

## **Time for an Employees' Lobby?**

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In 1993, the prominent sociologist Herbert Gans published a four-page article entitled "Time for an Employees' Lobby." Gans advocated the formation of a national lobby of employees to promote the interests of workers. In Gans' vision, this "employees" or "jobs" lobby would be multi-class and trans-ideological, and would represent employed workers as well as supervisory and managerial employees, jobless, contingent, flexible, and other involuntary part-time workers. Gans proposed structuring this lobby on the AARP model of individual membership, with a small membership fee.

Inspired by Gans' article, Sara Horowitz formed Working Today on Labor Day 1995. As recommended by Gans, Working Today was initially based on the AARP model of individual membership. Working Today started with an ambitious objective. Sara Horowitz was quoted in an early news article stating, "There needs to be institutions concerned with the common good, and that's what we are trying to build."<sup>1</sup> An editorial in the Boston Globe heralded this new organization, noting that "Working Today aims to be a low-dues, broad-based lobbying organization for workers of all sorts -- full-time, part-time, the increasingly numerous ranks of contingent workers and the unemployed -- patterned on the immensely successful AARP, with its 33 million members."<sup>2</sup>

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<sup>1</sup> Philadelphia Inquirer Thursday May 23, 1996.

<sup>2</sup> Boston Globe, Sunday September 3, 1995.

Although the initial organizational structure was based on the AARP model of individual memberships, the current focus is on linking existing membership groups under its Working Today Network umbrella, or in the words of Working Today, “joining organic associations and worker organizations into a larger whole, and advancing universal concepts.”<sup>3</sup>

In addition to shifting the organizational structure from a lobby of individuals to a network of existing groups, the emphasis of Working Today's mission has also shifted. While continuing to claim its broad-based mission of speaking for all workers, Working Today currently emphasizes a far narrower focus on independent workers, with a still narrower focus on portable benefits for independent workers.

While Sara Horowitz has been working to provide portable benefits for independent workers in New York, a movement with a similar objective has been afoot in Silicon Valley. Amy Dean became Chief Executive Director of the South Bay Labor Council, the San Jose local AFL-CIO branch in 1994. Among other objectives, Dean has a mission similar to Working Today to provide benefits to outside of the conventional employer regime.

The focus of this paper is on new organizations that serve as workers' lobbies. Unions have long served as a lobby for workers. However, with the decline in unions and the changing structure of the economy there is a potential role for a new organizational structure to promote worker interests. These efforts include both entirely new organizations as well as new union activities designed to meet the needs of the new economy.

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<sup>3</sup> Reported on web site visited June 6, 2000 at [www.workingtoday.org](http://www.workingtoday.org).

There are a large number of advisory and lobbying groups that help workers. I focus on Working Today and the South Bay Labor Council for three reasons. First, both organizations are creating new programs to address the needs of new economy workers. In contrast, most worker advisory and lobbying groups (including those discussed by other project authors) have narrower and well-defined objectives and meet specific needs of their constituency. Success for these groups does not represent a radical change in the labor market, nor is that their intent. For instance, a successful living wage campaign will raise the minimum wage for those currently below the minimum, but leaves the fundamental labor market structure in place.

Second, while both of these organizations have programs that affect a wide range of workers, the most novel aspect of their agendas are programs and policies that would affect workers in nonstandard work arrangements, who are frequently not protected under existing employment law. Third, the similarities of timing and mission of these two organizations allow a unique opportunity to identify the organizational characteristics that are likely to lead to a successful workers' organization.

To set the stage, I begin this paper by reviewing Gans' arguments and recommended policy areas for a jobs lobby, as well as his suggestions of the likely membership composition and organizational structure. I follow this by discussing various theories of organizations in order to examine how a workers' lobby might form and evolve. I then examine the organizational structure and accomplishments of Working Today under Horowitz's leadership, and the South Bay Labor Council under Dean's leadership. I conclude with a discussion of alternatives to a workers' organization as well as whether a workers' lobby could change the fundamental structure of the labor market.

## I. An Employees' Lobby

In his article "Time for an Employees' Lobby," Gans suggested that a national lobby of employees be established to encourage Clinton to keep his campaign promise to do something about the "ever-declining number of full-time, decent jobs." His article included a series of specific policies with the overall focus being to "place the jobs issue high on the public agenda, and educate the public both about the drastic changes our economy is facing and the need to address them politically."

Gans recommended that the principal purposes of such a lobby would be to develop short-term and long-term policies to save jobs and create new jobs, begin considering long-term solutions to the erosion of jobs, and to establish income support programs for underemployed and unemployed. Gans recommended five areas that a jobs lobby would initially address: increased public aid for new business ventures; public works; work-time reductions; greater income support for underemployed and unemployed; and a more democratic employee-employer relationship.

