

Union Jobs Will Help Rebuild America's Middle Class and Promote Economic Growth

It's more important than ever for America's workers to be able to stand together to protect their jobs and improve their economic situation. Strengthening workers' rights to form unions is one of the best steps Congress can take to restore the economy and rebuild the middle class.

Workers in Good Union Jobs Help Stimulate the Economy

Putting more wages in workers' pockets will provide a needed boost for the U.S. economy. An estimated 70 percent of our nation's economy comes from consumer activity. According to a Center for American Progress Action Fund report, "putting more money in workers' pockets would provide a needed boost for the U.S. economy." U.S. union workers earn on average 11.3 percent more than their non-union counterparts.¹

"I don't buy the argument that providing workers with collective bargaining rights somehow weakens the economy or worsens the business environment. If you've got workers who have decent pay and benefits, they're also customers for business."⁹

—President Barack Obama

Increasing the number of workers in unions could pump \$49 billion into the U.S. economy. A 2009 report by the Center for American Progress Action Fund found that with a modest increase in unionization, new union workers would earn an estimated \$49 billion more in wages and salaries per year.²

Increasing wages through unions in Los Angeles created \$11 billion in economic output and 64,800 jobs. A study conducted by the nonprofit Economic Roundtable in 2007 found that the wages negotiated by union workers in Los Angeles add \$7.2 billion a year in pay. As these workers spend their income on food, clothing, child care, home repairs, and other items, their additional buying power creates 64,800 jobs and \$11 billion in economic output.³

Workers in Unions Can Promote Business and Economic Stability

Small businesses in states with a higher percentage of union members are less likely to fail. A 2005 report by an economist on behalf of the Small Business Administration found that a higher percentage of unionized workers in a state significantly reduced the probability of small business failures.⁴

No link between unionization rates and unemployment. In 2006, the Organization of Economic Cooperation and Development (OECD) did an exhaustive analysis of the research on this topic and concluded that there was no link between unionization rates and unemployment.⁵

Unions will not create unemployment. Anti-union groups often claim that an expansion of unions will increase unemployment.⁶ However, studies of Canadian's labor markets confirm that unions do not cause unemployment. While Canada's unionization rate is more than double that of the U.S., the country has a lower unemployment rate, a larger share of employed working-age adults, and has had more robust job creation for the past several years than in the United States.⁷

Obama Economic Team Promotes Greater Unionization to Help America's Economy

Obama's chief economic adviser called for restoring a healthy trade union movement and noted that unions raise workers' spending power. In 2009, in response to a question about labor law reform, Obama's chief economic adviser Larry Summers stated that the economic expansion has to be one whose "benefits are more broadly shared" and noted that unions would help elevate wages and spending power.⁸

1. Center for American Progress Action Fund, "Unions Are Good for Workers and the Economy in Every State," 2/18/09. 2. Ibid. 3. Daniel Flaming, "Organized Labor Lifts LA Economy," *Los Angeles Business Journal*, 9/1/08. 4. Aparna Mathur, Ph.D., "A Spatial Model of the Impact of State Bankruptcy Exemptions on Entrepreneurship," for the Small Business Administration Office of Advocacy, July 2005. 5. Dean Baker, "Unions and Employment: The Battle Over the Employee Free Choice Act Gets Ugly," Talking Points Memo, 3/13/09. 6. Kris Maher, "Economists Debate Pro-Labor Measure," *The Wall Street Journal*, 3/2/09. 7. *Just Labour: A Canadian Journal of Work and Society*, V.15 Special Edition, Nov. 2009. 8. Lawrence Summers, "Responding to an Historic Economic Crisis: The Obama Program," speech before The Brookings Institution, 3/13/09. 9. See *Philadelphia Inquirer*, Press Conference Announcing Creation of Middle Class Task Force, 2/12/09.