

# Regaining Control of Our Destiny:

A Working Families' Agenda for America

EXECUTIVE SUMMARY

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A report of the MIT Workplace Center.

Funding for this report was provided by the Alfred P. Sloan Foundation.

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# EXECUTIVE SUMMARY

June 2004

America faces two big problems today. The first and most visible problem is its families are working harder and longer, but are not getting ahead as promised by the American dream. Deep pressures are building up in our workplaces that, if not addressed soon, will explode. The day of reckoning will come when many of our young people realize that they will never achieve, much less surpass, the standards of living they experienced growing up.

The second problem is that while advances in technologies and global market forces tell us we are in the midst of a historical transition from an old industrial economy to one in which knowledge is the key to future growth, income, and prosperity, much of American industry and the policies and institutions that support it continue to behave as if we are still in the heyday of the industrial era. As a result, many families are being left behind, caught in a world where the old jobs that supported them in the industrial economy are disappearing and they are left without the tools and opportunities to prosper in the current and future economy. The net result: more frustration, stress, and hardship for America's working families, and an economy that is being held back from achieving the innovation and growth needed to sustain the standards of living Americans expect.

Taken together, these two problems lead to one central conclusion. America is on a disastrous course. Unless we make a fundamental change in direction, we will leave these problems to our children. Our generation will have the dubious legacy of being the first in the history of our country to pass the major problems of our time on to the next. We will have broken faith in the American dream and failed to meet our responsibilities to our children, to our society, and to the world.

What is this American dream we are at risk of losing? Let me put it in very personal terms here, as I will do from time to time throughout this report and ask those reading it to do the same by reflecting on the values, aspirations, and opportunities your parents and grand-

parents passed on to you. Then ask yourself: What do I need to do to give my children the same opportunities I was given?

I grew up on a small family farm in Wisconsin where work and family were inseparable. I have on a wall at home a picture of my four siblings and me with our grandfather standing together in a field on our farm at harvest time. This picture is a reminder of how farm life taught us the values of cooperation, community, responsibility, initiative, leadership, and, of course, hard work. With these values came an equally deep conviction that hard work should generate its just rewards—a psychological feeling of accomplishment and pride, recognition from others of a job well done, and fair compensation. I was lucky to have parents who recognized that the world was changing in ways that their children needed to move off the farm to go where job opportunities might take them. My parents encouraged us to get as much education as we could so that these opportunities would be open to us and to our children.

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Because of its progressive traditions, Wisconsin gave us this chance. We received a solid foundation of basic education in our local parish school, an excellent public high school, and a world-class public university system that has now served two generations of our family very well.

In recent years, I have grown more and more concerned that these work and family values I was raised on were eroding in a world of people who had turned inward and selfish in the booming 1990s and then were shattered by the layoffs, restructurings, wage and benefit cuts, and corporate scandals of recent years. The social contract at work that allowed so many of us in the post war, baby boom generation to realize the American dream had broken down. Somehow, American business, labor, and government have lost sight of their responsibilities to workers and their families. Today they are not creating the same environment that allowed my generation to adapt to the changing economy of our youth.

So what can be done? The central message here is that the solutions must start with ourselves—with working families taking the steps needed to raise our voices so we can regain control of our own destinies. Why? Because these problems are too important to leave, as we have in recent decades, to “the market.” That solution, standing alone, will deepen the divide between a privileged few and the rest of society that has widened over the past two decades. Our democracy and social fabric are already wearing thin by the income and wealth inequalities found in America today. Making them worse will indeed risk the type of “class warfare” politicians fear.

Nor can we trust top business leaders and executives acting on their own to lead us to the promised land of the knowledge economy. This is not just because a few of them have engaged in scandalous behavior that has broken the workforce’s trust in them. A deeper problem is that they are making decisions in an environment where their main and most powerful pressures are coming from Wall Street’s demand for short-term returns to shareholders while there is no voice from Main Street holding executives accountable to workers and their communities.

