

Thoughts on Public Workforce Policy and the Dignity of Work¹

Every period of fundamental change in world markets and technology is marked by profound challenges and great opportunities. The Great Depression was the beginning point for one such period, but unlike prior times when markets were left to sort things out, the federal government finally stepped forward in an effort to correct failures and to expedite the transition from one economic order to another. Since then, public institutions at all levels have intervened in the labor market with regulations, training and education, subsidies, employment insurance, and information resources.

Another fundamental change is occurring in the global economic order – a change that began a few years ago and is punctuated by the current crisis. It is characterized by near instantaneous communication of enormous volumes of unfiltered information, rapid differentiation, diffusion and expansion in producer and consumer markets, and significant compression in the cycle of invention to obsolescence.

Two challenges arise as we face this new reality: First, we must be sure that the legacy institutions and labor market policies developed over prior periods are still useful in an emerging environment that favors knowledge, agility and remarkable foresight. We must ask whether the information systems supporting the exchange of labor are adequate to the task. We must determine whether workers and businesses are afforded the resources – both financial and substantive – to follow through on their decisions. We must also know whether training and educational providers are able to meet new demands in terms of who they serve, the timeliness of their services, and the content of what they provide.

The second test is to design the next generation of policies and programs. The twin goals are to create a competitive advantage for American businesses and to improve the opportunity for a better quality of life for American workers. The primary focus should be on actions that improve the fairness, efficiency, efficacy, and transparency of labor markets. All participants in the market – business, workers, educational and training providers, and intermediaries – should have access to timely, accurate and comprehensive information and interpretative tools on changing labor and economic market conditions. All who want to work must have the same opportunities to do so safely and earn no less than a living wage. Employers must know that the value of the work that they receive is commensurate with what they are paying. The market itself must do a good job of matching supply with demand and be sufficiently flexible to respond to unexpected shifts due to innovation and sudden changes in market conditions.

There are five elements to a fair, market based workforce system. First, the workforce system is in the business of developing human talent and seeing to its highest and best use. As such, it should closely match the intersecting interests of employers and workers. Given the rapid pace of economic and technological change, this will be achieved through some combination of

¹ NOTE: The views expressed in this paper are those of Peter Creticos and not necessarily those of the Institute for Work and the Economy or the Board of Directors.

strategies addressing industry needs, individual aspirations and a drive to innovate. There will not be an endpoint to learning. A map of each worker's qualities over time will probably resemble a growing interconnected web of validated skills and formal credentials. As a result, the education and training system must be sufficiently robust and agile to accommodate a growing population of adult learners pursuing highly individualized interests. It will need to do a very good job of recognizing and validating skills that are acquired on the job or at overseas institutions. And, policies and programs will need to recognize that workers who are older than 50 require different training solutions and face different career choices than their younger colleagues.

In the course of developing and promoting human talent, it also is essential to look beyond known business needs and consider how that talent may be encouraged to invent, innovate and start new businesses. Instead of looking at the body of skills of each worker and trying to only match it to demand, the workforce system should also be asked to offer a means for those with unique talent to express it in creative and, hopefully, economically productive ways. This is a very different role for the workforce system that will challenge policymakers to create appropriate new policies and resources.

Second, the resources allocated to the workforce system need to reflect the economic stakes for the U.S. as a whole. It is doubtful that the current model of private investment and relatively small public support is sufficient to sustain and grow the U.S. economy in the face of determined, growing global competition. As it stands now, once a person finishes high school, the shape and quality of the U.S. labor supply is determined largely by two groups: individuals making personal investments in their education and training and businesses that train their workers to meet specific needs.

It is time to match the level of public investment with the importance of the challenge. A bold step is to extend free-public education to include the first two years of post-secondary education or the equivalent in occupation training. The federal governments and the states should also expand the size of direct public investment in training and education, support a discipline of lifelong learning through either subsidies or tax-supported saving plans, and encourage employers and unions to integrate training in every aspect of the workplace through tax policies or matching subsidies. Moreover, the labor market needs to be accepted as an equal of financial and capital markets. Each drives economic growth, and is affected by it.

Third, decision-makers – employers, job seekers, workers, training and education providers, and labor market intermediaries – must have the capacity and resources to monitor and manage risk and to make wise investments. Today's labor market information system was designed to inform policymakers about current and past conditions and to make broad projections of the future. While many important improvements continue to be made, it is worthwhile to ask whether the current system is adequate in an environment that requires workers and employers to act quickly and creatively in the face of rapid economic changes. A fair assessment likely will show that new forms of information and even new information structures are needed to support education and training investment decisions by workers and employers and the service investments by those who support the labor exchange. What cannot happen is that we simply assume that the existing system is adequate to the task.

Fourth, seemingly intractable inequities continue to create barriers for millions of workers. When they do, the public workforce system needs to be accepted as the place for those who have nowhere else to go. The highest priority should be given to those who are the hardest to employ, including those who face significant barriers as a result of economic disadvantage, gender, racial, and ethnic discrimination, physical, mental and cognitive disabilities, criminal records, illiteracy, or low basic skills. What distinguishes the workforce system from other services is that results are measured in terms of skills, competencies and work outcomes. While training innovations and new experience-based approaches have held down costs and improved outcomes especially for low skilled workers, programs that help those with the greatest need sometimes appear to be the most costly. Considering the alternative – returning people to prison, placing people in long-term care or providing shelter and food to those who cannot afford to do so – the cost of an inclusive workforce system is a bargain. The public policy challenge is to recognize that important social and economic benefits are achieved by lifting the floor.

Finally, a very real danger of the current economic crisis is that it will undermine the standing of millions of Americans. The potential human costs make it simply unacceptable to rely on conventional policies to ride out the downturn. History shows that it will take years into an economic recovery before many recover personally. In fact, real median income measured against the highpoint prior to the current downturn is still below pre-2001 recession levels.

Circumstances require that the federal government consider a combination of public employment, subsidized private employment and publicly supported training wrapped with income stipends. This initiative will help families weather the economic crisis. It will provide for the country's economic future by tying public work-related investments to infrastructure improvement or to critical economic sectors such as manufacturing, transportation, warehousing and distribution, healthcare, communications and security. And, it will use these subsidies to prepare workers for later in their careers by insisting that every learned skill or competency is validated and documented.

In her essay on American citizenship², Judith Shklar observed that “citizens in a democracy are entitled to respect” which is tied inextricably to the ability “to earn a living wage for all who need and demand it.” She wrote that “[i]n a polity of interest and rights-claiming individuals, only those who act in their own behalf and are recognized as competent in civil and political society can count as full citizens.” It follows that people feel diminished as members of society when they are out of work for long periods – or when they are never gainfully employed. Put in these terms, there are few issues more important to our democracy than whether a person is able to earn a living wage.

The new workforce development system must be comprehensive and inclusive. It must address the challenges of today's economy and respond effectively to tomorrow's uncertainties. And, it must advance civil society by respecting individual needs, by responding to the needs of employers, by supporting economic growth and innovation, and by improving the quality of life for workers.

² Judith N. Shklar, **American Citizenship: The Quest for Inclusion**. Harvard University Press. 1991.