

AFL-CIO

AMERICA'S UNIONS

January 30, 2020

Dear Representative:

On behalf of the AFL-CIO, I urge you to support the Protecting the Right to Organize (PRO) Act, H.R. 2474, and to oppose weakening amendments and any Motion to Recommit when the House of Representatives considers the bill next week. The PRO Act will restore the original intent of the National Labor Relations Act (NLRA), which was to give working people a voice on the job so they can negotiate for higher wages, better benefits, a more secure retirement and a safer workplace.

For too long, employers have been able to violate the NLRA with impunity, routinely denying workers their basic right to join with coworkers for fairness on the job. As a result, the collective strength of workers to negotiate for better pay and benefits has eroded and income inequality has reached levels that predate the Great Depression. *(Please see the attached summary of recent research on unions, inequality and the economy).*

The PRO Act would modernize the NLRA by bringing its remedies in line with other workplace laws. In addition to imposing financial penalties on companies and individual corporate officers who violate the law, the bill would give workers the option of bringing their case to federal court. The bill would make elections fairer by prohibiting employers from requiring their employees to attend “captive audience” meetings whose sole purpose is to convince workers to vote against the union.

Under the bill, once workers vote to form a union, the National Labor Relations Board (NLRB) would be authorized to order that the employer commence bargaining a first contract. These orders would be enforced in district courts to ensure swift justice. In addition, the bill would ensure that employees are not deprived of their right to a union because their employer hides behind a subcontractor or other intermediary, or deliberately misclassifies them as supervisors or independent contractors.

Too often, when workers choose to form a union, employers stall the bargaining process to avoid reaching an agreement. The PRO Act would establish a process for mediation and arbitration to help the parties achieve a first contract. This important change would make the freedom to negotiate a reality for countless workers who form unions but never get to enjoy the benefits of a collective bargaining agreement.

The PRO Act recognizes that employees need the freedom to picket or withhold our labor in order to push for the workplace changes we seek. The bill protects employees’ right to strike by preventing employers from hiring permanent replacement workers. It also allows

American Federation of Labor and Congress of Industrial Organizations

815 16th St., N.W. • Washington, D.C. 20006 • 202-637-5000 • www.aflcio.org

RICHARD L. TRUMKA
PRESIDENT

ELIZABETH H. SHULER
SECRETARY-TREASURER

TEFERE GEBRE
EXECUTIVE VICE PRESIDENT

unrepresented employees to engage in collective action or class action lawsuits to enforce basic workplace rights, rather than being forced to arbitrate such claims alone.

Finally, the bill would eliminate state right to work laws. These laws have been promoted by a network of billionaires and special interest groups to give more power to corporations at the expense of workers, and have had the effect of lowering wages and eroding pensions and health care coverage in states where they have been adopted.

Restoring our middle class is dependent on strengthening the collective power of workers to negotiate for better pay and working conditions. That is why public support for unions is the highest it has been in decades. We urge you to support the PRO Act and help us build an economy that works for all working families.

Sincerely,



William Samuel
Director, Government Affairs

Attachment: Recent Research on Unions, Inequality and the Economy

American Federation of Labor and Congress of Industrial Organizations

815 16th St., N.W. • Washington, D.C. 20006 • 202-637-5000 • www.aflcio.org

RICHARD L. TRUMKA
PRESIDENT

ELIZABETH H. SHULER
SECRETARY-TREASURER

TEFERE GEBRE
EXECUTIVE VICE PRESIDENT

RECENT RESEARCH ON UNIONS, INEQUALITY, AND THE ECONOMY

ECONOMIC INEQUALITY

- Union density has been a direct cause of the rise and fall of inequality in the United States over the past century. Using previously unavailable data, four prominent economists find that changes in union density explain the reduction of inequality between 1940 and 1980, and the increase in inequality since 1980, as much as any other factor. In the postwar period, union members were less skilled and less likely to be white, and unions reduced inequality by boosting pay disproportionately for less skilled workers at the bottom of the income scale. The union wage premium is higher for workers of color and less-educated workers. Henry Farber, Dan Herbst, Ilyana Kuziemko, and Suresh Naidu, "[Unions and Inequality Over the 20th Century—New Evidence from Survey Data](#)" (December 2017)
- Unions have played a key role in boosting the wages of black workers and reducing racial inequality. Data from a sample of key U.S. cities around 1950, when unions were at their peak, show that the union wage premium was larger for low-wage workers than for middle-wage workers and larger for workers with low levels of education, and that unions had their greatest impact in boosting wages of black workers and closing racial wage gaps. Brantley Callaway and William Collins, "[Unions, Workers, and Wages at the Peak of the American Labor Movement](#)" (June 2017)
- De-unionization lowers the wages of non-union workers. Private sector union decline since the late 1970s has contributed to wage losses among non-union workers, particularly non-college graduates. Weekly earnings for non-union private sector men would be 6% (or \$61) higher—and annual earnings would be \$3,172 higher—if union density had not declined from 1977 to 2015. Weekly earnings for non-union women would be \$18 higher and their annual earnings would be \$936 higher. Jake Rosenfeld and Patrick Denice, "[Unions and Nonunion Pay in the United States, 1977-2015](#)" (August 2018)
- State public sector unions raise wages for non-union workers in the public sector and non-union women workers in the private sector. Public sector union density at the state level has "stable and substantively large" positive effects on the wages of non-union public sector workers and a "robust positive relationship" with the wages of non-union women workers in the private sector. Jake Rosenfeld and Patrick Denice, "[What Do Government Unions Do? Public Sector Unions and Non-Union Wages, 1977-2015](#)" (February 2019)
- Both de-unionization and erosion of the minimum wage played a central role in increasing wage inequality from 1979 to 2017. Accounting for "spillover" effects doubles previous estimates of the contribution of de-unionization to the increase in male wage inequality after 1979. Nicole M. Fortin, Thomas Lemieux, and Neil Lloyd, "[Labor Market Institutions and the Distribution of Wages: The Role of Spillover Effects](#)" (September 2018)
- De-unionization has shifted income to the wealthy in 20 advanced economies. IMF researchers find that as de-unionization reduces the earnings of middle-income and low-income earners, it increases the share of national income going to corporate managers and shareholders. The decline in union density in 20 advanced economies from 1980 to 2010 explains about 40% of the average increase in the income share of the top 10%. Florence Jaumotte and Osorio Buitron, "[Inequality and Labor Market Institutions](#)" (July 2015)