Some business leaders and their firms are trying to restore trust and build the knowledge-based corporations that see employees more as assets than as costs to be controlled. Many of these same firms are leading the way in introducing flexible policies the modern workforce needs to meet their dual work and family responsibilities. Indeed there is a debate raging in corporate America today over which model of management will dominate in the future. Will we stay fixated on Wall Street's view that stock prices are all that matters and employees are costs to be controlled and traded like any other commodity? Or will we see knowledge as an asset, organize work so employees can fully utilize their skills, and recognize that when employees invest and put at risk their human capital they should have the same rights to information and voice in governance as those who invest their financial capital? Working families have an enormous stake in the outcome of this debate and need to add their voices to it.

We cannot expect a return to the days in which big government takes care of our problems. The deficits government leaders face will limit their ability to spend their way out of the mess current and recent policymakers have created. We need a change in the direction of government policies, but that change should be focused on encouraging community groups, labor organizations, businesses, and government officials to work together to address these problems. We need to return to a strategy that has served America well in the past—empowering those closest to the problems to invent solutions that work for them. Then, when we discover new workable solutions, we can translate them into national policies and institutions.

In the past, these realities would lead many to turn to the labor movement. After all, throughout much of the industrial era, unions and collective bargaining helped millions of working families move from destitute wages and working conditions into the middle class. But union membership today has declined to a point that unions no longer serve as a powerful or effective voice for the full range of working families in the country. Nor would resurgence of a labor movement that is a mirror image of the one now in decline serve the needs of people or an economy entering an era in which putting one's knowledge to work is a more important source of power than withholding one's labor by going on strike. American workers, for their own benefit and for the welfare of families, the economy, and our democracy, need a renewed labor movement to help restore their voice at work and in society. The next generation of unions and professional associations need to be better matched to the diverse aspirations and needs of today's workforce and help us speed the transition to a knowledge economy that benefits all working families.

This leaves it to working families to be the catalysts for action, to raise their voices to reassert the values on which the American dream is based and to build a new, broad based coalition that demands working families be given the tools needed to regain control of their own destinies in the knowledge economy they now find themselves entering.

How might we do this? In this report, I lay out seven steps needed to build a working families' agenda and a coalition that can translate it into the actions needed to restore the American dream. Taken together, these steps fill the toolkit modern working families need

to both contribute to and prosper in the knowledge-based economy we are now entering. These tools are listed in Figure 1 and the steps needed to make them available to working families are summarized below and discussed in more detail in the full report.

### **Step One: Enough is Enough!**

The first step is to put on the table for all to see the problems and frustrations workers and families are feeling today. These include the long hours families need to devote to work to make ends meet, continuing financial pressures from increased health insurance costs and lost retirement income, worries about job security in the face of outsourcing and off shoring options, and the general sense of unfairness that carries over from the boom and bust 1990s

and the aftermath of corporate scandals. Together, these leave workers with both a sense of frustration and a desire to do something to turn their lives and their country around, to restore trust and confidence at work and in our community and national institutions.

What is remarkable is that these are not just the concerns of a few, or of specific socio-economic groups. They cut across all families—from the ranks of well paid but over-worked professionals and managers in organizations subject to intensified pressures to work harder with fewer staff and increased threat of restructuring; to blue and white collar workers who are watching their good paying manufacturing jobs and industries disappear; to single parents or recent immigrants who have to piece together two or more part-time or low wage service jobs to make ends meet and care for their children.

These concerns should be at the center of national debates today, especially in the heat of the election campaigns now

underway. But these issues will only rise to and stay at the top of the political agenda if working families begin to stand up and say “Enough is enough” and demand they be given the tools they need to address these pressures and reverse the course of the country.

### **Step 2: Flexibility to Integrate Work and Family Life**

If it takes two working parents to make ends meet and if society expects even single parents to work, workers and families need the flexibility and time to meet their dual responsibilities at work, at home, and in their communities. A collaborative approach to changing workplace policies and norms is needed so that flexibility is both available to *all* workers, not just those in the most privileged high income jobs, and that workers feel able to use this flexibility without fear that doing so will have a negative affect on their jobs or careers. Moreover, America needs to join the rest of the world by designing flexible ways to provide paid leave to attend to child, elder, or other family care needs.

