

Original Article

No Laughing Matter: The Political Economy of Income Inequality: Exploring the Impact of Associational and Organizational Rights

Prasad Dhiman ^{1*}

1. Lady Shri Ram College for Women, University of Delhi, India.

* Correspondence: Pdhiman2018@gmail.com

Abstract: This study article delved into the intricate relationship between political economy, income inequality, and associational and organizational rights, with a particular focus on how political communication, especially gendered humor and stereotypes, shapes this dynamic. It synthesizes insights from various theoretical frameworks, including classical, neoclassical, Marxist, institutional, and power resource theories of political economy, alongside communication theories such as Incongruity, Superiority, Relief, Expectancy Violation, Role Congruity, Stereotype Content Model, and Social Judgment Theory. The article examines the historical evolution and direct impact of labor unions and collective bargaining on income distribution, highlighting their role in wage compression and broader social welfare. Conversely, it analyzes the multifaceted challenges leading to the erosion of associational power, such as globalization, deindustrialization, technological change, and anti-union legislation, and their demonstrable link to widening inequality. A significant portion of the analysis is dedicated to the often-overlooked role of humor in political communication, illustrating how gendered stereotypes in political advertising and satire can reinforce existing power hierarchies, delegitimize female politicians, and normalize sexism, thereby hindering progress towards equity. The concept of "meta-disparagement humor" is explored as a particularly insidious form of this phenomenon. The article also considers the potential for subversive humor as a counter-discourse for social change. Ultimately, this report argues that addressing income inequality necessitates a holistic approach that not only strengthens associational rights and rebalances economic power but also critically confronts and dismantles the gendered and often humorous rhetorical strategies that perpetuate systemic disadvantages.

Keywords: Political Economy, Organizational Rights, income inequality

1. INTRODUCTION

Income inequality, typically quantified by the Gini coefficient, represents the uneven distribution of disposable income within a population, encompassing earnings, self-employment, capital income, and public cash transfers, while deducting taxes and social security contributions [1]. While seemingly a purely economic metric, the pervasive nature of this disparity extends far beyond mere financial figures. Evidence indicates that income inequality is inextricably linked with broader economic disparities across multiple dimensions, including wealth, education, and health [2]. This suggests that the phenomenon is not an isolated economic outcome but rather a manifestation of deeper, systemic social stratification. For instance, factors such as an individual's nation of birth, race, gender, inherited wealth, or the quality of their schooling, often referred to as "accidents of birth," significantly influence their income and

economic opportunities. Moreover, persistent biases related to gender and race are explicitly identified as exacerbating income disparities. These connections underscore that pre-existing social structures and ingrained discrimination are fundamental to the mechanisms that generate and perpetuate income inequality [3]. Consequently, a comprehensive approach to mitigating income inequality must extend beyond purely economic interventions to address these deeply embedded social factors. In the United States, income inequality has been on a pronounced upward trajectory since the 1970s, a trend significantly amplified by specific government tax and labor policies, as well as ongoing discrimination based on race and gender [4]. Analysis of over six decades of economic data (1963-2022) by the Urban Institute starkly illustrates this widening chasm: the poorest 10% of Americans experienced negligible wealth growth, while the wealthiest 1% saw their fortunes multiply more than sevenfold. Similarly, the Economic Policy Institute reported that between 1979 and 2022, the wages of the bottom 90% of earners increased by a mere 32.9%, a stark contrast to the 171.7% growth experienced by the top 1%. Such profound and sustained disparities challenge the notion that market forces alone lead to an equitable distribution of wealth, pointing instead to the profound influence of policy decisions and institutional frameworks in shaping economic outcomes [5]. This persistent pattern of disproportionate wealth accumulation at the apex of the income distribution suggests a systemic rather than purely individual-driven economic outcome. Political economy is an interdisciplinary social science that examines the intricate and reciprocal relationship between politics and the economy [6]. It delves into how economic systems, whether capitalist, socialist, communist, or mixed, are governed and shaped by political systems, including their laws, institutions, and governmental structures. This field originated in the 16th century within Western moral philosophy, initially exploring the principles governing the administration of a state's wealth, thereby extending the concept of "household management" (economy) to the broader state level. Modern political economy distinguishes itself from a narrower study of economics by drawing extensively from economics, sociology, and political science to provide a holistic explanation of how political institutions, the prevailing political environment, and economic systems mutually influence each other [7]. A defining characteristic of this approach is its critical stance: it regards economic ideas and behaviors not merely as neutral analytical frameworks but as beliefs and actions that are themselves products of specific social and political contexts, thus requiring thorough explanation and scrutiny. This explicit distinction from a "narrow study of the economy absent other political and social considerations" highlights a fundamental critique inherent in the political economy framework. It implies that purely economic models, by overlooking power dynamics and institutional influences, may fail to fully capture the true drivers of phenomena like income inequality. The adoption of a political economy lens therefore asserts that income inequality is not simply an economic output but a deeply political outcome, fundamentally shaped by power struggles, institutional design, and deliberate policy choices [8]. This perspective lays the groundwork for understanding how associational rights, as a key political institution, can profoundly impact economic distribution. Within the classical economic tradition, exemplified by thinkers such as Adam Smith, there is a general acceptance that income inequality arising from competitive market mechanisms is fundamentally fair. This perspective posits a clear relationship between the functional distribution of income (to factors of production like labor and capital) and the personal distribution of income among individuals. Classical economists acknowledge that income distribution is a significant factor for overall economic growth.¹⁸ However, a notable limitation of traditional economic theory, including classical approaches, is its tendency to treat the distribution of endowments, assets, and the enforcement of property rights as exogenous or given. This approach often overlooks the profound influence of political forces or instances of asset expropriation in shaping these foundational elements of an economy [9]. The neoclassical economic

