ONE

Fostering More-Competitive Labor Markets

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The commonsense statement that employers have power over their employees has long been heretical in the economics profession. For decades, economists and the policymakers they advise have assumed a competitive model of labor markets where the supply of wages is set to match the demand for labor.

The model looks like this: Workers are paid according to the value of their marginal contributions. All employers have to pay the same market wage for labor of a given quality, which is measured by the worker's skill and education level. Executive salaries reflect managerial acumen. Shareholders receive a return equal to the cost of their capital. If a worker does not like her job, she can quit it with little consequence for herself or her family—she can find a similar job paying a similar wage elsewhere. No one has power to negotiate for a little more, and no employer has the power to exploit any worker. If the employer tried to do so, the worker would just up and leave, quickly finding another employer who would not be exploitive. In this model, the term "bargaining power" does not appear; indeed, neither does the term "market power." The competitive marketplace sets all wages and prices, and buyers and sellers are all just price-takers.

Of course, this is not the world in which we live. Even the corner grocery store knows it can raise its prices a little bit without losing all of its customers, which is what the standard competitive theory suggests. More and more, firms have demonstrated high and increasing levels of market power (Philippon 2019; Stiglitz 2019). At the same time, the bargaining power of workers has weakened.

It was never an equal match. An employer typically can find an alternative worker far more easily than a worker can find an alternative employer. This is especially so during slack periods in the labor market, or in places where there has been persistent unemployment. Leaving or losing a job is often greatly disruptive to workers and their families. There are mortgages to pay, children to feed, bills coming due. From the perspective of workers, jobs are not easily substitutable.

As the chapters in this volume make abundantly clear, this imbalance of market power has consequences. It enables firms to raise prices for goods and services—lowering the *real* incomes of workers. It enables firms to suppress wages of workers below what they would be in a competitive marketplace—contributing to the inequality crisis facing the country. This economic inequality gets translated into political inequality, especially in our money-driven politics, resulting in rules that evermore favor big corporations at the expense of workers. The growing political inequality, in turn, hampers economic performance, and ensures that most of the benefits of our anemic economic growth go to those at the very top (Stiglitz 2012).

In the middle of the 20th century, John K. Galbraith (1952) described an economy based on countervailing power—where labor institutions and government checked the power of large corporations and financial institutions. But policy choices over the past half century have upset this balance in ways that have weakened not only the workers, but also the economy and the country. This volume explores what has happened by concentrating on one understudied part of the problem: the labor market.

Explaining the Weakening of Workers' Bargaining Power

Multiple factors have contributed to the weakening of workers' bargaining position. This volume focuses specifically on the ways that employers have increased their market power over workers.

Employer Concentration

Permissive antitrust enforcement has promoted concentration across industries, reducing the number of employers—particularly those in rural areas (Stiglitz 2016).[1] With few alternatives, workers must accept the low wages that large local employers offer. More precisely, limited competition by buyers—in this case, employers who buy labor services—gives rise to *monopsony power.*[2] Any firm with monopsony power knows that if it hires more workers, it will drive up the wage. The marginal cost of hiring an additional worker is thus greater than the wage. The result is lower employment and lower wages than if there were a competitive labor market. The chapter by Marinescu in this volume forcefully documents the degree of monopsony in labor markets across the United States, especially in rural areas—areas where, not surprisingly, wages lag behind the rest of the country.

Collusion

Typically there is some, but limited, competition in the labor market, but it is competition that is insufficient to achieve anything approximating what would emerge in a truly competitive marketplace. But employers often do not like even this limited competition, because even *some* competition means that wages are higher than they would be with *no* competition. Thus, firms sometimes collude to not compete; and that collusion drives down wages. The incentives for firms to do this—if they can get away with it—are obvious: collusion has been a feature of capitalism from the start. As Adam Smith observed in *The Wealth of Nations,* "Masters are always and everywhere in a sort of tacit, but constant and uniform, combination, not to raise the wages of labour above their actual rate. . . . Masters, too, sometimes enter into particular combinations to sink the wages of labour even below this rate. These are always conducted with the utmost silence and secrecy" (Smith 1776, book 1, chap. 8).

