL-CIO News content from 1955-1996 reveals a striking trend: as national income inequality rose sharply, unions' focus on pay-

related issues declined from over half of all articles in the early 1970s to one-third in the 1990s. While these correlational patterns do not establish causality, they are consistent with our experimental evidence on the numerous ways organizing approaches can respond to inequality, with the potential to exacerbate inequality.

While our first setting captures organizers' perspectives, our second setting provides direct evidence on how workers' union support is impacted by inequality. We do so in the education sector, which has the largest population of U.S. unionized workers.⁴ A Wisconsin reform, implemented in a staggered manner across ~ 400 districts, increased wage inequality among public school teachers. We combine this natural experiment with administrative data on union revenue per teacher and individual-level dues payments to study how rising inequality shapes union revenue.

In 2011, Wisconsin's Act 10 changed the rules governing public-sector unions. First, the reform prohibited collective bargaining over pay scales, which had been used to set teachers' pay based on experience and education. This left districts free to adjust teacher pay individually without union consent, leading to a sharp rise in wage inequality among Wisconsin teachers. Key to our design is that individual bargaining increased pay dispersion only in commuting zones (CZs) with sufficient competition for teachers, creating natural treatment and control regions that differed only in whether they experienced a rise in inequality. Using the Herfindahl-Hirshman Index (HHI) to measure competition among public schools, we confirm that pay dispersion among teachers with the same education and experience ("position") only grew in below-median-HHI (competitive) areas: between 2011 and 2016, the within-position standard deviation in pay rose by 22% in low-HHI districts, while remaining essentially flat in high-HHI districts. Because average wage remained fixed by pre-determined budgets across high and low-HHI districts, and those districts shared similar teacher characteristics (eg. gender and experience), district characteristics (e.g. rural vs. urban), wage inequality, wage levels and wage growth pre-reform, we can use this setting to isolate the effect of inequality on union support.

We find that, while districts present parallel trends in union revenues per teacher pre-reform, districts exposed to the inequality shock (below-median HHI districts) experienced significant declines in union contributions after the reform took effect, while districts that remained unexposed (above-median HHI) did not. Three years later, the gap in union revenues between districts that experienced a rise in inequality, and those that did not, reached 64% (p-value = 0.004). We also examine individual choices to pay union dues after the reform and show that the relative drop in union support in districts with rising inequality

⁴Nearly 1 in 5, or 18% of all unionized workers in the U.S. is a teacher (Lyon and Steinberg, 2024).

is driven by teachers whose wages grew the most under flexible pay. This heterogeneity corroborates the economic channel conjectured by [Acemoglu et al. \(2001\)](#), whereby high earners prefer to bargain individually if the earnings disparity between themselves and the median voter is sufficiently large.

Our third setting leverages an experiment with Hollywood screenwriters during the 2023 Writers Guild of America (WGA) strike — providing additional evidence on how workers’ union support is impacted by inequality. Leveraging the insight that people typically underestimate pay inequality ([Hauser and Norton, 2017](#); [Cullen and Perez-Truglia, 2022](#); [Stantcheva, 2024](#); [Jäger et al., 2024](#)), we experimentally vary writers’ exposure to information about pay inequality and test whether raising awareness about inequality affects high-stakes expressions of support for the WGA. In a baseline survey of 400 WGA members, we first establish that perceived inequality in Hollywood is substantially more modest than actual levels, setting the stage for our experimental intervention.

Following our theoretical framework (a minimal adaptation of [Acemoglu et al. \(2001\)](#)), we aim to study a shock to workers’ perceptions of the distance between the pay they could negotiate as an individual, and that of the median voter in the union. Therefore, the report highlights pay disparities between individual pay and collectively negotiated minimums among Hollywood writers during their 2023 strike. We distribute it to WGA members 100 days into the strike, a critical juncture when studios resumed negotiations with the Guild. To measure union support, we ask respondents: “Do most writers think WGA demands meet the needs of all members?”⁵ By randomizing whether this question appears before or after the pay report, we can discern whether pay disclosure impacts writers’ responses.⁶ We find that, absent the pay report, only 9% of respondents report a lack of solidarity among writers about WGA demands, compared to 23% after seeing the pay report (difference p-value < 0.001). This shift is driven by respondents with more writing credits — our proxy for productivity. Among high-credit writers, the share reporting that union demands do not meet all members’ needs increases by 20.5 percentage points (p-value = 0.001), compared to a modest and statistically insignificant 5.5 percentage point increase among low-credit writers (p-value = 0.414). This heterogeneity is consistent with the economic channel conjectured by [Acemoglu et al. \(2001\)](#) and mirrors patterns among Wisconsin teachers. Media accounts of both the 2007–2008 and 2023 WGA strikes further support this interpretation. [Banks \(2015\)](#) notes “some of the most egregious infighting during [WGA’s 2007-2008 strike] came from high-profile writers who

⁵This indirect question enables respondents to signal dissent or solidarity without explicitly revealing their own stance, allowing for plausible deniability. See Section 5.3.2 for details.

⁶This one-question follow-up was purposefully simple to collect our target sample size before information spread.

felt their needs were not being served.” As the 2023 strike continued, *Variety* reported that “WGA began to face stronger internal pressure from a strain of its most highly paid members” (Littleton et al., 2023).

Together, these research designs provide causal evidence that wage inequality among workers can undermine the labor movement. We highlight key mechanisms through which union strength is eroded. First, workers with higher individual bargaining power disproportionately withdraw their support for unions in high-inequality environments. Organizers, in turn, try to mediate lower support in high-inequality environments by shifting campaign focus away from wages and by targeting smaller bargaining units. While these strategic moves may shore up unions’ institutional viability, they can also come at the expense of effective wage compression. Additionally, organizers faced with resource constraints divert resources away from high-inequality environments, even though those environments might benefit more from institutions that can redistribute. These mechanisms create the potential for “inequality traps,” whereby collective bargaining, typically a counterforce against inequality, becomes increasingly difficult as wage gaps within occupations widen.

This paper builds on a longstanding literature examining the role of unions in shaping pay structures and pay disparities. Empirically, this literature has documented the existence of a union pay premium (in the range of 0.1–0.4 log points) and debated unions’ contribution to wage compression (Freeman, 1980; Card, 2001; DiNardo and Lee, 2004; Lee and Mas, 2012; Biasi and Sarsons, 2022; Fortin et al., 2021; Frandsen, 2021; Farber et al., 2021; Baker et al., 2024; Dodini et al., 2024; Lagos, 2024; Jäger et al., 2024; Beauregard et al., 2025). We complement this literature by providing experimental evidence on a reverse causal pathway (increased inequality impedes collective bargaining) as well as the underlying mechanisms for the relationship. We show that high-productivity individuals (or individuals with high outside options) predominantly drive reduced support for unions in high-inequality environments. This is consistent with empirical findings that unions compress pay, such that high earners stand to gain more when wage dispersion rises, and that support for unions is inversely correlated with one’s position in the intra-firm wage distribution (Farber and Saks, 1980). Our result also aligns with the theory in Acemoglu et al. (2001), in which rising outside options for skilled workers (under skill-biased technical change) weaken their incentives to join the unionized sector. Additionally, we find that, anticipating lower support, union organizers are reluctant to invest resources in high-inequality environments, further reducing the chances of union representation. This result adds to a largely correlational literature examining the characteristics of unionized workers over time and how worker preferences shape the success of union drives (Farber, 1989; Defreitas, 1993;

Gerstel and Clawson, 2001). It additionally speaks to research on how heterogeneity by income or race can undermine organizations, including unions (Alesina and La Ferrara, 2000; Ferguson, 2016).

This paper further contributes to an interdisciplinary literature on the political economy of unions, recently surveyed in Kaplan and Naidu (2025). Much of this literature examines unions' external political influence, but fewer papers zoom into unions' internal organization and strategic decision-making, how they shape unionization and bargaining outcomes, and how they are shaped by the economic environment.⁷ The one organizing strategy extensively discussed in the economics literature is the decision of unions to strike (see Card 1991 for a review and Massenkoff and Wilmers 2024 for recent causal evidence of strikes on wages). Farber (2001) uses NLRB election data to show that smaller bargaining units are more likely to win representation and models the implications for which workplaces organizers target. But many other strategies remain underexplored. Bronfenbrenner and Juravich (1995) and Bronfenbrenner and Hickey (2004) pioneered descriptive research on a wide range of organizing strategies, explaining how tactics that encourage rank-and-file participation increase the chances of union drive success. With the notable exception of studies from Kate Bronfenbrenner and her co-authors, we are the first to use the direct voices of organizers at scale. We leverage this opportunity to elicit how inequality shifts a broad range of organizing strategies, such as which issues to prioritize, what information to circulate among workers, or how to allocate limited resources across workplaces. Consistent with Kremer and Olken (2009), our evidence suggests that unions adapt to more unequal environments in ways that may not directly serve individuals (e.g., withholding information about market wages) but could still help ensure the sustainability of the labor movement. Our findings on organizer strategies also complement theory and empirical findings in Taschereau-Dumouchel (2020) on firm strategies: to prevent unionization, non-union firms over-hire high-skill workers, who are more likely to vote against the union.

Finally, we contribute to a large and growing literature on the labor market consequences of pay transparency (see Cullen, 2024, for a review). Our third study leverages differences in perceptions of inequality and a pay information treatment to proxy for what is empirically hard to implement: randomizing inequality. Several papers have found that revealing pay disparities among coworkers can have unintended consequences, such as lowering morale or work satisfaction (Breza et al., 2018; Card

⁷External evidence focuses on effects on voting (Feigenbaum et al., 2018; Kuziemko et al., 2023; Yan, 2024), campaign finance (Matzat and Schmeißer, 2023), lobbying (Johnson, 2020; Dodini et al., 2024), and intra-party bargaining (Gethin et al., 2022). One exception focusing on internal organization is Boudreau et al. (2025), which looks at how union leaders influence and mobilize workers.

et al., 2012). Our paper identifies another unintended consequence: pay transparency often increases workers’ perception of wage dispersion, accentuating the tradeoff between individual and collective bargaining, especially for high-productivity workers.

Our paper proceeds as follows: Section 2 introduces a conceptual framework illustrating how labor market inequality can undermine collective bargaining, and relates it to each of our three empirical settings. Section 3 presents our vignette experiment with professional labor organizers. Section 4 presents our natural experiment with teachers’ unions under Wisconsin’s Act 10. Section 5 presents our information-provision experiment during the 2023 Hollywood writers’ strike. Section 6 concludes.

2 Conceptual Framework

We minimally adapt the model in Acemoglu et al. (2001) to illustrate how inequality in individual bargaining power between members (or potential members) of a union could weaken the ability of unions to negotiate compressed pay, as well as to attract and retain members.⁸

Consider workers in the same occupation, who could potentially be part of the same union. After workers join a workplace, denoted C for Current, they discover whether they are high-productivity or low-productivity workers, with probability $\phi < \frac{1}{2}$ of being high-productivity. High-productivity workers produce $y_h^C = \eta$, while low-productivity workers produce $y_l^C = \alpha$, $0 < \alpha < \eta$ in their current employment. Workers also have an outside option (denoted as O): high-productivity workers can earn $y_h^O = A\eta$, $A > 1$, after paying a cost $\bar{e} > 0$ to move to their outside option,⁹ while low-productivity workers would earn $y_l^O = 0$ if they exit their current employer.

Firms compete by offering wage contracts that take the following linear form, $w^C(y^C) = \gamma + \beta y^C$, ($\beta \geq 0, \gamma \geq 0$), where γ is the fixed component paid to all workers in the firm regardless of their productivity, and β is multiplicative with productivity, thus governing the degree of pay inequality between high- and low-productivity workers.

A union is defined as a coalition of workers that imposes a wage contract upon the firm, subject to a zero-profit condition. The wage schedule is determined by pure majority voting among all union

⁸While the source of inequality in the original model in Acemoglu et al. (2001) is skill-biased technical change, it need not be limited to a technology shock. Indeed, we show how the model can reflect other sources of inequality in each of our settings and yield predictions for our empirical findings. Another significant deviation is that we do not consider upstream decisions to invest in education.

⁹This switching cost can be interpreted as paying a firm-specific training cost.

members. Each worker votes to maximize their own rent from the other type, after observing both their own productivity and that of their co-workers.¹⁰

The timing of actions proceeds as follows: workers realize their productivity after choosing employment at workplace C but before they decide whether to unionize or not. If there is a union, unionized workers vote over the wage policy. The firm decides whether to accept the contract offer or not. If it accepts the offer, it is committed to paying the contracted wage to all workers who stay. Workers can switch to their outside options by paying switching cost \bar{e} . Finally, production and consumption take place.

In the absence of unions, all workers are paid their marginal product: $w_h^C = \eta, w_l^C = \alpha$. High-productivity workers will leave for their outside option if $A\eta - \eta \geq \bar{e}$. We consider an individual's bargaining power to rise as this "no-quitting" condition increasingly binds, either because an individual's outside option rises, or their switching costs fall.

Assume all firms employ a continuum of workers with mass at least ϵ . Then, prior to the unionization decision, the law of large numbers implies that workplace C will employ a fraction ϕ of high-productivity workers, with the remaining being low-productivity. Because $\phi < \frac{1}{2}$, majority voting among union members favors low-productivity workers. The median union member, who has low productivity, will use their voting power to extract rents from high-productivity workers. The problem of the median voter is:

$$\max_{\gamma, \beta} \{\gamma + \beta\alpha\}, \text{ s.t.} \tag{1}$$

$$\gamma + \beta\eta \geq A\eta - \bar{e} \quad \text{No quitting of high-productivity workers condition} \tag{2}$$

$$\pi = -\gamma + [1 - \beta]Ey^C \geq 0 \quad \text{Firm's non-negative profit condition} \tag{3}$$

The unique equilibrium is characterized by the following: there exists a threshold $\eta^* = \frac{\bar{e}}{A-1}$, such that: For $\eta > \eta^*$, firms are not unionized and pay $w^C(\eta) = \eta, w^C(\alpha) = \alpha$. For $\eta \leq \eta^*$, firms are unionized. The union imposes a wage contract with $\beta^* = 1 - \frac{\bar{e} - (A-1)\eta}{(1-\phi)(\eta-\alpha)} \leq 1$, and $\gamma^* = (1 - \beta^*)[\phi\eta + (1 - \phi)\alpha]$. For $\eta > \eta^*$, high-productivity workers leave for their outside option; otherwise, no quitting occurs.