framework builds upon these ideas, emphasizing the role of rational choices made by individuals and firms, who aim to maximize utility and profit, respectively. This perspective generally posits that markets are efficient mechanisms where supply and demand interactions determine prices, leading to optimal resource allocation. From a neoclassical viewpoint, income inequality is largely explained as a natural outcome of differences in individual skill levels, educational attainment, and access to productive resources [10]. The underlying assumption is that greater productivity directly translates into higher earnings, thereby providing a justification for existing income disparities. Neoclassical economists frequently caution against extensive government intervention or the costs associated with income redistribution, arguing that such measures may undermine the necessary incentives for individuals to work diligently and remain competitive within the market. They tend to focus on inequalities stemming from individual productivity, often assuming that initial talents and endowments are already distributed. However, a critical limitation of this perspective is its inclination to overlook deeper structural factors and systemic inequalities that can profoundly impact economic outcomes. This narrow focus risks leading to misleading conclusions about market efficiency and can, paradoxically, hinder overall economic growth by limiting access to education and resources for lower-income individuals, thereby constraining their full participation and contribution to the economy. The classical and neoclassical emphasis on market efficiency and individual productivity as the primary drivers of income distribution implicitly downplays the crucial role of power dynamics and institutional design. By taking initial endowments and property rights as given, this perspective risks naturalizing inequality, presenting it as an inevitable or even desirable outcome of a meritocratic system, rather than critically interrogating its political and social construction. This omission highlights the necessity of adopting a political economy approach to fully understand the origins and persistence of income inequality.

2. THE DIRECT IMPACT OF TRADE UNIONS AND COLLECTIVE BARGAINING ON INCOME INEQUALITY

Empirical studies consistently demonstrate that unionized workers earn significantly higher wages compared to their non-unionized counterparts, a phenomenon widely recognized as the union wage premium [11]. This premium can range substantially, often between 10% and 30%, even after accounting for factors such as years of work experience and educational attainment. This wage advantage holds significant implications for the broader landscape of income distribution. A notable aspect of the union wage premium is its disproportionate benefit to certain demographic groups. Research indicates that this premium is often higher for non-white and less-educated workers, suggesting that unions play a crucial role in mitigating existing disparities for these vulnerable populations. Beyond simply raising wages for their members, collective bargaining plays a pivotal role in wage compression, a mechanism that directly reduces overall wage inequality [12]. Unions achieve this by establishing common wage standards across various firms and industries. This standardization effectively compresses wage distributions, thereby lifting the earnings of lower-paid workers relative to their higher-paid counterparts. Studies conducted in countries with higher union density and more extensive collective bargaining coverage consistently show lower levels of wage inequality. Unions also contribute to reducing wage inequality both within and between different educational and occupational groups. They achieve this by standardizing wages within specific firms and industries and by actively working to raise wages for less-educated and blue-collar workers. The union wage premium is not merely a benefit exclusively for union members; it functions as a significant mechanism for wage compression across the broader labor market [13]. This demonstrates how the collective power derived

