

# Book Reviews

## UNITED STATES

*Labor in the Age of Finance.* By Sanford Jacoby. Princeton, NJ: Princeton University Press, 2021. Pp. 368. \$39.95, hardcover.  
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The headlines in Spring 2024 included a surprising announcement that Starbucks had agreed to recognize Workers' United as a bona fide union. Many factors influenced this reversal of virulently anti-union practice at one of America's largest employers, including worker activism, long-term organizing strategies such as "salting" and help from COVID, tight labor markets, a queer-friendly healthcare policy, and even the Israel-Palestine conflict. While too recent to diagnose completely, one contributing factor was a corporate governance strategy, the origins of which Sanford Jacoby describes in "Labor in the Age of Finance." In 2023, labor unions began a corporate board campaign to support the on-the-ground organizing, leveraging a paltry 16,000 Starbucks shares into a slew of proxy votes for a slate of pro-union directors. The strategy slid under fiduciary duty requirements by alleging that Starbucks' anti-union crackdown was "human capital mismanagement."

These guerilla tactics of 2024 would have looked unnecessary, and indeed uncouth, 50 years ago. The labor movement was a confident partner of government and business, its leadership ensconced in the American establishment. Its power stemmed from mass membership, crippling strike capacity in commanding heights of industry, and a well-funded wing of political action committees. Unions had weathered defeats, such as Taft-Hartley in the legislature, the expansion of industry and population in right-to-work states, and the chipping away of NLRA protections in the courts. But postwar organized labor had also won victories, such as the 1960s expansion of collective bargaining in federal and state government, with enormous union-government pension funds as one consequence. Private pensions were also a player, albeit a smaller one, after the 1949 Inland Steel Court decision made pensions a mandatory subject of bargaining. Unions then turned the enormous growth in worker's incomes in the postwar period into heavy-weight pension funds.

Finding their power, both political and economic, dwindling during the 1970s, unions found a new weapon in the pension wealth that they were stewarding. Deploying this wealth toward broad social goals begat what the labor movement calls capital strategies, one subject of Jacoby's book. Capital strategies are the use of the accumulated savings of member workers to influence the behavior of both union and non-union companies. Blunting the mercenary, militantly anti-union, corporate governance, and oligarchic policy demands of an increasingly financialized corporate sector via politics and policy, the other subject of Jacoby's book, was another, often contradictory, strategy. As labor lost the power it had in collective bargaining and politics, it tried to assert power both in and against the rapidly expanding financial sector. Unions mobilized as shareholders in corporate governance and against shareholders in financial regulation. Labor, by playing its hand as a shareholder, often wound up amplifying the power of all shareholders, most of whom were directly hostile to labor's objectives of increased union density. Playing its hand as a political supporter of financial regulation, it wound up diluting the power of its own capital strategies, leaving the financial arm of the labor movement weak after the financial crisis and Dodd-Frank.

Jacoby's story has three implications for economists interested in historical labor unions. Firstly, the terrain on which labor unions contest corporations is not (only) the usual trenches of petition, election, contract, and strike, as engraved in the National Labor Relations Act. The outside option of a union-firm bargain is not necessarily set by a strike of a majority of workers at a particular plant, but also by coordinated capital campaigns assembling coalitions of deep-pocketed, like-minded investors. Models of union behavior might well look different when this financial lever is incorporated.

Second, the massive size and diverse goals of union pensions mean that capital markets are also shaped by institutional actors with conflicting objectives. Profit maximizing behavior by these funds looks, ironically, like an artifact of government regulation, namely a fiduciary duty law that mandates that worker pension funds be managed with the sole aim of maximizing returns. By state fiat alone, pension managers have to be blind to the other interests labor's capital might have in choosing where to park its money. Further, Taft-Hartley ensured that 50 percent of the board of the private pension funds would be employers, mitigating control by unions. Risk-return optimization was in no sense natural for these giant pools of money; it had to be imposed. Without these legal restrictions, we might find that union firms have an advantage in attracting money from capital markets as well.

Finally, Jacoby's book points out the limits of strategies to raise the well-being of workers that are not led by workers themselves, perhaps a symptom of the "Brahmification" of social democratic institutions across the West. Few of the personalities and initiatives in Jacoby's book originate in the rank and file of labor union membership. Pro-labor financial expertise, practiced by crackerjack union staff, well-meaning regulators, foundation-funded nonprofits, lots of lawyers, and smart people of all stripes, are the troops staffing labor's march through the boardrooms and agencies. While Jacoby's book shows that they were clearly not sufficient, the Starbucks win in the introduction suggests, labor-adjacent technocrats may be necessary for converting transitory *de facto* moments of insurgency, like the post-COVID surge in labor movement energy, into persistent *de jure* forms of worker organization operating on the myriad levers of power in the American political economy.

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#### MEXICO

*El Pan Nuestro: A History of the Corn Tortilla.* By Aurora Gómez-Galvarriato Freer. Mexico City: Colegio de Mexico, 2024. Pp. 610, il. \$25.  
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In *El Pan Nuestro*, Gómez-Galvarriato Freer embarks on an ambitious plan: to use the tortilla to unravel a narrative of Mexican technology adoption and the interaction it had with the division of labor in Mexican households. In other words, this is a book that is a History of Capitalism in Mexico, a history of female labor force participation in Mexico (since tortillas were traditionally made by women), a history of tortilla-making technologies and their diffusion, and a political economy history behind the adoption of these technologies.