Gans suggested that the proper organization would be a workers' party, similar to those that exist in Europe. However, he dismisses this because the U.S. has never had an important workers' party, and the long-established parties in Europe have become less effective. He likewise considered it unlikely that unions will be able to solve the problems faced by workers, since union membership and influence are declining. Further he did not consider it possible that a single union or a network of unions could represent all workers today.

Gans did not specify how such a lobby should be structured beyond suggesting that the most effective structure be adopted. His most specific recommendation for an organizational structure is the membership model of the AARP. He anticipated that membership would come from job losers, unemployed, those threatened by future job loss, and their friends and family, as well as those with jobs who recognize that employment no longer offers the job security of the past.

In addition to funding a jobs lobby with membership fees, Gans suggested several possible sources of initial funding. These include unions and professional associations disappointed with national inaction on jobs; existing unions who either are concerned about the decline in unionism or who see a workers' lobby as an opportunity to generate new interest in unionization; and big consumer goods corporations who might fund a jobs lobby in order to increase their customers' earnings.

For the most part Gans' concerns might seem unwarranted in light of the past decade of low unemployment and strong economic growth. Further, despite his concern that any jobs lobby represent all workers regardless of political values, his recommendations are highly politically laden and run counter to trends to limit government intervention into the economy. Although he discredits the possibility that unions can represent all workers, oddly he does not seem to recognize that any lobby is equally unlikely to represent all workers. Nonetheless, while one might quibble over the specific reasons he offers, at the time his paper was published, there was no unified voice offering to speak for all workers.

## II. What Functions Could a Workers' Lobby Serve?

Organizations exist to serve the common interests of their members that could not be advanced adequately by individual action. Unions have traditionally provided a collective voice for workers (Freeman and Medoff 1984). However, the decline in unionization, coupled with changes in the structure of the economy, suggests that an alternative voice for workers might be timely. What are the interests of workers en masse that could not be advanced adequately by individual action? An answer in the spirit of Gans is that "good jobs" are disappearing and we need to do something. A somewhat more sophisticated answer is to appeal to claims of a large-scale shift in the structure of the economy, in that the existing labor market structure does not serve the needs of the current labor force.

The technology-driven, high-growth, high-productivity "new economy" has given rise to a new type of work arrangement. A widely cited 1997 study by the Economic Policy Institute reports that nearly 30 percent of the U.S. workforce are employed in some form of nonstandard work arrangement. Workers in these types of jobs are independent contractors, are employed through temporary agencies, or are contract workers, part-time workers or self-employed.

Many observers consider the current economic phase to represent a new industrial revolution. The first industrial revolution gave rise to a craft-based work structure in which craftsmen moved from job to job, and training and benefits were provided within the occupation, and not by an employer. The second industrial revolution gave rise to industrial-based workers. The social legislation of this time, such as Social Security, unemployment benefits, and employment discrimination legislation, assumed that a

worker is a company employee. Workers in this third industrial revolution are more likely to work independently and are thereby less likely to be protected under existing legislation. They are also less likely to stay in long-term arrangements with employers from whom they would receive employment benefits.

What are the common interests of this new labor market? The public goods may include broad-based societal changes in the treatment of nonstandard workers, providing voice in the political process and equal treatment under employment law to that available to conventional employees. Private goods potentially attractive to nonstandard workers include access to health benefits at the same attractive group rates available to employees; networking and educational opportunities; dispute resolution; discounts on travel, car rentals, office supplies; standardization of pay for equivalent work; and preferable tax treatment of self-employed income. Health insurance at group rates has been a key attraction in the formation of unions as well as other advocacy groups such as the AARP.

Thus, in addition to the policy agendas recommended by Gans, the interests of a workers' lobby may involve changes in the structure of employment and labor laws from one that is employer-based to one that protects individual workers. Some specific policy areas that may be amenable to efforts by a workers' lobby are discussed next.

First, the Wagner Act gives the National Labor Relations Board the right to determine the appropriate bargaining unit. This has generally been interpreted as a single worksite.<sup>4</sup> The interpretation of “employee” is also narrow and excludes about half of the workforce from being considered an employee under the National Labor Relations Act.

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<sup>4</sup> However, the success of the Service Employees International Union in gaining representation for 74,000 Los Angeles County home-care workers demonstrates that unionization is not limited to a single worksite.

Second, whether nonstandard workers are covered by employer health or pension plans varies. Employers may exempt part-time workers from health care benefits provided to their full-time employees. Temporary (or contract) workers are paid by a temporary-help agency that has a contract with employers, and receive benefits, if at all, from the temporary-help agency that employs them. Independent contractors are self-employed individuals who pay for their own health insurance and set up their own pension plans.

Third, unemployment insurance and the Family and Medical Leave Act have hours thresholds for eligibility often making it difficult for nonstandard workers to qualify for protection. Even if they qualify, it is more difficult to enforce and monitor these laws for nonstandard workers, and such workers are less likely to be informed of their rights.