We consider two scenarios that differ in the extent of inequality in outside options for high-productivity ($A\eta$) versus low-productivity (0) workers: a more competitive (or skill-biased) marketplace characterized

¹⁰In Acemoglu et al. (2001), a union of this nature is called a rent-seeking union. Note that our rent-seeking union votes on cross-subsidization of members; workers already have full bargaining power and extract all rents from the employer, i.e. worker-firm bargaining is outside the scope of this model. A model of societal inequality and unionization could layer in rent-extraction through nested bargaining between workers and firms.

by A , and a less competitive (or skill-biased) marketplace characterized by A' , where $A > A'$. Wage inequality is exacerbated when A rises through several channels: failure to reach agreement on a pay scale (eliminating all cross-subsidization across high- and low-productivity workers) and exit of workers from unionized workplaces. Even agreed-upon pay scales exhibit less wage compression. To see this, note that β^* is increasing in A . When β^* exceeds 1, unions are unsustainable.

Note the underlying reason for unequal outside options is not crucial for assessing the impact of the inequality; the framework can incorporate unproductive reasons why one worker might experience stronger outside options than others, e.g., lower switching costs.¹¹

We now describe the three empirical settings that we study through the lens of this model. In each setting, we focus on a shock to A , which exacerbates inequality in the bargaining power of workers. In our organizer vignette experiment, respondents are asked to compare two workplaces, one with $A > 0$ (unequal outside options for workers) and another with $A = 0$ (equal outside options for workers), with an additive scalar adjustment to equalize average outside options across workplaces.¹² Our model predicts that workers with high individual outside options relative to their coworkers' face stronger incentives to exit a unionizing workplace. An experienced labor organizer may weigh the limitations this places on worker solidarity against their aspiration to unionize in an unequal environment. They may also use other tools at their disposal (outside the model), such as shifting the focus away from pay (or pay transparency) to reduce the salience of individual bargaining power, or to form smaller bargaining units to relax the constraints imposed by high outside option workers.

In the Wisconsin public schools context, we study a reform that introduces individual negotiation for teachers within the public school system. The reform leads to wage dispersion only in CZs where there is sufficient competition among schools that are newly able to individually bargain, and outside options adjust. In these competitive CZs, high-productivity teachers will experience a positive shock to A . Meanwhile, teachers experience little or no positive shock to A in CZs without sufficient competition, where public school teachers' outside options stay essentially constant despite the reform.¹³ Thus, we have a natural experiment by comparing the evolution of teacher outcomes in CZs with and without

¹¹To see this, notice that an unproductive additive shock to inequality would be akin to adjusting the relative switching costs \bar{c} , and lower relative switching cost for high types affects their no-quitting condition similarly to higher A .

¹²In other words, both low and high-productivity workers receive $\frac{A\eta}{2}$ in the equal workplace, and 0 and $A\eta$ in the unequal workplace, respectively, where \bar{c} can fall between $\frac{A\eta}{2}$ and $A\eta$.

¹³Because average wage remained fixed by pre-determined budgets across districts, average outside options across districts are equalized.

public school competition around the time individual negotiation is introduced. Our model predicts that the wage gap between high- and low-productivity teachers grows more in competitive labor markets, making unionization more difficult as teachers with greater bargaining power are more likely to oppose the collective pay scale that the union fights to instate or reinstate.

Finally, in our experiment with Hollywood writers, we collect pay information from writers, then experimentally share it in the form of a pay report. For most workers, this amounts to showing that the true value of dispersion in individual negotiations exceeds the perceived value, i.e., $(A\eta-0)_{\text{truth}} > (A\eta-0)_{\text{perceived}}$. Thus, our model predicts high-productivity (or high individual leverage) workers facing larger gaps $(A\eta-0)_{\text{truth}}$ are increasingly opposed to union demands to redistribute earnings.

3 Study I: Organizer Survey

Our goal is to understand, from the viewpoint of professional organizers, whether inequality in the individual bargaining power of workers undermines their ability to unionize and, if so, whether organizers adapt their strategies to mediate the relationship between inequality and union support. We run a vignette experiment where professional labor organizers are presented with two hypothetical workplaces. Across vignettes, we randomize one aspect of the workplace: the dispersion in workers' individual outside options, which corresponds to the key theoretical parameter A . After reading about the workplace, organizers are asked to predict workers' support for a union, and to make strategic campaign choices. We randomize the order of the scenarios to ensure that responses are not systematically biased by experimenter demand or salience effects. Finally, we show organizers the two workplaces side-by-side and ask them to make an incentive-compatible choice about where to allocate campaign resources. We state that a donation will be made on their behalf to an organization campaigning in the workplace most similar to the one they select.

3.1 Recruitment

We collected the contact information of 2,380 union organizers in the U.S. and Canada in summer 2024 across three channels. First, we collected the email addresses of 1,680 organizers from websites of over 500 national and local organizations spanning all branches of the ten largest U.S. unions. Second, Professor Kate Bronfenbrenner, the Director of Labor Education Research at Cornell University's School of Industrial and Labor Relations, provided us with a list of 433 publicly available emails she collected

from the organizers of 32 unions. Finally, in fall 2024, we contacted 267 organizers on LinkedIn who listed “Union Organizer” as a current or former job title. Responses were collected via both email and LinkedIn through January 2025, with participants offered a \$30 gift card as an incentive.

Our sample contains 182 respondents who reported a valid email in the survey.¹⁴ Of these, 49% came from our online collection, 34% from Professor Bronfenbrenner’s list, and 17% from LinkedIn outreach. Respondents represent a wide array of backgrounds, spanning 26 unions, 14 industries, 39 U.S. states, and 3 Canadian provinces (96% are U.S.-based). We show the most common unions, industries, and states in Appendix Table B.1, as well as individual organizers’ characteristics. Most respondents are deeply embedded in the labor movement and bring substantial campaign experience—often across multiple unions—indicating that their views are shaped by considerable time in the field: the median respondent reports 7 years of organizing experience and 66% of respondents have lead organizing experience.¹⁵

3.2 Survey Design

Methodology We conduct a vignette experiment where experienced organizers are randomly presented with one of two hypothetical workplaces, which have different levels of dispersion in workers’ outside options but are otherwise identical. The difference between the low- and high-dispersion scenarios simulates a technological shock (à la Acemoglu et al., 2001) that increases some workers’ market wages and decreases others’. To zero in on a shock to dispersion in outside options (driven by a shock to A in our model), we keep both average market wage levels and the internal wage structure unchanged. We then ask organizers to predict workers’ support for a union and to make strategic choices about their organizing approach. We next present the second hypothetical scenario (whichever they did not see first) and ask organizers again about their expected worker support and strategic choices. We randomize the order of scenarios to prevent systematic bias from scenario sequencing and find similar results regardless of whether organizers saw the equal or unequal environment first (Appendix B.2).

Finally, we present organizers with an incentivized choice of which workplace to allocate scarce resources toward. We truthfully assert that we will make a significant donation to a union campaign at a

¹⁴We show that our results replicate with the unrestricted sample of respondents ($N = 221$), including those who did not leave a valid email at the end of the survey, in Appendix B.1.

¹⁵Lead organizers primarily exist to assist non-union workers in forming chapters of locals, usually by leading them in their efforts. They work directly for the union and are responsible for directing campaign strategies, overseeing campaign executions and training other organizers.

workplace similar to the one they select. We interpret their responses as evidence of how union organizers react to rising inequality in the labor market.¹⁶

Vignette Design We present each organizer with two scenarios, shown in Figure I, randomizing which one they see first. Both scenarios, described as Factory A and Factory B, have three types of workers: Quality Control, Metal Worker, and Pipefitter. We select these occupations because they require similar levels of general human capital but are sufficiently specialized that workers cannot easily switch between them. To anchor organizers to a real-life workplace, both vignettes specify that some workers have expressed interest in unionization, but the firm is hostile to unions. We also specify that all positions share an identical internal wage of \$40/hour, reflecting commonly compressed internal wages (Hazell et al., 2022). We specify that work hours are unpredictable (a non-wage amenity), and the employer refuses to sign an “Open to All” pledge.¹⁷

The key distinction between the two scenarios lies in the structure of market wages: all workers in Factory A face identical market wages of \$48/hour, while workers in Factory B have different outside options based on their occupations, simulating a market demand shock that advantages one group (Pipefitters) and disadvantages another (Quality Controller). A third group (Metal Worker) faces the same outside option in the unequal scenario and equal scenario; however, their peers (Pipefitters and Quality Controllers) face outside options that are ~2 standard deviations higher or lower, respectively, according to the distribution of firm wages within narrow position titles standardized by ADP.¹⁸ By designing a symmetric shock for Pipefitters and Quality Controllers, we hold constant the average markdown between internal and market wages. For the rest of the paper, we term Factory A the *equal environment* and Factory B the *unequal environment*. We also term Pipefitters *high outside option* workers, Quality Control workers *medium outside option* workers, and Metal Workers *low outside option* workers.¹⁹ We include the full survey tool in Appendix Section F.1.

¹⁶While we also collected data on strategies from organizers’ latest campaigns, our sample is not weighted to represent the U.S. union landscape. Hence, one cannot use these responses to make inferences about the current prevalence of various organizing strategies in field union campaigns.

¹⁷The “Open to All” pledge is a commitment made by businesses, organizations, and individuals to ensure that everyone is welcome and treated fairly, regardless of their race, ethnicity, national origin, sex, sexual orientation, gender identity, immigration status, religion, or disability.

¹⁸We use data from Cullen et al. (2025) to calculate the standard deviation in wages of a labor market narrowly defined by 10,000 standardized position titles.

¹⁹While we use direct language about outside options and inequality to describe the scenarios in this paper, our subjects did not see these terms at any point during the study.

3.3 Inequality and Perceived Union Support

Our first goal is to cleanly identify how organizers across different unions and industries conceive of the directional relationship between labor market inequality and union support. To do so, we elicit organizers' predictions about union support as well as their beliefs about worker mobilization in each environment.

Survey Questions First, we instruct organizers to assume that all workers are informed about the market wage information. Then we ask them to predict wage demands: "What hourly wage increase would each of the following groups demand for themselves in order to ratify the CBA?". Second, we ask about workers' alignment on those wage demands: "How easy would it be for all workers to agree on pay scale demands? This means Pipefitters agree with the demands Quality Controllers make, and vice versa." Third, we assess the role of worker exit for outside options: "What share of each of the following groups at Factory A/B do you think will apply for a job elsewhere during the union campaign?" Last, we ask them to predict the share of workers that would vote to ratify a union contract in each scenario: "Please share your best guess: After all the details are hammered out, what percent of workers at Factory A/B would you expect to proactively vote yes to ratify a contract?". In the following paragraph, we start with the answer to this last question, then unpack the reasons for this answer.

Results We find that organizers predict the equal environment to be an easier win for the union: the median predicted share of workers voting to ratify a contract in the equal environment is 9pp higher (13%, p -value < 0.001) than in the unequal environment.

Figure II dives into factors driving organizers' belief that support would be higher in the equal environment, starting with their expectations about workers' hourly wage demands. Panel A shows that despite identical average market wages across environments, the unequal environment features wage demands that are both more dispersed and higher on average. In the equal environment, expected wage demands for each group (shown under the y-axis headers) are all near the average market wage (\$48) and within 1% of each other. By contrast, in the unequal environment, high outside option workers demand an additional \$6.0 while low outside option workers demand \$4.3 less (both p -value < 0.001). This means that the highest wage demand is 24% higher than the lower one, substantially larger than the 1% difference in the equal environment (difference p -value < 0.001). Next, we examine how organizers expect labor market inequality to impact union members' ability to agree on a pay scale. Implicitly, this measures whether workers believe

higher outside options for their peers justify higher demands, and vice versa. While 37% of organizers say they would find it difficult to bring workers to agree on a pay scale in the equal environment, a striking 84% say so in the unequal environment. Taken together, these first two results highlight that market wage inequality not only raises some individual wage expectations, but also undermines the internal cohesion necessary for collective bargaining—making it harder for organizers to unify workers around shared demands.

Panel B of Figure II examines organizers’ beliefs about workers seeking employment elsewhere, as high turnover poses a threat to unions by disrupting campaign momentum and continuity (Simms et al., 2018).²⁰ In the equal environment (numbers under y-axis headers), organizers expect around 20% of workers in each specialty to apply for jobs elsewhere. The unequal environment is markedly different: high outside option workers become much more likely to seek alternative employment (12.5pp, p-value < 0.001), low outside option workers become substantially less likely to do so (-7.2pp, p-value < 0.001), and medium outside option workers saw minimal change (1.6pp, p-value = 0.074). These numbers translate into a 2.3pp (11%) increase in overall departures. This pattern underscores a critical challenge facing union organizers under rising inequality: the increased departures among high outside option workers are only partially offset by greater retention among low outside option workers, creating higher turnover rates that could undermine union strength.

