

With plight of US workers at center stage, how to help?

Americans' economic anxieties are highly visible in this year's presidential election campaign – but they're also hard to address.

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Many of the jobs that once put bread on the table of working-class America are gone forever. Hollowed-out ranks in occupations from textile-loom operators to file clerks attest to the problem. And it's front and center in this year's presidential race.

No one expects hiring for dark-room technicians or telephone operators to revive anytime soon, but there are ways to help workers adapt, experts say. The answers just might need to go beyond campaign-trail sound bites.

Presumptive Republican nominee Donald Trump has stoked and harnessed the anger of many Americans who feel the economy has turned against them, railing against big trade deals and illegal immigration as core reasons for the loss of blue-collar jobs. Bernie Sanders laments the “rigged economy” and “corporate America.” In the race for the Democratic nomination, even the more centrist Hillary Clinton has joined Senator Sanders in skepticism of trade deals.

President Obama took a step toward acknowledging the plight of workers in the bottom half of the income spectrum Wednesday, when his administration doubled the annual salary threshold at which companies can deny overtime pay from \$23,660 to nearly \$47,500.

But concerns about stagnant wages relative to living costs are widespread, as was hinted in one survey last year that found 76 percent of US workers believing they'll be worse off in retirement than their parents were. There has been some improvement in worker wages since 2013, but anxiety among the middle and working class remains high.

For this article, the Monitor canvassed experts from across the political spectrum for their ideas on how to best remedy the problem. They agree on one note of caution: Beware of candidates promising quick fixes. Trends such as globalization and automation, which have contributed to many US job losses but also to the economy's growth, aren't going away.

“There’s no set of policies that’s perfectly going to fix their problems,” says Harry Holzer, a policy scholar at Georgetown University and the center-left Brookings Institution in Washington. “Trade isn’t going to go away even if we reject all these trade deals. New technologies aren’t going to go away, that’s going to be the nature of the world. What we can do is try and help these people as best we can.”

The Monitor spoke to Professor Holzer, who is also a Hillary Clinton adviser, and three other experts: Mark Perry, an economist at the conservative American Enterprise Institute and at the University of Michigan’s Flint campus; Michael Tanner, a senior fellow at the libertarian Cato Institute who heads research on domestic policies including poverty; and Chris Tilly, director of the Institute for Research on Labor and Employment at the University of California, Los Angeles. Here are their suggestions on policies to enhance the job security and prosperity of American workers.

Vocational education

America is never going to be able to compete with the unskilled or low-skilled labor markets offshore, the experts say. Instead, government at all levels should make a concerted effort to improve and promote the nation’s vocational education system – think apprenticeship and community college programs. This is because most of the new blue-collar jobs require more skill than they used to. Cato’s Mr. Tanner suggests that this could include some kind of sub-minimum wage structure as an incentive for businesses to take on apprentices.

What about people in their 40s or 50s whose jobs have been lost? Some are being forced to accept lower-wage jobs or no work at all. Help with vocational ed isn’t just for the young, the experts say. And when retraining doesn’t happen or doesn’t help, other policies may be needed to cushion the blow. Holzer suggests wage insurance to compensate for lost income, paid family- and medical-leave benefits, and tinkering with the Earned Income Tax Credit so that even workers without children can be better compensated for often having to take lower paying jobs.

No war on trade

The experts say Mr. Trump’s and Sanders’s campaign rhetoric blames trade deals disproportionately for the woes of working America. Tanner says that trying to make American industries competitive by slapping “25 to 40 percent tariffs” on Chinese imports would backfire by creating a trade war in which American exports would face retaliatory tariffs and US-based companies might be prompted to move offshore.

Instead, the experts say, America must recognize its strengths will lie in higher-end manufacturing and train its workforce accordingly. Holzer, for one, suggests that the controversial Trans-Pacific Partnership (TPP) will actually lower other countries’ trade

barriers more than America's and so in reality would likely represent a "net plus" for American exports.

Corporate tax reform

The experts say that, although closing America's doors to trade would be harmful, the current framework of globalization has negative as well as positive impacts on US job creation. Corporate taxes are an important piece of the puzzle. AEI's Professor Perry says the current marginal tax rate of 35 percent is one of the highest in the world, giving companies the incentive to move jobs offshore.

Many companies also use tactics to shelter profits from US taxes by keeping foreign revenue overseas. Experts (and the candidates themselves) differ on the details of corporate tax reform, but many agree on the goal of changes that can ultimately encourage more private investment and job creation in the US.

An infrastructure fund

Trump, Clinton, and Sanders have all voiced support for the idea of boosting US infrastructure investment, and this is an area where many experts also see an opportunity for both near-term job creation and long-term payback. A country with better ports, roads, and research labs will be one that's better able to attract well-paying jobs. Holzer calls it "almost criminal that we're not rebuilding our infrastructure right now." Tanner says some of the "repatriated" corporate profits from overseas, after tax reform, might go toward setting up an infrastructure bank.

Another step in a similar direction could be more government efforts – from research to tax incentives – to cultivate promising industries. UCLA's Professor Tilly suggests that America needs to overcome its dislike of industrial policy to explore how federal, state, and local governments can intelligently use their tax dollars to "nurture new tech industries that are going to take us well into the 21st century."

Tempered boost in minimum wage

The general consensus among the experts is that – with a number of states and cities raising their minimum wage, including measures by New York and California to move toward the \$15 an hour – the increases should be tempered. They point to the fine balance between ensuring workers get paid enough to afford their local cost of living and the dangers of killing jobs by causing businesses to leave certain areas or employ fewer people. Holzer, for example, favors a \$10 minimum, adopted by cities such as Portland, Maine, which he says is less likely to lead to job losses. Perry points out that many smaller businesses run on "razor-thin" profit margins.

Some also say that opportunities for less-skilled workers could expand if states consider whether occupational licensing and certificate requirements can be eased or removed. Perry and Tanner said only 5 percent of low-skilled jobs used to require some form of licensing, but that has now increased to around one third.