

## **ECONOMISTS' STATEMENT**

*As published by the Economic Policy Institutes ACTION URGED TO SHORE UP FAILING LABOR MARKET article/release.*

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 the labor law. 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.

#### **ENDORSERS OF ECONOMISTS' STATEMENT (with bios)**

**Henry J. Aaron** is Senior Fellow in Economic Studies, The Bruce and Virginia MacLaury Chair, with the Brookings Institution. A noted health care expert, he focuses on the reform of health care financing; public systems such as Medicare and Medicaid; Social Security; and tax and budget policy. Aaron is currently the Chairman of the Board of Directors, National Academy of Social Insurance (since 1997) and was President, Association for Public Policy and Management, in 1998-99.

**Katharine G. Abraham** is Professor of Survey Methodology and Affiliate Professor of Economics with the Joint Program for Survey Methodology at the University of Maryland, and was Commissioner of the Bureau of Labor Statistics for two four-year terms, from 1993 through 2001. Her research interests include the study of the labor market and economic measurement. She is co-author of the book *Job Security in America: Lessons from Germany*, co-editor of the book *New Developments in the Labor Market: Toward a New Institutional Paradigm*, and contributor of numerous articles to professional journals and edited collections. She is a Fellow of the American Statistical Association and has testified frequently before Congress.

**Phillipe Aghion** is Robert C. Waggoner Professor of Economics at Harvard University. His main research work is on economic growth, where he is one of the world's great experts on the so-called Schumpeterian paradigm of economic growth, summarized in his joint book with Peter Howitt entitled *Endogenous Growth Theory*. Aghion is also an expert on productivity growth and the business cycle. He has held positions at MIT, the French CNRS, the University of Oxford, and University College London. In 2001 he received the Yrjo Jahnsson Award of the European Economic Association. In 1999 he received the Prix de la Revue Francaise d'Economie.

**Eileen Appelbaum** joined Rutgers University as Professor and Director of the Center for Women and Work in March 2002. She was promoted to Professor II July 2006. Formerly she was Research Director at the Economic Policy Institute in Washington, D.C. and Professor of Economics at Temple University.

**Kenneth J. Arrow** is currently the Joan Kenney Professor of Economics and Professor of Operations Research, Emeritus at Stanford University. He is also a founding member of the Pontifical Academy of Social Sciences. He won the Nobel Prize in Economics jointly with John Hicks in 1972. He is considered as one of the founders of modern neo-classical economic theory. His impact on the economics profession has been tremendous. For more than fifty years he has been one of the most listened-to of all practicing economists. His most significant works are his contributions to social choice theory, notably "Arrow's impossibility theorem," and his work on general equilibrium analysis. He has also provided foundational work in many other areas of

economics, including endogenous growth theory and the economics of information.

**Dean Baker** is co-director of the Center for Economic and Policy Research. He previously was a senior economist at the Economic Policy Institute and an assistant professor of economics at Bucknell University. His blog, *Beat the Press*, features commentary on economic reporting. He received his Ph.D in economics from the University of Michigan.

**Jagdish Bhagwati** is University Professor at Columbia University and Senior Fellow in International Economics at the Council on Foreign Relations. He has been Economic Policy Adviser to Arthur Dunkel, Director General of GATT (1991-93), Special Adviser to the United Nations on Globalization, and External Adviser to the World Trade Organization. He has served on the Expert Group appointed by the Director General of the WTO on the Future of the WTO and the Advisory Committee to Secretary General Kofi Annan on the NEPAD process in Africa, and was also a member of the Eminent Persons Group under the chairmanship of President Fernando Henrique Cardoso on the future of UNCTAD. Five volumes of his scientific writings and two of his public policy essays have been published by MIT press.

**Rebecca M. Blank** is the Robert S. Kerr Senior Fellow at the Brookings Institution. Prior to coming to Brookings, she was dean of the Gerald R. Ford School of Public Policy at the University of Michigan and co-director of the National Poverty Center. She served as a Member of the President's Council of Economic Advisers, from 1997-1999.

