

Welcome to COWS > About COWS > Newsroom > News

Workers Need Greater Voice, Power

By: Joel Rogers, Guest Editorial

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We saw last week that most Americans no longer bother to vote, and that the "party of non-voters" far and away the biggest political "party" in the U.S. is disproportionately working class. Such electoral abstention is both reason for and result of public policy in the U.S., which among advanced capitalisms is uniquely unsupportive of workers.

This mouthful of words imperfectly describes the interaction of two things.

First, more than any other advanced capitalist economy, the United States relies on competitive labor markets to determine pay, employment, and other aspects of worker welfare. The minimum wage applies to a relatively small number of workers, has no obvious spillover on the overall level of wages, and is at its lowest level relative to average pay in 40 years. Unemployment insurance is more time-limited than in other countries. And outside a cluster of "means tested" programs directed to the very poor, the welfare state is largely limited to old-age pensions and insurance. Exclusive of occupational health and safety regulation and equal employment opportunity laws protecting groups from discrimination, the state has almost no national policies safeguarding workers. Job security, training, even the provision of medical insurance are all determined at the workplace. The bottom line is that for most Americans, how one fares in the economy depends overwhelmingly on how one fares in the labor market.

Second, in those labor markets, workers in the U.S. are relatively disorganized. Outside the public sector, only about 9 percent of workers belong to unions. And in contrast to workers in other countries, their collective bargaining agreements generally only cover individual firms, rather than entire industries or regions, and are not extended to non-union employers. With such a trivial level of organization, organized labor really does not set the terms of compensation in American labor markets. And, even with 16 million members, neither is it a decisive force in public policy. Business lobbyists may continue to talk of "big labor" throwing its weight around, but "little labor" is closer to the truth of things. By all available measures, organized labor in the U.S. is weaker than anywhere else on the developed earth.

As with voting, this was not always the case. Organized labor once claimed real power in public policy circles, and power in private markets. And how it did so is instructive for our current politics. Whatever the talk of class struggle, labor makes gains by actually improving the performance of democratic capitalism, typically by solving a problem that capitalists themselves lack the incentive or resources to solve on their own. In the 1930s, the last great upsurge of labor strength, that was the problem of "effective demand" basically, buying power sufficient to buoy an economy, based on wages that no individual firm has any incentive to provide.

Unions once helped provide such demand, through collective bargaining and public policy. And in the postwar alchemy of Keynesian economics, this transformed worker interests into general ones. Solid and rising wage floors gave firms markets for sales, and reasons to renew investment, which in turn increased productivity and lowered the costs of mass consumption goods. Who could object to that, except the silent environment?

In today's world, in which that Keynesian formula is qualified (though not as much as is commonly thought) by increased competition and greater capital mobility, labor needs to do more, and other, to come back as a public force. Capitalism remains as anarchic as ever, and left to its own squabbling devices is ever more ruinous to our health. In the U.S. in particular, as reflected in falling wages and rising inequality, firms have generally chosen to pursue "low road" strategies of response to competition. These focus principally on reducing the cost of goods or services, rather than increasing their quality. The latter "high road" alternative is in fact available, and delivers better results for social welfare if pursued. Essentially, customers are willing to pay more for quality, and this price premium can be partly captured, through higher wages, by the better-trained and involved workers who help produce it. Not trivially, such "high road" production also tends to root firms more in communities, and also tends to be better for the environment. But, as in the 1930s, individual firms have little incentive, on their own, to "do the right thing" for the broader society. To get on the high road, they need to be pushed and helped along it, and the low-road alternative needs to be foreclosed. Both in the pushing and the helping, not to mention the foreclosing, organized labor has a natural role to play. But again, at present, it's barely there.

So to summarize, our present situation is this. A corrupted political system is largely empty of effective worker voice, and so too are private markets. In consequence, our public lives are diminished to the point of not even discussing more satisfying social alternatives, much less enacting them. And our private welfare is, well, just that. Margaret Thatcher used to describe her program in these uncompromising terms: "I do not believe in society." Our question should be: "How might we disagree?"

Joel Rogers teaches at the University of Wisconsin-Madison and is founder and director of the Center on Wisconsin Strategy (COWS), which administers the Sustaining Wisconsin campaign. This is another in a weekly series of Capital Times columns he's writing on issues in the campaign. For more information, see www.cows.org and www.sustainingwisconsin.org.

Joel Rogers is director of COWS, the Center on Wisconsin Strategy, at the UW-Madison. On Jan. 29, COWS debuted "Sustaining Wisconsin," a statewide dialogue about the future of Wisconsin. The themes expressed in this view of the state of the state will carry through the next 18

months as COWS uses Sustaining Wisconsin to put the Wisconsin Idea into action.

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