

Economic Rights as Industrial Policy

Family care policies can be part of a transformation that centers the worker in economic relief efforts rather than companies.

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OCTOBER 21, 2020

The coronavirus recession has had a deep and rapid impact on our economy, exposing both the economic precarity of American families, and even worse, enormous hardship disparities by race. Millions remain out of work, and 22 percent of small businesses are predicted to close. The Black unemployment rate remains far higher than the white unemployment rate, and 41 percent of Black-owned businesses have succumbed to economic collapse. The virus has revealed our collective vulnerability and the important role of race in conditioning economic and life outcomes.

The extent of the pandemic's destruction of both lives and livelihoods was not inevitable. It has been the result of poor policy choices. Unlike other developed nations, our patchwork health care system that ties insurance to employment has led to millions losing coverage in the middle of the pandemic. The unemployment insurance program is purposefully stingy, and there is no county in the country in which a family can live on unemployment insurance alone. (Federal supplements to unemployment kept people afloat until they expired, but the real scandal is that they were needed at all.) The destruction of unions meant workers had little power to advocate for better workplace conditions to protect themselves. Structural racism manifested in economic and political vulnerabilities that made Black and Brown Americans more likely to contract and die from COVID-19. This was all preventable. We need new policies and policy frameworks to ensure widespread economic security. As Congress debates future policies, instead of asking the habitual question of how can we keep businesses afloat, policymakers should examine what is good for the worker. This should center on universal social benefits like child care, elder care, health care, and housing. An explicitly anti-racist and anti-sexist Economic Bill of Rights for the 21st century has never been more necessary. Economic rights for workers in particular, including paid family and medical leave, should be central to any recovery from this pandemic.

Though industrial policy and labor policy have often been conceptualized as two different domains, this division is unhelpful and unnecessary. Industrial policy has traditionally focused on supporting sectors and firms. For example, the federal government provides tax subsidies for the energy sector, encouraging oil and gas production. Similarly, states provide tax credits to encourage businesses to open headquarters in particular locations. These types of policies are based on the faulty assumption that encouraging business will lead to economic dynamism and job growth that proverbially "lifts all boats." What is not considered is whether the stimulus actually leads to net quality job gains. Instead of hoping good jobs will trickle down, the government should ensure that workers directly benefit from government interventions in the economy.

Worker-focused labor policy could lead to overall economic growth, while dampening the broader impact of any future downturn by ensuring a base level of worker support. It would produce economic

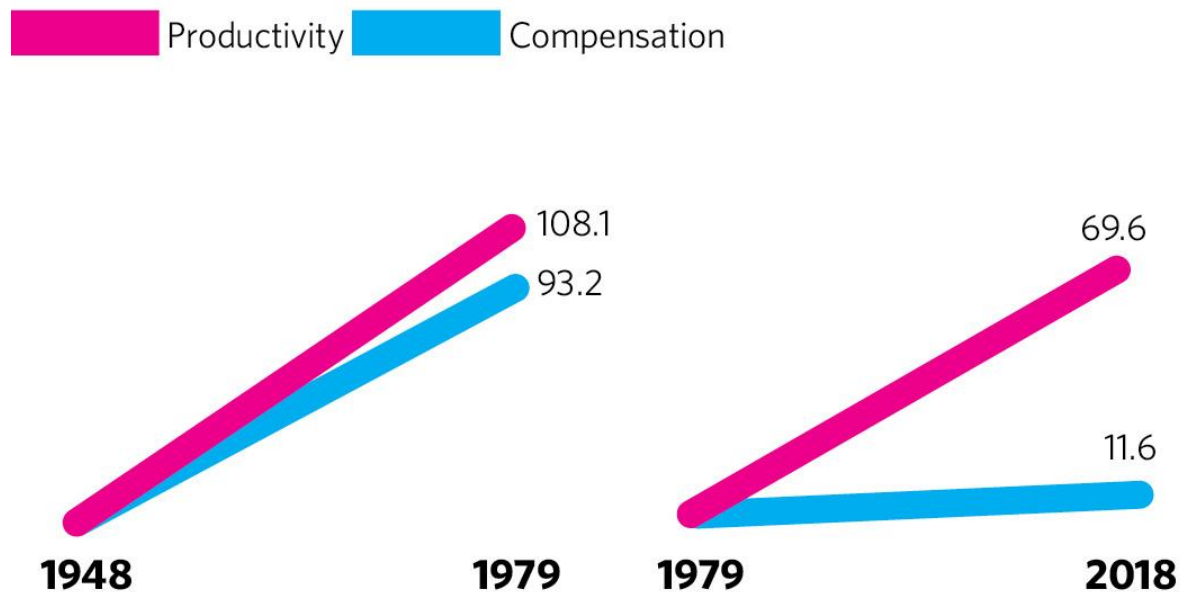
growth by focusing on the infrastructure that counts the most—green energy, public-health systems, and a care network for all Americans.

