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LABOR'S LONG-RUN PLAN *by Clair Brown*

Last issue we discussed how the earnings of high-level management have grown much faster than the earnings of labor leaders over the past decade. Now we want to see how the earnings of nonsupervisory workers have been changing both in union and nonunion sectors, and to ask how these events should help shape labor's future plans.

Average Real Earnings Decline Between 1967 and 1981, real weekly earnings for nonsupervisory workers in private, nonfarm jobs declined 8%--from \$278 in 1967, to \$255 in 1981. (The 1967 figure is made comparable to the 1981 figure by adjusting for inflation using the Consumer Price Index for Wage Earnings and Clerical Workers. We can say the 1967 earnings are in 1981 dollars.)

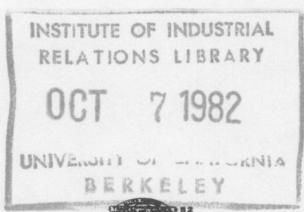
After adjusting the decline in hours worked per week, real hourly wages declined at the lower rate of 1%--from \$7.30 in 1967 to \$7.25 in 1981. Since these averages are only for employed workers, they do not include the larger number of unemployed people in 1981, since the unemployment rate averaged 3.8% in 1967, and 7.6% in 1981.

The Seventies were difficult years financially for workers, as inflation, unemployment and income traveled on a rollercoaster. But the economic recession since 1979 has especially hit average real wages which declined 10% between 1978 and 1981. At the beginning of the 1980s, workers generally were worse off than they had been at the end of the 1960s.

However, the financial position of all workers has not deteriorated equally. In fact, some workers who did not lose their jobs, experienced real earnings increases over the period.

Earnings by Industry, 1967-1981

	1981 avg. weekly earnings	1981 compared to 1967
Consumer Price Index (CPI)		2.72
All Nonfarm, Nonsupervisory Workers	\$ 255	2.50 times
Construction	396	2.55
Manufacturing	318	2.79
Durables	343	2.77
Primary Metal	438	3.20
Motor Vehicles	503	3.47
Nondurables	282	2.76
Textiles	219	2.61
Chemicals	379	2.94
Transportation & Utilities	383	2.92
Trucking	398	2.97
Telephone	393	3.48
Electric Services	420	2.90
Wholesale & Retail Trade	190	2.32
Finance, Insurance, Real Estate	229	2.39
Services	209	2.61



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Unionized Sectors Do Better Than Nonunionized Weekly earnings for nonsupervisory workers averaged \$255 in 1981, or 2.5 times weekly earnings in 1967. However, the CPI rose 2.72 times. Workers in those industries whose 1981 earnings rose more than 2.72 times 1967 earnings, experienced a rise in real earnings (see table). Average real earnings in manufacturing and transportation and utilities rose, while average real earnings in all other major sectors fell. Average real earnings in wholesale and retail trades fell the most--15% between 1967 and 1981, while average real earnings in transportation and utilities rose the most--7% between 1967 and 1981.

If we look at subsectors, we see that workers in industries with traditionally strong unions, such as primary metal, motor vehicle, chemical, trucking, telephone, and electric services, experienced real earnings increases--up to 28% for workers in the motor vehicle and telephone industries. These figures tell us that many union contracts were able to stay ahead of inflation even during periods when many workers were laid off.

This period reflects the historical trend of earnings in unionized sectors rising faster than nonunionized earnings when the economy is in recession. Although unions have not been able to do much to prevent the loss of jobs, they have been able to keep real wages rising. Therefore, the past decade has witnessed a sharp increase in the difference between earnings in unionized and nonunionized sectors, at the same time that the percent of the labor force covered by collective bargaining has declined. Unfortunately, the gains at the bargaining table are not enough to advance the interests of workers in general. What can the labor movement do to improve the position of both unionized and nonunionized workers in the future?

The Need for a Social Contract We need to plan ahead for the time when a more fair-minded administration is in power. The current economic programs both in the U.S. and Great Britain show the disastrous consequences of free market policies. Instead, the trade union movement needs to develop an economic program based on a social contract between labor, business, and the government. In return for reasonable wage settlements, the trade union movement could demand a job creation program to employ the unemployed, and government control of the banking system in order to plan, increase, and direct investment in capital and plant. These two larger programs could be backed up by several demands that would improve the economic position of workers--including improved legislation for organizing workers, an increased minimum wage, and strengthened health and safety legislation and enforcement.

In today's complex economy, a broad-based social contract approach is needed. If the trade union movement is to continue as an important and vital national force whose goal is to improve the position of all workers, then its strategy must encompass more than the bargaining table. Otherwise, the labor movement will represent a shrinking number of higher-paid workers. Like the Cheshire Cat, it will be left with nothing but a big smile.

- Clair Brown

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