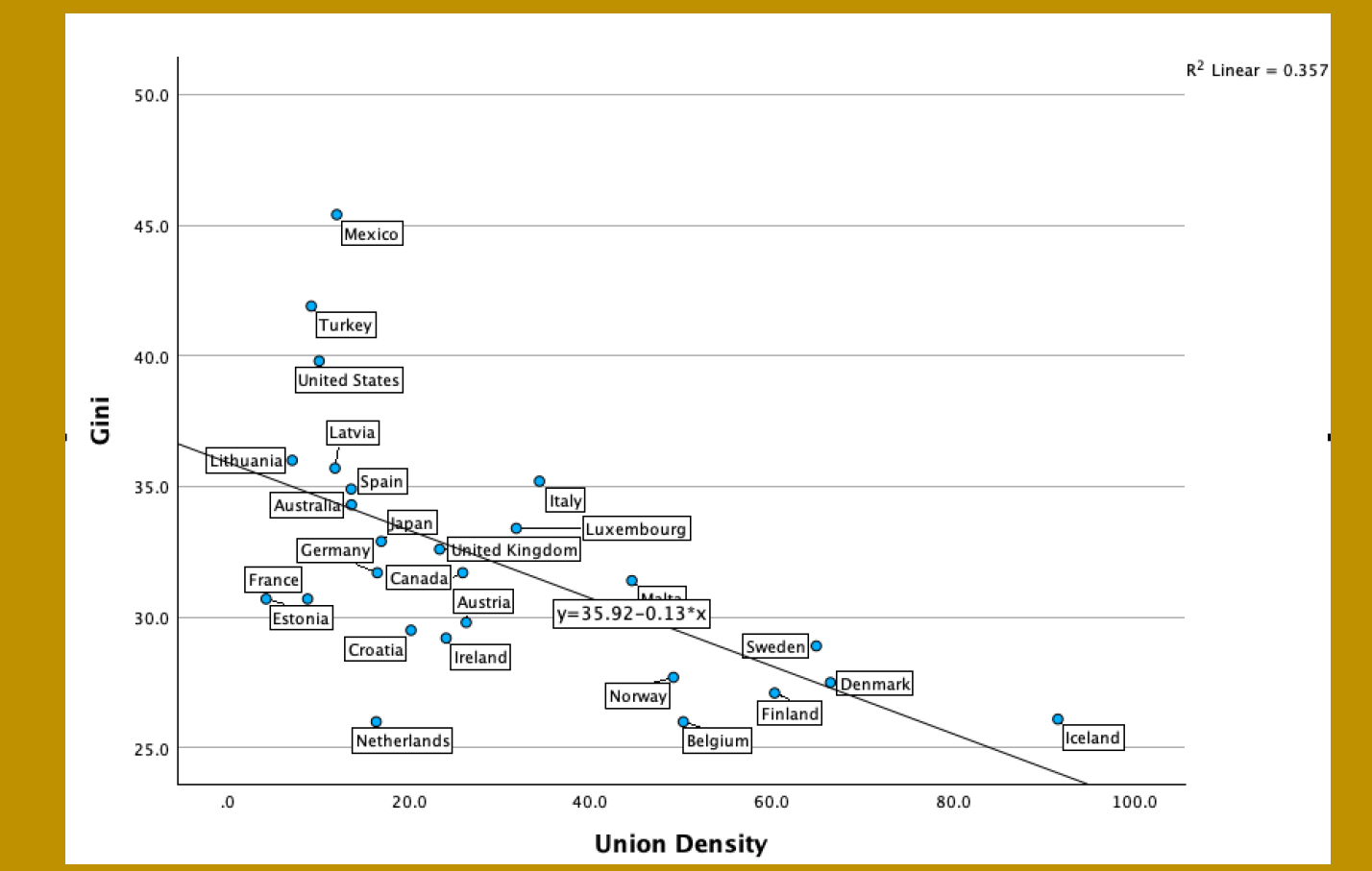


Introduction

The past forty years has seen a sharp reduction in labor unions and the power of the labor movement. The past forty years has simultaneously seen a dramatic increase in economic inequality within nations. After decades of stagnation, strike activity is increasing, and labor unions are more popular than they have been in decades. With this increase in inequality, I sought to determine whether labor unions and collective bargaining are a remedy to the historic levels of economic inequality.

Methods & Analysis

Data for this analysis is compiled from information from the World Dataset and the OECD. The dependent variable for all tests is Gini. I performed a bivariate correlative test to answer the first two hypotheses. I then performed multiple linear regression tests with additional variables that could impact economic inequality, to answer the final hypothesis.



This chart shows that Gini and union density has a moderately strong correlation. The negative correlation is expected.

Literature Review

- Research suggests that the decline in labor unions can explain up to 30% of the increase in wage inequality in the United States (Western & Rosenfeld, 2011)
- Recent research suggests that for every 10% increase in union density, wages between the top 10% and bottom 90% of income earners, compress by 2% (U.S. Department of Treasury, 2023)
- Unions have an indirect impact on economic inequality by promoting redistributive policies that lower inequality (Herzer, 2016)
- When collective bargaining agreements are extended to non-union workers, unions lose some of their ability to pull new members into their union (Traxler, 1996)
- By creating societal norms around compensation and benefits, unions pressure employers and investors in all industries to pay a livable wage (Perron, 2023)
- Research suggests that labor unions decrease wage inequality between men more than women workers (Card & Lemieux, 2020)

Union Density & Gini

Coefficients ^a						
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	24.362	6.382		3.817	.001
	Union Density	-.065	.029	-.300	-2.248	.035
	International trade as percentage of GDP	-.799	.582	-.164	-1.374	.184
	Gender Inequality Index	30.692	8.232	.649	3.728	.001
	Government effectiveness scale	.000	.054	-.001	-.004	.997

a. Dependent Variable: Gini

In order to assess my hypotheses, I utilized two different liner regression tests. This was to ensure that union density didn't diminish the results of collective bargaining because they are so interconnected. As the results show, union density is a much stronger factor on economic inequality than collective bargaining.