A NEW INDUSTRIAL POLICY that centers the worker would promote a fairer economy grounded in shared prosperity. During the Great Recession, the banks were bailed out by federal intervention and kept solvent, while many workers had their life savings wiped out and their homes foreclosed. Rescuing the banks was inadequate to ensure security for the American worker, and as a result the recovery from the last recession led to increased inequality.

We have a better model for economic intervention in the New Deal and the postwar era, when the government invested in and supported workers. For instance, Social Security is a portable retirement benefit that has cut poverty and provided security for millions of Americans. The New Deal also ushered in public jobs and a broad increase in worker benefits, leading to a sustained era of economic growth that was both fast and broadly shared. At the same time, this enhanced the private sector by investing in our human and physical infrastructure. The right to collectively bargain via unions facilitated advocacy for the needs of workers, fair wages, and other economic protections.

Although these programs were exclusionary of agriculture and domestic workers, they proved the theory that a worker-led intervention can support broadly shared prosperity. Between 1948 and 1979, productivity rose 108.1 percent, and worker compensation increased 93.2 percent. Although not fully extended to Black, Indigenous, and other people of color, the middle-class lifestyle became far more accessible. In contrast, as deregulation and lower taxes for the wealthy prevailed, from 1979 to 2018, productivity rose 69.6 percent and worker compensation only rose 11.6 percent.

Worker-Led Interventions Work



We need to create a new economy that prioritizes our shared prosperity with a just distribution of resources. Centering worker livelihoods in industrial policy through an Economic Bill of Rights is one step toward reframing what a healthy economy looks like. The post–New Deal era shows that we can have an economy that serves the worker without sacrificing economic growth overall.

Though unions have always been a powerful force for worker rights, a bill of rights would make the protections unions have fought for available to all. Manufacturing jobs were not good jobs because they were in manufacturing; they were good jobs because unions fought for them. If all jobs were required to abide by a bill of rights, millions more Americans would have access to the middle class.

This would have a significant impact on worker power. By definition, these new worker rights would be portable. If workers were guaranteed access to child care and elder care, they would be less beholden to employers, increasing flexibility on the part of the workers to seek out better jobs. This would prevent job lock, and enable workers to seek higher wages, as employers would no longer be providing benefits.

At the same time, we need to learn from failures of the past. The next worker-centered interventions should be anti-sexist and anti-racist, ensuring that those who have long been left out are explicitly included in government programs. While it assisted many, Social Security was exclusionary by design, as it purposefully did not include domestic or agricultural workers, which meant that over half of Black men and about 90 percent of Black women were left out. A universal social-insurance program that protects workers, giving them security for child care, paid leave, and elder care, must be truly universal to ensure adequacy and racial equity.

Universal Family Care will be particularly beneficial to women and Black and Latinx workers. Women and Black and Latinx workers are disproportionately left out of labor market protections and also disproportionately employed in the care economy. Sixty-two percent of Black workers and 73 percent of Latinx workers are either ineligible or cannot afford to take unpaid leave. In addition, 44.2 percent of child care workers are nonwhite, and 59 percent of direct-care workers are nonwhite. An Economic Bill of Rights would provide benefits to this population, while also hopefully leading to greater economic protections for those employed in these industries. In fact, care work could be an attribute of a broader federal job guarantee program, where the public sector ensures decent wages, benefits, and universal and quality access to care.

This type of labor policy will benefit firms as well as workers. Social insurance for family care would decrease overhead for firms, as they would no longer have to provide these benefits, while also mitigating the lost productivity hours that might require workers to address inadequate care for their loved ones. When companies provide child care, employee absence decreases by up to 30 percent, and job turnover can decline up to 60 percent. This helps the bottom line.

Finally, an Economic Bill of Rights would improve the economy overall. Child care and elder care would be removed as a barrier for entering the workplace, allowing more Americans who want jobs to have them. Care work is a growing sector of the economy. For example, almost 3.5 million people work as home health and personal-care aides, providing essential care to over 7.6 million Americans. If everyone had access to care, it would grow even more, particularly as the baby-boom population ages.

Employment of home health aides and personal-care aides is projected to grow 41 percent from 2019 to 2029, much faster than the average for all occupations. By 2026, over 4.5 million people will be employed in this industry. These workers must have access to adequate wages, job training, and career

trajectories. These are jobs that cannot be outsourced or automated, and a workers' bill of rights would make sure that these new jobs are good jobs. Ensuring quality wages and working conditions for care work is not only the moral thing to do, it is also vital infrastructure for our economy overall.