**Joseph R. Blasi** is a professor at Rutgers University's School of Management and Labor Relations, where he studies employee stock ownership, broad-based stock options, management stock ownership, employment involvement, and corporate governance. He is a member of the Institute for Advanced Study in Princeton, New Jersey, where he is a Mellon Foundation Fellow.

**Alan S. Blinder** has been on the Princeton faculty since 1971, taking time off from January 1993 through January 1996 for service in the U.S. government—first as a member of President Clinton's original Council of Economic Advisers, and then as Vice Chairman of the Board of Governors of the Federal Reserve System. In addition to his academic writings and his best-selling introductory textbook, he has written many newspaper and magazine columns and op-eds and, in recent years, has presented a monthly television commentary on PBS's *Nightly Business Report*. Dr. Blinder is a past president of the Eastern Economic Association, and past vice president of the American Economic Association.

**William A. "Sandy" Darity, Jr.**, Cary C. Boshamer Professor of Economics and adjunct faculty in Sociology at the University of North Carolina (UNC) at Chapel Hill. He also serves as Research Professor of Public Policy Studies, African and African American Studies and Economics at Duke University. He is a Past President of the National Economic Association and the Southern Economic Association. He also has been named Editor-in-Chief of Macmillan Reference's new edition of the *International Encyclopedia of the Social Sciences*.

**Brad DeLong** is a professor of economics at the University of California at Berkeley, chair of the Political Economy of Industrial Societies major, and a research associate of the National Bureau of Economic Research. He also served in the U.S. government as Deputy Assistant Secretary of the Treasury for Economic Policy from 1993 to 1995. He worked on the Clinton Administration's 1993 budget, on the Uruguay Round of

the General Agreement on Tariffs and Trade, on the North American Free Trade Agreement, on macroeconomic policy, and on the unsuccessful health care reform effort.

**John DiNardo** is Professor of Economics and Public Policy at the University of Michigan. His research focuses on applied econometrics, labor economics, health economics, political science and econometrics. Most recently his work has focused on assessing the importance of unions using financial market data, immigrant and native-born wage distributions, and the impact of immigrant inflows on the native-born. His publications include four chapters in J. Johnston and John DiNardo, *Econometric Methods*, Fourth Edition (1996). Professor DiNardo previously was on the faculty at the University of California, Irvine.

**Henry Farber** is the Hughes-Rogers Professor of Economics and a Research Associate of the Industrial Relations Section at Princeton University. Farber is a Research Associate of the National Bureau of Economic Research and a Fellow of the Econometric Society and the Society of Labor Economists. Before joining the Princeton faculty in 1991, Farber was Professor of Economics at the Massachusetts Institute of Technology (1977-91). He has also been a Fellow at the Center for Advanced Studies in the Behavioral Sciences (1983-84, 1989-90) and a Visiting Scholar at the Russell Sage Foundation (2002-2003). He joined IZA as a Research Fellow in April 2006.

**Robert Frank** is H. J. Louis Professor of Management and Professor of Economics, Johnson Graduate School of Management, Cornell University. He is a monthly contributor to the "Economic Scene" column in *The New York Times*. Until 2001, he was the Goldwin Smith Professor of Economics, Ethics, and Public Policy in Cornell's College of Arts and Sciences. He has also served as a Peace Corps volunteer in rural Nepal, chief economist for the Civil Aeronautics Board, fellow at the Center for Advanced Study in the Behavioral Sciences, and was Professor of American Civilization at l'Ecole des Hautes Etudes en Sciences Sociales in Paris.

**Richard B. Freeman** holds the Herbert Ascherman Chair in Economics at Harvard University. He is currently serving as Faculty Director of the Labor and Worklife Program at the Harvard Law School. He is also director of the Labor Studies Program at the National Bureau of Economic Research, Senior Research Fellow in Labour Markets at the London School of Economics' Centre for Economic Performance, and visiting professor at the London School of Economics. Professor Freeman is a Fellow of the American Academy of Arts and Sciences and of Sigma Xi and Fellow of the American Association for the Advancement of Science. In 2006 he was awarded the Jacob Mincer Prize for his contribution to labor economics; in 2007 he won the IZA Prize for labor economics; in 2009 he was inducted as Fellow in the Employment and Labor Relations Association.