from associational rights can directly counteract market forces that might otherwise lead to widening wage disparities, particularly for lower-skilled workers. The union wage premium and its associated wage compression effects highlight how organized labor actively intervenes in market-determined wage setting to redistribute income from capital to labor, and from higher-paid to lower-paid workers, thereby directly reducing income inequality. This stands in direct opposition to the neoclassical idea that wages are solely determined by individual productivity. The influence of labor unions extends far beyond direct wage negotiations, positioning them as significant drivers of broader income redistribution and the development of social welfare policies. Unions wield substantial political influence through their collective bargaining power, strategic lobbying efforts, and robust grassroots activism. They actively advocate for reforms and policies that safeguard workers' rights, ensure fair wages, and improve overall working conditions, thereby directly influencing legislation and regulations at various levels of government [14]. Unions have been instrumental in championing and securing critical social welfare provisions. Their advocacy efforts have led to the establishment of laws and regulations that protect public sector employees from harassment and discrimination, enhance workplace safety and health standards, and promote diversity and inclusion within various industries. Furthermore, unions consistently advocate for improved employee benefits, including crucial areas such as pension reform and comprehensive healthcare provisions. Empirical evidence suggests that the poverty-reducing effect of collective bargaining institutions is significantly bolstered by the political strength of trade unions in promoting public social spending, particularly in areas like social security. This indicates that unions operate as more than just wage-bargaining agents; they are significant political actors that shape broader social welfare policies and public spending. This means their impact on income inequality extends beyond direct wage effects to influencing the redistributive capacity of the state, demonstrating a deeper political economy function. Unions act as a crucial counter-power to capital, not only at the firm level but also in the political arena. By influencing legislation and public spending, they actively shape the state's redistributive policies, thereby mitigating income inequality through both market and non-market mechanisms [15]. This highlights the inherently political nature of income distribution. Beyond their general impact on income distribution, labor unions play a critical role in specifically mitigating gender and racial wage gaps, thereby addressing intersectional inequalities within the labor market. Unions actively promote within-firm equality by implementing explicit anti-discrimination measures, advocating for and supporting anti-discrimination legislation and its enforcement, and fostering wage-setting practices that are less susceptible to implicit bias. Egalitarian wage-setting practices, such as single-rate or automatic progression wage structures and publicly available pay schedules, are particularly effective in contributing to lower within-firm income inequality. These practices are especially beneficial for women and other vulnerable workers who may face systemic disadvantages or be less inclined to negotiate aggressively for pay raises in individual settings [16].

Table 01: Empirical Evidence of Union Impact on Income Inequality

Impact Area	Key Findings
Union Wage Premium	Unionized workers earn 10-30% higher wages than non-unionized counterparts, even after adjusting for experience and education. This premium is often higher for non-white and less-educated workers.

Wage Compression	Collective bargaining establishes common wage standards, compressing wage distributions and raising earnings for lower-paid workers. Countries with higher union density and coverage show lower wage inequality. Unions reduce inequality both within and between educational/occupational groups.
Income Redistribution	Unions actively redistribute income through higher wages and benefits, mitigating overall inequality and lifting families out of poverty. Their political strength promotes public social spending, contributing to poverty reduction.
Gender & Racial Wage Gaps	Unions implement anti-discrimination measures and egalitarian wage practices (e.g., single-rate structures) that reduce within-firm gender and racial wage gaps. Empirical studies confirm significant reductions in wage gaps for Black women and among teachers. Black and Hispanic union members experience greater wage gains than their nonunionized peers.

The data presented in Table 2 provides a concise summary of the empirical evidence supporting the positive impact of trade unions and collective bargaining on income distribution. The table highlights the direct effects of the union wage premium and wage compression, demonstrating how unions actively intervene in wage-setting mechanisms to reduce disparities [17]. Furthermore, it illustrates the broader redistributive role of unions, extending beyond their immediate membership to influence social welfare policies. Finally, the table underscores the specific contribution of unions to mitigating intersectional inequalities, particularly gender and racial wage gaps, by promoting equitable practices within firms and industries. This structured presentation of findings reinforces the argument that associational rights are crucial institutional levers for fostering greater economic equality [18].