Fourth, whether nonstandard workers are covered under employment discrimination laws is not always well defined. Title VII of the Civil Rights Act prohibits employers with at least 15 employees, employment agencies, and unions from discriminatory employment practices. However, whether firms are required to comply with employment discrimination laws with respect to their temporary employees is unclear. Companies using agency temps, leased employees, or contract company workers may have obligations under labor and employment laws, since even if they are not the employer they may have “joint employer” status. For example, an individual can be independent contractor for IRS purposes but an employee under anti-discrimination laws.

### III. Theoretical bases for successful organizations

Any organization needs to resolve a number of issues, including the scope of activity, sources of funding, the constituency and means of attracting membership, the structure of leadership, and the strategies for accomplishing the objectives. As the list of policy areas mentioned in the previous section suggests, there are common interests of some subsets of the labor force that could not be advanced adequately by individual action. A workers' organization in the spirit of Gans' proposal would be a lobby that is open to membership with a broad-based social movement agenda. To see what this implies about the scope and potential impact of such an organization, it is useful to examine alternative organizational forms.

Before addressing these issues, it is worth noting that various theories have been proposed to explain the incentives for organizations concerned with the common good to form, with none of the theories being entirely satisfactory. Truman (1951) maintained that groups formed spontaneously out of peoples' shared feelings of frustration. This view was challenged by Olson (1965) who argued that because of the basic problem of free riding, members of a large group will not work for the group's interest unless membership is compulsory or unless there is some sufficient selective incentive that is separate from the public (collective) good. AARP fits into the category of an interest group that would have been unlikely to form without providing a selective benefit, in particular health insurance for retirees, at rates extremely profitable to AARP's founder.

In contrast, Hirschman (1982) believed that individuals will work for a common good because the act of seeking that good provided a benefit in addition to the good itself. Walker's (1991) empirical analysis of membership groups reveals that while most

successful advocacy groups appear to provide private goods as incentives, group leaders do not consider these private benefits as important as collective benefits in attracting members. Indeed, the success of Common Cause provides a compelling counterexample to the notion that selective benefits are critical to attracting and sustaining membership.

But since organizations concerned with the common good do exist, regardless of our ability to model and rationalize their existence, we now turn to examining the various decisions any organization is required to make to survive. The first issue to resolve is whether a workers' lobby should strive to be a social movement, a special interest lobby, or a service organization.

Social movements, such as those for civil rights, women's rights, or the environment, strive to bring about institutional change by organizing or representing the collective interests of some disadvantaged or underrepresented group. Social movements tend to be one of two kinds: empowerment movements or professional movements. Empowerment movements derive their strength and resources from its intended beneficiaries. This type of movement seeks broad membership and involvement by the group's members. They seek wide-spread attention in order to change values, which may in turn be reflected in public policy in the future. Professional movement associations have professional staff and receive resources from institutions and isolated constituencies. These organizations "speak for" rather than organize their nominal beneficiaries. They are likely to directly lobby federal bureaus or political leaders such as members of Congress.

A special interest lobby seeks specific benefits for its constituency, such as legal and tax reform. There are a large number of organizations that lobby for policy measures affecting the earnings and employment of their members, either directly or indirectly.

Indeed, it is hard to imagine any occupational or professional organization, no matter how high-minded their mission sounds, that does not seek to benefit its constituency. Existing workers organization that have documented successes include the National Writers Union, WashTech, and 9to5, National Association of Working Women.

As a service organization, a workers' organization would directly provide specific benefits, such as education, training, and health benefits. In contrast to social movements, service organizations do not seek institutional change. For example, members of the American Economic Association receive education and training, disseminated in the form of journals and conferences, but the AEA does not engage in lobbying of any kind.

There are a vast number of service organizations that exist to help workers, with many organizations concentrating on improving the well-being of lower-income or lower-skilled individuals. Examples of such organizations include community groups such as Living Wage campaigns, Industrial Areas Foundations, and the Wisconsin Regional Training Partnership. Working Today's current primary means of attracting membership seems to be due to direct service provision, discussed later.

#### IV. Forming a workers' organization

The first priority of any organization is to ensure its continued existence, which in turn means it must maintain funding, either by appealing to members or potential members, or by appealing to principal sources of funding such as foundations. The funding of any workers' organization depends on both its focus and its constituency. Gans envisioned a membership organization that would be funded by small membership dues, voluntarily given. However, even if membership dues will ultimately fully finance an

organization, start-up funds are necessary. Roughly, start-up funds for social movements tend to come from wealthy patrons or private foundations, although the government has also played a large role; start-up funds for special interest lobbies are often provided by the beneficiaries (and hence are subject to inherent free-riding problems among constituent groups); and service organizations are often funded by government grants.

To attract funding, organizations will choose activities such as direct lobbying or litigation, and strategies such as organized protests and media coverage intended to bring public visibility to the organization, or a combination of these strategies. For example, most professional and occupational organizations pursue their lobbying activities quietly. The NAACP pursued a successful strategy of selected litigation. Jobs with Justice is a national campaign conducted by organized labor, community and religious organizations aimed at raising workers' incomes, which uses organized protests as one of its strategies. The need to generate media coverage in some cases may lead organizations to sacrifice substantive achievements for more newsworthy events that will generate greater visibility.