Doing so requires that we reframe the way in which we traditionally have thought about and treated work and family matters. We have to stop treating work and family as separate entities and start recognizing them for what they are today: tightly coupled parts of the world in which we work and live. This will require a coordinated and collaborative effort

**Figure 1**

#### **A Working Families' Toolkit for Today's Economy**

- Flexibility to integrate work and family life
- Education and life long learning
- Good jobs, adequate wages
- Knowledge-Based Workplaces and Corporations
- Voice at work and in society
- Portable and secure benefits
- Commitment of business, labor, government, and community leaders to work together to restore trust and the values Americans hold for work and family life.

involving a diverse set of stakeholders that so far have been attacking pieces of this problem separately like ships passing in the night. Employers seek to build “family friendly” workplaces that allow their employees to work reduced or flexible hours only to learn that the flexible options are seldom used because employees fear using them will signal low commitment and eventually hurt their careers. Unions fight for restrictions on mandatory overtime for nurses and other overworked employees and meet resistance from employers unable to absorb the costs of adding more employees. Family advocates lobby for broader coverage of the Family and Medical Leave Act and for new paid leave policies with limited success. Clearly, by working together, we can do better and make flexibility work for more workers and businesses.

Consistent with American legislative traditions, we might start working together at state levels to figure out how to build on and complement the various paid and unpaid leave policies leading employers already have in place for some of their employees. These state level experiments would, I believe, provide the evidence needed to then forge a sensible and workable national policy that provides flexibility and income supports working families need to meet their dual responsibilities at work and home and provide American businesses with access to the full range of talent it needs to fuel a successful knowledge-based economy.

### **Step 3: High Quality Education and Life-Long Learning**

A good basic education and set of marketable skills are as critical for workers and the economy today as in the past. As a growing body of evidence indicates, the basics today must start with early childhood education and development opportunities and extend through elementary, high school, and college programs that set high standards and deliver the mix of science, math, and problem-solving skills people and the economy both need to prosper. The challenge here is straightforward: Governments at all levels have to step up to their duty to fund public education for all at adequate levels to ensure that in fact “no child is left behind.”

Today it is not enough to simply follow the advice our parents gave us to work hard in school so that we would graduate with the skills in demand when we entered the labor force. This advice is still as relevant today as in the past, but the rapid changes in technologies and uncertain markets require an equal commitment to and opportunities for life-long learning. Translating this rhetorical term, “life-long learning” into reality is just as critical as funding basic education. Given the deficits now built into the federal budget as far as the eye can see, we cannot look to some new public source of funding for this purpose. Nor can we expect individual firms to train workers only for their competitors to lure them away. Here is where professional and occupational associations and “next generation unions” need to step into this void and become the vehicles of life long learning for their members. Filling this void should become one of the defining features of the organizations that represent and serve the 21st century workforce and their families.

### **Step 4: Creating Good Jobs**

If we encourage young people and current workers to get the best education they can, we need to ensure that there are enough good jobs available for them to begin their careers, support their families, and contribute to a vibrant economy and society. This starts with a

government policy that puts high quality jobs as its first priority, not just in its rhetoric as every politician will claim to do, but in reality—by enacting policies that create and sustain good paying jobs. Macro-economic policies need to put job creation as the first priority, not something that will hopefully be an eventual byproduct of tax cuts for the wealthy. The lesson learned from taking this indirect, tax cut approach is that it takes two years or more and wartime spending deficits before the economy starts replacing the jobs lost by the last recession.

A modern job-creating policy also means working collaboratively with universities, community colleges, and professional associations to spur innovation, entrepreneurship, and job creation, especially in those communities hardest hit by the loss of manufacturing jobs and industries. It also means meeting the health insurance, retirement security, and educational needs of families caught in the transition from the industrial to the global, knowledge-based economy so that their children can get the skills and education needed to transition to the jobs of the future. This is the price of broad based support for an open and fair global trade policy. And finally, it means eliminating a term that should be an oxymoron—the working poor—by using a combination of minimum wages, earned income tax credits, and a revival of union representation to ensure all who work earn a living wage and are afforded the dignity their efforts deserve.