3. EROSION OF ASSOCIATIONAL POWER AND THE WIDENING INEQUALITY GAP

The decline in union density and collective bargaining coverage is a prominent trend across many countries, including the U.S. In the United States, union membership has steadily decreased from a peak of nearly 40% of the labor force in the mid-20th century to a record low of 9.9% in 2024, with 11.1% of workers represented by a union [19]. This decline has been particularly steep in the private sector, where male union membership plummeted from 34% in 1973 to 8% by 2007, and female membership dropped from 16% to 6% over the same period. The declining share of workers whose wages and working conditions are negotiated between unions and employers has been cited as a primary factor in rising earnings inequality and stagnating real wages. This erosion of collective bargaining is not merely a statistical trend but a result of deliberate policy choices and employer strategies that have systematically weakened labor's bargaining power. This refutes a purely "market forces" explanation for rising inequality, instead pointing to active political and economic decisions that have shaped the labor landscape [20].

4. THE POLITICAL ECONOMY OF HUMOR: SHAPING PERCEPTIONS OF INEQUALITY AND RIGHTS

Humor has long played a crucial role in the representation of power and institutions, from ancient Greece to the contemporary era. In modern political communication, humor is increasingly leveraged as a strategic tool due to its demonstrable effects on audience engagement, memory, and persuasion. Research indicates that humor significantly increases the likelihood that individuals will share political information with others and enhances their memory for that information. This is partly attributed to humor boosting brain responses in areas linked to understanding other people's mental states, suggesting it can facilitate considerations of others' views. Beyond information processing, humor can profoundly influence candidate likeability and, consequently, vote probability [21]. Politicians who use humor, especially affiliative humor (intended to amuse without ridiculing), tend to be perceived as more likeable. This increased likeability can translate into a higher declared probability of voting for the candidate, particularly in candidate-centered electoral systems where personal characteristics hold sway. Humor also serves to humanize politicians, fostering a stronger connection with their audiences, which leads to more positive evaluations. The perception of a candidate's funniness can also lead to positive stereotypical associations with other desirable traits, such as extraversion or intelligence. The persuasive power of humor extends to emotional responses. Humor is known to elicit positive emotions like mirth, amusement, and exhilaration, while simultaneously reducing negative emotions such as anxiety, fear, and stress. These emotional responses act as key mediators in the relationship between a politician's humor and their likeability and vote probability. For some candidates, humor increases positive emotions, bolstering likeability and vote probability regardless of the recipient's political ideology, though the effect might be stronger for aligned ideologies [22]. For others, humor can improve likeability and vote probability by decreasing negative emotions, particularly among voters with opposing or centrist ideologies. This suggests that humor can violate expectations of a serious politician, but if the violation elicits positive emotions, it can have a beneficial effect. For example, a right-wing politician using humor might soften negative emotions among liberal or centrist citizens due to the contrast with typical expectations. Humor, therefore, is not merely entertainment in politics; it is a sophisticated communication strategy capable of shaping public opinion, influencing voter behavior, and managing emotional responses [23]. Political communication, particularly through advertising and satire, frequently employs gender stereotypes, which can have profound effects on the perception of politicians, especially women. Gender stereotypes are generalized views or preconceptions about the attributes, characteristics, or roles that are or ought to be possessed or performed by women and men. These stereotypes are harmful when they limit individuals' capacity to develop personal abilities, pursue careers, or make life choices, and they actively perpetuate inequalities [24]. Media depictions often reinforce these traditional gender roles, portraying women as passive, dependent, emotional, or focused on appearance and domesticity, while men are depicted as active, powerful, and aggressive. Female politicians face heightened and often negative scrutiny rooted in these stereotypes. Role Congruity Theory posits that perceived incongruity between the female gender role (nurturing, compassionate) and leadership roles (tough, assertive) leads to prejudice. This results in women being perceived less favorably than men as potential leaders, making it more difficult for them to achieve success in leadership positions. When women leverage expert authority, which is often associated with masculine traits, it can be perceived as a violation of traditional gender roles, potentially undermining their credibility and persuasiveness. Women experts are often rewarded less for additional expertise and punished more severely for a lack of expertise compared to identical men, exacerbating gender-based biases. This contributes to a general perception of women as "warm, but

dumb"—sympathetic but less competent. Humorous political attacks frequently leverage these gender stereotypes to delegitimize female politicians. The populist radical right, for instance, often uses humor, including sexist and homophobic jokes, to reproduce power and gender hierarchies [25].

