



Vancouver Island BUILDING TRADES

Middle class is Union made

Many people who have been looking at the issue of the United States' declining middle class have seen a graph like this one showing a significant divergence between wages and productivity starting in the late 1970s.



From 1948 until 1979 productivity rose 108.1 percent while hourly compensation increased 93.4 percent. Yet from 1979 until 2013 productivity rose 64.9 percent while hourly compensation rose only 8.0 percent.

Part of the divergence in the 1970s was due to wage increases not keeping pace with inflation brought about in part by OPEC oil price shocks. But it was also driven by a policy of union busting which was kicked off in dramatic fashion in 1981 by the firing of 11,000 striking air traffic controllers by then President Ronald Reagan.

Since that time so called right to work legislation has also led to a precipitous decline in union membership from a high of over 30 percent of the US workforce to one where it is now below 11 percent. Meanwhile in Canada the decline has been far less severe from a high of over 35 percent to one where it is now at 30 percent.

IN 2014 Americans were rocked by the bombshell announcement in the New York Times that their middle class had fallen to second place behind Canada. Although some provincial governments, most notably Social Credit in the 1980s here in British Columbia, had engaged in enacting anti union legislation; it paled in comparison to the vicious legislative truncheon introduced by a steadily increasing number of American states to bust up various unions. The results were predictable stagnant wages even as the costs of health care, housing and post secondary tuition skyrocketed.

One group who did well in this anti union environment were CEOs. The CEO-to-worker compensation ratio was 20-to-1 in 1965 and 30-to-1 in 1978, and is now today over 300 to 1 today in the United States and over 150 to 1 here in Canada.

With the recent election of Donald Trump things are going to get even worse for our neighbors to the south. Republicans in Congress plan to introduce national right to work laws that would allow individuals to opt out of paying union dues. Imagine how well things would go if condo owners could opt out of paying strata fees. There wouldn't be a lot of strata councils left and buildings would fall into disrepair. So in this case there won't be a lot of unions left and it is the middle and working class who are free falling. That in turn hurts small business owners who depend on people who have enough of a disposable income to shop at their stores and purchase goods and services.

Twenty-eight states have passed right-to-work laws, the most recent to have adopted them are Wisconsin, Kentucky and West Virginia. Missouri is expected to adopt the legislation later this month.

Republicans have pushed similar right-to-work legislation in previous Congresses, but their efforts typically gained little traction. However, President Trump has endorsed right to work legislation.

Along with the repeal of the Affordable Care Act, which will result in the death of an additional 44,000 Americans per year; right to work legislation will result in a further decline in union membership and with it a further decline in workers' wages.

A declining middle class has obvious political consequences. Extreme political philosophies on both the far right and far left, can find a ready audience when people see their standard of living declining year after year.

The rise of the far right as exemplified by the ascendancy of politicians such as Trump, Le Pen in France and Nigel Farage in the UK show that unless unions and the ability of workers to organize is respected, the results is a society that is far less equitable, less prosperous and far more politically unstable.

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The Vancouver Island Building Trades represents app. 7500 construction workers in Industrial, commercial and Institutional, and large residential projects.

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