Center for American Progress

The Future of Worker Voice and Power

By David Madland October 2016

Introduction and summary

American workers are not benefiting much from their contributions to their firms' profits and the country's economic growth. Economic output per person has nearly doubled over the past four decades, but the vast majority of these gains have gone to those at the very top.[1] Wages for the typical private-sector worker, adjusted for inflation, are still about where they were in the 1970s, even as inequality and corporate profits are at near record levels.[2]

The basic outlines of these problems are well-known, but the specific facts are still shocking. In 1973, the typical CEO of the top publicly traded companies made around $1.1 million, or about 22 times what the typical worker made.[3] Today, the average CEO makes $15.5 million, or about 275 times what the typical worker makes.[4] CEO pay increases have been astronomical, but others near the top have also seen sharp income gains—with incomes for the richest 1 percent more than tripling over the past four decades.[5] In stark contrast, incomes for the bottom 90 percent have grown by just more than 2 percent in that same time span.[6] Not surprisingly, the share of the nation's total income that the middle class receives is about as low as it has ever been, and the share of income going to the top 1 percent is approaching record heights.[7] The U.S. economy has become much more productive over recent decades, but most workers have not received much, if any, of these gains.[8]

Raising workers' wages and strengthening and growing the middle class are the central economic challenges America faces. And yet a solution that would actually achieve these goals—increasing worker voice and power—has been largely off the table, even among progressives. Few things are as well supported by economic research as the fact that collective voice for workers raises wages and reduces inequality, but political debate has not focused much on this necessary solution.

Increasing worker voice and power so that workers can join together to advocate for themselves should be the top economic priority for progressives, but getting to where America needs to go will require a comprehensive reimagining of our labor system. Existing proposals such as the Workplace Action for a Growing Economy, or WAGE, Act are an important part of this modernization, but they should be understood as part of a broader effort.[9]

There is a need and an opportunity for a bold agenda that delivers both higher wages and greater productivity. This agenda would restructure our labor system so that it promotes growth and helps firms expand while ensuring that workers have a voice on the job and get paid for their contributions. Boosting productivity is a big deal because making more with the same or less resources is what allows for improvements in our standard of living over time, as well as what is necessary to protect the environment.

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These are goals that progressives, and indeed all Americans, should support. To get there, we will have to modernize U.S. labor law.

The basic structure of U.S. labor law has not been changed fundamentally since the National Labor Relations Act, or NLRA, was passed in 1935.[10] Passage of the NLRA was a watershed moment for worker rights, and the law remains of the utmost importance for providing critical protections for workers. However, it was created for a different time and a different economy, and it needs to be modernized. The biggest problem with this more than 80-year-old law is that it channels most negotiations about wages and benefits to the firm level, rather than encouraging negotiations at the region or industry level. Firm-level bargaining means that unionized firms have significantly higher labor costs than their competitors, which leads to conflict and unproductive management and union activities, as our history, academic research, and the experiences of other countries have shown. While in some circumstances the current system can enhance firm performance and raise wages for many workers, in other cases, it achieves neither goal as well as it could or should.

As a nation, we need to build a labor relations system that will serve us well in the 21st century and beyond. Even if it were possible to revive a model built for a different era, we should aim higher and create a better system than we currently have. We should strive to provide the right set of structures and incentives to raise wages and productivity and foster a collaborative relationship between workers and management—all of which are necessary for the U.S. economy to thrive in a globalized economy. We should aim to make workers real partners in our country's economic future.

At the heart of this new system would be transforming unions from individual firm-level bargaining units into organizations or structures—perhaps very different from unions as understood today—that negotiate for higher wages and benefits across an entire industry or sector. Along with that would come new firm-level organizations such as works councils that would be the on-the-ground loci of worker-management relations regarding the specific workplace issues at any given firm. These changes would reduce conflict because firms would have similar labor costs whether their workers were unionized or not and would boost productivity by fostering collaborative relationships between workers and firm management.

The agenda would produce very different types of worker organizations and very different types of bargaining than we currently have. Indeed, the functions that worker organizations would perform in this new system would be unlike what many Americans are familiar with unions doing. In other countries, though, unions commonly play many of these roles, and in the United States, certain unions in certain locations have done each of the tasks required.

Whether we think of this as modernizing the law, updating the role of unions, or creating new kinds of organizations to enable workers to share in the fruits of their labor, the results are the same: Workers would have real power to raise their wages, and firms could accept that exercise because it is designed in a way that levels the playing field, helps increase productivity, and enables companies to grow. Workers and firms not only would see gains from a more efficient labor relations system, but they would also benefit because the agenda would strengthen the middle class, thus ensuring the long-run success of our economy. Together, under this new American partnership, firms and workers would thrive.

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How to modernize labor law

There are four key elements to modernizing U.S. labor law: replacing enterprise wage bargaining with multiemployer bargaining for an industry or region; expanding workers' voice in the workplace by including organizations such as works councils; encouraging membership in worker organizations; and safeguarding basic rights for all workers.

These reforms are designed to work in concert to raise wages, ensure workers have a voice, boost productivity, foster a collaborative relationship between workers and management, and help the U.S. economy thrive in the global economy. Workers would have more power than they currently do, but their power would be channeled in a productive manner, and the incentives of workers and managers would be more aligned.

Four elements of modern labor law

	Industrywide bargaining	Works councils	Incentives for membership in worker organizations	Real rights for all workers
What is it?	A way for workers and companies to negotiate wage and benefit standards for an entire industry or region instead of at the firm-level or below, as is currently done.	An establishment-level organization that gives workers a voice to help improve work processes and resolve issues on the job.	A platform to encourage membership by giving worker organizations a formal role in helping deliver societal goods such as worker training. Worker organizations would use this platform to recruit members.	Rights for all workers to join together and collectively bargain, instead of the current situation of incomplete coverage, inadequate protections, and weak enforcement.
How does it help?	Raises standards for all workers—not just union members—and boosts productivity by ensuring similar work receives similar pay and takes conflict outside of the workplace, setting the stage for collaborative relationships between workers and firm managers.	Provides a nonconflictual setting for workers and managers to discuss how to improve the working environment and firm productivity that complements industrywide bargaining and unions.	Helps solve the so-called free-rider problem inherent in industrywide bargaining in which workers benefit from higher standards even if they do not pay the costs of achieving them. This structure fosters the sufficient membership in worker organizations that is necessary to encourage companies to participate in industrywide bargaining and to ground negotiators in reality. It also improves the delivery of public services.	Enables all workers to speak their mind and seek to improve their workplace without fear of employer retaliation.

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Our Values

As progressives, we believe America should be a land of boundless opportunity, where people can climb the ladder of economic mobility. We believe we owe it to future generations to protect the planet and promote peace and shared global prosperity.

And we believe an effective government can earn the trust of the American people, champion the common good over narrow self-interest, and harness the strength of our diversity.

Our Approach

We develop new policy ideas, challenge the media to cover the issues that truly matter, and shape the national debate. With policy teams in major issue areas, American Progress can think creatively at the cross-section of traditional boundaries to develop ideas for policymakers that lead to real change. By employing an extensive communications and outreach effort that we adapt to a rapidly changing media landscape, we move our ideas aggressively in the national policy debate.

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1333 H STREET, NW, 10TH FLOOR, WASHINGTON, DC 20005 • TEL: 202-682-1611 • FAX: 202-682-1867 • WWW.AMERICANPROGRESS.ORG