Even then, Smith had observed an asymmetry not only in bargaining power, but also in capitalists' response to workers' attempts to redress the balance. When workers combine their forces, "the masters . . . never cease to call aloud for the assistance of the civil magistrate, and the rigorous execution of those laws which have been enacted with so much severity against the combination of servants, labourers, and journeymen" (Smith 1776, book 1, chap. 8). This stance, of course, was markedly different from capitalists' own behavior—not only in labor markets, but elsewhere, too.

As Smith put it in one of his most famous statements, "People of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public, or in some contrivance to raise prices" (book 1, chap. 10). This issue is central: to redress the natural imbalance of bargaining power, workers have to band together and engage in collective bargaining. Unions are critical. But it is precisely because unions have been somewhat successful in redressing the imbalance that employers have worked so hard to suppress them, as I comment later in this introduction.

Contracts

In multiple contexts, business enterprises have not been satisfied with the increased profits brought by greater market concentration and occasional collusion. Businesses have figured out how to sustain and amplify those profits by the clever design of contracts that are conceived to inhibit competition in the labor market. This is another method that enables them to drive down wages still further.[3] The chapters by Evan Starr and Terri Gerstein (this volume) provide ample evidence of the harmful impact of the misuse of labor contracts, noting in particular that often-used ruses distort the true impact on workers. Noncompete agreements, by definition, reduce competition. There might be some justification for not allowing employees with knowledge of trade secrets to go to work for competitors, but that hardly applies to employees of fast-food chains.

Employers have also put into contracts provisions that weaken workers' rights—and power—if a dispute arises. Inserting arbitration clauses into most contracts has moved dispute resolution out of the public domain—where it can be protected in the public interest, through transparency and basic standards—into private hands. This not only weakens workers' position *after* a dispute arises, but also subtly changes the balance of power—making it easier for firms to take advantage of workers, knowing that their ability to get redress is so circumscribed. Making matters worse is a broader set of changes in legal frameworks that has hurt workers and consumers at the expense of corporations. For instance, the ability to bring class-action lawsuits, particularly in arbitration, has been greatly limited.

Asymmetric Information

The standard competitive theory assumes perfect information. Research over the past 50 years has explained how even a little information asymmetry can have a large impact. Employers have recognized this—they have figured out that such asymmetry can weaken workers' position and lead to lower wages. They have responded by doing what they can to increase these asymmetries, sharing data with each other but insisting that workers keep their own compensation data confidential, and punishing employees who violate such confidentiality. The chapter by Harris in this volume describes the adverse effects of informational asymmetries, how firms have tried to increase these asymmetries, and what governments have done and can still do to promote transparency—and thus competition—in the labor market.

The Weakening of Unions

Institutions like *unions* once curbed employers' exercise of market power. But over the past 40 years unions have become weaker. There are multiple reasons for this. The change in the structure of the economy—the move to the fissured marketplace (described in the next subsection) and to the service-sector economy—may make unionization more difficult than it was during the industrial era, when a larger fraction of workers was employed at large plants. Social attitudes, too, may have changed, especially in the United States, where 40 years ago notions of class struggle were less deeply ingrained and where the idea arose in the middle of the 20th century that everyone belonged to the middle class. At least for a while it seemed acceptable for corporate leaders to garner for themselves an outsize portion of the corporate pie; the notion of just deserts was captured by labeling the pay as incentive pay, a deserved reward for the efforts that executives were exerting on behalf of the company from which all allegedly benefit. Notions of rugged individualism countered the idea of collective action. (Opinions about unionizing are perhaps beginning to change as the stark imbalances of market power are becoming more evident. A recent poll by Data for Progress [Hertel-Fernandez 2020] shows that unions are actually quite popular.)

Moreover, in a world of globalization (discussed briefly below in this introduction), the power of unions to win wage increases—or prevent wage decreases—was greatly circumscribed. If workers do not see any benefits from the unions, it is not surprising that they are less inclined to support them.

These explanations, however, do not really get to the heart of the reason for the decline in unionization in the United States, because most of these changes in the structure of markets (whether originating from changes in technology or the structure of demand) apply to other advanced countries, too, and in some of those countries unions remain strong and vibrant. The critical explanation is the legal assault on unions—the change in the rules of the game and the way the rules are enforced.

The rules of the market have been rewritten to decrease the power of workers and to increase the power of firms (see Stiglitz et al. 2015, *Rewriting the Rules of the American Economy*).[4] Lax enforcement of antitrust laws and the failure to update competition laws to respond to the new threats to competition (e.g., the new contracts that restrain competition) have played an important role in the reduced levels of market competition described earlier.

