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Committee on Health, Education, Labor, and Pensions

Rebuilding Economic Security: Empowering Workers to Restore the Middle Class

Tuesday, March 10, 10:00 p.m.

Twenty-three years ago, the U.S. Catholic Bishops issued a pastoral letter on Catholic social teaching and the U.S. economy. While I am not a Catholic, I frequently refer to the wisdom of Catholic social teaching. That letter began by saying:

> "Our faith calls us to measure this economy, not by what it produces but also by how it touches human life and whether it protects or undermines the dignity of the human person. Economic decisions have human consequences and moral content; they help or hurt people, strengthen or weaken family life, advance or diminish the quality of justice in our land."[1]

With that foundation, the Bishops went on to observe that:

> "The way power is distributed in a free market economy frequently gives employers greater bargaining power than employees in the negotiation of labor contracts. ... The Church fully supports the right of workers to form unions or other associations to secure their rights to fair wages and working conditions. ... In the words of Pope John Paul II, 'The experience of history teaches that organizations of this type are an indispensable element of social life, especially in

modern industrial societies.' ... No one may deny the right to organize without attacking human dignity itself."[2]

That "right to organize" is what is at stake with the Employee Free Choice Act (EFCA), and it is why EFCA is fundamentally a moral issue. It is a way to level the playing field, to give workers a collective voice in the wages, benefits, and conditions of their employment. It is a way to ensure their basic human dignity.

And it is a right that has been steadily eroded over the last number of years. Far too often, organizers have been fired, workers threatened, and employers flatly refusing to negotiate contracts. As a result, only 12.4 percent of U.S. workers are union members; when only 25 years earlier, in 1983, it was 20.1 percent.[3]

EFCA assures that if the majority of workers want a union, they will have one. It compels employers to negotiate in good faith. It strengthens penalties for violating worker's rights. All things that have been repeatedly undermined in recent years. It is time to again affirm worker's right to organize, and provide legal mechanisms to ensure that right.

And, given the right to organize, union workers produce economic benefits for the rest of society.

Mohandas Gandhi once warned of the seven deadly social sins. One of those was, "wealth without work." That has increasingly been the story of our economy in recent

years. Rather than a society and an economic system built on the solid rock of productive work, we have built on the sand of speculation in mortgages and other financial instruments. Too many people at the top of the pyramid have gotten far too wealthy without productive work.

That resulted in a rapid and massive increase in American inequality. In 2005, before the current economic collapse, the top 1 percent of households received 70 times as much in average after-tax income as the bottom one-fifth of households, and more than 21 times that of the middle one-fifth of households.[4]

The inequality is even starker in terms of CEOs and workers. "In 1965, U.S. CEOs at major companies made 24 times a worker's pay-by 2004, CEOs earned 431 times the pay of an average worker. From 1995 to 2005, average CEO pay increased five times faster than that of average workers. While CEO pay continues to increase at rates far exceeding inflation, wages for the vast majority of American workers have failed to keep up with rising prices. In fact, real wages for the 90% of Americans who earn under $92,000 a year have actually fallen since 2001."[5]

And it is now not surprising that the economy has collapsed. We need to return to an economy that is driven by work. An economy where better wages and benefits can help lift low-income workers out of poverty, and sustain them in the middle class.   A recent study showed that "unionization raises the wages of the typical low-wage worker (one in the 10th percentile) by 20.6 percent, compared to 13.7 percent for the typical worker

(one in the 50th percentile), and 6.1 percent for the typical high-wage worker (one in the 90th percentile)."[6]   Therefore unionization is a critical tool in the fight against poverty.

But unions don't only help the individual worker. A productive workforce with good wages and benefits helps the entire economy by contributing to the common good. It leads to more people with health insurance, strengthens the tax base of local communities, allows families to buy their own homes and send their kids to college.

Increasingly the church is uniting against poverty across political and theological differences. This growing consensus emerging across the faith community recognizes that one in eight families living below the poverty line tests our faith and civic values. An estimated nine million additional Americans could fall into the quicksand of poverty due to the current recession and economic crisis. The Employee Free Choice Act represents a critical way to promote the dignity of work and promote the common good.

[1] *Economic Justice for All*, National Conference of Catholic Bishops, November 1986, p. v

[2] *Economic Justice for All*, p. 53

[3] Union Members Summary, Bureau of Labor Statistics, January 28, 2009, *http://www.bls.gov/news.release/union2.nr0.htm*

[4] *Income Inequality Hits Record Levels*, New Cbo Data Show, Center on Budget and Policy Priorities, December 14, 2007, http://www.cbpp.org/12-14-07inc.htm

[5] *Executive Compensation vs. Workers*, Democratic Staff of the Financial Services Committee, *October 24, 2006,* http://financialservices.house.gov/ExecCompvsWorkers.html

[6] *The Union Wage Advantage for Low-Wage Workers*, John Schmitt, Center for Economic and Policy Research, May 2008, http://www.cepr.net/index.php/publications/reports/the-union-wage-advantage-for-low-wage-workers/