

Public Pension Fund Trustees Support the Employee Free Choice Act to Help Rebuild Economic Growth and Prosperity

As trustees of the retirement plans for millions of Americans, we recognize that sustainable economic growth and appropriately regulated financial markets are keys to the long-term success of our funds. A strong economy is essential to the tax base that funds contributions to our plans and stable financial markets are critical to the prudent management of our assets and to meeting our long-term investment targets.

In 2008, the financial crisis and economic recession exposed enormous weaknesses in our economy and our financial markets.

Efforts are now underway to stabilize the financial services industry, stimulate the credit markets and establish a new set of regulations to protect our banks and major financial institutions against systemic risk, ensure transparency and require accountability.

On the other hand, we now know that a sustainable economic recovery is threatened by a long-standing and fundamental structural problem that has contributed to the current economic crisis and to the sharp decline in consumer spending by average Americans.

For the last 30 years, the hourly compensation of American workers has stagnated even as their productivity has soared and the economy has grown. Indeed, from 2000 to 2007 the income of median working-age households fell by \$2,000—an unprecedented decline. In that time virtually all of the nation's economic growth went to a small number of wealthy Americans.

In spite of their stagnating income, Americans increased their consumption by incurring more debt. Consumer leverage was built on the illusion of greater wealth conveyed by the stock market bubble of the late 1990s and the more recent housing bubble. That era is now over. Only increases in the real buying power of the American middle class will fuel the growth in consumption that will sustain a long-term economic recovery—a recovery upon which the future of our retirement plans now depends.

Major factors behind the stagnating income of the American middle class are the diminished power of workers and the decline in union membership. Millions of American workers have said they want a union, yet only 7.5 percent of private sector workers are represented by a union. Under current law, the union election process has become drawn out and acrimonious with management campaigning fiercely to deter unionization, often to the extent of violating labor laws.

To remedy this situation, Congress is considering the Employee Free Choice Act which will allow workers to choose to unionize or not without undue interference from management. This Act will restore some balance to our labor markets and ensure that workers and management can negotiate on a level playing field.

As pension fund fiduciaries, we support the passage of the Employee Free Choice Act as a crucial element in rebuilding the purchasing power of the American middle class and sustaining long-term economic growth and shared prosperity.

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