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FOR IMMEDIATE RELEASE

September 1, 2015

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Study: Ten Examples of How Labor Unions Can Increase Efficiency

Considering the Benefits of Unions This Labor Day

A new report by the Illinois Economic Policy Institute (ILEPI) investigates ten examples of how unions can- and do- increase economic efficiency:

- 1.) Union workers earn higher wages and increase consumer demand;
- 2.) Unions reduce socially inefficient levels of income inequality;
- 3.) Union workers receive less government assistance;
- 4.) Union workers contribute more in income taxes;
- 5.) Unions increase productivity in construction, manufacturing, and education;
- 6.) Unions reduce employee turnover rates;
- 7.) Unions fight against child labor and for public education;
- 8.) Unions fight against all forms of discrimination;
- 9.) Unions collectively bargain toward efficient contracts; and
- 10.) Unions fight against the "monopsony" power of owners, especially in sports.

Notable findings include that full-time union workers earn \$4,400 more in annual wage and salary income and contribute nearly \$1,000 more in federal income taxes per year than comparable full-time nonunion workers. This increase in labor earnings particularly impacts poor and middle-class workers, helping to reduce income inequality and lift families out of poverty. As a result, union workers receive less government assistance. Only 3 percent of full-time union members receive food stamps compared to 6 percent of full-time nonunion workers. Union workers are also less likely to rely on public health insurance, to live in public housing, and to receive Earned Income Tax Credit (EITC) assistance.

By increasing worker productivity, encouraging public education, and reducing turnover rates, unions also boost the economy.

"Unions do not form out of thin air," said Frank Manzo IV; Policy Director of the Illinois Economic Policy Institute. "They arise when individuals decide to come together to collectively address market inefficiencies and social problems. These private actions of individuals make it clear that politicians and the voting public must consider the *benefits* of unions in addition to their potential *costs*."

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The full report can be found online at this link or [at this link](#).

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