In addition to public strategies designed to generate funding, organizations such as a workers' lobby must decide on the form of leadership. Some questions requiring early resolution include whether a professional staff should administer the organization, or whether the leadership should be elected by the constituency. Should there be a single national organization, or a number of local chapters united by a national organization? For example, in the current manifestation of Working Today, should the leaders of each of the Network members have a voice in policy decisions, or should Working Today continue to represent its constituency without democratic input from its members?

An example indicating how government support has been useful in starting a social movement organization is provided by the National Organization of Women (NOW). NOW was created in 1966 by a group of commissioners attending one of the national conventions of State Commissioners on the Status of Women, who were frustrated by the limits on political action placed on them by their official status. NOW did move on to create a mass membership base but the early government support probably helped considerably.

Although currently Working Today is primarily funded by foundations, the role of foundations in funding social movements historically has been quite modest. Jenkins (1998) examined the giving programs of foundations making grants to a social movement organization between 1953 and 1980. Grants to social movements were a minor component of total foundation giving, representing at its peak (in 1977) only 0.69 percent of total foundation giving. Most grants were for fairly small sums of money. The bulk of social movement grants went to disadvantaged groups including racial minorities, women's rights, children's advocacy, and so forth, or to promote economic justice for lower income groups. Twenty-one percent of the total spending on social movement grants were made for public interest issues including the environment and consumer rights. These values suggest that foundation funding for a workers' lobby is limited, even if perceived as a broad-based social movement.

Further, most successful interest groups derive their funding from members' self-interest or profit motive. Walker (1991) reports that 80 percent of American interest groups have emerged from preexisting occupational or professional committees. The remaining 20 percent arise in wake of broad social movements such as pollution, civil

rights, and women's issues. These groups often are created by political entrepreneurs operating with the support of wealthy individuals, private foundations, or elected political leaders.

#### V. The constituency and methods of attracting membership

Gans proposed a widely based, open membership organization, with membership open to anyone, regardless of employment status. By calling this lobby an "employees" lobby he did not distinguish between those workers that technically are employees, and thereby for the most part covered by existing employment legislation and receive benefits from their employers, and those workers frequently described as nonstandard, independent, or contingent. The interests of conventional employees and nonstandard workers are likely to differ considerably, even if we accept the possibility that all workers are aware that their job security may be transient. The appeal of a workers' lobby is likely to differ for conventional employees and nonstandard workers.

A broad definition of nonstandard workers includes independent contractors, self-employed, part-time workers, contract workers, and workers employed through temporary agencies. Sometimes workers who change employers frequently are included in this definition. Independent contractors are self-employed individuals who typically have several clients and set their own rates per project or by the hour. Current examples of independent workers are software programmers who move from project to project. Contract workers typically provide labor-intensive services such as janitorial service. Workers employed through temporary agencies may be assigned to several different firms throughout the year, but remain employees of their agency. These workers vary considerably in their skills from lawyers and engineers to clerical and day laborer jobs.

To understand the options available to attract members, it is useful to consider two successful membership organizations: the AARP and Common Cause. The membership of AARP is mainly attracted to the individual benefits, while Common Cause offers no selective benefits.

The AARP is an example of a successful and powerful lobbying group.<sup>5</sup> Membership in the AARP is open to anyone age 50 and older, and as of 1997 the AARP claimed 33 million members paying dues annually. It was ranked as the most powerful lobbying group in a 1997 Fortune article. Members do not run it, and it has no legal status to represent the interests of its constituency of individuals age 50 and older.

How did the AARP evolve into such a powerful force, and can this model be applied to workers? A little bit of background shows the integral role of private goods in attracting and sustaining membership. Ethel Percy Andrus was a retired schoolteacher who had formed a service organization that provided health insurance policies to retired teachers. Popular interest in health insurance among other retired individuals led insurance salesman Leonard Davis to provide financial capital to start the AARP in 1958. Insurance sales were integrally tied with the growth of AARP, which were publicly revealed during the 1970s to offer protection well below market norms. Despite this scandal, the AARP retained its strength. Its continued membership is attracted to discounts offered on car rentals, hotels, and package tours, which are available with the \$8 per year membership fee, which also includes a subscription to Modern Maturity. This is the nation's largest circulation magazine, reaching 22 million households.

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<sup>5</sup> See Van Atta (1998) and Morris (1996).