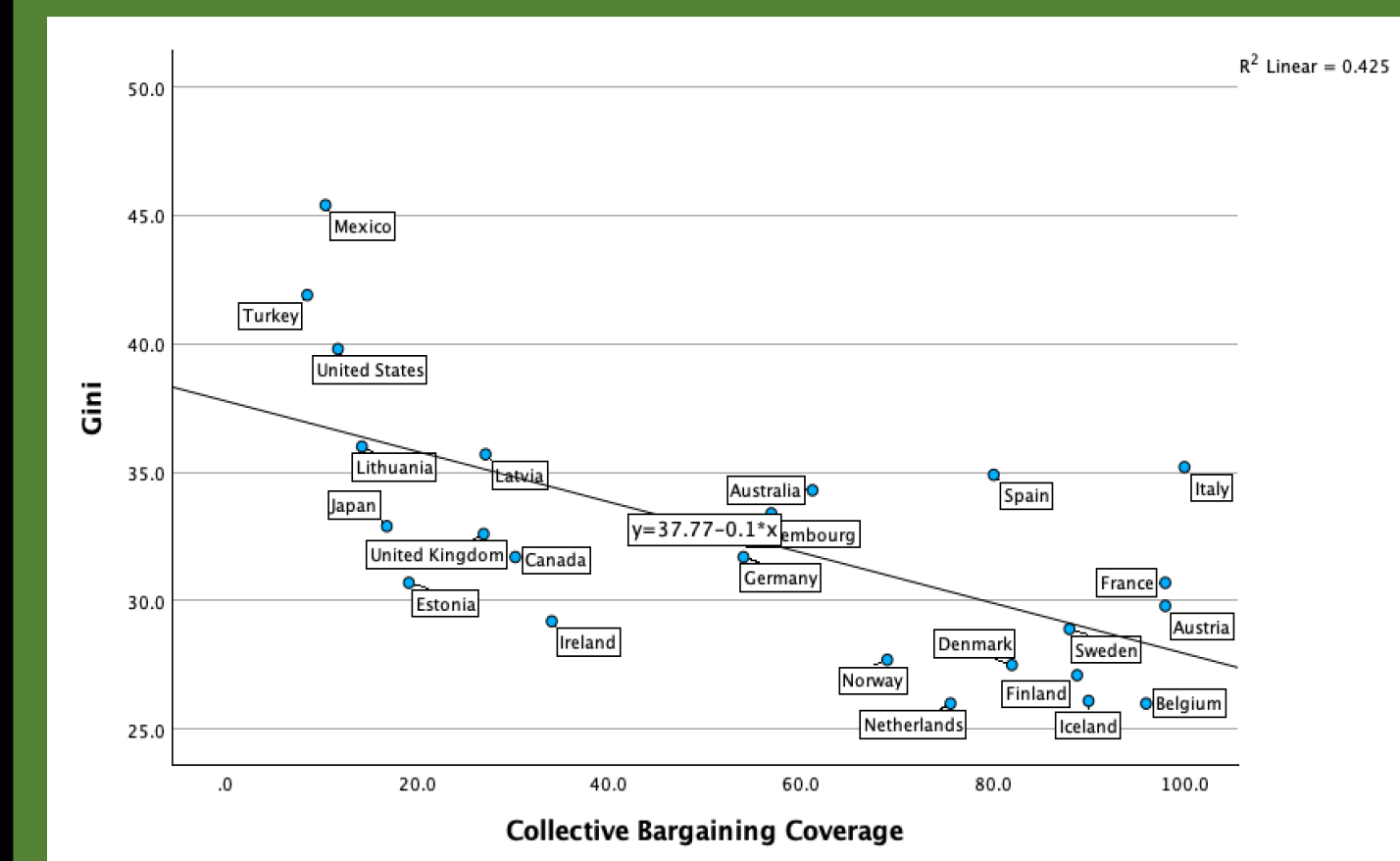
Collective Bargaining & Gini

Coefficients ^a						
Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	32.478	8.021		4.049	<.001
	International trade as percentage of GDP	-.598	.666	-.114	-.897	.381
	Gender Inequality Index	24.317	10.497	.510	2.316	.032
	Government effectiveness scale	-.081	.064	-.247	-1.267	.220
	Collective Bargaining Coverage	-.022	.026	-.145	-.827	.418

a. Dependent Variable: Gini

Hypotheses

- Countries with a higher union density will have lower levels of economic inequality.
- Countries with a higher collective bargaining coverage rate will have lower levels of economic inequality.
- Collective bargaining will have a stronger impact on economic inequality than union density



This chart shows that Gini and collective bargaining coverage has a moderately strong correlation. The negative correlation is expected.

Results & Conclusions

The data from our tests has interesting results. Both Union Density and collective bargaining coverage have a moderately strong correlations with Gini. Our linear regression tests tell us that union density has a larger impact on economic inequality than collective bargaining coverage. What this tells me is that indirect benefits provided by labor unions (societal norms, organization and education of workers and support for redistributive policies) increase the impact of labor unions on economic inequality, that collective bargaining coverage on its own cannot provide.

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Do Unions and Collective Bargaining Impact Economic Inequality in OECD Nations?

