

Testimony before the Subcommittee on Health, Education, Labor, and Pensions

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Madame Chair Wilson, Ranking Member Walberg, and all members of the subcommittee, thank you for the opportunity to testify today about the benefits collective bargaining has on our workforce.

My name is Jake Rosenfeld and I am an Associate Professor of Sociology at Washington University-St. Louis. For the past 15 years, I have conducted quantitative research on the linkages between strong unions and income equality in the U.S., and on how union decline has contributed to widening income disparities in our economy today.

During the labor movement's heyday in the mid-1950s, one out of every three private sector workers belonged to a union. Today about one in twenty do. The unionization rate today is at its lowest point in over a century. It is as low as it was prior to passage of the National Labor Relations Act, a law intended to guarantee workers the right to bargain collectively with their employers.

This dramatic decline has far-reaching implications for our workforce. From my own and related research, I have four key findings to share with you today.

First, an accumulating body of research from across the social sciences finds that strong unions were a key factor in delivering widespread gains to millions of working- and middle-class Americans during the post-World War II decades. Their decline explains much of the rise of income inequality. One influential study I co-authored with Bruce Western of Columbia University finds that the fall in union membership explains a third of the rise in wage inequality among men, and about a fifth among women. A recent study by economists at the International Monetary Fund links diminished union power to rising incomes at the very top. The implications from the IMF reports is that union decline has allowed the rich to get richer and contributed to stagnant or falling incomes for nearly everyone else.

This includes non-union workers. The second finding I want to share with you stems from new studies that reveal just how important unions were to non-union workers. In a 2016 study with Patrick Denice and Jennifer Laird, we examine over three decades of data on millions of non-union workers and find that weekly wages for non-union men would be over \$50 higher if unions today remained as strong as they were in the late 1970s. For a year-round worker, this translates to an annual wage loss of \$2,700. In a follow-up study we find that the effects of union decline on non-union pay remain even after adjusting statistically for manufacturing decline, automation, rising skill demands, and other prominent explanations for wage trends in our economy.

Third, when and where they were strong, unions were especially important for supporting the economic standing of racial and ethnic minorities and women workers. Nationally, union membership rates for African-American men in the private sector rose to nearly 40% by the early 1970s. And by the end of the 1970s, nearly 1 in 4 African-American women in the private sector belonged to a union. We had nearly closed the racial wage gap among women by 1980. The destruction of private sector unions from the 1980s onward opened it once again. My research with Meredith Kleykamp indicates that had union membership rates for women remained at late-1970s levels, racial wage inequality among women in private sector jobs today would be reduced by as much as 30%. Other research has established that gender pay gaps are smaller in the unionized sector.

The labor movement's upsurge between the Great Depression and World War II relied heavily on immigrants and their children. Echoing this historical pattern, my research reveals that more recent arrivals are joining unions at high rates in those sectors where organized labor remains powerful. But those sectors are shrinking. Unlike past generations of immigrants who once swelled the ranks of the organized workforce, recent immigrants face an economic and political context largely hostile to unions. As a result, contemporary immigrants and their children enter labor markets largely lacking a proven pathway to the middle-class that strong unions had once established.

Fourth, and finally, it is time to dispel the myth that U.S. workers have turned away from unions. In 2017 researchers at MIT surveyed nearly 4,000 U.S. workers. They asked non-union workers whether they would vote for a union if given the opportunity. Nearly half replied yes. If the private sector unionization rate were simply a function of worker's desire, it would much closer to 50% than its current rate of 5%. A recent Gallup poll found that support for labor unions is at a 15-year high, with nearly 2/3 of Americans expressing approval.

This is what makes strengthening the National Labor Relations Act so important. Today workers are often blocked from exercising their legally-guaranteed freedom to negotiate. Inequality has reached heights unscaled since the first Gilded Age. These two trends are intimately tied, and if we are serious about combating the latter, it is past time to do something about the former.

Thank you for your time.