Common Cause<sup>6</sup> is another example of a successful and powerful lobbying group with open membership. Common Cause was formed to be a people's lobby to combat undue power of special interests, e.g., a national "good-government" lobby. Common Cause was founded in 1970 by author and ex-HEW Secretary John W. Gardner. Gardner had headed the Carnegie Foundation, written 2 best-selling books, chaired a presidential committee on education policy, and served as Secretary of HEW under Lyndon Johnson from July 1965 to January 1968. He then took on the leadership of the Urban Coalition. Gardner felt that the most effect policy tool was the lobbying arm of the Urban Coalition called the Urban Coalition Action Council. Common Cause was formed after the passage of the Tax Reform Act of 1969 which prohibited foundations from contributing to lobbying activities, thereby undermining the financial basis of the Urban Coalition Action Council. In order to secure a mass financial base, from its inception Common Cause took the direction of wide membership. Indeed, their financial support is primarily small contributions as a matter of organizational policy.

To generate membership, Common Cause began with series of newspaper ads and mass mailing. John Gardner also appeared on "Meet the Press" in 1970. This initial effort was highly effective, yielding 100,000 members within first 6 months and 200,000 in the next 6 months who paid a \$15 membership fee.

In contrast to AARP, the success of Common Cause is puzzling. The AARP was formed as a profit-making enterprise, and the current membership is attracted to the discounts membership provides. In contrast, Common Cause has no profit-generating activities and offers no selective benefits. Why, then, was Common Cause formed, and

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<sup>6</sup>. McFarland (1984).

how has it maintained its influence and membership? Some thoughts include the timing, in that the late 1960s and early 1970s were a period of dissatisfaction with government. In addition, Gardner was a highly regarded and politically connected leader, who had both the visibility and credibility to raise \$250,000 for mailings and newspaper ads and to assemble a professional staff. However, this does not explain why over 250,000 individuals voluntarily pay the \$20 annual membership fee.<sup>7</sup>

#### VI. Two Workers' Organizations: Working Today and the South Bay Labor Council

The AARP and Common Cause represent two successful membership organizations that could provide a model for a workers' organization. Although Working Today was initially modeled on the AARP membership model, it has since evolved into a different structure. The South Bay Labor Council is an updated union organization.

Sara Horowitz and Amy Dean both propose novel, innovative, yet totally contradictory approaches to the same problems facing workers in the new economy. Both propose making health and pension benefits portable and tied to individuals in contrast to employer-provision of benefits. Both have been pursuing their missions for 5 years. In fact, while their methods differ markedly, their policy agendas and rationales are nearly interchangeable. Consider these two quotes:

"These independent workers do not have the protections and benefits afforded traditional employees...Like the earlier craftsmen, they need to create funds for flexible health, training and retirement benefits. The funds must be portable so

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<sup>7</sup> Reported on web site [www.commoncause.org](http://www.commoncause.org) visited July 3, 2000.

workers can continue moving from project to project, as this new economy mandates."<sup>8</sup>

"We're creating organizations that have portable benefit structures and give people a permanent connection to the labor market even as their employers change...In the first industrial revolution, we were a craft-based society, and in the second, we became an industrial-based society. We are now in our third industrial revolution, and, in many respects, we are turning back to a craft-based society... Companies that kept people gainfully employed over the course of a lifetime are a relic of the past."<sup>9</sup>

One mission, but divergent paths. Sara Horowitz proposes a network of organizations, without direct union involvement, although unions are welcome to join the network. Amy Dean is firmly rooted in the union framework. Yet each seeks the same outcome: portable benefits and a voice for independent workers in the new economy.

It is now timely to evaluate their accomplishments in light of their objectives, and to draw on their experiences to generalize about what new labor market structures are likely to succeed in serving the needs of the new economy. Table 1 summarizes the characteristics of these two groups, discussed below.

### Working Today

Sara Horowitz formed Working Today in 1995. The AARP model of individual membership served as the initial organizational structure, however Horowitz now cites

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<sup>8</sup> Essay by Sara Horowitz and Peter DeChiara appearing in *USA Today*, Wednesday September 1, 1999.

<sup>9</sup> Interview with Amy Dean appearing in *Los Angeles Times*, Sunday October 10, 1999.

the organizing principles of Dee Hock of Visa International.<sup>10</sup> As noted earlier, her initial concept was to serve as a voice for all workers, lobbying for "jobs that work." The more specific focus has been to serve as a lobby for independent workers and to organize temps, part-timers and independent contractors into groups to buy discounted health insurance. The objectives include an interest in changing national policies to provide tax relief and bargaining rights for contingent workers. More generally, the objective includes shifting rights from jobs to individuals via such mechanisms as portable benefits. The leadership structure is that of a single political entrepreneur. As of 1999, the only staff members were Horowitz and an assistant.

According to the web site<sup>11</sup> Working Today characterizes itself as "A national voice for America's independent workforce." The organization claims to promote the interests of the independent workforce through service, education and advocacy. They claim to be helping people "craft a new safety net, one that's portable to suit today's mobile workers as they move from job to job."