3.4 Inequality and Organizing Strategies

We next ask organizers what campaign strategies they would implement in each environment, including what pay information to disclose, which issues to prioritize, and how large the bargaining unit should be. We select these specific strategies because they have important implications for union strength and the effectiveness of worker representation. First, many workers turn to unions for greater pay transparency, and disclosure of market pay can directly confer bargaining power to workers (Jäger et al., 2024; Roussille, 2024).²¹ Second, organizers’ decision to make a topic the focal issue of a campaign sets expectations about what the contract will accomplish. For example, if a union focuses on pay during its organizing drive, then workers will

²⁰According to Amazon Labor Union organizer Justine Medina, “The faster the turnover is, the harder it is to organize.” (Brown, 2023). Union efforts at Amazon were undermined by higher turnover, both because Amazon challenged authorization cards signed by former employees and because turnover can make it more difficult to generate and retain support (Herrera, 2021).

²¹For example, both the [New York Times Tech Guild](#) and the [American Federation of Teachers](#) emphasize pay transparency as a union benefit. Quoting organizers the New York Times article says: “It’s easy to feel overwhelmed and powerless when you’re not sure whether you’re being paid fairly. Sharing salary data with each other, and having conversations around that data, can build solidarity as you form a union.”

expect wage demands to be more front and center in contract negotiations than if the focus is on non-wage amenities.²² Finally, the size of bargaining units affects union strength: a union's threat to withhold labor depends on the collective value of its membership. [Mishel \(1986\)](#) confirms empirically that unions have more bargaining power when they have higher coverage of a workplace and are less fragmented. Additionally, [Farber \(2001\)](#) documents smaller bargaining units have a higher likelihood of success in representation elections compared to larger units, which he notes has implications for which units organizers target.

Survey Questions First, on pay transparency, we describe: "In the absence of more information, workers generally think that everyone earns what they do for similar work. You have the option to share the pay data you collected with workers. Would you share this pay information with workers?" Respondents choose among three options: publish during the campaign, publish after the campaign, or never publish. Second, we elicit issue priorities. After showing market wages, we inform organizers that hours are unpredictable at both factories and that the employer refuses to sign an "Open to All" business pledge (a commitment to maintaining a welcoming and safe environment for people). We ask: "To maximize support for the union, which of the following issues would be better to focus on during the campaign? Raising Pay, Predictable Hours, or "Open to All" pledge." Finally, on bargaining unit size, we ask "Would you advise separate bargaining units for these three groups of workers?" This means that, even within a single factory, each worker group would be represented separately, and a strike would pause work for a minority of the firm's workforce.

Results Figure III shows how labor market inequality shapes the way organizers approach campaigns. Under the y-axis headers are average responses to each question in the equal environment, while the regression coefficient shows the change in responses when moving to the unequal environment. First, we find that, in the equal environment, almost all organizers (94.5%) would publish the market wage information during the campaign, with only 2.2% publishing the data after the campaign and 3.3% never publishing. In contrast, in the unequal environment, organizers are 23.6pp less likely (p-value < 0.001) to publish the information during the campaign. Instead, respondents are 10.4pp more likely to publish the data only after the campaign and 13.2pp more likely to never publish the data (both p-value < 0.001). This strategic withholding occurs even though high and medium outside option workers could learn that their market wages

²²This is exemplified by organizing guidelines published by the [Communications Workers of America](#), which coach organizers that the first bargaining proposals should focus on the central issues that motivated the campaign. Additionally, [Bronfenbrenner and Juravich \(1995\)](#) note that campaign success depends both on which issues organizers emphasize and how they plan for initial contract negotiations.

exceed internal wages. Since workers can use information on outside options to negotiate higher pay (Jäger et al., 2024), the union's decision to withhold this data may improve chances of campaign success but at the potential expense of the individual bargaining power of the majority of workers. In other words, organizers respond to inequality by prioritizing collective institutional viability over the interests of some individual members, echoing the model of Kremer and Olken (2009), in which unions that do not implement workers' optimal organizing strategies are more successful. In addition to vignettes, we also ask organizers how they gathered and shared pay information in their most recent campaigns.²³ 86% of organizers report collecting relevant pay information, but only 35% of those who collected it say that they published the data.²⁴ Aligned with vignette experiment results, organizers working in industries with above-median levels of pay inequality are 14pp (p-value = 0.065) less likely to report that pay was the most important campaign issue.²⁵

Second, we find that, in the unequal environment, organizers are 10.4pp less likely (p-value = 0.009) to focus on pay and 9.9pp more likely (p-value = 0.014) to focus on predictable hours. This suggests that when dispersed outside options make pay a more divisive topic, organizers may shift their campaign focus toward non-wage amenities. This helps maintain worker solidarity but hinders unions' ability to secure wage compression precisely when such efforts are most needed for counteracting rising inequality.

Finally, we find that, in the unequal environment, organizers are 14.8pp (168%, p-value < 0.001) more likely to recommend establishing separate bargaining units (vs. 8.8% in the equal environment). In unequal environments, smaller bargaining units of similar workers may improve the chance of union formation, but at the cost of reduced firm-level union strength, which is commonly associated with the size of the bargaining unit.

Collectively, these results highlight the tradeoffs faced by organizers under rising inequality: they seek to maintain worker cohesion through reduced transparency, more focus on unifying (non-wage) themes, and smaller bargaining units. However, these moves could ultimately undercut the union's overall strength and effectiveness in counteracting rising inequality.

²³58% of most recent campaigns focused on forming a new union, while 42% were within an existing union (Appendix Table B.1).

²⁴Open-ended responses reveal that organizers gathered pay data using a combination of accessing pay stubs, directly asking workers, and referencing pay scales or contracts from comparable unions. Among those who chose to disclose pay data, organizers most commonly report sharing market rates or rates at other unions, while some shared average establishment wages by group or position.

²⁵We classify more unequal industries (2-digit NAICS) as those with above median national industry-level p90/p50 ratio from the OEWS in 2023. We use industry (rather than occupation) because organizers report the industry in which they are most active and typically work across many occupations.

3.5 Inequality and Resource Allocation Across Firms

Finally, we seek to understand how inequality affects the overall efficacy of organizing efforts by shaping how organizers allocate scarce resources across different settings.

Survey Question After presenting both factory scenarios and collecting responses on strategies and predicted union support, we ask organizers one final question about the vignettes, now shown to them side-by-side: “With limited resources, which factory would you attempt to organize?” We elicit truthful responses using the following incentive-compatible language: “We will direct a significant donation to an organization (not participating in this survey) focused on organizing a workplace closest to Factory A or Factory B, based on the answers we receive.” We also follow up with an open-ended question about why they made their selection.

Results In their response to the open-ended question, organizers who opt to organize Factory A often emphasize solidarity: “3 groups dealing with same pay and scheduling issues makes alignment on goals easier”, “Easier to achieve and maintain solidarity among workers”, “There is less chance for infighting in such a scenario.” For organizers who opt to organize Factory B, reasons include: “2/3 are paid well below market rate and low wages could be a point of agitation”, “Pipefitters are severely underpaid and we could build a campaign out of activists from that group”, “It might be the harder of the two, but ultimately probably more worthwhile.”

While these quotes are anecdotal, aggregate responses provide a clear picture: 67% of organizers would attempt to organize the equal rather than the unequal environment. This is consistent with their perception that workers in the equal environment are more supportive of unions, outweighing the view that combating inequality in the unequal environment may be “more worthwhile.” Thus, inequality influences not only existing unions’ strategic choices but also the formation of new unions. This result points to the decline in union density as a potentially self-reinforcing process: higher inequality reduces the chance that labor organizers direct their resources toward a workplace. In turn, this decline in union representation exacerbates inequality (Farber et al., 2021).

3.6 U.S. Evidence on Union Strategies

Although our sample of organizers spans a wide range of industries, unions, and geographic areas, it is not necessarily representative. We supplement our analysis with national-level evidence on the relationship between organizers’ strategies and inequality, which echoes the patterns observed in our survey. Using a cross-section of U.S. industries over the past two decades, we find that unions operating in more unequal industries are less likely to negotiate rigid pay scales, focus less on wage demands in contracts, and form smaller bargaining units.

To shed light on these correlations, we draw on union contracts (formally “collective bargaining agreements”) from the Office of Labor-Management Standards (OLMS) Online Disclosure Room database. The database contains 3,007 private-sector contracts. To match the availability of ACS data used to estimate wage ratios, we focus on 602 contracts with a start year between 2002-2022, of which 451 contain valid industry and state information.²⁶ We define a fixed pay scale as one that explicitly sets pay levels for each position and level of experience. Using this definition, we classify each contract based on whether it includes such a scale. Then we break contracts into 100-word segments and assign textual topics for each segment using the Anchored Correlation Explanation (CorEx) model (Gallagher et al., 2017), following the approach in Sockin (2022).²⁷ To track bargaining unit sizes, we draw on Collective Bargaining Notice (F-7) data from the Federal Mediation and Conciliation Service (FMCS), which covers 79,822 establishment-level bargaining units between 2015-2021 and contains information on both the size of the bargaining unit and the size of the establishment. For each unit, we calculate a “coverage rate” equal to the unit size divided by the establishment size. See Appendix Section C.1 for more details on these datasets and our variable choices.

Panel A of Figure IV shows that unions in more unequal environments (measured using log p90-p50 wage ratio within industry \times region \times 3-year cells) are less likely to include fixed pay scales in their contracts.²⁸ Panel B shows such unions allocate a smaller share of contract content to wage demands. Panel

²⁶These numbers were pulled on July 13, 2024. The OLMS database is dynamically updated, so these numbers would be somewhat different if pulled on a different day. We exclude all contracts with missing start years in the database. Recent works that apply text analysis techniques on union contracts include Corradini et al. (2025), Arold et al. (2024), and Lagos (2024).

²⁷CorEx is a semi-supervised topic model that allows the researcher to input topic-specific “anchor words” guiding the model to identify coherent topics of interest. We find the numbers of contract segments each year that discuss “pay-related”, “benefits-related”, and “(working) conditions-related” topics and calculate the relative shares of each topic. We implement the model with 10 topics (3 main and 7 residuals) and anchor strength 5. The anchor words are “pay, salary, wage, pay raise, wage increase” for pay, “benefits, insurance, pension, retirement, vacation” for benefits, and “hours, safety, workplace, injury, hazards” for conditions. The anchor words are initialization inputs to the model and are not meant to be exhaustive for each topic.

²⁸The log p90-p50 wage ratio is defined as the logged ratio of the 90th percentile of wages divided by the 50th percentile. While we mainly focus on within-occupation inequality in this paper, this cross-sectional analysis instead exploits

C shows such unions form bargaining units that cover a lower share of workers at the same establishment. These results echo the responses of the organizers in our survey, who shy away from wage demands, target smaller bargaining units, and predict less agreement over a pay scale in the more unequal environment. To account for the possibility that wage ratios are affected by union presence, Appendix Figure C.1 replicates Figure IV using CPS-based wage ratios among nonunion workers and find similar patterns.

Additionally, we explore the negative relationship between inequality and unions' campaign focus over time. We collect and analyze text from the AFL-CIO News, the official newspaper of the national AFL-CIO union federation between 1955 and 1996. It served to inform union members nationwide about recent union activities, contract negotiations, strikes, and organizing campaigns. It also reported on political developments of union interest and contained editorials and opinion pieces reflecting views of the federation (University of Maryland Libraries, 2024).²⁹ We classify topics for news segments using the CorEx model with the same anchor words and anchor strength (both parameter inputs for the CorEx model) as in our contract analysis. See Appendix Section C.2 for more details on this dataset and our variable choices. Panel A of Appendix Figure C.2 plots the “pay-related” topic share in the AFL-CIO news alongside national income inequality measures in the U.S. (the top 10% income share and the Gini coefficient from Farber et al. (2021)). We find a clear negative relationship: the “pay-related” topic share steadily declined from over half in the early 1970s to just over a third in the 1990s, while income inequality rose sharply. Panel B plots how topic shares evolved for all three categories. The decline in pay-related content was accompanied by limited changes in the benefits-related coverage (e.g., insurance or pension) and a rapid rise on working conditions (e.g., safety, hours, etc.). This is consistent with our survey-based findings that union activities focus more on non-wage amenities in more unequal work environments.

In sum, the patterns we observe between inequality and union strategies in our survey also emerge in administrative datasets spanning the broader U.S. economy. While we cannot make causal statements, the correlations in administrative datasets are consistent with the experimental findings from our survey.

within-industry inequality because industry (but not occupation) information is available in most union data.

²⁹AFL-CIO News has been widely used by labor historians in archival research (Holloway, 1979; Minchin, 2017; Sheehan, 2024). To our knowledge, we are the first to analyze its text quantitatively.

4 Study II: Wisconsin's Act 10

The organizer survey underscores the negative effects of inequality on union support from the perspective of labor organizers. In this section, we directly test whether workers reduce their union support when pay inequality rises.

Our second study turns to the education sector. As of 2024, teachers make up 2% of the U.S. labor force and have the highest unionization rate of any occupation (BLS, 2025). We examine how quasi-exogenous differences in pay dispersion among public school teachers in Wisconsin — triggered by a 2011 policy reform, Act 10 — affected individual decisions to support the teachers' union.

4.1 Institutional Background

4.1.1 Before Act 10

Prior to 2011, public-sector teachers in Wisconsin enjoyed considerable collective bargaining power but almost no individual bargaining power. The union negotiated a fixed wage schedule that determined pay solely by experience and education, guaranteeing steady pay progression over time without room for individual adjustments (Biasi, 2021; Biasi and Sarsons, 2022). Pay scales also varied little across districts.

