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Emerging Labor Market Institutions for the Twenty-First Century

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Emerging Labor Market Institutions for the Twenty-First Century. Edited by Richard B. Freeman, Joni Hersch, and Lawrence Mishel. Chicago: University of Chicago Press, 2005. 327 pp. ISBN 0-226-26157-3, \$65.00 (cloth).

More so than in other developed economies, wages, hours, and working conditions in the United States are determined primarily through market forces. Unions and other labor market institutions play a decidedly secondary role. Unionization has declined in most countries, but other countries provide outlets for workplace voice and participation apart from unions, in the EU through provisions for elected works councils and in Japan through a tradition of consensual labor relations. The goal of *Emerging Labor Market Institutions* is thus an important one—to identify and analyze labor market institutions that might arise in the United States during the coming century.

The goal is formidable as well. Scholars have difficulty understanding the past, let alone predicting the future. Labor market institutions that will emerge during this century may become evident with hindsight, but are not readily evident today. Because the search is for what will be new (or evolve from the old), one cannot be sure where to look. Even if one knew where to look, there may exist little relevant data or research.

Embarking on this task, the editors of this excellent volume select a varied mix of institutions and topics through which contributing authors attempt to discern the future. As befits the topic, a clear roadmap for the future is not identified either in the editors' overview or in the individual chapters. But the authors of these interesting papers appear to be looking in the right places. At a minimum, readers of this volume will come away with a deeper understanding of how current institutions, defined quite broadly, operate in today's labor market. I suspect that the volume accomplishes more, however, identifying some of the more important sources from which future labor market institutions will emerge.

Following the editors' overview and an introductory chapter, papers in the volume are organized into three sections. One section includes papers analyzing *nonworker* organizations concerned with workers' interests—human rights groups, the living wage movement, and public interest

legal organizations. A second section includes papers on *membership*-based initiatives—one on the viability of unions among professional and technical workers and another on broad-based workers' lobbies. The final section includes three papers looking at *union* initiatives—unions and the nonwage aspects of the workplace, union participation in corporate governance, and worker training intermediaries. Absent from the mix is a chapter on the Internet's role in evolving labor market institutions, an important topic addressed elsewhere by one of the editors (Richard B. Freeman, "From the Webbs to the Web: The Contribution of the Internet to Reviving Union Fortunes," Working Paper 11298, National Bureau of Economic Research, May 2005).

An excellent introductory chapter by David Weil outlines the role that workplace institutions play in facilitating labor market regulations. For labor regulations to be effective, there must be workplace voice and an institutional setup to activate and enforce these regulations. Weil summarizes a body of evidence (on the FLSA, OSHA, workers' compensation, and more) showing that unions play such a role. He concludes that other institutions do not perform the necessary tasks particularly well. What new institutions might fill such a role is the subject of subsequent chapters.

Kimberly Ann Elliott and Richard Freeman examine the role for human rights advocates of labor standards. Elliott and Freeman appreciate the limitations of global standards. Differences across countries in wealth lead to differences in what are viewed as appropriate working conditions. Mandated labor standards can worsen rather than improve workers' circumstances. And movements that campaign for labor rights do not implement such rights—this requires governments, employers, and the like. But major campaigns have not fallen on deaf ears and often have had an impact, particularly with respect to child labor and working conditions. Human rights groups have the potential to improve the well-being of some workers in some situations. The authors conclude, "There is nothing in economic analysis, however, that guarantees a positive result nor that guarantees the bad outcomes that critics of the activists fear. It depends on the smarts of the activists and their campaigns" (p. 89).

Jared Bernstein identifies the extent and role of living wage ordinances in communities across America. Although they have what Bernstein sees on balance as positive effects, their reach remains

limited and they do not substitute for unions or other possible labor institutions. Christine Jolls examines the role of public interest legal organizations in the enforcement of employment laws, carefully discussing the important and often beneficial role such organizations play. As she notes, however, public interest groups are no cure-all. The goals of such organizations will be driven largely by the goals of their funding mechanism, and their ultimate success is determined in no small part by courts' interpretation of law. A common theme in the three papers on nonworker organizations (and others in this volume) is that these labor initiatives can make a difference, but their reach is limited. They are not substitutes for workplace-based institutions.

The next two papers turn to membership-based initiatives. Richard Hurd and John Bunge examine similarities and differences between labor unions and professional associations. Their survey of professional and technical workers reveals interest in employee voice, participation, and cooperation within the workplace, and aversion to conflict with management. Traditional unions will have limited success organizing such workers unless they deemphasize adversarial bargaining. More likely is the development of some new institution that combines the goals and outlook of professional associations while promoting cooperative engagement with management. The authors do not discuss labor or employment law reforms that might encourage such development.

Joni Hersch addresses an intriguing question—can a large interest group (not attached to the workplace) arise to provide services to workers and to lobby for their well-being? She focuses on the group Working Today, which began as such a group, but evolved into an organization focused more narrowly on providing portable benefits to workers. Hersch generalizes from this example and models a group that provides services, lobbies, and represents members. Tension arises because the organization provides a good that is partly public. It must attract members based on the private goods it provides, while raising money from foundations or large entities interested in the public outcome. The implication drawn from this analysis is that there is no common blueprint for such an organization—different types of groups can and will arise.

Thomas Buchmueller, John DiNardo, and Robert Valletta examine union effects on hours of work, vacation time, health insurance, pensions, and other nonwage aspects of work. The authors find that union hours per week (for men) are a little lower than nonunion hours, that most non-

wage benefits are higher among union workers, and that the union-nonunion gap in nonwage benefits may be narrowing. Their analysis makes a valuable contribution to the empirical literature on unions; indeed, of the papers in this collection, it is the one that most resembles those published in labor economics journals. The paper does not identify emerging labor market institutions, but does remind us that wages are but one of the outcomes by which institutions must be judged.