Working Today provides these services: access to health insurance, discounts on dental and alternative care, free legal, tax, and retirement planning advice, and negotiates for group discounts for members on office supplies and computers. The educational mission purports to inform independent workers, Network members, policymakers, funders, and the press that "current public policies and benefits delivery systems are not relevant to a growing sector of the workforce." The policy agenda is intended to allow independent workers to create their own safety net and includes "tax reform that would

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<sup>10</sup> Dee Hock is the founder of the Chaordic Alliance. Their web page states that "The Chaordic Alliance works to develop, disseminate and implement new concepts of organization which more equitably distribute power and wealth, release human ingenuity, and are more compatible with the biosphere." [www.chaordic.org](http://www.chaordic.org), visited 6/12/00. Note that the word "chaordic" is derived from "chaos" plus "order".

allow all parties to deduct 100% of their health insurance premiums from their taxes; legislation that would allow nonprofits, worker groups, churches, and CDCs, among others, to create savings plans for independent workers-for retirement, education and training, asset building, and times of unemployment; protection under anti-discrimination laws; and more." Without providing any details, the mechanism noted in the web site is that they call upon lawmakers.

The main substantive effort is the Portable Benefits Fund pilot project. According to the web site as of 6/6/00, Working Today is now preparing to launch this project. The goal is "to provide new media freelancers with access to affordable, high-quality health insurance, dental discounts, retirement savings plans, and more." The objective is to provide insurance benefits at group rates by creating a group of independent workers to diversify the risk. The pilot project involves freelancers employed in New York City's new media industry. To mitigate the adverse selection problem, Working Today will restrict access to the fund to those exceeding a minimum period of time as either a dues-paying member of a participating association or as a freelance employee of a participating employer. To limit dropping out during periods of good health, health benefits are bundled with other benefits such as retirement savings plans and other services, and those who drop out face a waiting period and increased application fee. Working Today expects that the success of this pilot project will lead to an expansion to independent workers across industries, location, and income.

The Portable Benefits Fund is also intended to foster community building by using an e-newsletter to inform participants about pertinent policy issues inviting independent workers to share their experiences with each other and with policymakers.

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<sup>11</sup> [www.workingtoday.org](http://www.workingtoday.org), visited June 6, 2000.

### *Sources of funding and membership data*

As of May 1996, Working Today had more than 700 individual members who had paid a \$10 fee and a \$60,000 budget raised from dues, a grant from the Ms. Foundation, and a salary fellowship from Echoing Green, a foundation which supports innovative projects.<sup>12</sup> By December 1996, there were 1000 dues-paying members and Horowitz had raised \$190,000 from foundations.<sup>13</sup> Membership grew to 2000 dues-paying members by September 1997.<sup>14</sup> In 1999 Horowitz was named as one of the MacArthur Foundation Fellows, receiving a grant of \$275,000.

By January 1998 membership in Working Today rocketed to 35,000. However, this leap in membership represented a transformation in organization structure and accounting technique rather than an increase in interest among individuals. Working Today counts as members anyone who is a member of one of the organizations that have joined the Network, as well as anyone who ever paid dues to Working Today individually. Working Today reports that they now have 93,000 members who had joined either individually or through one of the 26 organizations that have joined their network.<sup>15</sup> However, Working Today remains almost entirely funded through foundation grants and not through membership dues. The primary practical benefit to joining the Working Today Network is the availability of health insurance at group rates.

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<sup>12</sup> Philadelphia Inquirer, Thursday May 23, 1996.

<sup>13</sup> Los Angeles Times, December 1, 1996. Horowitz received Stern Public Interest Pioneers 1996 Grants of \$100,000 for each of the years 1996 and 1997.

<sup>14</sup> Inc. Sept. 97 p. 28.

<sup>15</sup> Reported on web site visited June 6, 2000.

## South Bay Labor Council

Amy Dean became political director of the South Bay Labor Council in 1990 and chief executive director in 1994. Dean established Working Partnerships in 1995 as a new organization charged with research, training local activists, and working with local universities. Working Partnerships works on the links between regional economic policy and community well-being. In 1999 Dean established a temporary workers agency called Together@work. This agency pays workers better than rival agencies and provides a portable benefits package and training.<sup>16</sup>

Although the South Bay Labor Council was an existing union organization, Dean took the Labor Council in radically new directions. A New York Times article referred to Dean as possibly "The Most Innovative Figure in Silicon Valley."<sup>17</sup> Amy Dean's successes include winning a seat for her organization on the city council and winning a Living Wage campaign for municipal contractors, resulting in the highest minimum wage in the country.

As for how unions can serve the needs of independent workers, Dean envisions a labor organization that provides a stable base as workers move from employer to employer, which would be "a hybrid organization between a traditional trade union and a professional organization."<sup>18</sup> Like traditional unions, this organization would create wage and benefit floors within an occupation, and provide dispute resolution and collective bargaining. In addition, it would also provide networking functions and professional opportunities as people change employers within their occupation.

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<sup>16</sup> The Economist, June 12, 1999, p. 64 and Los Angeles Times, October 10, 1999.

