

A new deal for Labor Day

By Thomas A. Kochan, 9/1/2003 Boston Globe

ON LABOR DAY, politicians usually applaud what workers do for the economy and society. This year speeches to this effect will ring hollow to the majority of American workers and their families. The reality is the American workforce resembles a pressure cooker about to blow.

Over the past decade workers and families have had to work longer hours only to be rewarded with stagnant or declining wages in the face of skyrocketing CEO pay, lost or dramatically diminished pensions, rising health insurance costs, and spreading job insecurity. Add to this the scandal induced breakdown in trust and confidence in corporations and their leaders, continued declines in union coverage and power, and a federal government busily reducing overtime coverage, quashing rules that would allow states to fund paid family leave, and unilaterally canceling thousands of federal workers' rights to join a union under the Orwellian guise that collective bargaining would be a threat to national security.

So maybe it is time for workers to say enough is enough. Instead of enduring more hollow rhetoric they might start demanding a new and better deal at work, one that gives them the tools to regain control of their economic destiny and restores trust and confidence in business and government.

What would workers, firms, and elected officials each need to contribute to this new deal? A credible new deal needs to start with making a national commitment to creating good, sustainable jobs that capitalize on and reward our most valuable asset -- the knowledge and creativity of the American workforce. American firms can't compete with developing countries on labor costs. So we have to put in place human resource policies and business strategies that ensure American employees are well educated and that their individual and collective skills are fully utilized in entrepreneurial starts ups and large scale manufacturing and service firms.

For their part, workers need to invest in education, in their early years and in lifelong learning during their working years. For firms, this means staunching the herding instinct that is now leading employers to outsource even knowledge intensive jobs to low wage countries because, as IBM's executives were overheard saying, "everybody else is doing it."

If today's market realities dictate that firms can no longer give assurances of long-term job security, then workers can no longer put all their eggs in one firm's basket. So, the second element of the new deal has to involve portability. Workers need to be able to move across jobs as circumstances require without losing health benefits or retirement savings, or enduring long periods of unemployment.

To make this possible workers and employers should be negotiating portable benefit plans and flexible individual savings funds that can be drawn on when circumstances require employees to take time off to refresh their skills, care for an aging parent, a sick child, or other family member, or to transition to another job.

Families and communities need a voice in shaping the new deal. Twentieth century workplace policies were designed for a male-dominated workforce with a wife at

home who attended to family and community needs. Less than 15 percent of today's workers and families fit this model. If the reality today is that it takes two working adults to make ends meet, then industry and government must give families the flexibility to balance work and family, and community responsibilities.

The final element of the new deal is to restore the voice of workers. Unions were the instrument of voice and progress on wages, hours, and working conditions in the 20th century. But today unions have declined to their lowest point since prior to the Depression and no longer have the bargaining power needed to advance worker interests.

Yet today nearly 50 percent would join a union if given the chance and more than 70 percent want a more flexible and cooperative voice in workplace and corporate affairs. A new generation of unions is needed that ensures a fair return on investments.

The next-generation unions need to use information and mobility as their new sources of power in representing and serving their members. Workers who invest human capital should have the same rights to information and representation in corporate governance as shareholders who invest financial capital.

Electing worker representatives to the boards that manage their pensions and corporations would be one concrete step in this direction. Unions also need to give priority to negotiating the new package of portable benefits workers need and then providing the information, learning opportunities, and social networks needed to support a mobile workforce. To support the transformation in union roles, outmoded labor laws need to be modernized and employers have to replace their anti-union ideologies and practices with ones capable of sustaining value-added partnerships with unions and workers.

So the question for this Labor Day is, will the political speeches simply intensify the pressures and frustrations building in working families, or will someone offer a vision and credible strategy for rebuilding workers' trust? Offering this type of vision might just release the pressures and build a head of steam that turns our country around.

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