Eileen Appelbaum and Larry Hunter examine the extent of union participation in the strategic decisions of corporations. Workplace partnerships between management and labor can facilitate consultation and information sharing. But partnerships wherein labor participates in key strategic decisions of companies are rare. Strategic partnerships that can be identified were initiated for some mutual gain, but were not permanent. Because corporate governance dictates that board members' duty is to shareholders, strategic partnerships are likely to remain rare.

Lisa Lynch asks what institutional intermediaries will arise to train low-wage workers. Despite her article's inclusion in the section on union opportunities, Lynch's principal focus is on nonunion, non-profit programs intended to increase training, programs often organized within communities or industries. Lynch concludes that there is no single viable model for training and that long-term funding is typically a key constraint. Institutions that exist are diverse, idiosyncratic, and fragile, making it hard to tell what the future holds. Difficulty in providing an answer makes the question no less important.

The diversity of subjects addressed by the volume's authors, combined with an understandable difficulty in identifying emerging labor market institutions, suggests a central theme for the book. Worker well-being, as well as the societal and labor market governance structures in which employees and employers interact, will continue to be influenced by diverse institutions. Absent strong shifts in public attitudes, no single major institution will develop; instead, we will see a variety of governmental, societal, workplace, and non-workplace institutions determining workers' rights and well-being. A single-minded focus on *the* workplace institution is futile. For those who might otherwise focus just on unions, say, or government regulations, or international labor rights, this volume provides a needed antidote. By better understanding today's diverse and complementary labor market institutions, as this volume so ably helps us do, we will be better prepared to understand (if not foresee)

the labor market institutions that emerge in the coming years.

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Worker Centers: Organizing Communities at the Edge of the Dream. By Janice Fine. Ithaca, N.Y.: ILR Press (an imprint of Cornell University Press) and the Economic Policy Institute, 2006. 316 pp. ISBN 0-8014-4423-3, \$49.95 (cloth); ISBN 0-8014-7257-1, \$21.95 (paper).

Until recently, the immigrant-oriented “worker centers” that are the focus of this important new study were largely invisible to the public. Fine’s book provides a thoughtful and richly detailed assessment of these relatively small but highly innovative community-based organizations. As organizations devoted to assisting the millions of undocumented immigrants who do the hardest and least-rewarded jobs in the United States today, they have a triple mission: providing direct services to workers, most notably through legal action to obtain unpaid wages from unscrupulous employers; engaging in advocacy on immigrant and workplace rights in the public policy and legislative arenas; and actively mobilizing immigrants themselves in pursuit of lasting social transformation. As Fine emphasizes, worker centers also have great potential to help revitalize the beleaguered U.S. labor movement, although thus far their relationship to traditional unions has been complex and, all too often, fraught with tension.

The rapid growth of economic inequality, along with resurgent immigration, has intensified the social needs and political concerns that the worker centers seek to address. There is a modest literature documenting the daily travails and blocked aspirations of the nation’s day laborers, domestic servants, and other immigrant-dominated occupational groups at the bottom of the labor market, thanks to the efforts of urban ethnographers and other social scientists. But worker centers themselves have received limited attention from scholars—apart from Jennifer Gordon’s excellent book, *Suburban Sweatshops* (Harvard University Press, 2005). Fine’s study could hardly be more timely, appearing just months before the massive demonstrations that brought millions of working-class immigrants into the streets all across the nation in the spring of 2006.

Those huge protests, provoked by proposed

legislation that would have criminalized both undocumented immigrants and those (like the worker center staff members Fine writes about!) who offer them assistance, took many observers by surprise. But the seemingly sudden explosion of immigrant civil rights activism did not come out of nowhere. Organizing among the growing foreign-born population has been under way for decades now, and indeed the worker centers whose anatomy Fine’s book delineates are among the protagonists in this unfolding drama. Readers will be struck by how closely the geographical distribution of the recent immigrant rights marches mirrors that of the 137 worker centers that Fine mapped as of late 2005 (when her book went to press). In both cases the largest concentration is in longstanding immigrant gateway regions like California and New York, with Illinois, Texas, and Florida also well represented. But the centers are scattered across 31 states, including newer immigrant destinations like Nebraska, Minnesota, and North Carolina—areas that also showed up in the marches.

Fine’s research included the full population of worker centers, but she also provides detailed portraits of a smaller number of cases so that readers can glimpse the internal dynamics and texture of these organizations. She meticulously traces the emergence and growth of the worker center phenomenon from the late 1970s to the present, specifying the activities these organizations typically undertake and their achievements to date, analyzing their organizational characteristics, and highlighting the dilemmas they currently confront.

Fine argues that worker centers are analogous to the settlement houses, fraternal organizations, political parties, and labor unions that provided services to and advocated on behalf of immigrant workers a century ago. The infrastructure those organizations created for the earlier wave of European immigrants to the United States vanished long ago, thanks to both the decline in immigration that began in the 1920s and the subsequent advent of New Deal institutions that regulated labor markets and thus reduced the need for services to low-wage workers. But with resurgent immigration in a deregulated economy, the needs these older institutions once filled are again salient, and worker centers are helping to fill the gap—mostly with funding from progressive foundations.

The centers are by no means homogeneous; they vary along several dimensions. For one thing, they emerged from diverse types of parent organizations: Fine traces their origins in roughly equal proportions to ethnic organizations,