WE NEED A WHOLE-OF-GOVERNMENT APPROACH TO INCREASING WORKER POWER

Since taking office, President Biden has recognized the need to center workers in the labor market and address what has been a decades-long decline in worker power. Early in his administration, Biden issued two executive orders that created a Task Force on Worker Organizing and Empowerment and a White House Competition Council.

These administrative actions were notable for two reasons: First, they placed the government squarely in the center of the conversation around worker power, a notable departure from the assumption that job conditions are the result of "free markets" and individual negotiations between employees and employers. Second, they ensured that the issue of worker power wasn't siloed within the Department of Labor by recruiting a broader set of agencies to take part in a cross-cutting project of worker empowerment.

Despite this substantial progress, these commitments are still in their earliest implementation stages. In a recent Roosevelt Institute issue brief, "A Whole-of-Government Approach to Increasing Worker Power," Roosevelt fellow Hiba Hafiz lays out a roadmap for how we can go further to actually build and sustain robust worker power.

Hafiz argues for a whole-of-government approach to increasing worker power that would require integrating a broad set of agencies, establishing a shared set of substantive guidelines and metrics to identify and address areas where workers are struggling the most, and clarifying and recalibrating macroeconomic policy to better address employer power through interagency coordination.

What's Causing the Decline in Worker Power?

- **Diminished legal protections** *and the erosion of workers' collective rights under federal labor law have hurt workers' ability to assert countervailing power against strong employers.*
- **Weak labor market institutions** *have left workers with limited help from worker-led bodies like unions and government institutions that are meant to regulate and build worker power.*
- **Labor market failures** *have created impediments to workers switching to better employment options, which reduces their bargaining power to improve wages and working conditions.*
- **The erosion of social safety nets** *has led to workers lacking personal wealth and sufficient government resources to survive without a job, which reduces their ability to leave bad jobs.*
- **Monetary policy** *impacts workers when interest rate adjustments disincentivize investments that affect employment levels.*

By strengthening labor market institutions, the federal government has the authority to remedy these causes of declining worker power.

What Does a Whole-of-Government Approach to Strengthening Worker Power Look Like?

A true whole-of-government approach involves strategic and systematic coordination between federal agencies to set and enforce policy and to create government institutions that can actually work together to build and protect worker power. Federal agencies should also coordinate on where to direct their resources, and should focus on areas where declining worker power has harmed workers most.

Bargaining Power Indicators, Hafiz's term to describe metrics that can be used to calculate how much bargaining power workers have, are central to this effort. These metrics should be collected and shared among agencies to identify where workers are struggling most, and flagged for broader government attention and agency enforcement. An established set of corresponding metrics allows agencies to work together and use data to better direct resources where they are most needed. Bargaining Power Indicators would measure the leverage that workers have through both workers' voice and workers' exit options in the labor market.

- **Workers' voice** is the ability of employees to get better employment contracts through leverage-backed demands at work. This can be determined through metrics such as union membership rates, strike activity rates, organizing drives, and labor law violations by employers.
- **Exit options** refer to better opportunities for workers if they quit their jobs. Indicators of exit options include labor market tightness, labor market concentration, labor's share of revenue, minimum wage levels, switching costs associated with employees changing jobs, and any employment or antitrust law violations that an employer has made, which might indicate monopsony.

How Can Different Agencies Impact Worker Power?

In order to establish and enforce a coherent set of policies that meaningfully strengthen worker voice and increase exit options for workers, a wide scope of federal agencies must work together to protect worker power gains against strong employers. Some examples of how certain agencies can contribute include:

- **Labor agencies** can increase enforcement of labor law by producing policy guidance or using rulemaking to clarify what is considered "employee" and "employer" status. By using Bargaining Power Indicators to provide evidence that an employer has monopsony power to determine wages and working conditions, these agencies can both extend their jurisdiction to include a broader set of employers and also address the misclassification of workers as "independent contractors." Additionally, agencies like the National Relations Labor Board (NLRB) can strengthen worker voice by expanding the number of firms that workers can boycott and picket to include firms that have the market power to determine workers' wages and working conditions.
- **Antitrust agencies** can challenge employer power by prioritizing enforcement where Bargaining Power Indicators suggest workers need the most support, such as in more concentrated labor markets and markets with pervasive labor law violations, while abandoning previous enforcement that challenged worker coordination and clarifying that all worker organizing is protected under the labor exemption. These agencies can also take more aggressive action to regulate vertical agreements that harm workers.
- **Consumer protection agencies** can collect and publicly disclose evidence of deceptive and unfair practices in employment contracts—metrics that can be used as Bargaining Power Indicators—so that

other agencies can set enforcement priorities. They can also use their expertise in disclosure and transparency to establish form employment contracts, encourage pay equity and transparency for job applicants, and impose salary history bands. Further, these agencies can also take on regulation and disclosure of workplace surveillance and require privacy rights notifications for employees.

- **Social safety net programs** like cash and in-kind assistance programs can enhance worker power by increasing the reservation wage—the lowest wage that workers are willing to accept for a particular job—while also decreasing the labor supply so that employers have fewer options for workers, thereby increasing worker negotiating power. These programs work particularly well when they do not impose strict work requirements. Agencies that administer these programs can also utilize the interagency sharing of Bargaining Power Indicators to set priorities and expedite relief for workers with low bargaining power.
- **Macroeconomic policy**, including monetary policies set by the Federal Reserve and Treasury Department, can be better utilized in ways that protect workers' gains in their employment relationships. Workers benefit from a hot economy, and monetary policy should be developed with consideration of its impacts on workers. Just as agencies should share Bargaining Power Indicators, agencies tasked with setting and regulating macroeconomic policy can coordinate with labor regulatory agencies to facilitate growth and strengthen local institutions that impact labor market supply.

The government has a responsibility to workers and must play an active role in building worker power. As worker power continues to decline, it is more urgent than ever that the government adopt a whole-of-government approach to building and strengthening labor market institutions. Such an approach will require interagency priority-setting and coordination to build worker power and bolster workers' voice and exit options.