New Treasury Report Finds Corporate Concentration, Anti-competitive Practices Have Stifled Wages for Workers and Reduced their Power in the Marketplace

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Study of Competition in Labor Market Recommends Reforms in Order to Level Playing Field for All Americans; White House Hosts Roundtable with Workers to Discuss Findings

WASHINGTON — The U.S. Department of the Treasury, in consultation with the U.S. Department of Justice, the U.S. Department of Labor and the Federal Trade Commission, issued a new report on competition in the labor market today. The report, "The State of Labor Market Competition in the U.S. Economy," finds that the American labor market falls far from the perfect competition that economists had long assumed due to employer concentration and anti-competitive labor practices. This is a significant problem: the report estimates that lack of competition causes wage declines of roughly 20 percent for workers, relative to what they'd otherwise earn. Employers also use their market power to impose other costs on workers, including unpredictable just-in-time schedules, punishing work conditions, and no opportunity for advancement. Diminished labor market competition holds back the entire economy, inhibiting innovation, increasing prices, and curbing economic growth.

On Monday, March 7 at 3:30 PM, the White House will host a roundtable event to discuss the report's findings with workers who have experienced anticompetitive barriers firsthand. The event will feature Secretary of the Treasury Janet L. Yellen, Attorney General Merrick Garland, Secretary of Labor Marty Walsh, Chair of the Federal Trade Commission Lina Khan, Chair of the Council of Economic Advisors Cecilia Rouse and Director of the National Economic Council Brian Deese. At the event, principals will hear from workers about the harms caused by employers' anticompetitive practices and discuss efforts to promote labor market competition, so that workers can bargain for higher pay and command dignity and respect in the workplace. The event will be livestreamed here.

Employer practices such as requiring noncompete agreements and misclassifying employees as independent contractors, among others, have forced workers to accept lower wages and worse working conditions. Meanwhile, the decline in unionization has left workers with less bargaining power to counteract employers' power. Overly-burdensome licensing requirements have contributed to the challenges faced by workers. The report includes recommendations, such as increasing antitrust enforcement in labor markets, raising the minimum wage, and making it easier for workers to organize, that would revitalize competition in the labor market and strengthen workers' bargaining power so that workers can get their fair share of the economy's proceeds.

"A competitive labor market is a key element of a well-functioning economy," said Secretary of the Treasury Janet L. Yellen. "The Biden-Harris Administration's policies, taken together, will substantially boost competition and increase the relative bargaining power of workers. In turn, these reforms will meaningfully raise wages and boost the wellbeing for workers in markets around the country. The Treasury Department, along with its partners throughout the Administration, will work with urgency to further the recommendations laid out in this report."

"A lack of competition in labor markets harms the American economy and the American people – workers, consumers, and businesses alike," said Attorney General Merrick B. Garland. "That is why protecting American workers from anticompetitive labor practices and employer concentration is central to the Justice Department's antitrust enforcement and advocacy efforts."

"Workers across the country are demanding more from their jobs, and anticompetitive practices like the ones addressed in this report undermine broader market forces that allow workers to advocate for themselves," said Secretary of Labor Marty Walsh. "Addressing these issues will not only be good for workers, but it will allow more companies to recruit and retain a skilled workforce and will keep our nation moving forward."

"In his State of the Union Address, the President made clear his goal of extending the historic labor market gains of the last year, with sustainable wage growth for workers going forward," said Director of the National Economic Council Brian Deese. "As the findings in this report show, more competition for workers means higher wages and greater productivity across our entire economy. Acting on the report's recommendations will be a top priority of the Administration in the weeks and months ahead."

The report is a product of President Biden's Executive Order on Promoting Competition in the American Economy. As part of a comprehensive approach, the Order called on Treasury Department, in consultation with the Department of Justice, the Federal Trade Commission, and the Department of Labor, to investigate the effects of a lack of labor market competition on the U.S. economy.

The full report can be viewed here.