5. CONCLUSION

The comprehensive analysis presented in this report underscores the profound and multifaceted interplay between economic structures, associational and organizational rights, and the dynamics of political communication in shaping income inequality. Income inequality is not a mere economic outcome of neutral market forces or individual productivity differences; rather, it is a deeply political phenomenon, actively produced and perpetuated by power imbalances, institutional design, and deliberate policy choices. The historical trajectory of labor unions, from being suppressed as "conspiracies" to becoming a "countervailing power" and then experiencing a significant decline, vividly illustrates how the legal and political environment directly shapes the capacity of collective action to influence income distribution. Strong associational rights, particularly through labor unions and collective bargaining, have been empirically shown to be powerful mechanisms for mitigating income inequality. They achieve this through the union wage premium, which directly boosts workers' earnings, and through wage compression, which narrows pay disparities across and within various groups, including by gender and race. Beyond direct wage effects, unions act as crucial political actors, influencing broader social welfare policies and public spending, thereby contributing to overall income redistribution and poverty reduction. This demonstrates that the strength of organized labor is not just beneficial for its members but creates positive spillover effects for the wider society, fostering a "moral economy" of fair pay. However, the erosion of associational power in recent decades, driven by a confluence of macroeconomic forces (globalization, deindustrialization, skill-biased technological change) and deliberate policy and employer strategies (anti-union legislation like Right-to-Work laws, fissuring), has directly contributed to the widening income inequality gap. The comparative success of the Nordic model, with its high union density and coordinated wage-setting, further accentuates that policy choices, rather than inherent economic forces, are paramount in determining equitable income distribution. Adding another layer of complexity, political communication, particularly through the strategic use of humor and gender stereotypes, plays a critical role in shaping public perceptions of these issues. While humor can engage audiences and enhance message recall, it is frequently weaponized to reinforce harmful gender stereotypes, delegitimize female politicians, and normalize sexism under the guise of "just a joke". This "meta-disparagement humor" can subtly activate and perpetuate biases, trivializing the severity of gender inequality and, by extension, broader socio-economic disparities. Conversely, subversive humor offers a potential counter-discourse, capable of challenging power structures and raising awareness for social change. The analytical frameworks of Incongruity, Superiority, Relief, Expectancy Violation, Role Congruity, Stereotype Content Model, and Social Judgment theories provide a robust understanding of how these humorous strategies operate to influence attitudes and maintain or disrupt existing hierarchies.

REFERENCES

- [1] Ashafa, S. A., & Raimi, L. (2025). Exploring the impact of Islam's social well-being and economic justice on peaceful coexistence in Nigeria: implications for conventional welfare policy. *Journal of Entrepreneurship and Public Policy*.