**James K. Galbraith is Lloyd M. Bentsen, Jr., Chair in Government/Business Relations and Professor of Government at the LBJ School of Public Affairs, University of Texas at Austin.** Jamie Galbraith is a Senior Scholar of the Levy Economics Institute and Chair of the Board of Economists for Peace and Security, a global professional network. He writes a column for *Mother Jones* and occasional commentary in many other publications, including *The Texas Observer*, *The American Prospect*, and *The Nation*. Galbraith served in several positions on the staff of the U.S.

Congress, including Executive Director of the Joint Economic Committee. He directs the University of Texas Inequality Project, an informal research group based at the LBJ School.

**Robert J. Gordon** is Stanley G. Harris Professor in the Social Sciences and Professor of Economics at Northwestern University. He is one of the world's leading experts on inflation, unemployment, and productivity growth. His recent research includes work on the rise and fall of the New Economy, the U.S. productivity growth revival, and the recent stalling of European productivity growth. He is a research associate at the National Bureau of Economic Research (NBER), a research fellow of the Centre for Economic Policy Research in London, a Guggenheim Fellow, a fellow of the American Academy of Arts and Sciences, and a fellow of the Econometric Society.

**Heidi Hartmann** is the President of the Washington-based Institute for Women's Policy Research, a scientific research organization that she founded in 1987 to meet the need for women-centered, policy-oriented research. She is also a Research Professor at The George Washington University. She lectures widely on women, economics, and public policy, frequently testifies before the U.S. Congress, and is often cited as an authority in various media outlets.

**Lawrence F. Katz** is the Elisabeth Allison Professor of Economics at Harvard University and a Research Associate of the National Bureau of Economic Research. His research focuses on issues in labor economics and the economics of social problems. He is the author (with Claudia Goldin) of *The Race between Education and Technology* (Harvard University Press, 2008), a history of U.S. economic inequality and the roles of technological change and of the pace of educational advance in affecting the wage structure. Professor Katz has been editor of the *Quarterly Journal of Economics* since 1991 and served as the Chief Economist of the U.S. Department of Labor for 1993 and 1994. He has been elected a fellow of the American Academy of Arts and Sciences, the Econometric Society, and the Society of Labor Economists.

**Robert Z. Lawrence** is Albert L. Williams Professor of International Trade and Investment, a Senior Fellow at the Institute for International Economics, and a Research Associate at the National Bureau of Economic Research. He served as a member of the President's Council of Economic Advisers from 1998 to 2000. He has also been a Senior Fellow at the Brookings Institution. His research focuses on trade policy. Lawrence has served on the advisory boards of the Congressional Budget Office, the Overseas Development Council, and the Presidential Commission on United States-Pacific Trade and Investment Policy.

**David S. Lee** is Professor of Economics and Public Affairs at Princeton University, a research associate of the National Bureau of Economic Research and an associate editor of *Review of Economics and Statistics*, *American Economic Journal* and *Journal of Business and Economic Statistics*. He is also the foreign editor of the *Review of Economic Studies*. Lee has received the John T. Dunlop Outstanding Scholar Award from the Labor and Employment Relations Association in 2007 and the Albert Rees Prize from Princeton University in 2005.

**Frank Levy** joined the Massachusetts Institute of Technology's faculty in 1992, and previously taught for ten years each at the University of California at Berkeley and the University of Maryland at College Park. He has also been a Senior Research Associate at the Urban Institute. For the last 10 years, his research has focused on the ways that computer technology and offshoring are

reshaping opportunities in the labor market. He has also done research on U.S. income inequality and living standards and the economics of education.

**Lisa M. Lynch** is Dean and Professor of Economics at the Heller School for Social Policy and Management, Brandeis University. From 1995-1997 she was the Chief Economist at the U.S. Department of Labor and she has been a faculty member at Tufts University, MIT, The Ohio State University, and the University of Bristol. She is currently Chair of the Board of Directors of the Boston Federal Reserve Bank, member of the Governor's Council of Economic Advisors for the Commonwealth of Massachusetts, and a member of the executive board of the Labor and Employment Relations Association. She is also a Research Associate at the National Bureau of Economic Research, the Economic Policy Institute, and IZA in Bonn, Germany.

