



Unions Make the Middle Class

Without Unions, the Middle Class Withers

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Introduction and summary

Why should anyone—especially those who are not union members—care that union membership is at record lows and likely to fall even further? Because if you care about the middle class, you need to care about unions.

Critics of unions claim they are unimportant today or even harmful to the economy, but unions are essential for building a strong middle class. And rebuilding the middle class after decades of decline and stagnation is essential for restoring our economy.

Unions make the middle class strong by ensuring workers have a strong voice in both the market and in our democracy. When unions are strong they are able to ensure that workers are paid fair wages, receive the training they need to advance to the middle class, and are considered in corporate decision-making processes. Unions also promote political participation among all Americans, and help workers secure government policies that support the middle class, such as Social Security, family leave, and the minimum wage.

But as unions became weaker over the past four decades, they are less and less able to perform these functions—and the middle class withered. The percentage of workers in unions steadily declined largely because the legal and political environment prevents private-sector workers from freely exercising their right to join or not to join a union. Membership in private-sector unions stands at less than 7 percent today, from around 30 percent in the late 1960s.¹ Public-sector unionization remained stable for decades—it was 37 percent in 1979 and is 36 percent today—but is now under significant threat from conservative political opposition and could start declining as well. All told, less than 12 percent of the total workforce is unionized, and this percentage is likely to continue falling.

Without the counterbalance of workers united together in unions, the middle class withers because the economy and politics tend to be dominated by the rich and powerful, which in turn leads to an even greater flow of money in our economy

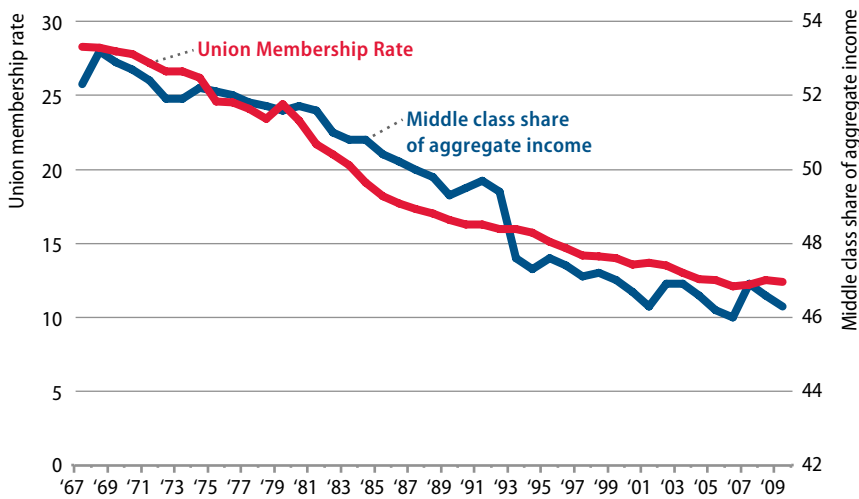
to the top of income scale. As can be seen in Figure 1, the percentage of unionized workers tracks very closely with the share of the nation's income going to the middle class—those in the middle three-fifths of income earners.

In recent years, the middle class accounted for the smallest share of the nation's income ever since the end of World War II, when this data was first collected. The middle three income quintiles, representing 60 percent of all Americans, received only 46 percent of the nation's income in 2009, the most recent year data is available, down from highs of around 53 percent in 1969.

The middle class weakened over the past several decades because the rich secured the lion's share of the economy's gains. The share of pretax income earned by the richest 1 percent of Americans more than doubled between 1974 and 2007, climbing to 18 percent from 8 percent.² And for the richest of the rich—the top 0.1 percent—the gains have been even more astronomical—quadrupling over this period, rising to 12.3 percent of all income from 2.7 percent.³

Ties that bind

As union membership decreases, middle class income shrinks



Sources: Authors' analysis. Union Membership rate is from Barry T. Hirsch, David A. Macpherson, and Wayne G. Vroman, "Estimates of Union Density by State." Middle Class Share of Aggregate Income is from United States Census Bureau.

In contrast, incomes for most Americans have been nearly flat over this same time period, and median income after accounting for inflation actually fell for working-age households during the supposedly good economy in the recovery between 2001 and 2007.⁴

The importance of unions to the middle class is not just a historical phenomenon, but is relevant to our lives today. To be sure, not everything unions do benefits the broad middle class, but unions are critical to defending the middle class,

and their resurgence is key to rebuilding the middle class.

Indeed, it is hard to imagine a middle-class society without a strong union movement.

Across the globe, the countries with the strongest middle classes all have strong union movements.⁵ And in America today, states with higher concentrations of union members have a much stronger middle class. The 10 states with the lowest percentage of workers in unions all have a relatively weak middle class, with the share of total state income going to households in the middle three-fifths of income earners in these states below the average for all states.⁶

Our analysis, more fully described in the body and appendix of this report, indicates that each percentage point increase in union membership puts about \$153 more per year into the pockets of the middle class—meaning that if unionization rates increased by 10 percentage points (about the level they were in 1980)—then the typical middle class household would earn \$1,532 more this year. This figure indicates how much better off all members of the middle class would be—not just those who are union members— if unions regained some strength. And these gains would continue year after year. To put these results in context, our analysis indicates that increasing union membership is as important to rebuilding the middle class as boosting college graduation rates, results that while shocking to some, are consistent with previous research.⁷

In our democracy, when workers are joined together in unions they are able to more forcefully and effectively speak for their interests. Unions give workers a greater voice not only by promoting political participation among all Americans—ensuring that more of the middle class vote and get involved in politics—but also by being an advocate on behalf of the middle class in the daily, inner-workings of government and politics.

This provides a check on other powerful political interests, such as corporations and the very wealthy, and ensures that our system of government has the balance of interests that James Madison, a chief framer of our constitution, thought necessary to properly function. This counterbalancing role is essential for democracy to function properly and respond to the interests of all Americans.

In the workplace, workers who join together in unions are able to negotiate on more equal footing with their employers, providing a check on the inherently unequal relationship between employer and employee.⁸ As George Shultz, secretary of labor during the Nixon administration and secretary of state during the Reagan administration argued in support of trade unions, in “a healthy workplace, it is very important that there be some system of checks and balances.”⁹

Indeed, the ability of workers united together to provide a check on corporate power was the very reason Congress guaranteed private-sector workers the right to join a union, writing in the findings section of the National Labor Relations Act of 1935:

The inequality of bargaining power between employees who do not possess full freedom of association or actual liberty of contract and employers who are organized in the corporate or other forms of ownership association substantially burdens and affects the flow of commerce, and tends to aggravate recurrent business depressions, by depressing wage rates and the purchasing power of wage earners in industry and by preventing the stabilization of competitive wage rates and working conditions within and between industries.¹⁰

And government employers, like corporations, sometimes need to be reminded by organized workers to treat their employees fairly. That's why Dr. Martin Luther King Jr. traveled to Memphis in 1968 to help city sanitation workers gain recognition for their union as they faced low pay, terrible working conditions, and racist supervisors.¹¹ Even the conservative icon Ronald Reagan recognized that public-sector workers should be able to join unions and collectively bargain. Reagan signed a bill to grant municipal and county employees the right to do so when he was governor of California.¹²

Critically, the benefits of workers having a voice in the economy and in democracy spill over to all of society. In these ways, unions make the middle class. The challenge of rebuilding the middle class will take a long time, but would be impossible without a clear understanding of what makes the middle class strong. This paper will explore in detail why we need to do this and how we need to go about it. To rebuild America's middle class, we need to rebuild the labor movement. It's that simple—and that challenging.

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