

THE FACTS

What the Freedom to Join Unions Means to America's Workers and the Middle Class

AMERICA CANNOT BE A SUCCESSFUL LOW-WAGE CONSUMER SOCIETY.

The Bush administration tried to make up for stagnant wages with consumer debt—a choice that has proven disastrous. Our country needs more money to go to America's workers and less to Wall Street speculators and CEOs. That is why a key element of our nation's economic recovery must be to restore workers' freedom to form unions, speak for themselves and negotiate a fair share of the wealth they create. Rising income, not more debt, is the only way out of the economic crisis.

America became the greatest middle class society in the world when our country respected workers' fundamental human right to represent themselves and bargain for better wages and benefits. Through bargaining, workers transform bad, dead-end jobs into living-wage jobs with opportunities for training and upgrading.¹ The long-term decline in collective bargaining coverage is a significant cause not only of wage stagnation but also of the nation's health care and retirement income security crises—crises that grow worse by the day.²

But the law that protects workers' freedom to bargain has been perverted. Companies routinely fire workers who stand up for themselves. Workers who want to form unions are threatened with plant closings, interrogated, offered bribes, spied on and intimidated.³ The result? Only 8 percent of private-sector workers actually belong to unions, even though independent surveys by a leading national survey firm show that 58 percent of U.S. workers say they want a union in their workplace—the highest percentage in 25 years.⁴

Denying Americans the freedom to form unions at their place of work is not just unfair, it is destructive economic policy. Taking away workers' rights on the job has hurt the American middle class, increased economic inequality and destabilized our economy.⁵ With deunionization, we have set off a long-term downward spiral of lower wages

and fewer benefits. Pockets of workers with good jobs try to hold on to a middle class standard of living, even as more and more people suffer lower wages, less health care and no retirement security. As companies fight to cut costs, consumer demand falls, breeding recession and instability.

Over the past 35 years, workers' productivity has risen by more than 75 percent, but inflation-adjusted wages of America's workers—as published by the President's Council of Economic Advisors—are lower than in 1973.⁶ The reality today for America's workers is:

1. Stagnant wages and rising economic inequality.
2. Pessimism and deepening worker dissatisfaction with their economic prospects.⁷

A multitude of published studies by respected and prominent economists have found that when workers have the right to come together and form unions, their lives improve and the larger economy is healthier: Productivity rises, product and service quality improves, economic inequality is reduced and wages are boosted substantially for all workers—but especially for low-wage workers and workers of color.⁸ Unions and collective bargaining have been especially important in giving workers access to health insurance and defined-benefit pensions.⁹

During the 1950s and 1960s, when America's economy grew at the fastest rate since World War II, the percentage of workers who had unions was at its highest point in U.S. history. Conversely, on the eve of the worst economic crisis of the 20th century, the Great Depression, union membership had been declining for more than a decade, just as it is today.¹⁰ The times in our history when workers have been able to come together to speak for themselves in the workplace have been times of rising real wages, economic and financial stability, rising health care coverage, rising pension coverage and rising productivity. But when workers' rights are repressed, the American economy produces gross inequality and financial instability.

Some responsible and profitable major corporations have adopted majority sign-up as standard practice and an important element of their corporations' successful high-road business plans. The result for companies like AT&T and Kaiser Permanente has been workplaces with better labor-management relations, less tension, more respect for employees and a positive impact on employee morale.¹¹

Of course, there are employers that want America to be a low-wage economy. The U.S. Chamber of Commerce has issued white papers attacking workers' freedom to organize, relying on writings by a handful of far right-wing economists.¹²

What the Chamber doesn't want policymakers to know is that union membership is the route out of poverty for workers in low-wage occupations. For example, union cashiers earn 30 percent more than nonunion cashiers, union dining room and cafeteria attendants earn 49 percent more than nonunion dining room and cafeteria attendants, and union janitors earn 31 percent more than nonunion janitors.¹³

Today, states with the highest union density enjoy higher wages, higher family incomes, lower poverty rates and smaller percentages of people without health insurance than states with the lowest union density.¹⁴

When workers can form unions, rising wages set off a positive, upward cycle. States with the highest union density spend more per pupil on public education; pay teachers higher salaries; have more doctors per capita, lower infant mortality and lower death rates; have a lower incidence of workplace fatalities; and have better worker safety net programs such as unemployment insurance and workers' compensation than states with the lowest union density.¹⁵ Unions not only improve the quality of worker protection programs at state and federal levels—they inform and educate workers about these programs and help them gain access to their benefits and protections.¹⁶

Unions also have a large positive impact on civic participation by America's workers.¹⁷ It comes as no surprise that the states with the highest union density have higher voter participation rates than states with the lowest union density.¹⁸

Unions and collective bargaining are vital not only in the workplace but also in society at large. Half a century ago, the groundbreaking economist John Kenneth Galbraith identified unions as a vital source of countervailing power in an economy dominated by large corporations. That remains true today.

The Employee Free Choice Act is part of a strategy for American economic revival—for a high-wage, high-skill economy. Increasing incomes and respecting workers' rights on the job must be a central part of that strategy.

What is the plan proposed by the anti-worker voices in the business community? More consumer debt? More subprime mortgages? More jobs without pensions and health care? A vain effort to compete with low-wage countries by cutting our standard of living to their levels for all but the wealthiest Americans?

America deserves better than economic inequality and economic decline. That's why America needs to restore the freedom for all of its workers to bargain for a better life by passing the Employee Free Choice Act.

Endnotes

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³John Schmitt and Ben Zipperer, "Dropping the Ax: Illegal Firings During Union Election Campaigns," Center for Economic and Policy Research, January 2007; Kate Bronfenbrenner, *Uneasy Terrain: The Impact of Capital Mobilization on Workers, Wages and Union Organizing*, Cornell University (2000); Compa, L.A., and Human Rights Watch, 2000, *Unfair Advantage: Workers' Freedom of Association in the United States under International Human Rights Standards*, New York: Human Rights Watch.

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⁵Annette Bernhardt, et. al (eds.), *The Gloves Off Economy: Workplace Standards at the Bottom of America's Labor Market*, Cornell Press, 2008 LERA research volume.

⁶Economic Report of the President: 2008 Report Spreadsheet Tables, <http://www.gpoaccess.gov/eop/tables08.html>. See Tables B-47 and B-49.

⁷87 percent of Americans say they are dissatisfied with the economic situation in the country today, and 91 percent report negative personal feelings about the economic situation for people like them. Peter D. Hart Research Associates, December 2008. According to 2008 national election exit polling, voters are deeply unhappy with their economic situation. Just 1 percent rate economic conditions as excellent, 6 percent say they are good, 44 percent say economic conditions are not so good and 49 percent say they are poor, <http://www.cnn.com/ELECTION/2008/results/polls/#val=USP00p5>

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