Remarks by Secretary of the Treasury Janet L. Yellen on Press Call with Vice President Kamala Harris on Benefits of Unions to the U.S. Economy

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As Prepared for Delivery

Thank you, Madam Vice President. You've been an advocate for workers throughout your time in California and in this Administration, especially through your leadership of the Task Force on Worker Organizing and Empowerment.

The Biden-Harris Administration is focused on investing in our economic strength, and supporting American workers is at the heart of that effort.

The President, Vice President, and I understand that jobs provide both a paycheck and a sense of dignity. Since January 2021, we have seen a historically strong jobs recovery from the pandemic. And we are dedicated to creating a fairer, stronger labor market for the long haul.

While we've emerged quickly from the pandemic and there have been many positive trends over the past decades, there have also been persistent challenges. Middle-class wages and household incomes have stagnated in recent decades. Both renting and owning a home have become more expensive. So have education and healthcare.

With today's call, we are releasing a Treasury Department report which presents the case that unions can play a role in addressing the challenges faced by the middle class. This report is the Administration's latest action to strengthen the important role of labor unions in our economy and it is the Treasury Department's first major effort to lay out the rationale for why we think this is so important.

The Treasury Department's report finds that unions raise the wages of their members by around 10 to 15 percent. We also observe that union workers have greater access to critical fringe benefits, such as retirement benefits, medical benefits, and life insurance.

Unions also impact personnel practices, bringing about better workplace grievance systems and improved workplace safety. I began my career as a labor economist, and I've found in my own academic work that these non-monetary factors are a key driver of job satisfaction. They are also critically important to workers' well-being.

Unionization also has spillover effects. Competition means workers at nonunionized firms may see increased wages too. Heightened workplace safety norms can pull up whole industries. Benefits also spill over to workers' families and communities.

Importantly, our research also finds that unions fuel equality. Today's unions benefit all demographic groups. Unions reduce race and gender wage gaps by encouraging explicit anti-discrimination measures and egalitarian wage practices. Working parents, including mothers, benefit from more scheduling predictability, which is more likely in unionized workplaces. And Black men, who have the highest union membership rates of any demographic groups, have also been particularly hit by the trends experienced by the middle class as a whole. They therefore may be particularly poised to benefit from unionization.

Taken together, these findings challenge arguments that unions hold back growth. Unions could contribute to reversing the stark increase in inequality we've seen in recent decades, promoting economy-wide growth. There are also many cases of unions improving productivity.

President Biden's Executive Order on Worker Organizing and Empowerment called on each federal agency to take steps to improve opportunities for building worker power. I am proud the Treasury Department is contributing to this effort, including through this report and through a report we released in March of 2022, on uneven bargaining power between employers and employees.

Our ongoing implementation of the Inflation Reduction Act is also crucial. Earlier this month, I traveled to Las Vegas to tour the IBEW 357 Training Center, which is preparing workers for the Act's clean energy jobs.

Going forward, I hope research like this report supports continued efforts to build worker power and bring about much-needed gains for the middle class and for the economy as a whole.

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