



Curing What Ails Us

How COVID-19 reveals what's wrong with our economy and what working people are doing to fix it



POWER FOR CHANGE

Union protections and higher wages could have helped workers weather the COVID-19 economic collapse

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Our current moment offers a choice between two paths. We can either allow wealthy business interests to tighten their grip on our nation and our economy, or we can take another leap forward toward an economy that works for everyone, not just the wealthy, privileged, and white. Every protection that working people have today came from organizing in the past, often against seemingly impossible odds and with life and death stakes. North Carolina has produced generations of working leaders who refuse to be treated as less than human, and that proud tradition is alive and well in this moment. These are scary times to be sure, but they also are strengthening working peoples' resolve to create a better future for themselves and generations of future workers.

"There's strength in a union."

Unions make it a lot harder for big companies to suppress wages and put workers' lives in danger. Moments of crisis show even more keenly how unions protect the economic and physical well-being of their members. People with union protection generally entered the COVID-19 pandemic in better financial shape, and they have a vital ally making sure that their health is taken seriously.

Better pay

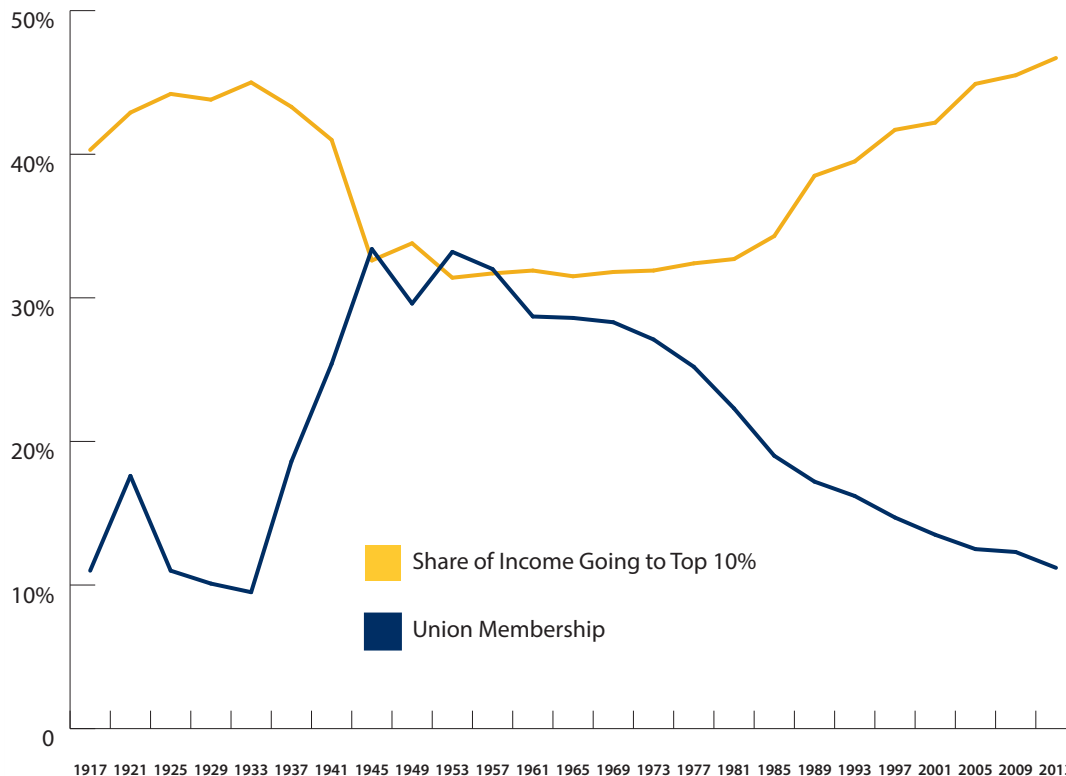
Being part of a union is one of the best routes to economic security. On average, unionized workers earn over 13 percent more than non-unionized workers doing the same jobs with the same levels of education and experience.¹

Undermining unions helps wealthy elites and corporate interests siphon off much of the wealth that our economy generates. Up until the New Deal, fewer than one in five U.S. workers

¹ Josh Bivens et al., "How Today's Unions Help Working People: Giving Workers the Power to Improve Their Jobs and Unrig the Economy," 2017, <https://www.epi.org/publication/how-todays-unions-help-working-people-giving-workers-the-power-to-improve-their-jobs-and-unrig-the-economy/>.

