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We Need Decent Jobs Rather Than Any Jobs

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The U.S. economy is showing tepid signs of recovery. Even if we dig ourselves out of the worst downturn since the 1930s sooner rather than later, we still face an equally daunting challenge: how to restock the U.S. economy with decent jobs -- jobs that can at least support a household at a healthy, safe, yet modest, living standard.

Unions could play an important role in addressing this challenge -- for an economic reason, and a political one.

First, in a new report, my research demonstrates how collective bargaining can improve the pay and benefits of occupations expected to add the most jobs well into the next decade. Second, the U.S. Congress is debating the Employee Free Choice Act, legislation that would make it easier for workers to join unions.

Consider that in 2006, 65 percent of workers did not hold what could reasonably be called a decent job. I define such a job as one that pays just over 200 percent of the poverty line for a family of three, or $17 per hour, and provides health and retirement benefits; or one that pays $22 per hour without benefits.

A growing economy by itself will not create decent jobs. An analysis of Labor Department employment projections shows that, on its current track, the U.S. economy will be no better at producing decent jobs in 2016 than it was in 2006. We can expect this trend to persist well after the economy recovers.

The fact is the pay and benefits of the jobs expected to be added by 2016 do not look much better than those that existed in 2006. The Labor Department labels eight of the 10 occupations projected to add the largest number of jobs by 2016 as "low" or "very low" paying.

My report confirms previous research findings -- unions enable workers to improve pay and benefits. I estimate that a 10 percentage point rise in union representation would boost the number of decent jobs available in 2016 by about 2.5 million.

Do unions mean fewer jobs? The concern here is that when unions raise workers' compensation, they may shrink firms' profit margins, lowering jobs as businesses fold or move offshore. But no strong evidence of this relationship exists.

The United States must respond by developing sectors in which U.S.-based firms have a competitive edge. This will include industries in which firms can operate effectively only within U.S. borders or where U.S.-based firms surpass the technological capabilities of firms elsewhere.
Clean energy initiatives could serve as an important source of employment growth. These initiatives would involve activities that must be done in the United States such as retrofitting buildings to become more energy efficient. U.S.-based firms can build competitiveness through technological advances in renewable energy. Policies that expand opportunities for workers to join unions would help ensure that the U.S. economy's recovery produces decent jobs.
The Blanche Lincoln Senate Agriculture Committee Derivatives Reform Act

The Wall Street Transparency and Accountability Act passed by the Senate Agriculture Committee is the strongest derivatives control legislation to come out of Committee during the current financial reform debate. And it is one that the largest banks, who do 85% or more of the derivatives trading, will fight to the death to kill. This bill would eliminate most of their opaque and therefore high profit margin, "customized to kill" OTC derivatives trading. In addition it would force most derivatives trading to be put on exchanges where they would have to be more transparent, less complex and therefore less dangerous. More significantly - and more distasteful to the banks - the bill requires that the banks that have access to funds from the Federal Reserve close down their derivatives (swaps) trading and put them in separate entities. The current Senate bill has some flaws: it appears to exempt foreign exchange swaps and does not force all derivatives onto exchanges, making it possible for banks to game the system.

Break the Vise

Much more must be done to truly make the financial system safe, accountable, fair and efficient: issuer-paid rating agencies have to be abolished or significantly reformed; hedge funds need to be subject to prudential regulation; new financial products have to be prohibited unless they can be shown to be safe and effective (rather than just tools for fraud, or tax and regulatory evasion); a consumer financial protection agency that is truly independent and powerful needs to be established; the Federal Reserve has to be made much more democratic; a financial transactions tax to shrink the bloated financial system has to be levied....the list could go on and on.

But there are pieces of financial reform legislation and likely amendments that are worth fighting for. They will not end Wall Street vice, which seems completely endemic to the culture of the system. But they could help break the choke hold that big finance has over the American people. And that is a vise worth smashing.