States have passed right-to-work laws that attack the power of unions and both they and the federal government have made it more difficult to unionize. (See, for instance, the infamous Supreme Court decision in 2018 [*Janus v. American Federation of State, County, and Municipal Employees*], that made it more difficult for unions to collect fees from nonunion members in the public sector—and that thus enshrined the right to free-ride.)[5]

In recent decades the National Labor Relations Act (NLRA) has been unable to fulfill its objectives, which are, as described by the NLRA website, "to protect the rights of employees and employers, to encourage collective bargaining, and to curtail certain private-sector labor and management practices, which can harm the general welfare of workers, businesses and the U.S. economy." Workers face significant challenges to expressing their free choice to unionize, while management can intervene significantly, almost without impunity, as a result of inadequate remedies (Sachs 2010).

What matters, of course, is not just the law itself, but also how the law is enforced. Federal enforcement of labor standards and collective bargaining rights has declined. As Mark Stelzner (2017) writes, "Even though employers have increased the degree to which they break labour law, workers have decreased their utilisation of the National Labor Relations Board (NLRB) and the strike" (231). Stelzner argues that this seeming paradox is explained by "three central changes in federal labour law and norms from the middle of the 20th century to the present: the usage of permanent replacement workers, adjudication of the main federal labour law—the National Labor

Relations Act—and change in administration of the NLRB—the body charged with overseeing the National Labor Relations Act" (231).

A first step in reform would be to recognize the multiple and subtle ways in which employers can impede unionization and reverse these changes.[6] In our democracy, of course, we may not always be able to prevent the appointment of antiunion members to the NLRB, so legislation should be designed to limit the ability of the NLRB to undermine the intent of the NLRA unless it gets a mandate from Congress to do so.

Fissured Markets

Changes in the market itself have exacerbated all the problems I have described. Some of the increased concentration occurred naturally, for example as a result of a change in technology or a change in the structure of demand. Industries with large network externalities are naturally concentrated, and as these sectors took on a larger role in the economy, the overall degree of market concentration increased. The same is true with changes in technology, which lower marginal cost and increase the importance of fixed costs (e.g., in sectors in which research is key) that are naturally associated with more concentration. On the demand side, the move toward a service-sector economy where the location of the provision of services is important may lead to a less competitive marketplace.

Some of the changes in market structure, induced either by changes in technology or the structure of demand, have weakened the bargaining power of workers—at least as they have played out. The changes have led to a fissured marketplace, where workers work seemingly independently, controlled or coordinated only through a platform, which is the hallmark of the gig economy. Firms have tried to treat these workers as independent contractors, thus excluding them from the rights and protections afforded employees.

Of course, in a fully competitive economy of the kind described in textbooks the change in industrial structure should make no difference. That it so obviously does—and that employers believe that it does and have fought so hard for workers to be treated as independent contractors—is another piece of evidence against the competitive model. The structural change affects workers' bargaining power—on the platform, workers become more perfectly substitutable—and, I emphasize in this introductory chapter to the volume, when there is a gross imbalance of bargaining power, government needs to redress it.

At the same time, fissured work makes it more challenging for workers to hold employers to account; making matters worse, an increasing share of so-called independent workers are generally exempt from the Fair Labor Standards Act (FLSA) or NLRA protections.

Decades ago, stronger unions, more-effective labor laws, and better general systems of social protection would have provided more-robust protection against fissuring and its consequences. Unfortunately, labor laws have not kept up with the times; organizing workers on platforms or in the gig economy may be more difficult than it is in an industrial plant. And employers have undertaken concerted efforts, described in this volume, to hamper unionization, efforts that have been particularly effective in fissured markets. Government interventions, such as higher minimum wages and stricter labor standards, have made a difference in contexts where there is a gross imbalance in market power. By treating workers as independent contractors the platforms seek to reduce, if not eliminate, these protections. And, in some places, the law has allowed them to get away with it.

The answer, then, is to reform labor law to mitigate the harmful impacts of workplace fissuring and extend protections to misclassified employees. Congress should reform major labor laws to make it easier for workers in the fissured economy to take collective action. And recognizing that it will not be easy to fully counter the power of employers in this kind of economy, it is all the more imperative to have a good system of social protections, such as a living minimum wage, guaranteed paid sick leave, safeguarded safety and health in the workplace, and so forth.

