



How Can Trade Unions and Labor Market Policies Affect Economic Growth and Opportunity in the Middle of a Recession?

Comments by

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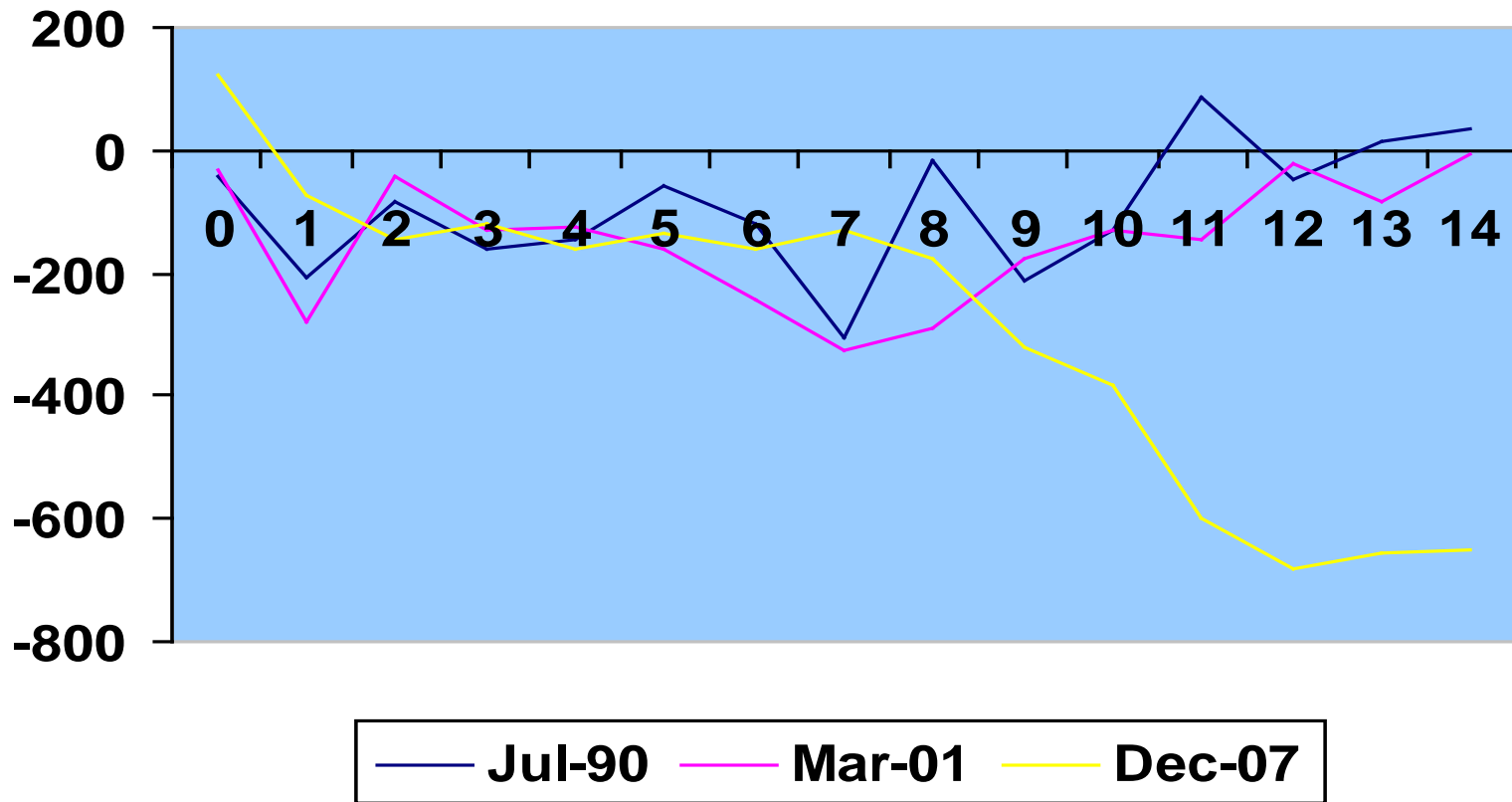


Setting the Stage

- February 2009 Unemployment rate = 8.1%
- Number of unemployed = 12.5 million
- Share of long term unemployed = 23.1%
- Number of underemployed = 8.6 million
- Number of discouraged workers = 731,000
- Underemployment rate = 14.8%



Monthly Change in Employment Since Start of Recession





“Records” broken

- Unemployment rate the highest in 25 years
- Largest 4 month decline in employment since Sept. 1945
- Manufacturing employment to lowest level since 1946
- Construction – 40 percent of losses happened in last 4 months
- Average workweek reduced to lowest level since 1964



Who is out of work? Demographics

<u>Unemployment rate</u>	<u>2009</u>	<u>2008</u>
Less than high school	12.6	7.4
High School	8.3	4.7
Some College	7.0	3.8
College	4.1	2.1
Black or African American	13.4	8.4
Hispanic	10.9	6.3
White	7.3	4.4
Teens (16-19)	21.6	16.5



Industry Job Loss Since January 2007

<u>Industry</u>	<u>Jobs</u>	<u>% change</u>
Construction	-1.1 million	-14.5%
Manufacturing	-1.5 million	-11.0%
Financial Services	-0.4 million	-5.3%
Prof & Bus Services	-0.8 million	-4.5%
Retail	-0.5 million	-3.2%
Education & Health	+1.1 million	+6.0%



Painsharing v. Gainsharing

- Employees giving up hours to keep jobs
- Employees giving up benefits to keep jobs
- Employees giving up pay (cuts and furloughs) to keep jobs

- But bonuses still being paid! e.g. AIG



Labor Policy Reform Embedded in the Stimulus Package

- *Unemployment Insurance*
 - Increase in benefit by \$25 a week
 - Extension of benefits
 - Unemployment Insurance Modernization Act
 - Low wage
 - Part time workers



Labor Policy Reform Embedded in the Stimulus Package

- *Job Training*
 - \$2.95 billion in workforce investment act training
 - \$1.2 billion for youth
 - \$1.25 dislocated workers
 - \$50 million for Youthbuild
 - \$750 million training in high growth jobs –
 - Green jobs & health care
 - \$200 million dislocated worker assistance national reserve



What the Labor Secretary Needs to Address Next

- *Trade Union Recognition*

Benefits of trade unions:

- higher wages and benefits to workers
- more training
- higher productivity in unionized high performance workplaces
- less inequality within firms and across businesses



What the Labor Secretary Needs to Address Next

- *Employment and Training Strategies for an Aging Workforce*
 - Role of wage insurance v. training
- *Financial Literacy of the Workforce*
- *Enforcement of Wage and Hour Protection, OSHA*
- *Work Life Balance, Family Leave*