4.1.2 After Act 10

The pay setting landscape changed abruptly in March 2011, when Governor Scott Walker signed Act 10 into law.³⁰ Indeed, Act 10 eliminated collective bargaining over the wage schedule, effectively leaving teachers to negotiate their salaries individually. In response, restoring collective bargaining became a key focus of the union platform.³¹

Act 10 also included additional reforms. Teachers' unions had to undergo recertification every year by gathering an absolute majority of favorable votes from members in local elections. The reform further changed union dues collection from opt-out to opt-in, on a yearly basis (Godfrey & Kahn, S.C., 2018). It also required workers to contribute a larger share of their pay toward their pension and healthcare,

³⁰The act, officially a budget repair bill aimed at cutting spending on public employment by \$3.6 billion, fundamentally changed the operating conditions for public-sector unions, with the greatest impact on public-school teachers. Other large organizations such as the police force and firefighter unions were exempt.

³¹While initially unsuccessful, this effort was still ongoing in 2024 (Associated Press, 2024).

and required school districts to switch to cheaper healthcare plans. These provisions were implemented uniformly across all districts and workers.

Act 10's provisions came into effect in each district when its pre-existing collective bargaining agreements (CBAs) expired. Due to differences in negotiating calendars, CBAs expired in 2011 for 198 districts (out of 247 in our dataset), in 2012 for 20 districts, and in 2013 for 7 districts (Appendix Figure D.2; [Biasi, 2021](#); [Biasi and Sarsons, 2022](#); [Biasi and Sandholtz, 2024](#)), indicating staggered rollout of the policy across districts.

4.2 Research Design

To study the effect of inequality on union support, our research design exploits the heterogeneous impact of Act 10 on pay inequality across commuting zones (CZs). As shown in Section 4.4, only CZs with sufficient labor market competition for public school teachers experienced a shock to inequality. To interpret this empirical pattern, we begin by discussing the link between labor market structure and post-reform inequality.

The repeal of the uniform pay scale was intended to decentralize bargaining, shifting leverage to individual teachers. However, we argue that this shift in bargaining power was most consequential in CZs with many public school employers who could now compete over individual teachers. In such settings, teachers' individual outside options shifted, with highly desired teachers better positioned to negotiate higher salaries following the reform. By contrast, in highly concentrated CZs where a single district may be the only public school employer, the de facto individual leverage of teachers remained limited despite the de jure shift to individual bargaining.³² As a result, wages adjust very little. In our theoretical framework, this is akin to a positive shock to A , only experienced in competitive CZs.

Crucially, because district education budgets are determined largely at the state level, the shift in individual bargaining power among teachers in highly competitive districts can lead to greater within-district wage dispersion without altering average wage levels.³³ This is key for our research design: in order to isolate the effect of inequality on union support, we need Act 10 to impact union support differentially across more vs. less competitive labor markets through its effects on inequality rather than, for instance,

³²Movements from the public sector to the private teaching sector are minimal in our setting ([Taie and Lewis, 2023](#)), likely due to factors like non-transferable benefits and amenity differences. Public sector wages are also already higher than private-school wages.

³³In the U.S. public education sector, funding is primarily determined by state-imposed formulas ([Baron, 2022](#)), resulting in similar average wages across districts and little correlation between average pay and local labor market competitiveness.

on wage levels. We validate this empirically in Section 4.4.³⁴

This natural experiment, combined with data on union revenue per teacher and teachers' dues payments, allows us to study how rising inequality shapes an organic decision that union members regularly face: paying dues. Moreover, we can observe wages of individual teachers both before and after the era of pay scales. This features allows us to examine heterogeneity in teachers' responses based on their individual bargaining power. We test the hypothesis that teachers with high individual bargaining power are more likely to reduce union support post-Act 10 and, in particular, in highly competitive labor markets where they can best take advantage of their individual bargaining power.

4.3 Data

We combine personnel records of all public-school teachers in Wisconsin with political contribution data, which we use to infer union membership. We also bring in data on union revenues, the expiration dates of district-level CBAs, and the degree of competition in the labor market for teachers.

Personnel data We use data from the PI 1202 All Staff Files from 2010 to 2017, provided by the Wisconsin Department of Public Instruction (WDPI). These files list all employees of the WDPI and its school districts, including all public-school teachers, and contain information on name, gender, birth year, years of experience in Wisconsin public schools, district and school assignment, total salary, and full-time equivalency (FTE) units. Each row represents a position, and 2% of all individuals hold more than one position in a year. We restrict our sample to teachers and aggregate the data at the person-year level, retaining the position with the highest FTE per person per year.³⁵ Our final dataset includes a total of 90,952 full-time teachers observed between 2009 and 2017, with 45,139 teachers observed in 2011.

Union revenues We obtain data on union finances from IRS Form 990 filings, which all tax-exempt organizations, including public-sector unions, are required to submit. These forms report organizations' key financial details, including revenues, expenses, assets, and liabilities. We access a database of digitized Form 990s through the National Center for Charitable Statistics (NCCS) at the [Urban Institute \(2016\)](#). To focus on

³⁴Our design rests on several other assumptions, e.g. no pre-trends, Stable Unit Treatment Value Assumption. We spell out and provide evidence on these assumptions in Section 4.4 as well.

³⁵We exclude records with a salary equal to \$0 or missing FTE.

Wisconsin teachers' unions, we first compile a list of teacher unions from the records of the Wisconsin Employment Relation Commission and match their names to Form 990 filings. We successfully link 52 unions spanning 99 school districts. We calculate revenues per member, defined as total revenues (primarily from dues reported on the filings) divided by the number of teachers in each union's represented districts (based on the staff files). We argue that the decision to pay union dues offers a direct, "vote-with-your-wallet," indicator of support for the union. Specifically, since the union's post-reform campaign centered on reinstating the pay scale, we interpret the decision to pay dues as a tangible expression of support for that objective.

Individual union membership To track which teachers paid union dues in a given year, we follow the procedure proposed by Foy (2024). Starting from 2016, the state chapter of the National Education Association (NEA) began to automatically allocate \$19.99 from each member's annual dues to its political action committee (PAC). Similarly, each of the 13 regional chapters of the state union automatically directs another \$5 from member dues to its respective PAC. This feature allows us to infer union membership by matching teacher names in the staff files to political contribution records of NEA state and regional PACs. We perform a fuzzy name match between staff teacher records and the Wisconsin Campaign Finance Information System (WCFIS), which tracks political donations to PACs.³⁶ Following Foy (2024), we treat any teacher appearing in the contribution data as a union member. This decision is supported by two facts: i) The majority of contributions are bunched at \$19.99 and \$5.00, i.e., amounts that unions automatically deduct from member dues for their PACs (Appendix Figure D.1); ii) it is rare for non-union members to donate to union-affiliated PACs. Based on this approach, 47% of teachers were union members in 2016. This data provides us with an individual-level measure of union support in the post-reform period.

Collective bargaining agreements We classify districts based on the expiration date of their CBAs prior to Act 10, which determines when each district (and its union) became subject to the changes introduced by the law. We use the dataset first compiled by Biasi (2021), combining information from multiple sources, including union contracts, districts' employee handbooks, school board meeting minutes, and local news sources.³⁷ The dataset contains information on 247 of the state's 428 districts, covering

³⁶The WCFIS website can be accessed at <https://cfis.wi.gov/Public/Registration.aspx?page=ReceiptList>. Before performing the match, we clean the names to account for inconsistencies (e.g., variations in middle initials) and ensure that each name uniquely identifies an individual within a filing period.

³⁷Union contracts generally report the date of the expiration of the agreement. Post-Act 10 school board minutes typically mention whether a contract was set to expire in 2011. The presence of an early version of district employee handbooks is also

approximately 70% of all teachers.

4.4 Econometric Specification

We compare districts that were ex-ante more likely to experience an increase in pay inequality— once individual bargaining followed CBA expiration— to those less likely to experience inequality growth, based on differences in local public education sector concentration.

We measure labor market concentration for public school teachers using the Herfindahl-Hirschman Index (HHI), calculated based on public school teacher employment in 2011 across districts within each CZ. The index is defined as follows:

$$\text{HHI}_j = \sum_{k:c(k)=c(j)} 10000 * s_j^2$$

where j denotes a district, $c(j)$ denotes the CZ of district j , and s_j is the share of public school teachers in CZ $c(j)$ employed in district j . The HHI ranges from 0 to 10,000.

We measure concentration across public school districts — rather than across individual schools, sectors (public vs. private), or industries (education vs. non-education) — for several reasons: (i) teacher contracts are stipulated with each school district, not with a school, making the district the employer; (ii) private and charter schools tend to pay lower wages than public schools (Taie and Goldring, 2019), and cross-sector mobility is limited due to factors like differences in amenities and non-transferable benefits; (iii) most teachers hold degrees in education, which are primarily useful within the education industry. Naturally, the HHI is higher in rural areas in the northeast of the state (Appendix Figure D.3). However, significant variation also exists in urban areas, such as between Milwaukee (HHI of 689) and Madison (HHI of 905).

To visualize our event study, we divide CZs into above- and below-median HHI groups, where the mean HHI is 1928 in the above-median districts, vs. 679 in the below-median ones. Table I confirms that districts in low-HHI areas experience strong growth in within-position wage dispersion, while districts in high-HHI areas see no growth. Specifically, between 2011 and 2016, the within-position standard deviation in pay rose by an insignificant \$97 (or 3%) in high-HHI districts, versus \$1,240 in low-HHI districts, an

useful to establish when the post-CBA pay regime was introduced (which typically coincides with the date of the earliest handbook at the latest). When available, the dataset prioritizes information from union contracts, school board minutes, and handbooks. In cases where these documents are unavailable, the records are complemented with information from online local news sources.

almost 13-fold difference (Table I, columns 2). Henceforth, we refer to districts with below-median HHI as “Inequality Shock” districts and districts with above-median HHI as “No Inequality Shock” districts.

Identifying Assumptions Our design rests on several assumptions. The first is that, in the absence of the reform, union support in districts that do and do not experience a rise in inequality would have followed the same trajectory over time. While this assumption is not directly testable, we provide several pieces of supporting evidence. First, Figure V shows a lack of different pre-trends: per-member union dues evolved in parallel before the reform. Second, we show that high- and low-HHI districts are comparable along other important dimensions pre-reform. In particular, we find no significant differences in pre-reform wage levels (Table II, Panel (a), Column 1) or wage changes between 2007 and 2011 (Column 2). Teacher characteristics, such as tenure, gender, and share with a Master’s degree (Columns 3-5), are similar, and so are district characteristics like locale, population, and political leaning (Panel (b)). Third, high- and low-HHI districts experience similar changes in wage levels post-reform (Panel (a), Column 6). This confirms that the divergence in union support post-reform is not driven by wage levels, but rather by wage dispersion.

A second assumption is the Stable Unit Treatment Value Assumption (SUTVA), which requires no spillover or interference between treated and control units. In our design, SUTVA would be violated if teachers systematically moved between districts with and without a rise in inequality in response to the policy. Appendix Figure D.4 rules out this possibility: in any given year, fewer than 1% of teachers move out of their commuting zone, and this mobility is similar across high- and low-HHI districts at all times, including after the reform.

Finally, a key feature of our setting is the staggered implementation of Act 10 across districts, based on pre-reform contract expiration dates. This alleviates concerns that other events occurring in 2011 may confound our findings. Further, by comparing high- and low-HHI districts, we address concerns that our estimates are confounded by aspects of Act 10 that are not mediated by the presence of competing employers in the CZ.

We compare how union support evolves in districts with more or less susceptibility to an inequality shock due to individual bargaining, based on their 2011 HHIs. Specifically, we estimate the following staggered differences-in-differences model via OLS, separately for high- and low-HHI districts:

$$r_{jt} = \sum_{k=-5}^5 \beta_k \mathbb{1}(t - E_{d(j)} = k) + \theta_j + \tau_t + \varepsilon_{jt} \quad (4)$$

where r_{jt} denotes union membership dues per member in district j and year t , and E_d is the expiration year of district d 's CBA. θ_j and τ_t contain district and year fixed effects, respectively. We normalize $\beta_0 = 0$, such that β_k represents the change in dues revenues per member k years after CBA expiration. Standard errors are clustered at the district level.

4.5 Results

As shown in Figure V, estimates of β_k for $k < 0$ are statistically indistinguishable from zero in both districts with and without a shock to inequality. In contrast, following expiration ($k > 0$), estimates become negative, large, and statistically significant in districts where inequality rose: revenues per member drop by 68% (coefficient = -1.135 , p-value < 0.001) two years after expiration and 75% (coefficient = -1.376 , p-value = 0.001) three years after. In contrast, the decline is indistinguishable from zero in districts that did not experience a change in inequality: 11% (p-value = 0.13) after two years and 12% (p-value = 0.56) after three years. By year three, the gap in union revenues between districts that did and did not experience a rise in inequality has reached 64% (p-value = 0.004). Estimates are robust to additionally controlling for the distribution of teacher position in each district (Appendix Figure D.5). These results indicate that union support, measured by per-teacher membership dues collected, falls only in districts that experience a rise in inequality. Since the gap in pay dispersion (measured by the within-position standard deviation) between above- and below-median HHI districts grew by 39% post-reform (Table II, column 3, p-value < 0.001), and the difference in union revenue grew by 64% by year three post-reform, we estimate an elasticity of a 1.64% decline in union revenue for a 1% increase in pay dispersion in our setting.

We note that the gap between high- and low-HHI districts gradually widens over time. This may reflect the fact that wages do not adjust overnight following the reform, but rather through a series of renegotiations as teachers learn about their market values and administrators adapt their pay practices to retain and attract talent. In turn, teachers gradually come to better appreciate the inequality among peers and decide each year whether to pay dues to a union campaigning to reinstate the pay scale.

Heterogeneity by Individual-Level Productivity Next, we study how individual-level union support after Act 10 varies with a teacher's productivity, proxied by their wage gains under individual bargaining. We measure this using the difference between a teacher's wage in 2016 and the average wage for their position.