Other Sources and Manifestations of the Weakening of Bargaining Power

There are multiple other reasons for the weakening of workers' bargaining power. *Globalization* has pitted America's less-skilled workers against workers around the world. But it is not just globalization that weakens bargaining power—it is also the rules that govern globalization. Investment agreements have given investors greater property rights abroad—which means greater freedom from regulation—than they have at home; and free trade agreements have allowed them free rein to bring these goods, made under subpar labor and environmental standards, back to the United States (Stiglitz 2017). Short-sighted employers have looked for the cheapest labor wherever they can find it—and this too has weakened the bargaining power of America's workers. In short, it is not just globalization that has weakened workers' bargaining power but also the way we have managed the rules of globalization.

Students of bargaining power are aware of multiple other factors that affect outcomes, most importantly the costs imposed on a worker or a firm if the employee is fired or quits. If there are many jobs available, with many vacancies and few job seekers, then the worker will quickly get another job. That is why running a tight labor market is so important: the excessive focus on inflation by central banks around the world, including the Federal Reserve in the United States, has resulted in higher levels of unemployment and has thereby weakened workers' bargaining power. A weaker safety net means that the costs imposed on workers if they do not find employment are greater; the U.S. safety net, already weak by international standards, has been hollowed out even more in recent decades. The United States' unemployment insurance system is weak both in terms of coverage (the fraction of the workers who are protected) and replacement rate (the fraction of the normal wage paid by unemployment compensation) (Stone and Chen 2014). The minimum wage, which sets the floor on the wage that a worker is paid, is more than 20 percent below what it was some 64 years ago (FRED 2015).

Making an employee depend on the employer for health insurance, especially in a system in which there is no guarantee that a person with preexisting conditions can get insurance, ties the worker to the employer, and greatly weakens the worker's bargaining power.

The structure of America's housing market, where most Americans own their own homes, also weakens bargaining power because it exacerbates negative dynamics. Normally, workers will leave a weak labor market to look for higher-paid jobs somewhere else. But in weak labor markets housing prices are typically low. In tight labor markets, housing prices are high. This again gives employers in weak labor markets more market power because they know workers will not leave quickly when they lower wages.

There are other changes in the structure of the American economy that may have contributed to this downward spiral. In many American households with two adults, both are working, in part because two salaries are required for a family to earn a decent income. But a household with two earners faces complex coordination before moving to another area for better jobs; for example, both jobs have to be within commuting distance. This gives each of the employers more market power over their workers.

Wages can be reduced significantly before workers are induced to search for alternative opportunities. In effect, search costs have been increased.

Because of the imbalance in bargaining power, government has had to step in to protect the vulnerable and to prevent employers from taking advantage of their workers. On all counts, these protections have weakened, and there is growing evidence of abuses. I referred earlier to the lowering of the (real) minimum wage. Overtime protection applies to fewer and fewer workers. The COVID-19 crisis has exposed weaknesses in the Occupational Safety and Health Administration (OSHA), with workers being forced to work without masks and other personal protective equipment—with disastrous consequences at meatpacking plants. The pandemic has also exposed the total inadequacy of the paid sick leave policy—at a cost not only to workers but also to the nation's health. Employers have demonstrated their power with split schedules and on-call scheduling, both of which are especially disruptive to workers' lives.

Mounting Evidence

The side of the market with power dominates in setting wages and labor conditions. And in today's economy employers have the power. In recent years a raft of empirical analysis has discredited the idea that U.S. labor markets are competitive, and that the law of one price prevails in the labor market.

The debate over minimum wage increases provides one example of the changing conventional wisdom. Policymakers long considered raising minimum wages to be a trade-off because, in a competitive labor market, if you raise wages for workers, you reduce the total number of jobs. But in the 1990s David Card and Alan Krueger (1994) analyzed the effects of minimum wage hikes in New Jersey, and found no effect on employment. Additional work has confirmed their findings that minimum wage hikes have little to no effect on employment, indicating that wages are not, in fact, set in the manner described by the textbook competition model.[7]

Earlier in this introduction I described a number of other pieces of evidence that support the hypothesis of limited competition in labor markets, such as the correlation between market concentration and wages. We also saw the prevalence of practices (e.g., anticompetitive contracts) that simply would not exist if markets were truly competitive. There are many other pieces of evidence illuminated by the chapters in this book.