**Ray Marshall** has served in two presidential administrations. He was President Carter's Secretary of Labor and worked for President Clinton as a member of both the National Skills Standard Board and the Advisory Commission on Labor Development. He has taught at the LBJ School of Public Affairs and served as President for the International Labor Rights Fund.

**Lawrence Mishel** became president of the Economic Policy Institute in 2002, having joined the institute as its first director of research in 1987. As EPI's research director, and then as vice president and now president, he has played a significant role in building EPI's research capabilities and reputation. He is principal author of a major research volume, *The State of Working America*, published every even-numbered year since 1988, which provides a comprehensive overview of the U.S. labor market and living standards.

**Robert Pollin** is Professor of Economics and founding Co-Director of the Political Economy Research Institute (PERI) at the University of Massachusetts, Amherst. His research centers on macroeconomics, conditions for low-wage workers in the U.S. and globally, the analysis of financial markets, and the economics of building a clean-energy economy in the U.S. He has worked with the United Nations Development Programme, the United Nations Economic Commission on Africa, the Joint Economic Committee of the U.S. Congress and as a member of the Capital Formation Subcouncil of the U.S. Competitiveness Policy Council.

**William M. Rodgers, III**, is Professor and chief economist at the Heldrich Center. In spring 2006, he joined the graduate faculty at Rutgers University's School of Management and Labor Relations. He is also a senior research affiliate of the National Poverty Center, University of Michigan. Prior to coming to Rutgers, he served as chief economist at the U.S. Department of Labor from 2000-2001. He was also the Frances L. and Edwin L. Cummings Professor of Economics at the College of William and Mary. Most recently, he was elected to the National Academy of Social Insurance.

**Dani Rodrik** is professor of international political economy at the John F. Kennedy School of Government, Harvard University, and teaches in the School's MPA/ID Program. He has published widely in the areas of international economics, economic development, and political economy. He is affiliated with the National Bureau of Economic Research, Centre for Economic

Policy Research (London), Center for Global Development, Peterson Institute for International Economics, and Council on Foreign Relations. He was awarded the inaugural Albert O. Hirschman Prize of the Social Science Research Council in 2007. He has also received the Leontief Award for Advancing the Frontiers of Economic Thought, and an honorary doctorate from the University of Antwerp.

**Jeffrey D. Sachs** is the Director of The Earth Institute, Quetelet Professor of Sustainable Development, and Professor of Health Policy and Management at Columbia University. He is also Special Advisor to United Nations Secretary-General Ban Ki-moon. From 2002 to 2006, he was Director of the United Nations Millennium Project and Special Advisor to U.N. Secretary-General Kofi Annan on the Millennium Development Goals, the internationally agreed goals to reduce extreme poverty, disease, and hunger by the year 2015. Sachs is also President and Co-Founder of Millennium Promise Alliance, a nonprofit organization aimed at ending extreme global poverty.

**Robert Solow** is Professor Emeritus at the Massachusetts Institute of Technology. He was awarded the 1987 Nobel Memorial Prize in economics for contributing to what is still the standard method of analyzing the mechanics of economic growth, and for exhibiting the importance of research and technological innovation in improving economic productivity. In 1961, he received the John Bates Clark Award, given to the best economists under age 40. In 2000, he was awarded the National Medal of Science. Mr. Solow also served on the staff of President John F. Kennedy's Council of Economic Advisors and was president of the American Economic Association in 1979. He published numerous articles in the most salient journals of economics as well as several books. Since 2000, Solow has been a Foundation Fellow at the Russell Sage Foundation where his current focus is a comparative study of low-wage work in the U.S. and Europe.

**William Spriggs** is Chair of the Department and Professor of Economics at Howard University in Washington, D.C. Spriggs was a senior fellow at the Economic Policy Institute in 2004 and Executive Director of the National Urban League's Institute for Opportunity and Equality. During the Clinton Administration he worked in various agencies: he led the staff of the National Commission for Employment Policy, and worked at the Department of Commerce and at the Small Business Administration. He has served as a senior economist for the Joint Economic Committee of the U.S. Congress. He is a past-President of the National Economic Association—the professional organization of Black economists. He is a senior fellow with the Community Service Society of New York, and the Chair of the Healthcare Trust for UAW Retirees of the Ford Motor Company.