<sup>17</sup> Steven Greenhouse, "The Most Innovative Figure in Silicon Valley? Maybe This Labor Organizer," New York Times, Sunday November 14, 1999, 26B.

## VII. Evaluating the prospects of a workers' organization such as Working Today

The viability of a workers' lobby such as Working Today requires that a sufficient number of workers feel their working lives would improve through the efforts of such a lobby and pay membership dues, or that foundations continue to provide grant funds. It is also notable that any efforts to form a new social movement go against the evidence of Robert Putman (2000) of declining interest in civic affairs. Perhaps the biggest obstacle any workers' organization would need to overcome is general social apathy.

Since the perception of workers as a disadvantaged or underrepresented group may not be widespread, it is not obvious that a workers' lobby would represent a social movement. Nor is it clear that a movement to distribute power from employers to workers would be widely met with enthusiasm. Note however that Working Today's success in attaining foundation funding is likely to be related to its success in generating the perception that a social movement is underway. As noted earlier, foundation funding for a workers' lobby is limited, even if perceived as a broad-based social movement.

It seems likely that having a well-defined constituency with common interests will enhance an organization's success. Most successful worker groups are defined more narrowly by occupation (such as WashTech or the National Writers Union) or by income or training level (such as those targeted by Industrial Areas Foundations and the Wisconsin Regional Training Partnership.) In addition to its powerful voting bloc represented by its membership, the AARP's influence derives by focusing on specific issues such as Social Security and Medicare. Thus organizations with a broader

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<sup>18</sup> The San Francisco Chronicle, July 13, 1997.

membership base with diffuse interests may ultimately be less influential in changing policy.

It is not obvious that a single workers' organization could speak for the interests of all workers, or even all nonstandard workers. While there are vast differences among conventional employees, the disparities among nonstandard workers may be even greater. The types of skills and the pay of such workers runs the gamut, from highly skilled and paid professionals, such as Microsoft's army of long-term temps, to day laborers.

As such, attempting to find a common ground among workers with seemingly little in common appears optimistic. For example, most temporary workers will have little in common with Microsoft permatemps, and labor legislation that improves their status may appear discriminatory against permanent employees. In contrast to their regularly employed exempt counterparts, temporary agency employees are eligible for overtime pay. For example, most Microsoft permatemps receive benefits from their temporary agency, higher base pay, and are eligible for overtime pay. However, they are not offered stock options, and they do not have the job security of Microsoft's permanent employees. It is noteworthy that even the powerful AARP is losing ground. The clash between the wishes of baby boomers now reaching 50 and the needs of their parents highlight the difficulty of maintaining an organization with a diverse constituency.

As for whether Working Today has served as an effective voice for workers, some indicators of success include paid membership, funding, media coverage, and legislative impact.

Paid membership provides measures of the value individuals place on the organization and the breadth of support for the organization's mission. Much of the

AARP's strength is derived from its 33 million membership base and the powerful voting bloc that represents. Working Today currently does not break out the number of individual dues paying members. Of the reported 93,000 members who had joined either individually or through one of the 26 organizations that have joined their network, it is not clear whether the bulk of the members of the organizations that have joined the Network are aware of their connection to Working Today.<sup>19</sup> A Lexis-Nexis search indicated that only one of the 26 organizations - the World Wide Web Artists Consortium - issued a press release announcing its affiliation with Working Today, and only this organization mentions Working Today in its own web site. In this press release, WWWAC President and co-founder is Kyle Shannon noted the benefits of membership include group-rated health insurance, office supply, travel, and computer discounts, as well as free legal and financial advice through the Working Today Network. Neither the press release nor the web site refers to the underlying workers' lobby mission of Working Today. Many of the Network organizations seem to have only a tangential connection to the mission of a workers' organization.<sup>20</sup>

It is also not clear that the health insurance plan is attractive to a large number of members. First, even at group rates, the rates are high enough to discourage participation among lower-income and part-time workers. Many of the targeted independent workers

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<sup>19</sup> For instance, of the 18 organizations who have web pages linked to Working Today's web site, Working Today is mentioned by only one of these organizations in their web page.

<sup>20</sup> These organizations are ACCION New York, Alabama ARISE, Alumnae Resources, The American Association of Workplace Persons, Asian Women in Business, Asian Women in Media, Building Better Lives/Solid Rock Christian Center, Community Partners, Computer Game Developers Association, The Employment Project, Forty Plus (New York Chapter), Graphic Artists Guild, Massachusetts Employees Association, Media Alliance, New York Foundation for the Arts, New York Women in Film & Television, The Newspaper Guild, Society of Telecommunications Consultants, Task Force on Temporary Employment, Temp Aide, Translators and Interpreters Guild, Webgrrls, Women Employed, Women Inc., World Bank Group Staff Association - Non-Regular Staff Working Group, World Wide Web Artists Consortium.

are young enough that they forgo health insurance out of either a rational or erroneous belief that health insurance is not economically valuable at their age. Second, among the 26 organizations in the Network are unions, whose members already receive benefits through their union. For example, the Newspaper Guild Sector of the Communication Workers of America brought with it about 35,000 members as well as their own health benefit plans.