- [2] Chiou, W. J. P., Fu, S. H., Lin, J. B., & Tsai, W. (2025). Exploring the Impacts of Economic Policies, Policy Uncertainty, and Politics on Carbon Emissions. *Environmental and Resource Economics*, 1-25.
- [3] Wynn Natividad-Villanueva (2024). Analysis and Performance Guide of Kinaray- an Art Songs by Beny Castillon. *Dinkum Journal of Social Innovations*, 3(09):531-546.
- [4] Nam, H. J., Ryu, D., & Szilagyi, P. G. (2025). Gender inequality, institutional quality and economic outcomes in the European Union. *European Financial Management*, 31(1), 463-492.
- [5] Geys, B., & Sørensen, R. J. (2025). The causal effect of affluence on voter turnout: New evidence from lottery winnings. *British Journal of Political Science*, 55, e7.
- [6] Li, J., & Gan, C. (2025). Inhibiting or promoting? Urban–Rural Income Inequality and Carbon Emission Performance. *Sustainability*, 17(4), 1455.
- [7] Márquez Romo, C. (2025). Moving in parallel? Economic inequality and public demand for redistribution in unequal societies. *International Political Science Review*, 01925121241309929.
- [8] Neha Mishra (2024). Evaluation of Socio-Economic Status of Women in Durga Bhagwati Rural Municipality. *Dinkum Journal of Social Innovations*, 3(07):424-435.
- [9] Malliaros, P., & Pacheco-Jaramillo, W. A. (2025). Cross-country analysis of aggregate markups and their impact on income inequality. *F1000Research*, 14, 184.
- [10] Li, R., Yang, Z., & Wang, Q. (2025). Does renewable energy reduce energy intensity? A matter of income inequality. *Humanities and Social Sciences Communications*, 12(1), 1-22.
- [11] Kampourakis, I., & Lane, L. (2025). The Law and Political Economy of Business and Human Rights: From governance gaps to root causes. *Leiden Journal of International Law*, 1-16.
- [12] Dasgupta, P., Carbery, R., McDonnell, A., & Jooss, S. (2025). Social relations and worker resistance in the platform economy: towards a future research agenda. *New Political Economy*, 1-15.
- [13] Kuruvilla, S., & Li, C. (2021). Freedom of association and collective bargaining in global supply chains: a research agenda. *Journal of Supply Chain Management*, 57(2), 43-57.
- [14] AlFarraj, O., Alalwan, A. A., Obeidat, Z. M., Baabdullah, A., Aldmour, R., & Al-Haddad, S. (2021). Examining the impact of influencers' credibility dimensions: attractiveness, trustworthiness and expertise on the purchase intention in the aesthetic dermatology industry. *Review of International Business and Strategy*, 31(3), 355-374.
- [15] Nusrat Jahan (2024). Identification of Gender Violence Intensity and Workplace Vulnerabilities: A Cross-sectional Study of Savar Dhaka. *Dinkum Journal of Social Innovations*, 3(06):328-339.
- [16] Hawke, L. D., Hayes, E., Darnay, K., & Henderson, J. (2021). Mental health among transgender and gender diverse youth: An exploration of effects during the COVID-19 pandemic. *Psychology of Sexual Orientation and Gender Diversity*, 8(2), 180.
- [17] Gadermann, A. C., Thomson, K. C., Richardson, C. G., Gagné, M., McAuliffe, C., Hirani, S., & Jenkins, E. (2021). Examining the impacts of the COVID-19 pandemic on family mental health in Canada: findings from a national cross-sectional study. *BMJ open*, 11(1), e042871.
- [18] Madigan, D. J., & Kim, L. E. (2021). Does teacher burnout affect students? A systematic review of its association with academic achievement and student-reported outcomes. *International journal of educational research*, 105, 101714.
- [19] Lin, W., Shao, Y., Li, G., Guo, Y., & Zhan, X. (2021). The psychological implications of COVID-19 on employee job insecurity and its consequences: The mitigating role of organization adaptive practices. *Journal of Applied Psychology*, 106(3), 317.

- [20] Bulchand-Gidumal, J., William Secin, E., O'Connor, P., & Buhalis, D. (2024). Artificial intelligence's impact on hospitality and tourism marketing: exploring key themes and addressing challenges. *Current Issues in Tourism*, 27(14), 2345-2362.
- [21] Ram Keshar Thapa (2024). Understanding of Soft Skills and its Contribution to Employability for Undergraduate Youth. *Dinkum Journal of Social Innovations*, 3(01):22-34.
- [22] Banks, S., & Formosa, P. (2023). The ethical implications of artificial intelligence (AI) for meaningful work. *Journal of Business Ethics*, 185(4), 725-740.
- [23] Motro, D., Evans, J. B., Ellis, A. P., & Benson III, L. (2022). Race and reactions to women's expressions of anger at work: Examining the effects of the "angry Black woman" stereotype. *Journal of Applied Psychology*, 107(1), 142.
- [24] Alshaabani, A., Naz, F., Magda, R., & Rudnák, I. (2021). Impact of perceived organizational support on OCB in the time of COVID-19 pandemic in Hungary: employee engagement and affective commitment as mediators. *Sustainability*, 13(14), 7800.
- [25] Alam, A., & Mohanty, A. (2023). Cultural beliefs and equity in educational institutions: exploring the social and philosophical notions of ability groupings in teaching and learning of mathematics. *International Journal of Adolescence and Youth*, 28(1), 2270662.