We estimate the effect of a rise in inequality on individual union membership in 2016, the first year

membership data is available. We obtain these effects separately for teachers with 2011-16 wage gains above and below the median among all the teachers in the same district and position, whose pay would have grown in a similar way absent the reform due to movements along the pay scale.³⁸ To account for the possibility that other demographic characteristics, namely gender or union tenure, may be differentially correlated with union attachment in high vs. low-HHI districts and correlated with wage gains, we control for these characteristics and also report their differential effects on the same figure.

The top panel of Figure VI shows that, among teachers with above-median wage gains, union support is 7.3 percentage points (28%) lower in districts that experienced a rise in inequality, compared to districts that did not. In contrast, for teachers with below-median wage gains, union support is only 4.7 percentage points lower in districts that experienced a rise in inequality (difference p-value < 0.001). For comparison, the central and bottom panels examine heterogeneity by union tenure and gender, respectively. We find no statistically significant differences in the effect of inequality across these groups. For example, being in a low-HHI district decreases union support by 6.1 and 7.0 percentage points for teachers with above- and below-median union tenure, respectively (difference p-value = 0.182). Similarly, it decreases union support by 6.2 and 6.4 percentage points for men and women, respectively (difference p-value = 0.747).

5 Study III: Experimental Evidence from Hollywood

In this section, we offer a test of whether workers reduce their union support when pay inequality becomes more salient. To do so, we compile and experimentally reveal a pay report. Following our theoretical framework, we aim to study a shock to workers' perceptions of the distance between the pay they could negotiate as an individual, and that of the median voter in the union. Therefore, the report highlights pay disparities between individual pay negotiations at the mean and median, relative to collectively negotiated minimums, among Hollywood writers during their 2023 strike.

While well-suited to our research question, Hollywood unions have some unique features. Their members are more highly skilled than the average U.S. union worker, and they negotiate collectively across multiple employers, resembling industry-level bargaining common in Europe. Further, workers

³⁸Considering relative (rather than absolute) wage gains allows us to account for any cross-district differences in pay scales and for differences in wage growth at different steps of the scale. For example, absent the reform teachers with a Master's degree and 0-4 years of experience in 2011 would have seen their wage grow \$8,702 on average between 2011 and 2016, whereas teachers with 20-24 years of experience in 2011 would have had an increase of only \$882.

negotiate pay minimums at the position level but are free to individually bargain above those minimums, akin to the U.S. sports industry.³⁹

5.1 Institutional Background

Similar to other industry-wide unions, the West and East Writers Guilds of America (collectively the WGA) are two guilds that represent over 11,500 film, television, and radio writers (Koblin and Barnes, 2023). The WGA primarily serves to negotiate contracts with the Alliance of Motion Picture and Television Producers, hereafter referred to as the Studios. As such, the Guild has significant influence in the wage-setting process through negotiation of the Minimum Basic Agreement (MBA). The MBA sets position-level pay floors, guaranteeing that Guild members earn at least the agreed-upon minimum for their work.

In May of 2023, the WGA’s multi-year contract with the Studios ended, and terms for the subsequent three years were to be negotiated. The WGA went on strike from May 2 to September 27 (148 days) and ratified the new contract on October 9. A central goal of the strike was the renegotiation of position minimums. The WGA demanded a 6% raise to all minimums in the first year of the three-year contract, followed by 5% raises for the remaining two years. They also negotiated over residuals (the component of compensation tied to project sales or ratings), employment duration guarantees, and the role of artificial intelligence in production. We fielded our baseline survey from June 15 to June 30, 2023, when WGA members were in their 6th and 7th weeks of the strike, and our follow-up on August 11, 14 weeks into the strike.

This setting has two key advantages that allow us to experimentally measure the effect of inequality on union support. First, evidence suggests there is scope for pay information to shift writers’ beliefs. Historically, pay disclosures — whether released or leaked — in the entertainment industry have generated news coverage about the unexpected degree of inequality (Copeland, 2014; Robb, 2021). Moreover, as described in Section 5.2.2, our survey confirms that writers anchor their belief about the typical wage in their occupation on their own paycheck. As a result, providing truthful pay information increases perceived inequality for most subjects — a phenomenon studied in several other contexts (Cullen and Perez-Truglia, 2022; Hauser and Norton, 2017; Jäger et al., 2024; Stantcheva, 2024).

Second, this setting presents a unique opportunity to measure high-stakes support. The terms of the contract negotiations were well-known and widely publicized, including to the general public, which

³⁹In our sample of union contracts (Figure IV), only 25% of contracts set minimums only, while 69% contain a full pay scale (another 6% contain neither).

enabled writers to develop informed opinions about their union and its role in their labor market.⁴⁰ In this context, expressing negative opinions about the union to a team of researchers at highly visible institutions could reasonably be expected to carry real costs for the union. The WGA made public statements warning writers that any information they communicated to reporters could affect sensitive matters at the negotiating table and they condemned the Alliance of Motion Picture and Television Producers (AMPTP) for leaking negotiation details (Kilkenny and Goldberg, 2023). The union also used writers’ voices to rally public support through social media and news channels (Rice, 2023; Fitzgerald, 2023; Nierman, 2023), recognizing that public sentiment influenced their bargaining power.⁴¹

Of course, our strike setting also comes with its limitations. First and foremost, we were careful not to intervene in the outcome of the strike or publish any results prior to its conclusion. Below, we discuss how contextual considerations shaped our design choices.

5.2 Baseline Survey

5.2.1 Baseline Survey: Recruitment

We recruited active Hollywood writers, targeting all WGA members through their publicly listed emails (WGA, 2023). Our contact list included 5,244 WGA writers (“contacts”) whom we invited to participate in our study between June 15 and June 23, 2023, closing our survey on June 30. By close, we had received 400 complete responses, or 7.6% of WGA contacts.⁴² Using a wide-array of details available on IMDb (84% match rate), we observe our respondents are comparable to the overall pool of contacts: both groups are 64% male and are similarly experienced in terms of total credits (~39). Respondents are slightly less experienced in terms of earliest credit year.⁴³ See Appendix Section E.1 for details.

⁴⁰In addition to receiving extensive coverage from industry publications like *Deadline* (Patten and Robb, 2023), updates on the strike, negotiations, and deal were reported on by national media, including but not limited to the *New York Times* (Barnes and Koblin, 2023) and *NPR* (del Barco, 2023). A U.S. consumer survey in July 2023 found that 60% of respondents reported being aware of issues in the WGA and concurrent SAG-AFTRA (actors) strikes (Rottenberg, 2023).

⁴¹In August 2023, following polling results that showed high public support for unions, the AFL-CIO put out a press release expressing that “with this unprecedented level of support, working people in unions are prepared to organize like never before” (AFL-CIO, 2023).

⁴²11.7% completed some fraction of the survey. This response rate is similar to studies in related contexts, e.g., Bursztyn et al. (2021); Cullen et al. (2023).

⁴³In the creative arts, credits are used to acknowledge those who participated in the production and often shown at the end of movies. [This Wikipedia entry](#) provides details on the WGA screenwriting credit system.

5.2.2 Baseline Survey: Design

Our baseline survey tests whether writers underestimate our theoretically motivated measure of inequality: the distance between their pay rate and the typical pay rate (that of “the median voter”). We also elicit whether a pay report would be valuable to them; a marker of whether the information would be novel and salient. Additionally, we collect salary and detailed work information from individuals, which we later use to create the pay report we share in the follow-up survey.

We collect compensation information using industry-specific language by asking what respondents earn as a percentage above the union minimum. Specifically, we ask: “What percent above the MBA minimum do you typically earn as a [Own Position Title] at [Own Type of Studio]?”⁴⁴ Respondents report their pay rate using a drop-down menu that allows them to report earning below, at, or above the minimum in 1% increments up to 100%.

We frame pay in relation to one’s relevant minimum because it enables pay comparisons across contract types (e.g., weekly vs. episodic television) and across position titles. Additionally, minimums are well-known to writers; they are a focal point of the MBA and contract negotiations, and the WGA publishes a detailed “Schedule of Minimums” communicating them to members (WGA, 2023).

We next measure whether subjects anchor their beliefs about others’ pay rates to their own, a well-documented phenomenon that leads to systematic underestimation of inequality (Hauser and Norton, 2017; Jäger et al., 2024; Cullen and Perez-Truglia, 2022). We ask: “What percent above the MBA minimum do you think a typical [Own Position] in the Guild earns from [Own Contract Unit] at a [Own Type of Studio] in the first half of 2023?”, where [Own Contract Unit] can be one week in the writers’ room, one episode, or one feature-length script depending on the respondent’s reported largest source of income. We then ask about their confidence in their answer.

5.2.3 Baseline Survey: Results

The median reported pay rate of WGA members is 6.5% above the minimum, while the mean is 20.8% above. The median writer perceives a mere 3pp gap between their own pay rate (as percent above the minimum) and

⁴⁴At the start of the survey, we ask questions in order to determine their narrowly defined position title (referred to as [Own Position Title]), using full set of possible position titles from the union contract. We first ask whether they work in writing (TV or film), directing, producing, or acting. Television writers select which of seven titles best reflects their income source, while film writers indicate whether low- or high-budget films are a larger income source. Finally, all respondents report whether “streaming services” or “traditional studios” provide a larger share of their income ([Own Type of Studio]).

that of the “typical” writer in the same position. See Figure E.1 for a visualization of how writers anchor on their own pay rate in their predictions of typical pay: we find a 1pp increase in own pay translates into a 0.5pp increase in typical pay predictions (p-value < 0.001). In reality, the gap between a writer’s pay rate and that of the typical writer in their position is two to three times as large. The median writer’s pay rate is 8pp away from the median earnings in their position, 5pp from the mode, and 12pp from the mean.⁴⁵ In essence, members anchor on their own pay rate and underestimate the pay gap between themselves and other workers.⁴⁶ In addition, only 13% of respondents report being “very” or “extremely” confident in their answer about typical pay.

This widespread uncertainty naturally raises questions about writers’ demand for additional pay information. Our baseline survey also documents that the vast majority of writers (87%) would be interested in a pay report. Specifically, writers indicate they would primarily use this information to understand their relative standing in the pay distribution and to improve outcomes of their individual pay negotiations. Writers express wanting to understand their relative standing in the pay distribution and obtaining data to improve outcomes of their individual pay negotiations. However, they face barriers to accessing this information in the status quo and show reluctance to directly request pay data from either the Guild or Studios. See Appendix Section E.2 for details.

5.3 Follow-up Survey

Our baseline survey shows that WGA members anchor their beliefs about others’ pay on their own pay, underestimating the gap between their own pay rate and the typical pay rate. Writers also value pay information, and would make use of it in their negotiations, but face frictions accessing it from unions or employers. This creates an opportunity for us to experimentally provide new information about pay inequality, and test its effect on union support. However, we need to do so in a manner that does not meaningfully interfere with the on-going strike.

⁴⁵The gap is similarly large if we instead compare to the typical writer across all positions rather than within-position. In this case, the typical writer’s earnings is 6.5pp away from the median, 6.5pp from the mode, and 20.8pp from the mean.

⁴⁶While they underestimate earnings gaps, they do not systematically under- or overestimate pay rate levels: just as many writers over-guess (37%) as under-guess (39%) the earnings of the typical writer in their position, with a median error of 0 percentage points.

5.3.1 Follow-up Survey: Recruitment

On August 11, approximately 100 days into the strike and six weeks after sending the baseline survey, we sent a follow-up survey to 5,177 WGA members (all members for whom we had contact information, or about 40% of total membership).⁴⁷ Three considerations shaped our recruitment strategy: avoiding interference with the ongoing strike, maintaining internal validity by not contaminating our control group, and ensuring that all writers with publicly available emails had equal access to our pay report link. Hence, this follow-up was purposefully simple to collect our target sample size before information spread: it only contained a summary of our baseline results and a single question, and was deployed for just 48 hours over one weekend. Additionally, we waited until after the strike ended before making any results public.

This yielded 310 complete responses during the 48-hour window, 6.5% of our contact list, representing 3% of all WGA members. As shown in Appendix Table E.1 columns (3)-(4), contacts and respondents share similar characteristics across dimensions accessible on IMDb, with respondents having a slightly lower proportion of men than contacts (57.5% vs. 63.6%).

5.3.2 Follow-up Survey: Design

Figure VII shows the design of our follow-up survey, which aims to measure union support under real stakes and leverages exogenous variation in the salience of pay dispersion among members.

In order to discern whether pay disclosure impacts union support, we randomize between asking about union support before (control) vs. after (treatment) respondents see a pay report (Panel A of Figure VII). Panel B shows the pay report itself, which contains the median, mean, and maximum pay levels as percent above the minimum, separately for men (+10% for the median and +25% for the mean) and women (+3% and +14%, respectively), along with standard errors for the means. The disclosed pay information is computed using (self-declared) pay rates among WGA members in our baseline survey.⁴⁸

Our intention with this pay report is to underscore pay *gaps*. We expect the larger-than-expected gap between their own pay and typical pay to be the most salient takeaway for our subjects, based on our baseline analysis of pay perceptions and prior research on the perceptions of pay gaps (Breza et al., 2018;

⁴⁷Given our intention of collecting a high-stakes union support measure, we focus on our contacts with a clear WGA affiliation. We identified members through either self-declared status in our baseline survey or public information (i.e., we collected their email from the WGA website so we know they are a member).

⁴⁸We only use pay information from respondents who completed the writer arm of the survey and reported being WGA members.

Cullen and Perez-Truglia, 2022; Jäger et al., 2024).⁴⁹ To emphasize disparities, our report presents the compensation figures for the mean and median writer relative to the negotiated minimums (“scale”), an object that is well known to all writers. However, we caution that other signals can be inferred from a pay report. For example, a pay report with surprising information can reflect on the extent of pay transparency among Guild members more broadly.

