Economic Policy Institute

PROMINENT ECONOMISTS SAY:

Passage of the Employee Free Choice Act is critical to rebuilding our economy and strengthening our democracy.

Statement from **leading American economists**

Although its collapse has dominated recent media coverage, the financial sector is not the only segment of the U.S. economy running into serious trouble. The institutions that govern the labor market have also failed, producing the unusual and unhealthy situation in which hourly compensation for American workers has stagnated even as their productivity soared.

Indeed, from 2000 to 2007, the income of the median working-age household fell by $2,000 – an unprecedented decline. In that time, virtually all of the nation's economic growth went to a small number of wealthy Americans. An important reason for the shift from broadly-shared prosperity to growing inequality is the erosion of workers' ability to form unions and bargain collectively.

A natural response of workers unable to improve their economic situation is to form unions to negotiate a fair share of the economy, and that desire is borne out by recent surveys. Millions of American workers – more than half of non-managers – have said they want a union at their work place. Yet only 7.5% of private sector workers are now represented by a union. And in all of 2007, fewer than 60,000 workers won union status through government-sanctioned elections. What explains this disconnect?

The problem is that the election process overseen by the National Labor Relations Board has become drawn out and acrimonious, with management campaigning fiercely to deter unionization, sometimes to the extent of violating labor laws. Union sympathizers are routinely threatened or even fired, and they have little effective recourse under the law. Even when workers overcome this pressure and vote for a union, they are unable to obtain contracts one-third of the time due to management resistance.

To remedy this situation, the Congress is considering the Employee Free Choice Act. This act would accomplish three things: It would give workers the choice of using majority sign-up-- a simple, established procedure in which workers sign cards to indicate their support for a union – or staging an NLRB election; it triples damages for employers who fire union supporters or break other labor laws; and it creates a process to ensure that newly unionized employees have a fair shot at obtaining a first contract by calling for arbitration after 120 days of unsuccessful bargaining.

The Employee Free Choice Act will better reflect worker desires than the current "war over representation." The Act will also lower the level of acrimony and distrust that often accompanies union elections in our current system.

A rising tide lifts all boats only when labor and management bargain on relatively equal terms. In recent decades, most bargaining power has resided with management. The current recession will further weaken the ability of workers to bargain individually. More than ever, workers will need to act together.

The Employee Free Choice Act is not a panacea, but it would restore some balance to our labor markets. As economists, we believe this is a critically important step in rebuilding our economy and strengthening our democracy by enhancing the voice of working people in the workplace.

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