



The erosion of collective bargaining coverage leads to greater wage inequality, and therefore greater income inequality. Throughout the economy, workers covered by collective bargaining have higher wages and better fringe benefits than their peers. Since this wage and benefit advantage is greater for those groups who traditionally have had the least power in the labor market, wage inequalities are reduced.

Collective bargaining has also, in the past, set higher labor standards in occupations and industries where coverage by agreements was high, thereby lifting wages and benefits for those not directly covered. Eroded collective bargaining coverage has affected the living standards of all workers, but has hit blue-collar men particularly hard. Examining the data on the impact of collective bargaining on both union and nonunion wages, as well as on wage inequality, reveals several key findings:

## Wage and benefit advantage

The wage advantage from collective bargaining—the degree to which wages are higher for those covered by collective bargaining than for workers with comparable skills, experience, and education—was 13.6 percent overall in 2011, and higher for men, immigrants, and racial and ethnic minorities.

Workers covered by collective bargaining also have better benefit packages with lower health care deductibles and better access to family health coverage.

**18.3%**

Workers covered by collective bargaining are 18.3 percent more likely to have health insurance, 22.5 percent more likely to have pension coverage, and 3.2 percent more likely to have paid leave.

**23.3%**

The collective bargaining wage advantage is 23.3 percent among blue-collar workers and 2.2 percent among white-collar workers. Generally, the collective bargaining wage advantage is greater for middle- and lower-wage workers, thereby lessening wage inequities.

Spotlight  
**DECLINING  
COLLECTIVE  
BARGAINING**

For much of the 1950s, roughly one-third of employees belonged to unions. In 2011, only 12 percent did. Among public-sector employees, more than one-third (37 percent) are unionized, while in the private sector, only 7 percent are. This reduction limits the number of good quality jobs with union wage and benefits premiums. It also reduces the role of collective bargaining in setting standards in particular occupations and industries that benefit workers not directly covered by collective bargaining.

## Eroded collective bargaining and wage inequality

**17.8%**

17.8 percent of blue-collar men were covered by collective bargaining in 2011, down from 43.1 percent in 1978. This decline accounts for three-quarters of the growth in the white/blue-collar wage gap.

**33%**

A decline in collective bargaining coverage accounted for about one-third of the growth of wage inequality among men and one-fifth among women between 1973–2007.

**A major reason the declining rate of collective bargaining coverage is associated with more wage inequality is that standards set by collective bargaining impact workers not directly covered by these agreements, an impact that is larger for women than for men. That is, eroded collective bargaining undercuts labor standards that benefit all workers.**