



## Bay Area Subway Strike Re-Ignites the Feud Between Unions and Silicon Valley

A Bay Area subway strike re-ignited a debate in which the tech world claims unions thwart innovation while unions argue that Silicon Valley destroys jobs. Gregory Ferenstein sorts out the dispute.

By Gregory Ferenstein – July 14<sup>th</sup>, 2013

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None of the top Internet firms have labor unions, and it has made Silicon Valley a lightning rod for civil liberties proponents. So, last week, after several prominent technologists in the Bay Area came out against a subway union strike in San Francisco, it provided a convenient excuse for critics to again brand the tech community as greedy oligarchs. “There’s a reason why so many people are hating on the techies,” wrote Slate’s Andrew Leonard, after quoting one Valley executive who argued that we should find a way to replace BART workers with a computer, “Get ‘em back to work, pay them whatever they want, and then figure out how to automate their jobs so this doesn’t happen again.”

There’s a very good reason why Silicon Valley has always been union-averse: unions aren’t fans of technology. “Unionizing the tech industry would be a disaster for the economy and innovation,” wrote TechDirt’s Mike Masnick. “Unionization takes away the necessary flexibility of *both* workers and employers, greatly slowing down the pace of innovation.”

Case in point: labor unions have aggressively fought ride-sharing apps such as Uber and Lyft that threaten taxi drivers with increased competition. As a result, a multi-billion-dollar industry of applications that permit people to share their cars has been paralyzed. For good measure, the AFL-CIO also called the tech community “greedy” for wanting to make it easier to hire foreign engineers.

Until unions embrace technology, they’ll never be welcome in Silicon Valley. Creating technological breakthroughs is a messy, fragile process that takes every ounce of intelligence and grit to pull off. The Valley doesn’t just need employees who reluctantly support innovation, but ones who often put their entire lives on hold to see a product to fruition. The very existence of unions threatens the kind of unpredictable disruption that fuels the knowledge economy—for better or worse.

Union members are twice as likely to say that a technology should not be adopted if it replaces people's jobs. In a simple study TechCrunch conducted with Google's online survey tool, we asked people if they worked for the tech sector or a labor union, and what employers should do when they find a technology that can do an employee's job cheaper and more efficiently. 30 percent of tech workers said, "Replace my job with new technology," compared to 16 percent of union workers; 27 percent of union workers said employers should "Protect my job, don't replace me," while half (12 percent) of tech workers agreed with that statement.

The anti-innovation sentiment has been around since the Valley's formative days. In a 1983 survey of United States labor unions, author Stephen Peitchinis found that a mere 9 percent of unions had policies advocating for technology change, while 24 percent actively opposed any change that threatened members' jobs.

Peitchinis finds that unions have storied anti-technology history. For instance, the early coal-fueled trains once needed firemen to protect railways in case of an accident. But after trains advanced beyond coal, unions fought bitterly to keep safety workers employed. "The very livelihood of our members, the continuation of our craft, and the continued existence of our organization are at stake." wrote one union in the early 19th century.

Back then, unions had a pretty sweet deal. Some unionized railway workers were guaranteed lifetime pay and only had to work a few hours a month. It cost the train industry an extraordinary sum of money, as non-unionized trains had roughly *half* the number of workers, according to the libertarian-leaning CATO Institute. "The rail unions deserve the labor equivalent of an Oscar for best sustained performance in reducing industrial efficiency," joked the CATO report.

Indeed, economists generally find that unions stall innovation. " Firm innovation output, measured by patent counts and citations, declines significantly after firms elect to unionize and increases significantly for firms that vote to deunionize," wrote one team of economists from the University of South Florida.

Now, this isn't to say that unions don't serve an important role in protecting workers, but for valley employees themselves, they don't much need worker representation. Facebook, voted last year as the "best company" to work for in America, has no union. Cushy salaries, luxurious dining amenities, and a decentralized management structures give a lucky elite class of tech workers all the benefits and influence they could ever hope for.

There's also an army of freelance engineers that thrive on unpredictability. "I think unionization would ruin the free spirit and innovation in the high-tech industry," freelance web designer Alvin Bost told CNET in 2001. "It would be terrible for people like me."

But many workers outside the technology bubble will experience rising inequality as technology automates more and more jobs. It's a problem. I seriously doubt that if Google ran the BART system, a human would still be powering every train.

However, it should be clear that this is *not* "class warfare" as Slate calls it. Techies hold a legitimate philosophical differences that assume the benefits to innovation outweigh the short-

term gains of protecting workers. The Valley has been quite honest about its assumptions, and unions should be honest about theirs.