We survey writers at a critical juncture — more than 100 days into the WGA strike, just as negotiations between the Guild and the studios resumed. The single question we ask is about union support and is phrased as follows: “Do most writers think the WGA demands will meet the needs of all WGA members?”. The possible answers were: Almost entirely, Mostly, Somewhat, Mostly not, Not at all, I don’t know the WGA demands.⁵⁰

This question was deliberately designed to allow respondents to reveal their own support for the union — or lack thereof — while maintaining plausible deniability. In other words, the question provides space for a strategic response, one that accounts for the high stakes of expressing dissent during an ongoing labor dispute. Indeed, at the time of our survey, any large poll that could be interpreted as a measure of solidarity had real potential to influence the negotiations. The question directly echoes the Guild’s stated goal, prominently expressed in their slogan that “no segment of the membership would be left behind.”⁵¹ Hence, a positive poll signals trust in the unions’ claims and solidarity with union leaders; a negative poll, by contrast, implicitly questions the Guild’s leadership.

We acknowledge that the question could also have been interpreted at face value by some — as a neutral assessment of whether the publicly stated demands are likely to benefit writers across the pay distribution. Under this interpretation, respondents might answer based on their beliefs about how the proposed contract affects not just themselves but also their peers across the wage distribution.

Our theoretical model helps distinguish between these two interpretations. If writers are answering strategically, we expect responses to vary systematically by productivity. In particular, our model predicts that heightened awareness of inequality weakens union support among higher-productivity writers. In contrast, if writers interpret the question purely at face value, we would not expect support to vary meaningfully by productivity. As we describe in the next section, the former prevails.

⁴⁹Recall that our baseline survey shows that respondents systematically underestimate the gap between their own pay and the typical pay by a factor of 2 (distance to median) or 3 (distance to mean).

⁵⁰Only 11 respondents answered “I don’t know the WGA demands”. This confirms that writers were well-aware of what the WGA was asking for at the bargaining table, and implies that our survey collects informed responses.

⁵¹[Quote from](#) Chief WGA Negotiator Ellen Stutzman.

5.3.3 Follow-up Survey: Results

Figure VIII compares union support by treatment status (whether the respondent answers before vs. after seeing the pay report). Among respondents who answer before seeing the pay report, only 9% of respondents report a lack of solidarity among writers about WGA demands, i.e. answered that most writers do *not* (“Mostly not” or “Not at all”) think WGA demands meet the needs of all members. This figure rose to 23% among those who respond after seeing the pay report — a 156% relative increase (difference p-value < 0.001).

Figure IX examines heterogeneity in the treatment effect by individual productivity, and for comparison, by tenure and gender. We use the number of credits as a proxy for individual productivity.⁵² Additionally, we control for differences in gender and tenure between high- and low-productivity respondents.

The decline in union support under pay transparency is primarily driven by high-productivity respondents: among those in the treatment group, the statement that most do *not* think Guild demands represent the interests of all members rose by 20.5pp relative to control, compared to only a 5.5pp increase among low-productivity respondents (DiD p-value = 0.092). This is consistent with Acemoglu et al.’s (2001) theory and echo’s our findings from Wisconsin: high types are especially sensitive to their distance to the median voter and their prospects for individual negotiation. Finally, we show there is no significant difference in responses by tenure (p-value = 0.852) or gender (p-value = 0.200).⁵³

In sum, when we present information revealing larger-than-expected gaps in individually negotiated pay, respondents, especially high-productivity ones, become more willing to express negative views about union demands during the high-stakes strike. This is consistent with our theory, in which high-productivity workers anticipate being on the losing end of redistribution.

Our findings from both Hollywood and Wisconsin offer insight into a related conjecture that lies outside our formal theoretical framework: that workers with lower bargaining power might actually be galvanized by high intra-occupational inequality. We find no evidence supporting this hypothesis. While the negative effect of inequality on support for organizing is indeed more muted among low-productivity workers or those with limited individual bargaining power, their response is not positive. Perhaps second-order beliefs (peer effects) play a role: if workers believe their peers are less willing to strike in

⁵²The WGA [Screen Credits Manual](#) explains: “A writer’s credits play an enormous role in determining our position in the motion picture and television industry. Our professional status depends on the quality and number of screenplays, teleplays, or stories that bear our name.” Given the nature of our data, we use quantity as a proxy.

⁵³Our results are not sensitive to the inclusion or exclusion of the controls we examine. For example, they change only minimally with the addition of position-level fixed effects (Appendix Figure E.2).

unequal environments, their own enthusiasm for organizing may diminish. Organizer strategy may also contribute—when inequality is high, organizers may shift attention away from wage demands, further dampening the mobilization of workers with lower bargaining power.

6 Conclusion

This paper provides causal evidence on how wage inequality among workers affects the labor movement. Using three complementary research designs — a vignette experiment with union organizers, a natural experiment among teachers following Wisconsin’s Act 10 reform, and an information intervention during the 2023 Writers Guild of America strike — we document that rising wage inequality significantly undermines union strength through several distinct mechanisms.

Consistent with the theoretical predictions of [Acemoglu et al. \(2001\)](#), the first mechanism operates through the weakening of solidarity among workers with high individual bargaining power, as inequality rises. We find clear evidence of this pattern across multiple settings. In Wisconsin, teachers who experienced above-average wage gains in districts affected by an inequality shock were significantly more likely to stop paying union dues. In Hollywood, high-productivity writers who received information about member pay disparities were 20.5 percentage points more likely to express doubts about solidarity around union demands during a high-stakes strike, while expressions of solidarity among low-productivity writers remained unchanged.

Beyond workers’ response, we show that union organizers adapt to inequality in ways that may preserve institutional viability but potentially undermine redistribution. In environments with greater dispersion in outside options, organizers shift campaign focus away from wage demands toward less divisive non-wage amenities and advocate for smaller bargaining units that separate workers with different outside options. Under budget constraints, the majority of organizers eventually decide to allocate fewer resources to high-inequality environments despite acknowledging greater potential impact there. These strategic responses represent rational adaptations to rising inequality but may reduce unions’ ability to compress wages at scale.

Our results offer a fresh perspective on the joint evolution of inequality and unionization in the United States. While prior research has documented a strong negative correlation between these two trends ([Freeman, 1980](#); [DiNardo et al., 1996](#); [Card, 2001](#)), the prevailing interpretation has emphasized the role of unions in reducing inequality. Our results suggest a complementary dynamic: rising inequality may also weaken

unions. Indeed, in AFL-CIO News we find that the labor movement shifts focus to non-wage job amenities when inequality rises, and a corresponding negative relationship between industry inequality and the size of bargaining units as well as success negotiating pay scales. This suggests the possibility for “inequality traps” — self-reinforcing dynamics where growing wage dispersion undermines the institutions designed to contain it, thereby making collective action increasingly difficult as earnings gaps widen within occupations.

Important questions remain for future research. First, within-occupation inequality accounts for a significant share of the growth in labor market inequality, but other forms of societal inequality have also grown, including inequality between workers and employers. Other forms of inequality likely affect labor organization through different channels and are equally deserving of attention. Second, the mechanisms we identify — withdrawal of high-types, strategic adaptation by organizers, and the redirection of resources away from unequal environments — may operate beyond labor markets in other contexts, such as political organizing and civic society.

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Figures and Tables

Figure I: Market Wages

PANEL A: Equal Environment (Factory A)

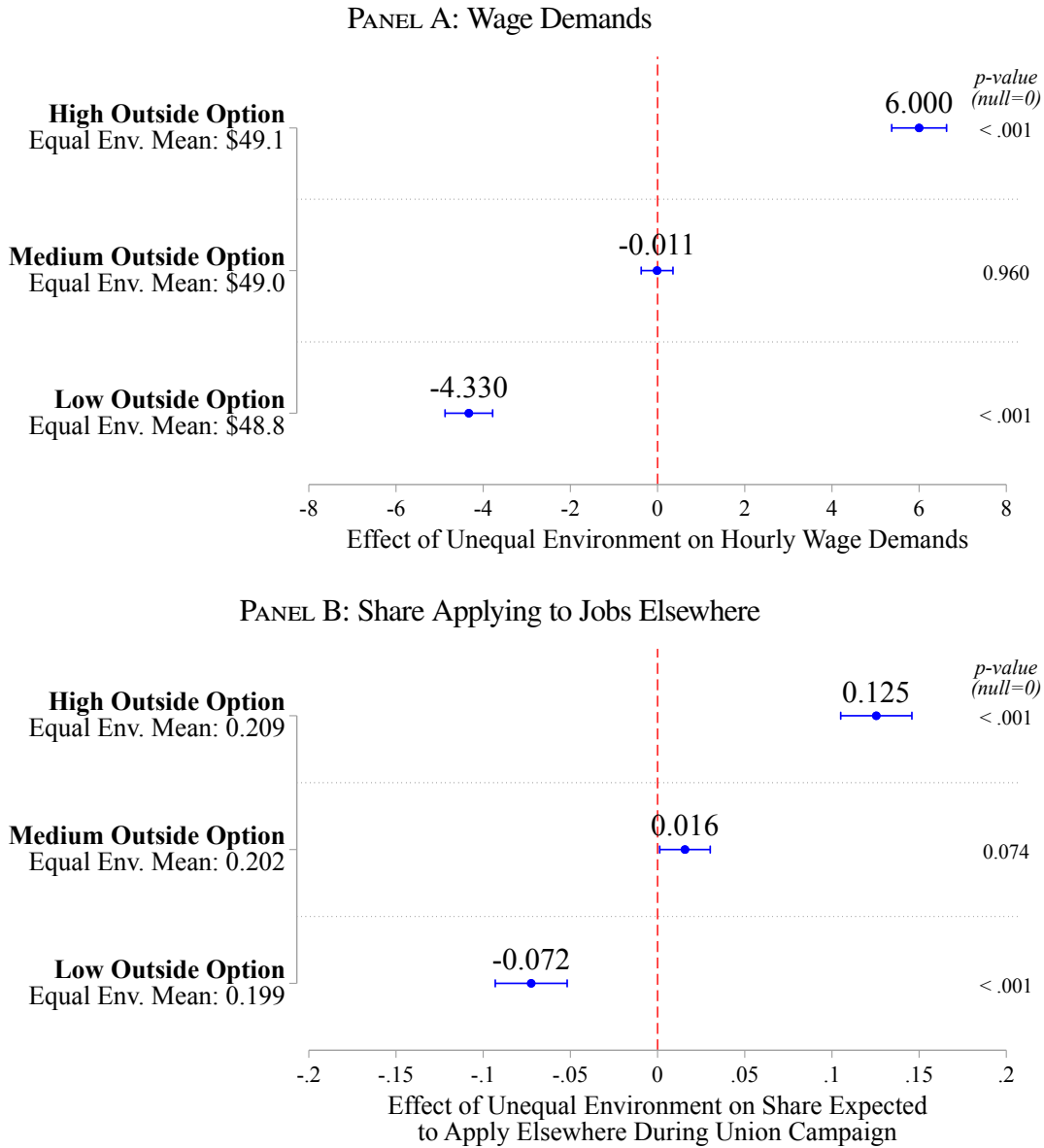
Assignments	Hourly Wage	Research on Market Wage
Quality control (1/3rd)	\$40	\$48
Metal Worker (1/3rd)	\$40	\$48
Pipefitter (1/3rd)	\$40	\$48

PANEL B: Unequal Environment (Factory B)

Assignments	Hourly Wage	Research on Market Wage
Quality Control (1/3rd)	\$40	\$30
Metal Worker (1/3rd)	\$40	\$48
Pipefitter (1/3rd)	\$40	\$66

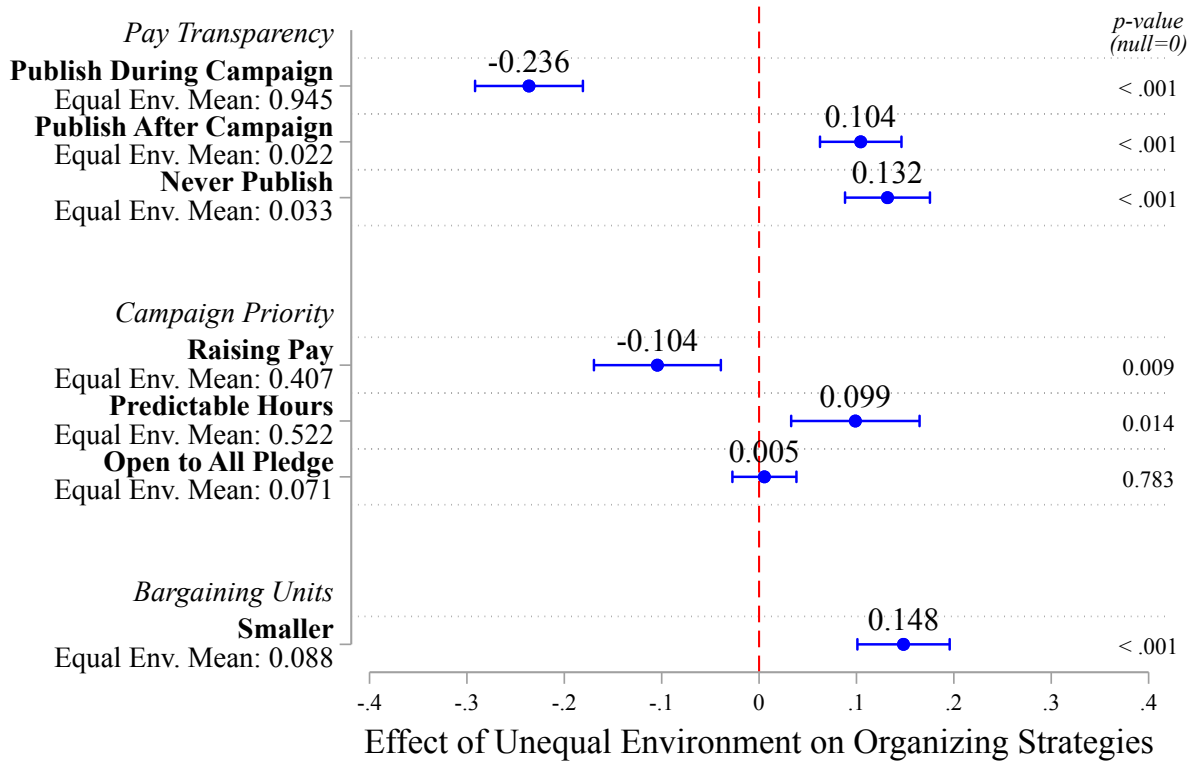
Notes: This figure shows the information on internal and market wages in each vignette from the organizer survey described in Section 3. We randomize the order in which organizers see the two environments. Based on Panel B, we refer to Quality Control workers as having “Low Outside Options,” Metal Workers as “Medium Outside Options,” and Pipefitters as “High Outside Options.” For the full text of the vignette, see Appendix Section F.1.