One rather different kind of study focuses on the effect of trade shocks, such as the opening up of trade with China. In fully competitive, well-functioning labor markets, although increased imports of a particular good would directly affect firms that compete with Chinese products, they would not affect wages: any impact on local labor markets would be limited and temporary. Yet the major study by Autor, Dorn, and Hanson (2013) shows significant adverse effects, with wages falling and unemployment increasing.

While evidence on labor market competition continues to mount, there is much more to learn. The final two chapters in this book are devoted to putting in place effective frameworks for policymakers to better understand the impact of labor-market policies in markets with limited competition. This entails improved access to information—including the linking of administrative data and survey data. But it also means building out an evaluation infrastructure at various levels of government, to include funding and empowering chief evaluation officers at federal agencies, building evaluations into the design of programs, and providing adequate funding for evaluations.

Why It Matters

It should be fairly obvious why these imperfections in the labor market matter so much: one of the most disturbing aspects of growth in the United States in recent decades is the growing inequality (see, e.g., Ostry, Berg, and Tsangarides 2019; Stiglitz 2012, 2019; and a rash of other books on the topic). Most of the gains in the economy have gone to the top 10 percent, the top 1 percent, and the top 0.1 percent. Some of the growing inequality has to do with increases in wage disparity—known as labor market polarization. But much of it has to do with the decreasing share of national income going to workers.[8] This is where the decreasing market power of workers and the increasing market power of corporations comes in. This decreasing market power is more than just changes in technology or even globalization: it is also the broader changes in our economy, society, and politics—and especially the changes described earlier in this introduction and elsewhere in this volume—that have led to this growing imbalance of market power.

Research at the International Monetary Fund (Ostry, Berg, and Tsangarides 2014) and elsewhere (Ostry, Berg, and Tsangarides 2019) has highlighted the broader consequences of this growing inequality, even on economic performance. Economies that are more unequal are less stable and grow more slowly. In *The Price of Inequality* I explain the reasons that we pay such a high price for inequality.

The COVID-19 crisis has provided a dramatic illustration: inequalities in income translate into inequalities in health, especially in a society, like that of the United States, that relies on markets to dispense healthcare. The virus is not an equal opportunity virus—it appears to have the most devastating effects on people who have underlying health conditions. Our health inequalities are undoubtedly one of the reasons that the United States led the world in COVID-19 deaths.

Short-sighted employers did not provide sick leave and government did not require it—even when Congress seemed to recognize that workers without sick leave, who live paycheck to paycheck with virtually no money in the bank, would go to work even when they were sick. They had to work in order to survive, but that meant they helped to spread the disease. After lobbying by the large corporations, Congress decided that employers with more than 500 employees—almost half of the private labor force—were exempt from providing sick leave. With so few workers unionized, employees simply did not have the bargaining power to demand paid sick leave, personal protective equipment, or COVID-19 tests. Government should have required all these things, of course, and it had the power to do so under OSHA, but chose not to. Workers were desperate for the protection, but lacked the bargaining power to get it.

The Broader Battle

Discussions over weakening workers' bargaining power—which is one of the imperfections in competition in labor markets—are part of a broader set of battles over making our economy more competitive, more efficient, and more fair. For instance, I have alluded to the lack of competition in product markets and the failures of antitrust policies to curb corporate market power.

The explosion of CEO compensation over the past four decades has called into question the idea that these salaries reflect productivity in American boardrooms. U.S. CEOs are paid much more than CEOs in other advanced countries: the average pay among U.S. CEOs at the top 350 companies was 300 times that of the average worker in 2017, up from 20 times in 1965 (Mishel and Schieder 2017). There is no evidence that American executives are that much more productive than their counterparts in other countries or than they were in the past; these compensation differentials can only be explained by unequal power—not by competition.

Careful analysis from Thomas Piketty, Emmanuel Saez, and Stefanie Stantcheva (2014) provides some insight into why executive compensation has increased. The economists analyzed the effect of cuts to top marginal tax rates across countries, specifically examining whether these cuts would increase investment—as standard neoclassical economic models would predict. It turns out the tax cuts did not have an impact on investment but did increase executives' salaries. It seems that when top tax rates are lower and executives get to take home more of their pay, they have a greater incentive to exercise bargaining power and negotiate (with themselves and other members of the boards they typically help appoint) for higher salaries.