**Peter Temin** is a widely cited economist and economic historian, currently Elisha Gray II Professor of Economics at the Massachusetts Institute of Technology and former head of the Economics Department. Beginning in the 1960s and early 1970s he published on American economic history in the 19th century, including *The Jacksonian Economy* and *Casual Factors in American Economic Growth in the Nineteenth Century*, as well as *Reckoning with Slavery*, which was an examination of the slave economy and its effects.

**Mark Thoma** is a member of the Economics Department at the University of Oregon. He joined the UO faculty in 1987 and served as head of the Economics Department for five years. His research examines the effects that changes in monetary policy have on inflation, output, unemployment, interest rates and other macroeconomic variables with a focus on asymmetries in the response of these variables to policy changes, and on changes in the relationship between policy and the economy over time. He has also conducted research in other areas such as the relationship between the political party in power, and macroeconomic outcomes and using macroeconomic tools to predict transportation flows.

**Lester C. Thurow** has been a professor of management and economics at MIT for more than 40 years. He was dean of the MIT Sloan School of Management from 1987 until 1993. He taught at Harvard from 1966 to 1968 after a term as a staff economist on President Lyndon Johnson's Council of Economic Advisers. He is the author of numerous bestsellers on economic topics. He has served on the Editorial Board of the *New York Times*, as a contributing editor for *Newsweek*, and as a member of *Time* magazine's Board of Economists. He is a fellow of the American Academy of Arts and Sciences and served as vice president of the American Economics Association in 1993.

**Laura Tyson** is the S.K. and Angela Chan Professor of Global Management at the Haas School of Business, University of California, Berkeley. She is a member of President Barack Obama's Economic Recovery Advisory Board (PERAB) and a Senior Adviser at the Center for American Progress. She was previously Dean of the London Business School (January 2002 – December 2006) and Dean of the Walter A. Haas School of Business, University of California, Berkeley (July 1998 – December 2001). In 1995 – 1996 she was National Economic Adviser to the President and Chairman of the National Economic Council. From 1993 to 1995 she was the Chairman of the White House Council of Economic Advisers. she serves on the boards of many organizations, including New America Foundation and The Brookings Institution.

**Paula Voos** is director of credit programs and professor at Rutgers University's School of Labor and Employment Relations. Dr. Voos conducts research regarding the public policy implications of changing labor markets and collective bargaining arrangements. She edited *Contemporary Collective Bargaining: In the Private Sector*, IRRRA, 1994, and *Unions and Economic Competitiveness*, M.E. Sharpe, 1992 (with Lawrence Mishel). She has also published numerous scholarly studies of labor law, employee involvement, and the economics of collective bargaining. She is past President of the Industrial Relations Research Association.

**David Weil** is a Research Fellow at the Taubman Center for State and Local Government and Associate Professor of Economics at Boston University School of Management. He is also co-director with Archon Fung and Mary Graham (both of the Taubman Center) with the Transparency Policy Project at the Taubman Center, which examines the use of information disclosure as a regulatory tool. Weil's research spans the areas of labor market policy, industrial and labor relations, and regulatory policy. He has served as an advisor to the U.S. Department of Labor, the Occupational Safety and Health Administration, and other government agencies, and as an advisor to labor unions and numerous labor/management initiatives.



**Edward Wolff** is a professor of economics at New York University, a Senior Scholar at the Jerome Levy Economics Institute (since 1995) and managing editor of the *Review of Income and Wealth*. He is the author of *Top Heavy: The Increasing Inequality of Wealth in America and What Can Be Done About It*, as well as many other books and articles on economic and tax policy. Wolff's areas of research interest are the distribution of income and wealth, productivity growth, and input-output analysis.

## About EPI

*The Economic Policy Institute (EPI) is an independent, nonprofit, nonpartisan research institute – or “think tank” – that researches the impact of economic trends and policies on working people in the United States and around the world.*

Economic Policy Institute  
Communications Department  
1333 H Street, NW  
Suite 300, East Tower  
Washington, D.C. 20005

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