INTERGENERATIONAL MOBILITY

- *There is a strong relationship between unions and intergenerational mobility.* This paper finds that the adult offspring of union parents earn higher labor incomes and attain higher levels of education than offspring of non-union parents, especially when the parents are low skilled. Children who grow up in localities with higher union density have higher incomes as adults, after controlling for their parents' incomes. Low-income children who grow up in localities with high union density rise higher in the income distribution. Union density in a locality is one of the strongest predictors of intergenerational mobility. Richard Freeman, Eunice Han, Brendan Duke, and David Madland, [What Do Unions Do for Mobility?](#) (September 2015)
- *There is a strong link between unions, intergenerational mobility, and the middle class.* This paper finds that union workers are disproportionately middle class, with some workers attaining middle class incomes thanks to the union wage premium, so the decline of unionism contributes to the shrinking of the middle class. Having a union parent is associated with better outcomes for children, but regardless of the union status of parents, offspring from communities with higher union density have higher average incomes relative to their parents. Richard Freeman, Eunice Han, Brendan Duke, and David Madland, [How Does Declining Unionism Affect the American Middle Class and Generational Mobility?](#) (October 2015)

OTHER BENEFITS OF UNIONS

- *De-unionization leads to slower productivity growth, slower GDP growth, greater inequality, and more variation among firms in wages and productivity.* De-unionization can explain the sluggish growth of productivity and real wages in advanced economies at the turn of the 21st century, along with the widening variation among firms in productivity growth and wages. Giovanni Dosi, Richard Freeman, Marcelo Pereira, Andrea Roventini, and Maria Enrica Virgillito, [The Impact of De-unionization on the Growth and Dispersion of Productivity and Pay](#) (January 2020)
- *Higher union density offsets the wage-depressing effects of employer concentration.* Rising employer concentration at the local level from 1977 to 2009 had a negative effect on wages, but there were no negative effects where unionization rates were high. Efraim Benmelech, Nittai Bergman, and Hyunseob Kim, [“Strong Employers and Weak Employees: How Does Employer Concentration Affect Wages?”](#) (February 2018)
- *Union membership improves public finances.* Union members earn more than non-union workers and therefore pay more in taxes, but they also receive less in public benefits, on average. Using data from 1994 to 2015, the authors find that union members contributed between \$540 and \$1,300 more per person per year to the public balance sheet. Aaron Sojourner and Jose Pacas, [“The Relationship between Union Membership and Net Fiscal Impact”](#) (January 2018)
- *Union membership reduces racial resentment.* Studies consistently show that white union members have substantially less racial resentment and are more supportive of policies designed to benefit African Americans. This study finds that the effect of white workers becoming union members between 2012 and 2016 was to reduce racial resentment. Paul Frymer and Jacob Grumbach, [White Racial Politics](#) (May 2019)
- *Union density is linked to the election of workers to state legislatures.* This study finds that higher union density in an occupation leads to a higher share of state legislators from that occupation. Aaron Sojourner, [“Do Unions Promote Members’ Electoral Office Holding? Evidence from Correlates of State Legislatures’ Occupational Shares”](#) (April 2013)

- *Unions make the economy work for working people.* This report surveys the ways in which labor unions help working people—by raising wages for union and non-union workers; reducing inequality; raising wages for women; reducing racial wage gaps; improving worker health and safety; strengthening retirement security; and giving workers a voice in policy debates. Economic Policy Institute, [“How Today's Unions Help Working People: Giving Workers the Power to Improve Their Jobs and Unrig the Economy”](#) (August 2017)

CAUSES OF DECLINING UNION DENSITY

- *Policy choices and employer interference may be important causes of declining union density.* The Hamilton Project finds that falling union membership occurred in almost every U.S. industry, the bulk of decline occurred within industries; and it was not driven by falling manufacturing employment. Hostile public policy and employer opposition may be important in explaining this decline. Unions lift wages for union and non-union workers; reduce inequality; and rebalance labor markets rigged by concentration. Ryan Nunn, Jimmy O’Donnell, and Jay Shambaugh, [“The Shift In Private Sector Union Participation: Explanation and Effects”](#) (August 2019)
- *U.S. employers regularly employ illegal tactics to suppress unions.* In union representation elections supervised by the National Labor Relations Board (NLRB) in 2016 and 2017, employers were charged with violating federal law in 41.5% of all NLRB-sponsored elections; with illegally firing workers in one-fifth to nearly one-third of elections; with illegally coercing, threatening or retaliating against workers for supporting a union in nearly one-third of elections; and with illegally disciplining workers for supporting a union in nearly one-third of elections. Employers spend nearly \$340 million per year on union avoidance consultants to help prevent workers from organizing. Economic Policy Institute, [“Unlawful: U.S. Employers Are Charged with Violating Federal Law in 41.5% of All Union Election Campaigns”](#) (December 2019)