

PROGRESSIVE POLICIES ARE GOOD FOR THE ECONOMY: BUILDING WORKER POWER

THURSDAY APRIL 22, 2021

During the Great Recession, our government learned the hard way that we should spend more—not less—in times of crisis. The response to the Great Recession was too small and ended too soon, especially for the Black and brown families that never recovered, and our economy was made less resilient as a result. The government can boost our economy right now by helping struggling families and investing in all of us. Investing in people will benefit everyone, with new jobs, higher wages, and a stronger economy overall. One way to support communities is through building worker power.

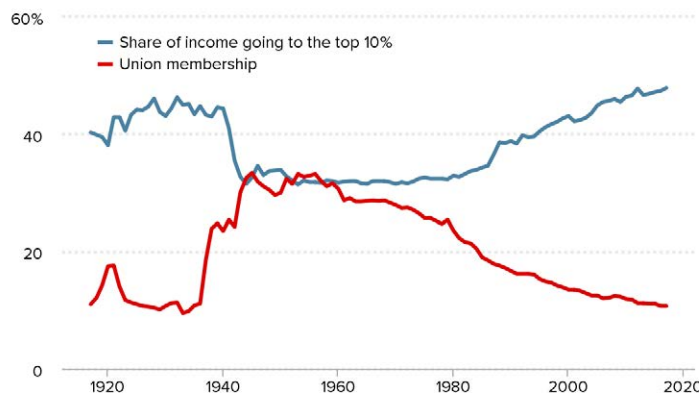
Decades of conservative attacks on collective bargaining rights and [political and economic exclusions](#) have [weakened workers' decision-making power](#) on the job and contributed directly to [economic inequality](#). Unions are an important avenue for working people to secure critical benefits including [additional pay, key health, and safety measures, paid leave, and job security](#), and to reduce gender and racial gaps in the labor market. **Strengthening unionization and collective bargaining rights not only improves material conditions and reduce economic precarity for working people, but they also counterbalance outsized private power in the service of a more inclusive and resilient economy.**

Unions are good for the working people and the economy:

- **Unions combat economic inequality.** Over the past several decades, the share of income going to those at the very top has skyrocketed. From 1979 to 2016, the top 1% of income earners saw their wages grow by over [200%](#) -- nearly [five times](#) the wage growth experienced by the middle 60% of income earners. Research shows that the decline in unionization over the last 4 decades has driven [33% of the increase](#) in the wage gap between high and middle-wage earners. Restoring worker power through restoring union coverage is [imperative to reducing economic inequality](#).

As union membership declines, income inequality rises

Union membership and share of income going to the top 10%, 1917–2017



Sources: Data on union density follows the composite series found in Historical Statistics of the United States; updated to 2017 from unionstats.com. Income inequality (share of income to top 10%) data are from Thomas Piketty and Emmanuel Saez, "Income Inequality in the United States, 1913–1998," *Quarterly Journal of Economics* 118, no. 1 (2003), and updated data from the Top Income Database, updated March 2019.

- **Unions increase wages and benefits for all workers.** High unionization rates have demonstrated positive “spillover” effects to non-unionized workers. [Research shows](#) that nonunion members would get a significant wage boost if union membership reverted to its 1979 level -- and this is [especially the case](#) for those without a college degree. Workers in unions are also more likely to have access to crucial benefits such as [paid sick days and health insurance](#) -- [94% of unionized workers](#) have health insurance from work compared to [67% of nonunion workers](#). Because unions help [set standards for benefits across entire industries](#), better working conditions and benefits as a result of unionization can help *all* workers, whether they’re in a union or not. This is especially important for Hispanic/Latinx and Black workers, as they are the most likely to lack [health insurance](#), [access to employer-sponsored retirement plans](#), and [access to paid leave](#). Throughout the current crisis, unions have also played a [critical role](#) in helping workers challenge the conditions that have led to more COVID-19 infections and deaths -- phenomena that are [disproportionately affecting communities of color](#). Ensuring that the most vulnerable workers can weather crises creates economic stability that reverberates throughout the entire economy.

Here’s who will benefit most from building worker power:

- **Unions help narrow wage and wealth gaps.** [Women in unions](#) are paid 94 cents to the dollar relative to their male counterparts -- a smaller gap than the 78 cents on the dollar that non-union women earn. The [union wage premium for workers of color](#) is greater than for white workers. On average, Black union workers earn [\\$24.24 per hour](#), compared to [\\$17.78 per hour](#) for non-unionized Black workers. And while Hispanic workers are [least likely](#) to be represented by a union, those who are represented by unions are paid [20.1% more than their nonunionized peers](#). Though unions raise wages across educational groups, the wage premium is larger for those who [haven’t graduated college](#). Union contracts also disproportionately raise wages most for the lowest wage earners: one study found that union contracts increased wages by approximately [21 percent](#) for the bottom 10th percentile of wage earners -- the highest rate across all wage percentiles. Workers in unions also have significantly [more wealth than those who aren’t in unions](#), and the difference is even [more pronounced for people of color](#). Median wealth held by Black and Hispanic/Latinx unionized workers is about [10 times](#) the median wealth held by non-unionized workers from these groups.
- **The workers who are most disadvantaged in our labor market are also those who have historically been excluded from labor protections.** Deliberate policy choices have made it so that many of the most vulnerable workers across the country are statutorily excluded from unionization. Longstanding, [racist and sexist exemptions](#) continue to exclude domestic workers and farmworkers from protections under federal labor law -- jobs that are [disproportionately held by Black and Latinx women](#). The legacy of policy decisions has reinforced and validated racial, ethnic, and gender disparities in economic well-being -- disparities that are [acutely felt today](#). In order to ensure that all people have power, security, dignity, and prosperity it’s critical that we [extend fundamental labor rights and protections](#).