

# Essay on union leaders gird for battle against republican running for governor il...

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The twenty first century has brought along numerous revolutions in major sectors of the world's economy. In the beginning of the early twentieth century, people grew the need for labor unions. These were mostly industrial workers since the period was during the industrial revolution. However, the success of labor unions has been on and off over the years. In some economical times, labor unions have improved the situation while in other economical times labor unions have further worsened the situation. The thesis of my essay is to analyze the situation in Illinois after the newly elected governor decided to reduce state expenditures by cutting down retirement benefits for the states citizen. My essay focuses on the functionality of labor unions. Further, I will analyze the situation in Illinois and discuss why labor unions are failing.

## **Why do people need labor unions?**

The need for labor unions is highly important. There are financial situations where certain shareholders gain economic benefits at the expense of laborers. In the current economic situation, some organizations consider reducing the wage bill of their workers, in a bid to increase their profits. Despite the employees' efforts to cope with low wages in tough economic times in America, where the cost of living is among the highest, and their financial compensation appears widely low. This is against the human rights and the terms of the contract signed by employees. Thus, this paves way for the entrance of labor unions, which fight for employees needs. Labor unions reconcile the constitutional rights of workers and the terms of their contracts with their relevant firms. Labor unions are responsible for the wide financial improvement in America since about a century ago where they

were initiated. For instance, labor unions have strived to reduce the income disparity between individuals by pushing for bills, which require certain minimum wages for employees in all economical sectors. However, there are many arguments raised towards this motive. Some critics debate the move to issue minimum wages as it will destroy the economy.

### **Does increase in the wage bill increase the national wage bill?**

In a theoretical perspective, economists may argue that increase in wages will increase the national wage bill. In addition, critics debate that increase in wages would lead to a significant increase in the price of goods and the general rate of employment would reduce. Nonetheless, there is factual evidence that can solve the wage increase issue. First, although the wage bill amount appears huge in the national budget, it may be low or not even significant while measures at the local level. For example, in certain states, a 10 percent increase in the wage bill may lead to a low or even unnoticed rise in state expenditure.

Second, if the wage bill increase is regulated on a geographical basis, then its effect on the economy would be redundant. To support my argument, wage increases should vary with the cost of living in order to reduce the economical effect. For instance, the cost of living in rural areas is always higher than in urban areas. Thus, the financial compensation for rural workers should be computed lesser than in urban areas, considering the economical differences. For instance, in Japan, leading cities such as Tokyo and Osaka have a higher minimum wage bill than rural regions with lower

costs of living. This brings about an economical balance resulting from the increase in wage bills.

## **Why are labor unions failing?**

There are multiple reasons as to why labor unions are failing. Economical advancements leave out the relevance of labor unions. Economical dynamics call for different approaches concerning wages. For example, in boom economic times, wages tend to increase while in economic recessions, wage bills tend to decrease. Thus, there is an economic perspective while considering wage increase. The failure of labor unions to recognize the economic enhancements that come with changes in wages leads to failure in labor unions. Firms will always consider making profits, this way financial compensations depend on the economic times. A move to increase wage through either law or strikes without consideration of the economic trends will often lead to a crisis. For instance, the economical depression in early 1930's characterized a poor economical performance by labor unions. The labor unions at the time were not efficient, which propelled the economic crisis at the time. However, the importance of labor unions has brought economical efficiency over the past years.

## **The situation in Illinois**

The Governor of Illinois took a rather wrong twist towards solving the issue of labor unions efficiency. Of course, there are economical costs suffered from increasing strikes and rise in wage bills. However, the situation should be approached differently. Without the participation of labor unions, the situation will worsen than improve. Exploitation and disparity in income

distribution will increase. Further, it is against the moral obligation for firms to fairly compensate their employees financially. The situation in Illinois where the governor decided to cut down pensions for retired citizens within the state is relatively inappropriate. The move is against the law as there is a breach of contract. Wage cuts require proper consultations between the labor unions and the state governments. This will enable the two parties arrive at the best interests.

Nonetheless, the failure of labor unions to reconcile the situation in Illinois is speculated by political interests. In many major world economies, the failure and inefficiency of labor unions has been brought about by political affiliations within labor unions. The best way to improve the situation is to cut down all political connection between labor unions and political maneuvers.