By reframing policies that benefit the worker as industrial policy, we can imagine new ways of intervening in the economy that directly benefit the worker and the economy overall. With this framework, the next economic package should focus less on reviving companies that have invested more in profits than in their workers, and more on ensuring that workers emerge from this crisis whole.

Will We Face Depression-Era Job Losses? Let's Not Find Out

Congress should enact a federal jobs guarantee.

By Angela Glover Blackwell and Darrick Hamilton

May 9, 2020

On Friday, the Labor Department announced that over 20.5 million Americans lost their jobs in April, bringing the unemployment rate to 14.7 percent. This level of devastation has not been reached since the Great Depression. With more than one in four companies shuttered to minimize the pandemic's death toll and at least 30 million workers seeking unemployment benefits, we are in the throes of an unprecedented jobs crisis.

Just like the health crisis, economic fallout is hitting black and brown communities particularly hard. Far more black, Latinx, and Native American households are financially impacted or severely harmed by the coronavirus than white households. People of color make up an outsized share of the essential workers — grocery store clerks, bus drivers, janitors and home care workers — who risk exposure to the virus while earning low wages with few benefits.

While Congress has taken some important steps to provide relief, more must be done to keep people safe, prevent job losses and maintain incomes. We face a recession with the potential for Depression-era job losses, and we know from experience that black and brown workers bear the greatest risk of long-term economic setbacks. To ensure an inclusive recovery and a more resilient future, Congress needs to enact a federal job guarantee: a public option for a job with living wages and full benefits on projects that meet long-neglected community needs.

This idea is not new. The Humphrey-Hawkins Act — introduced in the 1970s by Senator Hubert Humphrey, a Democrat from Minnesota, and Representative Augustus Hawkins, a Democrat from California — proposed employment guarantees. The original bill allowed citizens to sue the government if they couldn't find a job. A version of federal job protections has been percolating for years. In 2018, three Democratic senators — Kirsten Gillibrand of New York, Cory Booker of New Jersey and Bernie Sanders of Vermont — approved of the idea. Hundreds of scholars, leaders and organizations working for racial, economic and environmental justice have signed on to a Jobs for All pledge calling for a federal guarantee.

The coronavirus exposes the extreme vulnerability of a system that actively produces inequality. A job guarantee is a powerful solution that would not only address urgent needs but also bend our economy toward racial and economic justice.

As Pavlina Tcherneva, an economist at Bard College, described, some of these guaranteed jobs could be in disaster preparation and monitoring. We could hire workers to conduct the community-based testing, monitoring and contact tracing necessary to contain the virus and safely reopen the economy. Workers would be equipped with proper personal protective equipment, and could have access to child care provided through the program. Employment (rather than unemployment) offices across the country could identify and fill shortages of ventilators and masks.

The program would be funded by the federal government and administered locally, with community input to identify projects that address long-term physical and care infrastructure needs. Communities could implement energy efficiency retrofits and environmental restoration efforts to fight climate change. They could hire teacher's assistants, child care providers and elder care aides to support our youth and seniors. And they could remediate brownfields and create new public art.

States and cities could also implement larger-scale projects, for example laying municipal broadband networks that plug disconnected communities into the modern economy — a divide made visible as public schools scrambled to implement distance learning.

By ensuring that everyone can have not just any job, but a good job with dignified wages, benefits, health care, safe working conditions and full worker rights, a job guarantee would deliver long-needed worker reforms. It would tackle poverty by providing a viable alternative for the 40 percent of workers who earn less than \$15 per hour. And it would reduce racial employment disparities by guaranteeing good jobs for everyone, including black, Latinx and Native American workers who face hiring discrimination and are disproportionately relegated to low-wage jobs.

A federal commitment to universal employment has deep roots in the New Deal and the civil rights movement. The Works Progress Administration employed 8.5 million people over eight years, building infrastructure that supported and powered the nation over the next century. In 1944, President Franklin D. Roosevelt called for an Economic Bill of Rights, beginning with the right to employment. Martin Luther King, Jr., pushed for guaranteed jobs in his final years and Coretta Scott King led a grass-roots movement championing it.

An updated version of Roosevelt's vision would increase bargaining power and expand the social safety net for all workers. By hiring workers at the beginning of a downturn, a permanent job guarantee would operate as an automatic stabilizer in perpetuity, maintaining consumer spending and protecting us from recessions — making our economy more resilient as well as more inclusive.

This time last year, no one would have predicted that a global pandemic would bring us to the brink of economic collapse. But we can predict with certainty that Covid-19 will not be our last economic shock. A job guarantee can mitigate this harm and usher in a more just and equitable economic future.

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