More broadly, lower corporate tax rates provide more incentives for rent-seeking, of which higher executive compensation is one example (Stiglitz 2012). But the additional aftertax profits give corporations more money with which to lobby to get their way.

In the past several years, despite high corporate profits and low unemployment rates, wages have remained fairly stagnant. Many observers have described this as a mystery. When unemployment is low, wages are supposed to rise. The mystery is easily solved when we understand that labor markets are not operating like textbook economic models—and the gap between those idealized models and reality has been increasing.

Market power allows firms to exploit workers directly, but also to translate outsized economic power into political power. Our political system, with unbridled corporate campaign contributions, allows corporate and financial firms disproportionate influence in shaping the rules and regulations to further enhance their power and profits. Indeed, on the flipside of rising employer power, we have witnessed policy choices that have systematically undermined the power of workers.

Conclusion

This volume outlines several essential steps to redress the imbalances and rein in the power of employers. It offers ideas on how we can rewrite the rules of the economy to make the labor market more competitive and prevent the anticompetitive practices employers have systematically used to increase their market power. The chapters in this volume show that there is much that can be done at both the state and the national levels. For instance, mergers should be screened for effects on workers, just as they are already screened for effects on consumers. No-poach and noncompete agreements should be made per se illegal for low-wage workers.

We will never create a fully competitive labor market, nor will we ever fully curb corporate market power. This volume also provides a rich policy agenda for how to redress the imbalances of market power. We need to strengthen unions and the ability of workers and consumers to work together, collectively, to combat employer and corporate market power. Again, there is a rich agenda for how that can be done.

It is important also to emphasize that we will never fully redress these imbalances through pro-competition reforms alone. We will still need other tools such as minimum wages and safe working conditions to protect workers, especially the most vulnerable among them. To raise wages and ensure dignity at work, we must commit to constraining excesses of market power wherever they arise and to building countervailing power to restore a better balance. Employers and employees need to be able to bargain on more-equal footing. Achieving this balance will increase not only equity but also efficiency.

The original progressive agenda at the end of the 19th century fought to curb corporate market power, but the battle was about more than economics—it was about power and politics, too. We face the same struggle today. Rebalancing power is essential to protecting our democracy.

Notes

1. There is an extensive literature explaining some of the changes in the economic structure that have contributed to the growth in economic concentration. See, for instance, Stiglitz (2019) and the references cited there. Some of these changes are alluded to briefly in the discussion in this introductory chapter.

2. Monopsony is on the buyer side what monopoly is on the seller side. A monopolist is the only provider of a good, a monopsonist is the only buyer of a good. When firms have market power, they have significant power to raise prices, losing only a limited amount of sales; we often loosely say they have monopoly power. Similarly, buyers with market power have the power to suppress the prices of what they buy. This means an employer with market power—what economists refer to as monopsony power—has the power to suppress wages.

3. In a variety of other contexts, firms have similarly designed contracts to restrain competition. Examples are the merchant restraints imposed by credit card companies and the restrictions that the airline reservation systems impose on the

airlines that have no choice but to use their systems. A refrain heard throughout this book—that business-friendly courts have too often sustained these contracts—is reflected in these other contexts as well (as in the Supreme Court case of *Ohio v. American Express Co.*).

4. See also the parallel study for Europe (Stiglitz, Dougherty, and the Foundation for European Progressive Studies 2020).

5. Similarly, in Europe there has been an assault on industry and nationwide bargaining in an attempt to undermine the effectiveness of unions. Recent decisions of the European Commission may be reversing these trends.

6. In Europe the manner in which collective bargaining is conducted—the move away from sectoral and national bargaining—has also undermined the power of unions. This change has often been encouraged by legislation; reversing the legislation would help restore the power of unions.

7. It is important to recognize that on the firm side there can be *some* competition in a market in which each firm has a high level of market power; similarly, on the buyer side there can be *some* competition, but each employer can still have considerable market power.

8. Standard measures of the share of labor do not adequately reflect the decreasing share of workers, for such statistics typically include bankers, CEOs, and others who officially work for others but who are clearly not workers in the traditional sense of the word. Excluding the top 1 percent of "workers" shows a dramatic decline in workers' share in national income (Giovannoni 2014).

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