Third, although it is premature to evaluate the success of the Portable Benefits Fund since it has not yet begun, it is not clear that the adverse selection problem be solved by a broad-based insurance plan available to all contingent workers. Even under the best case scenario, the administrative and monitoring costs incurred in trying to lower the risk pool and avoid adverse selection are unlikely to lead to insurance premiums at an affordable level for low income, part-time workers or for contingent workers more generally.

The sources and quantity of funding receive by Working Today provide information on the value of these organizations to external organizations. Working Today has so far been supported by a number of fairly small grants provided by the Ms. Foundation (\$25,000), Echoing Green (\$25,000), Stern Family Foundation (\$200,000), and MacArthur Foundation (\$275,000). There are relatively few foundations that fund social change, public policy projects.

The extent of media coverage indicates not only public interest in the organization's agenda but also the scope of the organization in raising public awareness and changing public perceptions. It is also a mechanism to maintain visibility and gain funding from foundations and from potential individual members. Although not a household name, Horowitz has received some highly visible media coverage, including articles in the New

York Times, Boston Globe, and the Los Angeles Times. The media attention following her MacArthur Foundation Fellowship likewise brought visibility to Working Today.

Success in influencing legislative change is perhaps the most important indicator of success but also the hardest to quantify, since it will rarely be possible to identify whether any such change is a direct consequence of the organization's efforts. Our only evidence on whether Working Today is pursuing legislative change is that they report calling on lawmakers. On the other hand, the South Bay Labor Council has documented evidence of success over this period including its successful Living Wage campaign.

### VIII. Alternatives to a workers' lobby

Can unions serve the needs of independent workers? Unions have historically provided a voice for workers as well as numerous specific services. However, unions face two major stumbling blocks in gaining strength and broader membership. First, the unionization rate has been in decline, and workers in the high-technology sector are almost militantly anti-union. Second, unions are stymied by archaic laws regulating organizing.

On the other hand, unions have successfully provided portable health policies tied to an industry rather than to specific employers in the unionized construction industry and the Screen Actors Guild. This demonstrated success may serve as a model for greater unionization of independent workers.

In addition to formal unions, professional organizations may serve their members' political needs more effectively than general employee groups. For example, the National Writers Union is a union-affiliated professional organization with lobbying activities.

The private economy has also made inroads in meeting the needs of the new work force. There are a number of web-based communities providing networking and information to independent works, such as Working Solo and Free Agent Nation. Not only has a new and independent labor market in software development and in creating Web pages emerged as an outcome of new technology, but new technology has made independent work more feasible. The growth of firms such as Kinkos, Staples, Office Depot, Mail Boxes Etc. reflect the market's response to the new labor market.

#### IX. What is the potential impact on working conditions or society?

The structure of the economy has changed, and so have the needs of many members of the labor force. The task of workers' organizations such as Working Today and the South Bay Labor Council is to develop the social arrangements that will foster worker welfare. Among other programs, these two organizations are working on providing portable health benefits. If successful, such efforts may enhance worker security and lead to a more efficient economy as workers move to their most productive jobs without concern over lost employment benefits. On the other hand, further weakening of ties between workers and employers may lead to less training and lower overall national productivity.

As for the prospects for Working Today, the main challenge seems to be generating sufficient interest from workers willing to pay a membership fee to lessen the current reliance on foundation funding. If the Portable Benefits Fund proves successful and cost-effective when applied to new media workers in New York, it will provide a new example of portable health benefits outside of the union framework employed in the

unionized construction industry and by the Screen Actors Guild. This demonstration may serve an important social goal and demonstrate to private insurers that a profitable group insurance market exists among independent workers.

As for the South Bay Labor Council, the main challenge is to overcome resistance of new economy workers to unionization. If successful, the declining trend in unionization rates may be reversed.

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Table 1:  
Two Workers' Organizations: Working Today and the South Bay Labor Council

Characteristic	Working Today Sara Horowitz	South Bay Labor Council Amy Dean
Organizational structure	Single entrepreneur, originally modeled on individual membership model of AARP, now forming network of organizations	Innovative union framework, coupled with community outreach and temporary agency.
Founded	1995	Dean became executive director in 1994, founded Working Partnerships in 1995
Objectives	Broad-based workers' lobby, focused now on portable benefits for New Media workers in New York	Portable benefits for unionized independent workers
Membership/target audience	2000 dues-paying individual members (reported 9/97) and 93,000 members via membership in one of 26 organizations affiliated with the Working Today Network	union organization representing 100,000 members of more than 110 affiliated unions
Services provided	Discounted health insurance, legal services at a fee, group discounts on office supplies, web site with links	Union benefits, array of public service projects
Funding	primarily foundations	union funded branch of AFL-CIO