### **Step 5: Building Knowledge-Based Workplaces and Organizations**

We have to put knowledge to work in the corporations and organizations of the 21st century. American firms need to treat workers' knowledge and skills as valued investments and sources of competitive advantage, not just as costs to be controlled, minimized, and shed at the first opportunity. Leading companies in industries as different as autos, airlines, and health care have demonstrated that world class levels of productivity and customer service require highly trained and committed workers, teamwork, and collaborative labor-management relations. These innovative ways of structuring and managing work need to become the standard for all companies in America, not just an elite minority in selected industries. This is a necessary condition if we are to build a truly knowledge-based economy and achieve what enlightened CEOs, public figures, and the American public says they want from corporate reforms, namely a better balance and integration across the interests of shareholders, employees, and communities. To achieve this I suggest a new principle should guide corporate governance: *Employees who invest and put at risk their human capital should have the same rights to information and voice in corporate governance as do investors who put at risk their financial capital.*

### **Step 6: Restoring Worker Voice**

These changes will not happen unless we restore workers' voice at work and in society. So a sixth step requires us to build the “next generation” unions and professional associations, not in the mirror image of the unions that helped working families move into the middle class in the industrial era, but ones that build on and go beyond this legacy to address the needs of today's diverse workforce and the knowledge economy.

We have known for a quarter century that our basic labor law needs to be reformed and updated to truly fulfill the internationally accepted human right of workers to join a union.

But we have been blocked from doing so by an ideological divide between business and labor over how to do so. Breaking this stalemate and reforming labor law is absolutely essential if we are to encourage the next generation of unions to emerge to fill the void in worker voice now present in our workplaces. All working families should insist this be done. Their voice will be needed to break the business-labor gridlock.

But at the same time, new models of recruiting, representing, and serving the life-long needs of today's workforce need to be invented. The "next generation" unions and professional associations need to provide life-long services to their members consistent with their changing needs as they move across jobs, through different stages of their family life cycles, and in an out of full time work over the course of their careers. Our national labor policy should encourage and support the development of groups and organizations that provide these services.

### **Step 7: Portable Benefits**

A seventh step is to face the challenge of updating and adapting labor market and employment policies to fit the needs of the modern workforce, families, and economy. This will require new thinking and a long-term commitment to experimentation and learning how to adapt policies that by and large served working families and the economy well in the heyday of the industrial era of the 20th century when there was a sharp division of labor, time, and space between paid work and family responsibilities and when people worked for a single employer for an extended period of time.

Of all labor market policies, none is more in need of immediate attention than the way critical fringe benefits such as health care and pensions are funded and delivered. Benefits need to become more portable, secure, and widely distributed across the workforce. Solving the health insurance crisis in America is no longer an option that can be left to a future generation. It is paralyzing business and labor leaders across America as they sit down at the bargaining table and increasingly, providing even basic coverage is out of the reach of emerging small businesses. We have to gradually wean ourselves away from dependence on individual firms as the providers and payers of health insurance and other traditional benefits.

The same is true for the crisis in retirement savings. The reality is that a majority of Americans are not building up private pension reserves that will afford them the same dignity and security in their retirement years as the combination of Social Security and private pensions accorded most of their parents. Ensuring all Americans have access to portable and secure pensions must be part of the debate over Social Security reform that will have to take place in the years ahead.

### **Building the Working Families' Coalition**

All of this will only happen if working families themselves start asserting their voices clearly and strongly at work, in their communities and states, and in national discourse and policy making. Those loosely and informally allied progressive forces now need to come together, including: women and family advocacy groups, religious leaders and other community groups that are active around the country, labor unions and professional associations, business leaders who are showing the way with best practices in their organizations, and

finally the political leaders who “get it” and are willing to listen to these voices and support efforts to give working families the tools they need to retake control of their destinies.

In the months ahead, my colleagues and I at the MIT Workplace Center hope to use this report to raise these issues and engage working families and other groups and organizations that share an interest in building a working families coalition. We hope this report serves as a “first draft” of a working families’ agenda that will be refined as we get input from these different groups and from you. The report will be posted on the MIT Workplace Center website (<http://web.mit.edu/workplacecenter>). Please share it with others that may be interested. If you have comments on the report, please email [workplacecenter@mit.edu](mailto:workplacecenter@mit.edu). We also urge you to voice your concerns by writing directly about them in your local newspapers, joining radio talk shows and TV discussions on these issues, and by getting active in the campaigns underway in your communities, states, and in the Presidential race.

So the bottom line here is a call to action—for working families to raise their voices in constructive ways to get the tools they need to engage and work together with leaders of business, labor and professional organizations, and government to change the course of this country. If we do this well, our generation will both accept responsibility for addressing the deep problems facing our economy and society and leave our children positioned to realize the American dream.