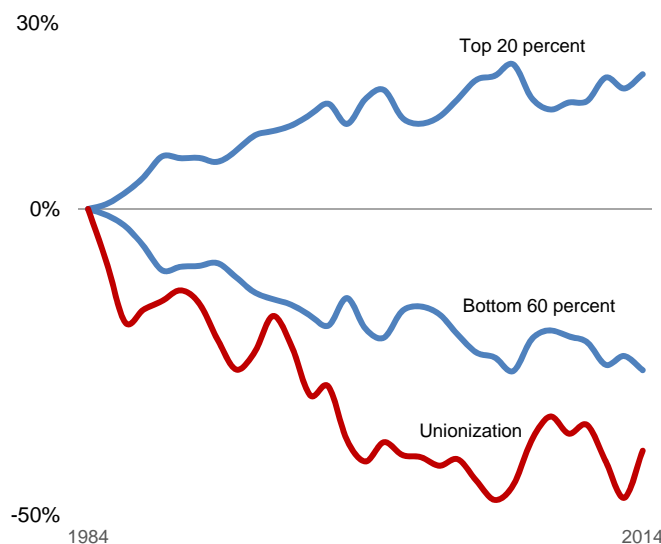


**Stronger Unions Could Reduce Income Inequality  
and Strengthen Oregon’s Economy**  
*A View of the State of Working Oregon*

The long-term decline in union representation in Oregon has contributed to the rise in income inequality, which now stands near record highs. Greater levels of union representation could not only help narrow income inequality, but could support economic growth.

For decades, top income earners in Oregon have garnered an ever-larger portion of the state’s economic benefits, while the broad group in the middle and below have lost ground.

**Unionization declines; inequality widens**



Percent change in share of Oregon income going to top 20 percent and bottom 60 percent of earners; percent change in Oregon unionization rates.  
Source: OCCPP analysis of Oregon Department of Revenue and unionstats.com data.

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Between 1984 and 2014, the share of Oregon income going to the top 20 percent of earners grew by 22 percent, while the portion going to the bottom 60 percent shrunk by 26 percent.

These trends have occurred at the same time unionization in the state has declined. Between 1984 and 2014, the share of Oregon workers represented by a union declined 40 percent.

The decline in the unionized workforce helps explain the widening income gap. Research shows that erosion of unions nationally accounts for about a third of growth in wage inequality among men and about a fifth among women.<sup>1</sup>

A growing body of research also suggests that increased income inequality undermines economic growth, especially long-term growth. Analysts have found that large income gaps reduce consumer demand, hamper acquisition of skills and limit private investment.<sup>2</sup>

Thus, a resurgence of union representation in Oregon could not only benefit workers and reduce income inequality, it could also promote economic prosperity.

**A View of the State of Working Oregon** is a series of occasional OCCPP fact sheets examining Oregon’s economy from the perspective of working families.

## **Stronger Unions Could Reduce Income Inequality and Strengthen Oregon's Economy**

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### **Endnotes**

<sup>1</sup> Deunionization nationally can explain 33.9 percent of the growth of wage inequality among men and 20.4 percent of the growth of wage inequality among women from 1973 to 2007. Michel, Lawrence. *Unions, Inequality, and Faltering Middle-Class Wages*, August 29, 2014, available at <http://www.epi.org/publication/ib342-unions-inequality-faltering-middle-class/>.

<sup>2</sup> Berg, Andrew G. and Jonathan D. Ostry, "Equality and Efficiency," *Finance & Development*, Vol. 48, No. 3, September 2011, <http://www.imf.org/external/pubs/ft/fandd/2011/09/pdf/berg.pdf>; Ostry, Jonathan D., Andrew Berg and Charalambos G. Tsangarides, *Redistribution, Inequality, and Growth*, International Monetary Fund, February 2014, <http://www.imf.org/external/pubs/ft/sdn/2014/sdn1402.pdf>; Boushey, Heather and Carter C. Price, *How Are Economic Inequality and Growth Connected? A Review of Recent Research*, Washington Center for Equitable Growth, October 2014, available at <http://equitablegrowth.org/wp-content/uploads/2014/10/100914-ineq-growth.pdf>; Ryder, Guy, *Urgent Action Needed to Break Out of Slow Growth Trap*, International Monetary and Financial Committee, International Monetary Fund, Thirty-Third Meeting, April 16, 2016, available at <http://www.imf.org/external/spring/2016/imfc/statement/eng/ilo.pdf>; Dabla-Norris, Era, Kalpana Kochhar, Nujin Suphaphiphat, Frantisek Ricka, Evridiki Tsount, *Causes and Consequences of Income Inequality: A Global Perspective*, June 2015, available at <https://www.imf.org/external/pubs/ft/sdn/2015/sdn1513.pdf>; "Trends in Income Inequality and its Impacts on Economic Growth", *OECD Social, Employment and Migration Working Papers*, No. 163, OECD Publishing, 2014; Orrson, James, *Income Inequality in America: A Call for Action and Effective Policy*, White Paper, May 2015.

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