

Unions promote racial equity

Fact Sheet • By Josh Bivens, Celine McNicholas, Kyle K. Moore, and Margaret Poydock • July 31, 2023

By now it is well known that unions are a key institution enforcing more equal outcomes by income class in the U.S. economy and that the policy-driven shrinkage of unionization has played a key role in the rise of income inequality in recent decades. However, unions also significantly reduce economic disparities between Black and white workers. Specifically, unions reduce racial wage gaps and racial wealth gaps are smaller among union members. This is largely the result of the union pay premium and the enhanced job protections enjoyed by workers covered by a union contract. The union advantage benefits all workers and has an equalizing effect on Black-white wages.

Unions and the Civil Rights Movement

Since the early 20th century, organized labor has been a key institution in the American economy. Like nearly all American institutions over this time, it has often been plagued by racism and other forms of bigotry. And yet, unlike most other American institutions, its net effect has been to significantly *reduce* economic disparities between Black and white workers. In fact, outside of the Civil Rights Movement itself, it is safe to say that organized labor—despite its imperfections—has been the most equalizing institution in American society in narrowing racial gaps in the labor market.

Further, key parts of organized labor (particularly the Congress of Industrial Organizations, or CIO) actually provided direct political and economic support to the Civil Rights Movement, starting as early as the 1930s. In fact, the wave of Southern states passing so-called right-to-work laws—meant to hamstring union organizing in 1947 (the first year this option became available to them under the Taft-Hartley Act)—was driven at least in part by a conscious desire to defund the Civil Rights Movement.¹

Starting in the mid-1940s, Black workers were more likely to be in unions than white workers, and the pay premium they received from unionization was larger.² This equalizing effect of unionization on Black-white pay differences is a key reason why these gaps fell in the decades before 1980. The rapid decline in unionization after 1980 was almost certainly a key reason why the Black-white wage gap has risen steadily in recent decades.³ In short, the collateral damage of the assault on unions includes a reversal of progress in closing racial pay disparities.

Unions reduce racial and ethnic pay gaps

Black and Hispanic workers get a larger boost from unionization than their white counterparts. Black workers—both men and women—are more likely than white workers to be union members, and the wage boost they get from being covered by collective bargaining is 14.6%, above the 13.5% average wage boost for unionized workers overall.⁴

The result of this union wage premium (how much more union workers earn than comparable nonunion workers), combined with the higher probability of unionization for Black workers and spillover effects of unions that compress overall wages, all means that collective bargaining lifts wages of Black workers closer to those of their white counterparts. Hispanic workers have slightly lower union coverage than white workers but have a much higher union wage advantage (a 17.6% boost in pay). Thus, wage gaps between Hispanic workers and their white counterparts are also smaller because of collective bargaining.⁵

Racial wealth gaps are much smaller for union members

Families with a union member have substantially higher levels of median wealth. This union advantage is even stronger for Black and Hispanic households, meaning that the racial wealth gap among union members is substantially lower than for nonunion households.⁶ Among nonunion families, the median white family has more than \$7 in wealth for every \$1 held by the median Black family. Among union families, this ratio is roughly half as large, with the median white family holding \$3.70 in wealth for every \$1 held by the median Black family.

Unions boost women’s pay

Hourly wages for women represented by unions are 9.5% higher on average than for nonunionized women with comparable characteristics.⁷ Union-represented workers in service occupations (which include food service and janitorial services) are paid 47.7% more in wages than their nonunion counterparts. These occupations are disproportionately held by women.⁸

Unions protect workers from discriminatory and retaliatory firings

Unions provide “just cause” rights, protecting workers from arbitrary dismissal. In the U.S., unlike most other industrialized nations, private employment in every state other than Montana is generally “at will.” That means employers can fire workers for almost any reason, without notice, and with no severance pay requirement.⁹ The “at will” doctrine contributes to the power imbalance between employers and workers and

disproportionately impacts Black and Hispanic workers.

A 2020 Data for Progress nationwide survey finds that workers who are fired often report that the firing was unfair. In fact, nearly half of workers surveyed (47%) said they had been fired, at one time or another, “for no reason or a bad reason.” Black and Hispanic workers of all educational levels reported higher levels of unfair dismissals, suggesting these workers experience racial inequities in at-will firings in many different kinds of jobs. Fifty percent of all Black workers and 52% of all Hispanic workers reported experiences with unfair dismissal, compared with 45% of white workers.¹⁰

Union contracts guard against these arbitrary and unfair dismissals. These contracts typically have provisions that require employers to have a proper, documented, performance-related reason for disciplining or dismissing a worker (“just cause”), and generally the worker has a chance to improve performance before the employer moves to dismiss the worker. Collective bargaining agreements also typically include a grievance and arbitration process to allow workers and the union to challenge unfair discipline or terminations.

Unions strengthen our democracy

Unions also play an integral role in strengthening our democracy. Historically, unions were a key partner in the Civil Rights Movement to secure voting rights.¹¹ Nearly 60 years later, unions and voting rights are still strongly intertwined.

EPI research shows that states with higher union density are less likely to have voter restriction bills than states with lower union densities.¹² Unions are also key mobilizers in getting workers to vote. Research by Richard Freeman finds that union members are 12 percentage points more likely to vote than voters who are not union members. EPI research shows that voter turnout is higher in states with greater levels of unionization.¹³

Voter turnout is lower in states that have enacted “right-to-work” legislation. Right-to-work laws make it harder for workers to come together in unions and negotiate better wages, benefits, and working conditions.¹⁴ According to research by Columbia University professor Alex Hertel-Fernandez and his colleagues, the passage of right-to-work laws reduced voter turnout by 2% in presidential elections. This is not insignificant considering that in right-to-work states Michigan and Wisconsin, the losing candidate lost by less than 1 percentage point in the 2016 election.¹⁵

Finally, unions help reduce racial resentment among white workers and promote support for affirmative action and other policies designed to benefit Black households. Research by Paul Frymer and Jacob Grumbach provide evidence that this is an actual *causal* effect of unionization.¹⁶ They use panel data that follows individual workers over the 2000 to 2016 time period, and they show that gaining union membership reduces measures of racial resentment among white workers. Reducing the degree of racial resentment expressed by white workers would lead to profoundly more constructive political debates in coming decades. Unionization looks to be a powerful lever for unifying workers behind a pro-worker and pro-equity policy agenda.

We need to pass laws to strengthen unions

Unions are essential to an equitable economy. However, the right to a union and collective bargaining has been eroded for decades as employers exploit weaknesses in the current law. Reform is necessary. Congress must act to restore workers' fundamental rights.

The Protecting the Right to Organize (PRO) Act would help restore workers' right to join together to bargain for better wages and working conditions. It would streamline the process when workers form a union, ensure the union is successful in negotiating a first contract, and hold employers accountable when they violate labor law.

The Public Service Freedom to Negotiate Act would require that states provide public-sector workers the freedom to join a union and collectively bargain. Ultimately, the bill would provide public-sector workers a national standard of bargaining rights. Far too many public-sector workers do not have the right to collectively bargain. This includes the teachers, police officers, and sanitation workers who provide critical services to our communities every day.

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Notes

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5. EPI analysis of the Current Population Survey Outgoing Rotation Group microdata, EPI Current Population Survey Extracts, Version 1.0.40 (2023), <https://microdata.epi.org>. The regression analysis producing this estimate controlled for age, education, gender, citizenship status, marital status, state, class of worker, major industry, and major occupation. Reported results represent the average over 2018–2022. In 2022, union membership rates were 8.9% for Hispanic workers and

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