Figure II: Worker Actions by Outside Option



Notes: This figure shows how predicted worker actions vary across workers with different outside options when market wage inequality increases, from the organizer survey described in Section 3. In Panel A, *Equal Env. Mean* reports the average predicted wage demands by group in the equal environment. In Panel B, *Equal Env. Mean* reports the average share of workers, by group, that organizers expect to apply for jobs elsewhere during the union campaign in the equal environment. Estimates show the effect of moving from the equal environment to the unequal environment on each outcome by group. The market wage for all three groups in the equal environment is \$48; in the unequal environment, they are \$66 for the high outside option group, \$48 for the medium group, and \$30 for the low group. Point estimates are shown with 90% confidence intervals, using standard errors clustered at the organizer level. We test the null hypothesis that each coefficient equals zero and report p-values to the right of the plots. Sample size is 182 organizers.

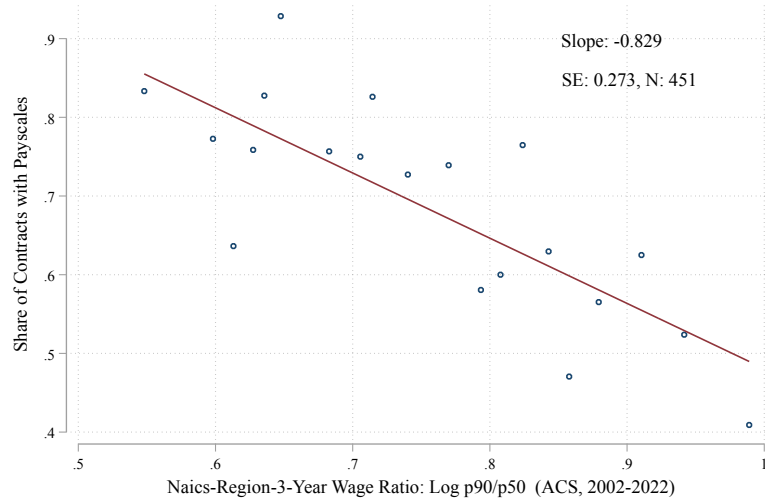
Figure III: Organizing Strategies



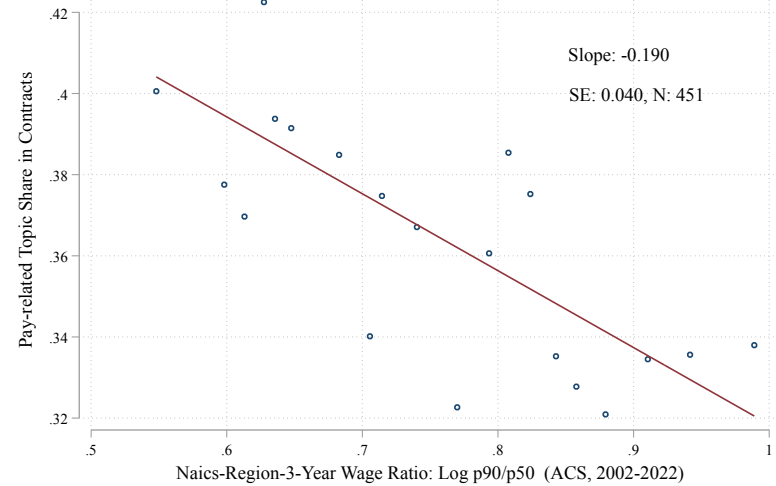
Notes: This figure shows how organizers adapt their campaign strategies when market wage inequality increases, from the organizer survey described in Section 3. Under each outcome specified on the y-axis, *Equal Env. Mean* reports the average outcome in the equal environment, while plotted estimates show the effect of moving from the equal environment to the unequal environment. Specifically, coefficients under header *Pay Transparency* report whether organizers would publish market wage information from Figure I; coefficients under header *Campaign Priority* report which of the three issues organizers would prioritize during the campaign; the coefficient under header *Bargaining Units* reports whether organizers would pursue separate, smaller bargaining units for different worker types. Point estimates are shown with 90% confidence intervals, using standard errors clustered at the organizer level. We test the null hypothesis that each coefficient equals zero and report p-values to the right of the plot. Sample size is 182 organizers.

Figure IV: Cross-sectional Relationships between Industry-Region Inequality and Union Organizing Outcomes

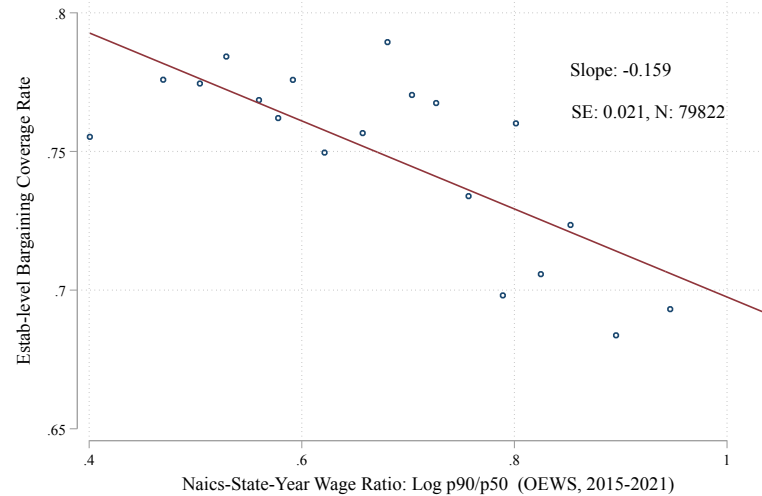
PANEL A: Share of Contracts with Pay Scales



PANEL B: Pay-related Topic Share in Contracts

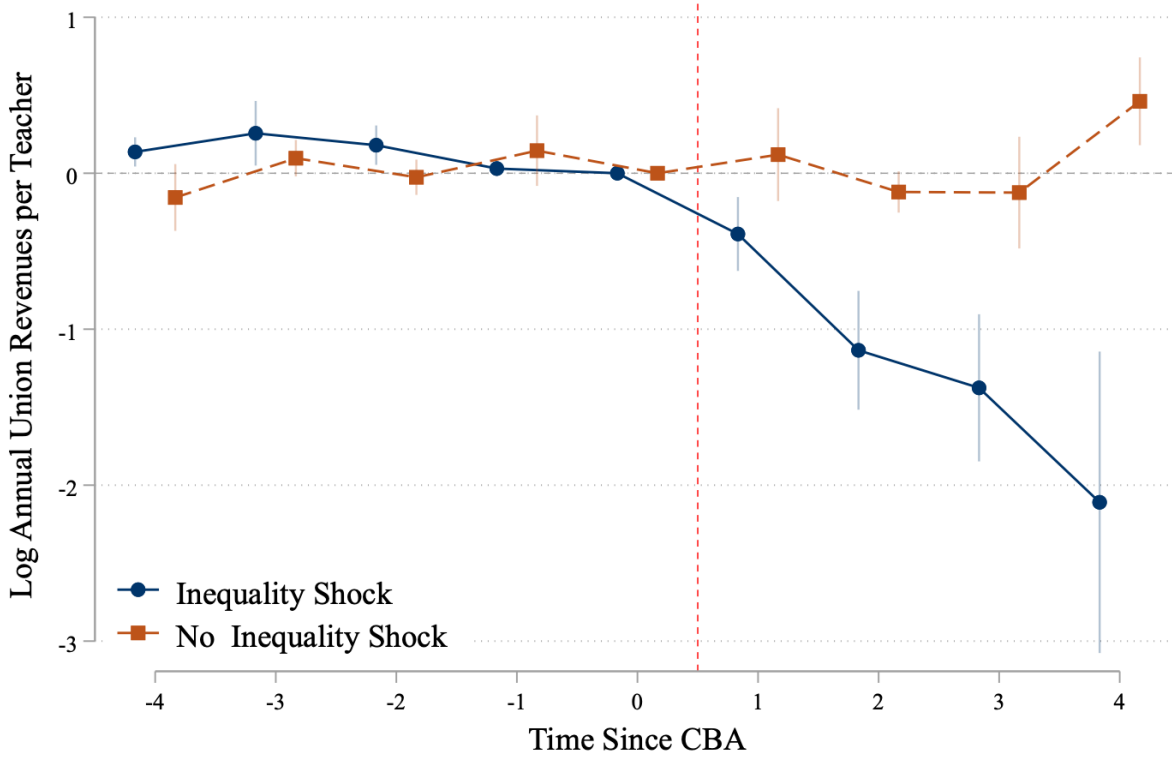


PANEL C: Bargaining Unit Size (as Share of Establishment Employment)



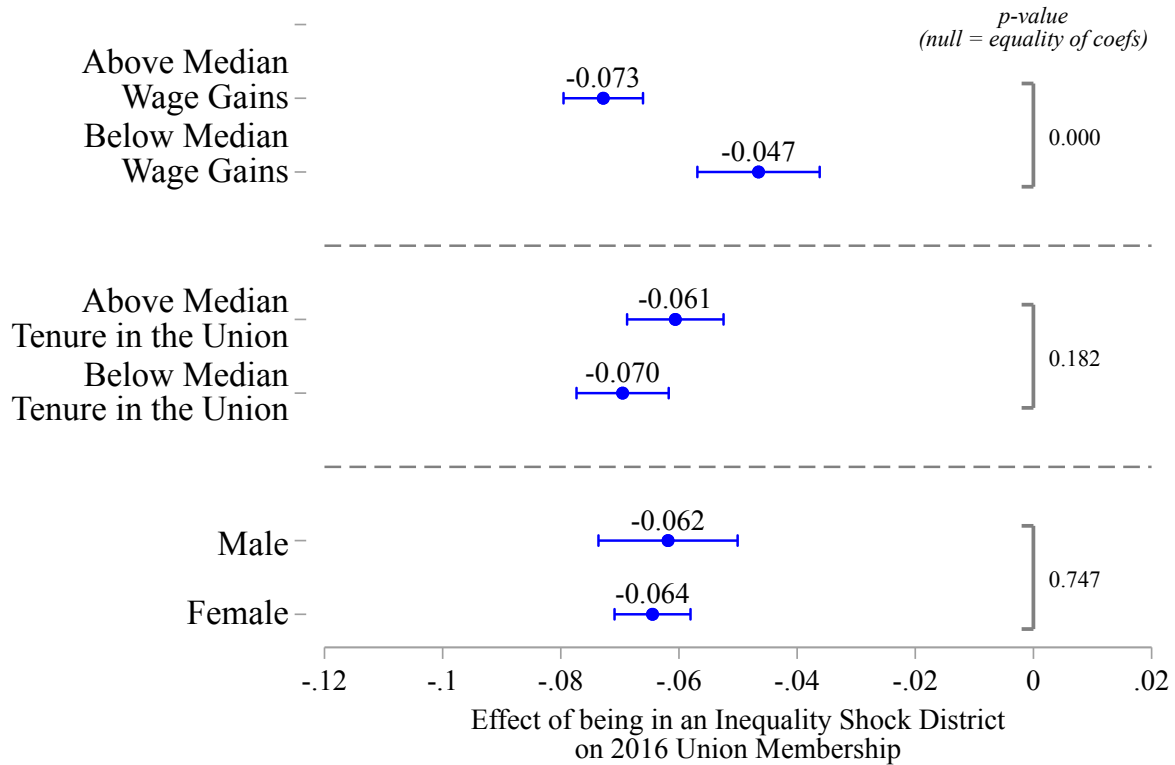
Notes: This figure explores cross-sectional relationships between wage inequality and union organizing outcomes. Each panel plots a binscatter of a union outcome against industry-state-year log p90-p50 wage ratios. Panel A shows the pay scale status of 451 contracts between 2002-2022, using data from the Office of Labor-Management Standards (OLMS) Online Public Disclosure Room. We estimate wage ratios using ACS earnings, aggregating at the 2-digit NAICS \times BEA region \times 3 year to improve precision. Panel B shows the “pay-related” topic share (out of pay, benefits, and conditions) computed using the CorEx model in the same 451 contracts. Panel C shows the size of 79,822 bargaining units as a share of establishment-level employment, using Collective Bargaining Notice (F-7) data from the Federal Mediation and Conciliation Service (FMCS) between 2015-2021. It uses more recent and granular (2-digit NAICS \times state \times year level) wage ratios from the OWES. Standard errors are twoway clustered at the union and employer levels.

Figure V: Wage Inequality Shocks and Union Revenues



Notes: This figure shows how wage inequality affects union revenues at the school district level, from the Wisconsin study described in Section 4. Estimates represent coefficients β_k from equation (4), which regresses log annual union revenues per teacher on event-year dummies (relative to expiration of collective bargaining agreements) with district and year fixed effects. We obtain and display separate coefficients for districts that experience an *inequality shock* (blue series) and those that experience *no inequality shock* (orange series). We classify districts as having an inequality shock districts based on whether they have a community zone-level Herfindahl-Hirschman Index below the state median. Estimates are displayed with 90% confidence intervals, using standard errors clustered at the district level.