Figure 1: Without unions, the rich get richer

(Unionization and share of income captured by the top 10 percent)



Sources: Economic Policy Institute. Data on union density follows the composite series found in Historical Statistics of the United States; updated to 2015 from unionstats.com. Income inequality (share of income to top 10 percent) data are from Thomas Piketty and Emmanuel Saez, "Income Inequality in the United States, 1913–1998," *Quarterly Journal of Economics* vol. 118, no. 1 (2003) and updated data from the Top Income Database, updated June 2016.

belonged to a union, and over 40 percent of the nation's income went to the most fortunate 10 percent. The explosion of unionization and increased bargaining power made possible by the National Labor Relations Act pushed unionization rates above 30 percent, and working people saw much more of the wealth they were creating. While still top-heavy, the distribution of wealth following World War II was as equal as it has ever been. Subsequent attacks undermining union rights have helped to return the country to an economy just about as top-heavy as the early 20th century.²

This story is not unique to the United States. Countries where unionization has declined over the last few decades have seen the rich get richer, while developed nations where unions have retained more of their power generally have lower levels of inequality.³

² Bivens et al.

³ Florence Jaumotte and Carolina Buitron, "Inequality and Labor Market Institutions" (International Monetary Fund, 2015), <https://www.imf.org/en/Publications/Staff-Discussion-Notes/Issues/2016/12/31/Inequality-and-Labor-Market-Institutions-42987>.

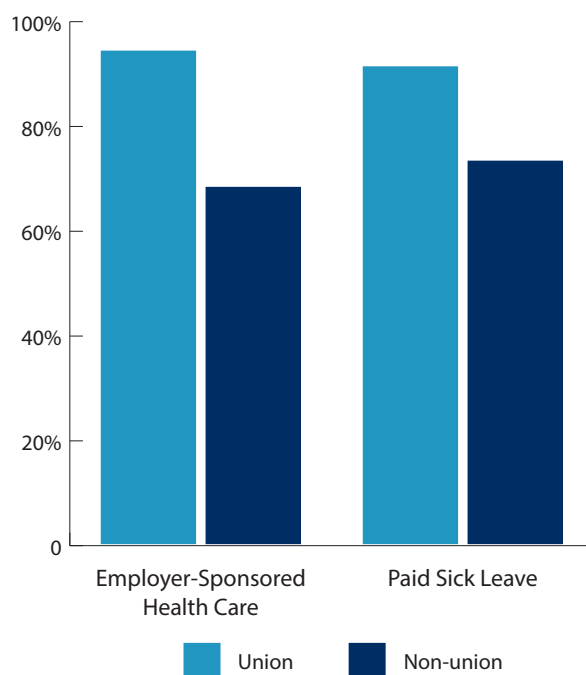
Inequality can seem like an abstract idea, but its consequences become strikingly clear when a crisis like COVID-19 comes along. A lack of living wages has left millions of North Carolinians with little or no financial cushion to fall back on when the COVID-19 recession hit. Over 40 percent of North Carolinian households lacked the accessible savings needed to survive for three months above the poverty line before the pandemic,⁴ making any loss of employment or income an immediate financial crisis. If more North Carolinians had been working for union wages, then families and our state would have been better prepared to weather the current economic storm.

Unions keep working people healthy

Increased unionization brings a greater likelihood that workers will have paid sick leave, health insurance coverage, and other essential compensation to ensure that health and well-being is supported and not put at risk simply by going into work. Lacking these protections is often a life and death reality — right-to-work laws have increased workplace deaths by 14 percent compared with states that do not have laws designed to undermine unions.⁵

One vital feature of unions, particularly during times of upheaval such as the COVID-19 pandemic, is the ability of working people to negotiate the terms of their work with their employers and to access a grievance process in the event of a problem between employees and employers. The rights and protections of unions are governed by the National Labor Relations Act and the National Labor Relations Board.

Figure 2: Unions bring essential compensation that ensures health, well-being



Source: McNichols, C., & M. Poydock. (2020). "Who are essential workers? A comprehensive look at their wages, demographics, and unionization rates." Economic Policy Institute

4 "Prosperity Now Scorecard" (Prosperity Now, 2020), <https://scorecard.prosperitynow.org/data-by-location#state/nc>.

5 Michael Zoorob, "Does 'Right to Work' Imperil the Right to Health? The Effect of Labour Unions on Workplace Fatalities," *Occupational and Environmental Medicine* 75, no. 10 (October 1, 2018): 736–38, <https://doi.org/10.1136/oemed-2017-104747>.

Unions in North Carolina today

Despite sustained efforts to undermine unionization, more than 100,000 North Carolina workers were union members in 2019, and unions represented the interests of 150,000 working people across the state.⁶ Even more North Carolinians are supported by organizations like the North Carolina Association of Educators, the Farm Labor Organizing Committee, and public employee associations that provide some of the functions that unions traditionally perform.

Workers and labor organizations in North Carolina are engaged in a number of ongoing efforts to unionize non-traditional workplaces. The Service Employees International Union (SEIU) is waging a multi-year campaign to organize fast food workers, child care providers, home health aides, and other low-wage workers in North Carolina to demand a \$15 an hour wage and union representation. Graduate students, nonprofit employees, and university staff also have increasingly begun to organize under the banner of labor unions.

6 Bureau of Labor Statistics, "Union Affiliation of Employed Wage and Salary Workers by State," 2019, <https://www.bls.gov/news.release/union2.t05.htm>.



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