

***AFL-CIO President Richard Trumka Opening Remarks to the TUAC -OECD
Center for Opportunity and Equality Workshop: “Trade Unions, Income
Inequality and Inclusion – The Evidence and Evolving Unions”***

Wednesday, March 9, 2016

“Today we will hear from research on unions and inequality. I feel the evidence is conclusive that the decline in union membership hurts the move to a more equal society.

“First we will hear that union density is strongly associated with the rise of the income share held by the top 10 and 1 percent of earners. This effect is causal and it is big enough to be economically significant. The drop in union density may also affect the political economy of a country, tilting the rules toward the rich and away from working people.

“A shrinking income share for the bulk of people turns the economy into a zero sum game. It makes it easy for politicians to demagogue and tear a nation apart because instead of expanding everyone’s income, they grab the biggest share for the rich making it a pitch battle for the crumbs.

“The current political cycle in the United States serves as clear warning what happens when economies stop working for the people and instead work for the rich. One of America’s major parties is conducting a campaign fit for one of our reality TV shows, not a serious contest over improving the lives of Americans; and in fact, is more about bigotry than substance.

“We will then hear research about the United States. Because the U.S. has great variation in union density and labor laws, it is a perfect laboratory for isolating the effects of unions from the effects of trade and technology. All U.S. states face the same trade patterns and same technological advancement. But, they do not all have the same labor market rules or union density.

“Union membership, and union density are significant in increasing the inter-generational mobility of Americans. Being a union member, and living in a state with high union density increases the chance that a child can be born into a low-income household but rise to be at the top of the income ladder.

“And, as Europe undergoes increased diversity in its population, variation in union membership can help in understanding how to close income gaps between groups.

“Over the past 35 years, as income has become less equal in the U.S. the gap in pay between Black men and white men in the U.S. has grown. Today, the racial income gap is bigger than the gender pay gap.

“The bigger part of the growing pay gap is not related to individuals—their education, where they live, or their experience. It is like a growing level of discrimination. But, especially for younger male workers, among the factors we can observe, the decline in union membership for Black men—which has been steeper than for white men—explains about 18% of the known reasons Black men are earning less than whites.

“And, the decline in union membership for men, is driving away the difference in union membership between men and women. Unfortunately, that goes a long way in explaining the closing of the gender gap. We want to close the gender gap by everyone getting higher pay. And, we want to close the gender gap by raising everyone’s union membership.

“This century in particular, has seen big declines in earnings for most Americans, and in union density as well. Looking just at what has happened so far, the decline in union density has hurt the integration of Black workers and of women into occupations.

“I hope that the Center for Opportunity and Equality that the OECD is launching will look at how unions play an important role in lowering inequality—vertically between the top and the bottom, and horizontally to insure social mobility and inclusiveness of all workers across all measures of diversity. When unions do what they are best at, they are the way to give those on the outside a path inside and raising the wages and living standards of a nation. But, that means the Monday OECD that does the research has to talk to the Tuesday OECD that offers policy solutions. And the policy solutions need to be how to improve and strengthen union membership to fight rising inequality.

“We will close with a panel discussing irregular work—the so-called GIG economy or Uber economy. The irregular work that is the logical extension of the decline in union membership. The irregular work that is the logical extension of removing labor market protections over working conditions, hours, wages and dismissal. The rise of the GIG economy and irregular work shows that lowering labor regulations does not increase the number of good jobs, it just makes jobs worse. In the United States we know that. We have seen it over the last 35 years.

“First, it is the loss of union jobs. It is the lowering of the minimum wage. It is end of the regular work week. And the result is lots of rotten jobs, on the margin and no path to upward mobility.

“The new jobs strategy that the OECD will write for this century must make clear the error of the 1990s OECD prescription for lowering labor standards. It must call for raising the floor. It must call for decent work, for all workers. Unions already know, if the boss can give any worker a bad job, the boss will soon give all workers bad jobs.

I look forward to today. And I hope the conversation and work presented will get the conversation going that can lead to policy changes and a deep commitment to inclusive growth strategies.”

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