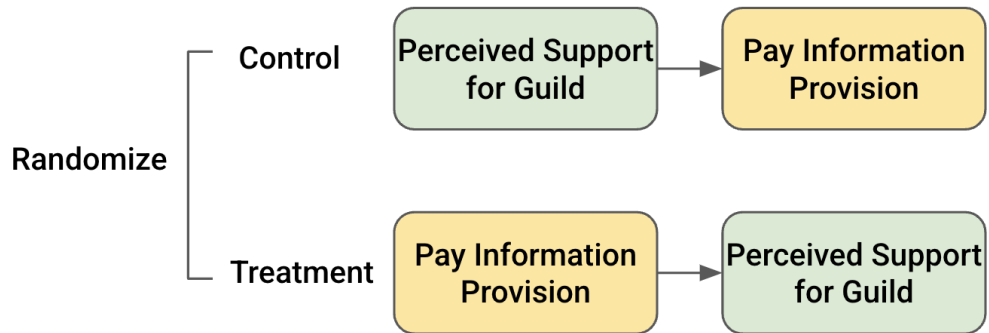
Figure VI: Wage Inequality and Union Membership: Bargaining Power vs. Other Demographics



Notes: This figure explores heterogeneity in the effect of wage inequality on union membership at the teacher level, from the Wisconsin study described in Section 4. Coefficients show the effect on union membership of working in inequality shock districts, defined as having a commuting zone level Herfindahl-Hirschman Index below the state median, relative to no-inequality shock districts. Respondents are grouped by three characteristics: (1) *Above Median Wage Gains* vs. *Below Median Wage Gains*, based on having above/below district-level median residual in a regression of 2016 salaries on position fixed effects; (2) *Above Median Tenure in the Union* vs. *Below Median Tenure in the Union*, based on having above/below the state median of 13 years of experience; (3) *Male* vs. *Female*. Each regression is estimated using membership data for 2016/17 and controls for the other two pictured characteristics not being directly tested as well as year fixed effects. Point estimates are shown with 90% confidence intervals, using robust standard errors. We test the null hypothesis that coefficients are equal across the split and report the difference-in-difference p-values to the right of the plot.

Figure VII: Follow-up Survey Pay Report and Design

PANEL A: Research Design



PANEL B: Pay Report

At present, our responses suggest the following compensation among WGA writers:

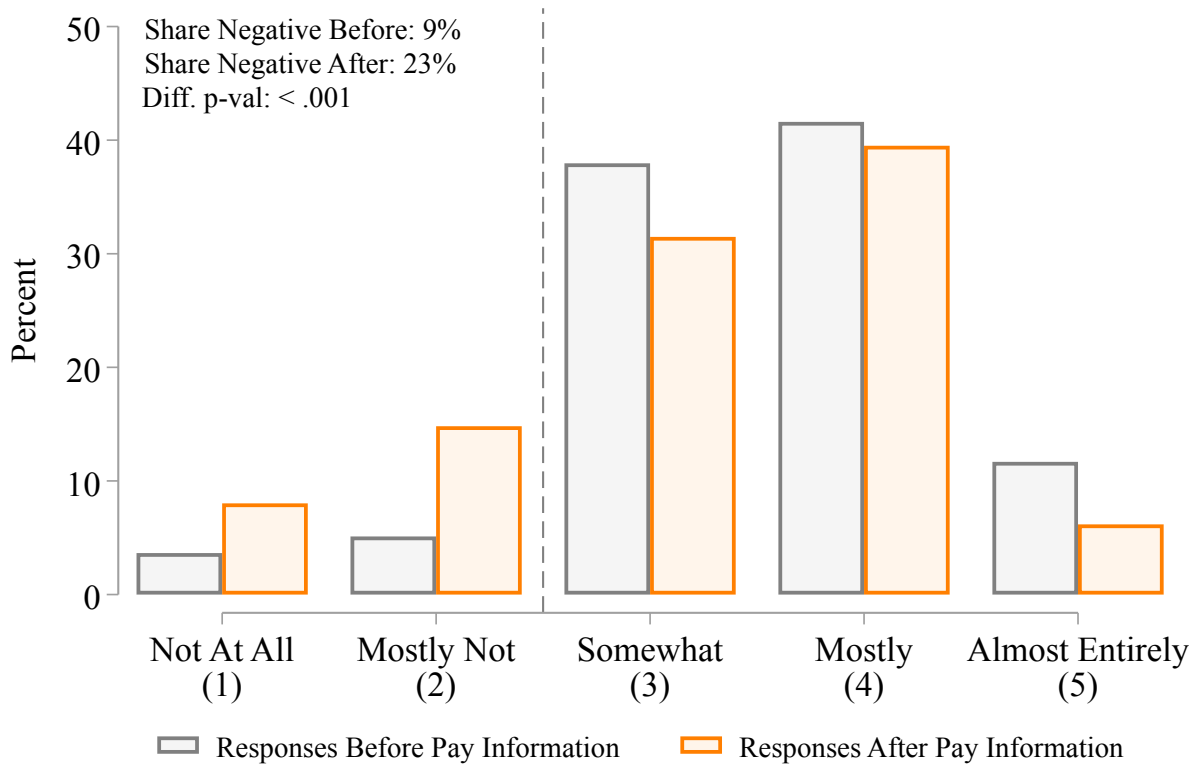
	Male	Female
Median	Scale + 10%	Scale + 3%
Mean	Scale + 25%	Scale + 14%
Maximum	Scale + 100+%	Scale + 100+%

Note: Standard errors on means are 2.2% for men and 2.0% for women.

We expect to add position-level statistics soon.

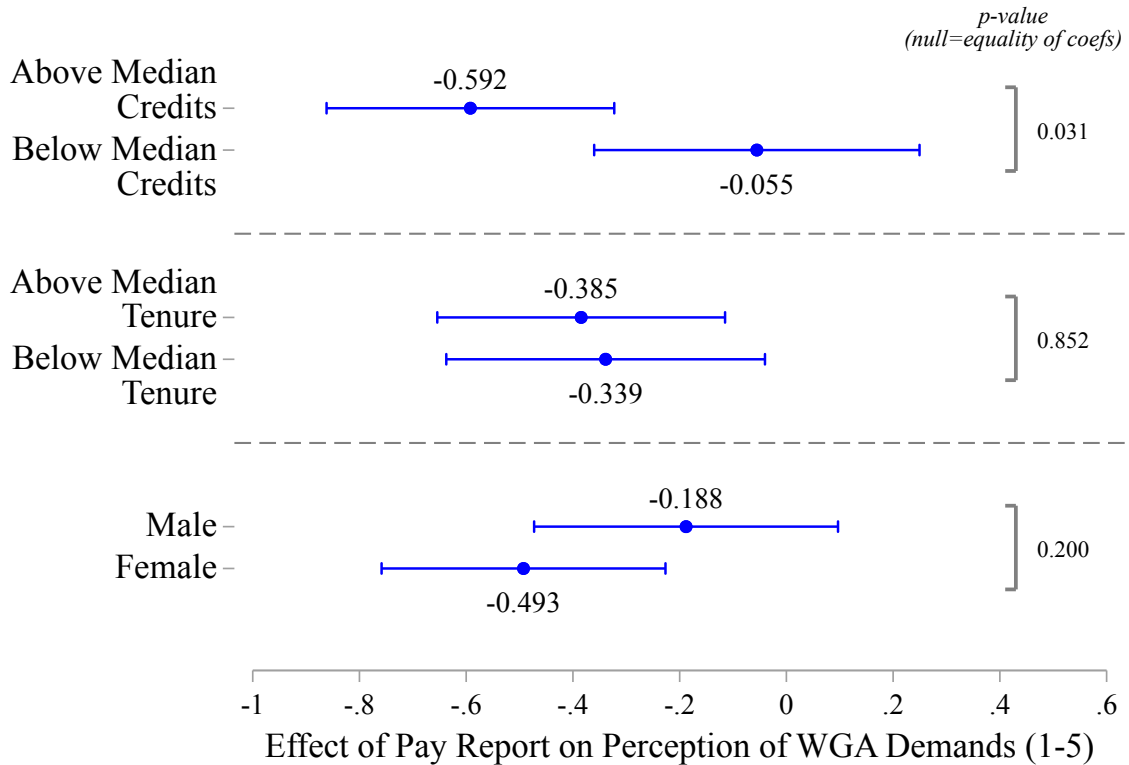
Notes: This figure illustrates the experimental design used to test how pay transparency affects union support among WGA writers, from the Hollywood experiment described in Section 5. Panel A sketches our research design, where we randomize the order in which respondents see pay information and express perceived support for the Guild. *Perceived Support* is measured by asking: “Do most writers think the WGA demands will meet the needs of all WGA members?” Panel B displays the pay report that respondents see in the follow-up (the content of the *Pay Information Provision*). We compute pay statistics based on self-reported pay among WGA members in the baseline survey.

Figure VIII: Writers' Perceptions of Whether WGA Demands Serve Everyone



Notes: This figure shows how pay transparency affects writers' perceptions of whether the WGA's demands serve all members, from the Hollywood experiment described in Section 5. On a 5-point scale, respondents answer the question "Do most writers think the WGA demands will meet the needs of all WGA members?" either before (gray bars) or after (orange bars) they saw the pay report in Figure VII. The shares of negative responses (defined as "Mostly not" or "Not at all") before vs. after seeing the pay report are displayed and their difference tested in the top left corner. Sample size is 299 WGA members. Of the 310 responses in our follow-up survey sample, 11 respondents report that they do not know the WGA demands and are excluded from the analysis.

Figure IX: Heterogeneity in Perception of WGA Demands



Notes: This figure explores heterogeneity in the effect of the pay report on writers’ perceptions of the WGA’s demands, from the Hollywood experiment described in Section 5. Coefficients report the effect of having seen the pay report on answers to the question “Do most writers think the WGA demands will meet the needs of all WGA members?”, using the 1-5 scale shown in Figure VIII (1 = Not at all, 5 = Almost entirely). The sample is 251 WGA members with available credit, experience, and gender data. Respondents are grouped by three characteristics: (1) *Above Median Credits* vs. *Below Median Credits* based on median IMDb credits among individuals from our WGA contact list with the same most recent credit title (e.g., “Story Editor”); (2) *Above Median Tenure* vs. *Below Median Tenure*, based on median years since first IMDb credit among individuals from our WGA contact list with the same most recent credit title; (3) *Male* vs. *Female*, self-reported or otherwise imputed based on first names as described in Section 5.2. Each regression controls for the other two characteristics, out of the three, that are not being tested. Point estimates are shown with 90% confidence intervals, using robust standard errors. We test the null hypothesis that coefficients are equal across groups and report the difference-in-difference p-values to the right of the plot.

Table I: Wage Inequality and Labor Market Concentration

	Std. dev., 2011	Change in std. dev., 2011-2016
	(1)	(2)
Low-HHI	-322.217 (678.855)	1240.268*** (440.914)
Mean dep. var. control	3101.40	96.98
N (districts)	400	400

Notes: This table reports OLS estimates between actual wage inequality and labor market concentration, from the Wisconsin study described in Section 4. The dependent variables are the standard deviation of wages within position in 2011, averaged at the district level (Column 1), and the change in this variable between 2011 and 2016 (Column 2). The independent variable *Low-HHI* equals one for districts in commuting zones with a Herfindahl-Hirschman Index below the state median. Positions are defined by district, education, and five-year experience bins. Each observation corresponds to a district and is weighted by the total number of workers. Robust standard errors are reported in parentheses.

Table II: District Characteristics in 2011 and Labor Market Concentration

Panel (a)	Characteristics in 2011					2011-16
	2007-11	Salary	Experience	Share female	Share w/Master's	Change in salary
	Change in salary	(2)	(3)	(4)	(5)	(6)
Low-HHI	281.963 (343.828)	394.177 (1234.626)	0.184 (0.391)	-0.009 (0.007)	-0.019 (0.035)	-208.624 (445.642)
Mean dep. var. control	8429.99	53634.16	12.52	0.73	0.50	5772.69
N (districts)	418	418	418	418	418	418

Panel (b)	District Characteristics in 2011					
	City	Town	Suburb	Rural	ln(Popul)	Share GOP votes, 2012
	(1)	(2)	(3)	(4)	(5)	(6)
Low-HHI	0.082 (0.145)	0.013 (0.084)	-0.058 (0.066)	-0.036 (0.062)	0.323 (0.519)	0.044 (0.033)
Mean dep. var. control	0.028	0.114	0.251	0.607	8.826	0.464
N (districts)	418	418	418	418	412	416

Notes: This table examines whether labor market concentration is systematically related to observable district characteristics, from the Wisconsin study described in Section 4. Each column reports the OLS estimate of a district characteristic on *Low-HHI*, which equals one for districts in commuting zones with a Herfindahl-Hirschman Index below the state median. In Panel (a), the dependent variables are average district salary change from 2007 to 2011 (Column 1); average district salary in 2011 conditional on position (Column 2); average worker experience in 2011 (Column 3); share of female workers in 2011 (Column 4); share of workers with a Master's degree (Column 5); and the change in average district salary from 2011 to 2016 (Column 6). In Panel (b), the dependent variables are indicators for districts located in a city (Column 1), town (Column 2), suburb (Column 3), or rural area (Column 4); log population (Column 5); and the share of votes for the GOP in the 2012 presidential election at the county level (Column 6). Each observation corresponds to a district and is weighted by the number of workers. Robust standard errors are reported in parentheses.