

## The Jobless Recovery – Solutions

### The Problem

Twenty-four months into an economic recovery, data points such as GDP growth, corporate profits, unemployment rate, and stock market performance are positive. They would normally generate millions of jobs, but instead the economy has lost nearly 2.5 million jobs. Some focus on the positive data points and see no problem, pointing out job growth is a lagging indicator, and continue to have faith job growth will occur. Others believe the forces of globalization, in the form of offshoring and higher productivity, have created structural changes that have decoupled job creation from other measures of economic performance.

Symptoms include:

- Tepid corporate hiring and continued layoffs and offshoring US jobs
- Laid off worker exhaustion as many quit looking for work, artificially understating unemployment statistics
- Involuntary increase in self-employed workers
- Anxiety among most Americans fearing layoffs, loss of benefits, sensing they are one major illness away from poverty

Many failed predictions of job growth continue, based on the economy's historic performance. Few acknowledge globalization has created unforeseen consequences, and fewer still offer solutions. The challenges are considerable, and there are no magic bullets. Our concern remains protectionism, and we see the calls growing.

### Solutions – Guiding Principals

- Do no harm - Avoid protectionism, as it will make matters worse
- Avoid spin
- Forget about just leveling the playing field! Let's make the infrastructure changes needed to ensure that America has the best damn playing field anywhere, thus enabling us to continue to have the best labor force, and to once again draw the outside world's best experts and companies to feel they have to come here.

### Specific Solutions (Note this list will grow):

**Leadership** at all levels of government and private sector must convey by message and deed we're all in this together to prevail. Leadership must challenge the country to compete to win, and forthrightly lay out what it will take. It is again time to say, credibly, "ask not what your country can do for you, but you can do for your country." Calls for volunteerism and sacrifice, if credibly and forthrightly made, will rally and bring out the best in the nation.

**Infrastructure**, of all kinds must be provided to American workers, who are increasingly self-employed or in smaller service companies. If properly enabled, their talent and ingenuity will respond, compete, and prevail. It always has and will, if given the chance.

#### 1. Universal healthcare as infrastructure, not as an entitlement

Polls indicate that the majority of current and retired American workers are anxious and insecure about losing their jobs and benefits, even as Chairman Greenspan has called for a reduction in Social Security benefits, while increasing the eligibility age. The biggest subset of this is the loss of health insurance. Already the most Balkanized health delivery system in the world, more patches and limited solutions are being proposed to address the continued loss of insurance by laid off workers.

We believe health care issues are the single biggest source of Americans' anxiety about their future. It is a major impediment to future job growth; and must be solved not with yet another six-month study, but implemented forthwith. As to affordability, studies by Ewe Reinhardt and others indicate the cost of Single Payer Universal Coverage is affordable. It would reduce administrative costs and spread the actuarial cost of healthcare over the entire population, as younger healthy workers are included.

Corporations and individuals would continue to pay through taxes the equivalent of what they pay now, but no one would be denied access, be tricked by vendors preying on the unsuspecting, or be denied critical medical care when needed. Providing this to American workers is simply good business, similar to providing the best physical infrastructure - roads, bridges, tunnels, or communications bandwidth. Given these, American workers will be freed to compete against others with confidence and advantage. Benefits include:

- a) Job Creation, as self-employed individuals and small business are encouraged to take risk.
- b) Mobility and Volunteerism as workers move to locations having job demand, and perform work they seek, rather than cling to current jobs to preserve health insurance coverage.
- c) Job openings would increase as workers pursue goals unrelated to their current work, be it entrepreneurial, lower paying but psychically satisfying, or simply volunteering in faith and community based endeavors.
- d) The overall economy would greatly reduce wasted energy and administrative costs of the present system.
- e) Other financial benefits of Universal Healthcare include:
  - 1) Broadening of the tax base, as more workers find work.
  - 2) Savings from forgoing additional outlays for job loss insurance and expanded unemployment benefits.

By taking healthcare off the table as an issue, we eliminate the greatest cause of anxiety accompanying job loss, sow seeds of optimism, and unleash the forces of creative energy and risk taking that are what the American economy is all about. This is as essential a priority for our future as the war on terrorism, and can't be discussed in dollars and cents alone. If put to a national referendum, we bet universal health coverage, in the form of a single payer, would win hands down.

## **2. Physical and Electronic Infrastructure**

We can afford no less than the very best Broadband, highways, bridges, tunnels and anti-terrorism measures. Expenditures would result in immediate job creation and increased competitiveness for the American worker. Surveys show superior broadband

at multiples of the speed offered and at a fraction of the US equivalent in Korea, Japan and other competing countries. American households must not remain comparatively disadvantaged in this critical area.

### **3. Nation Building**

- a) Mandatory two years service of national service after high school would be required in either military or domestic programs, and with no deferments.
- b) Encourage and enable volunteerism by older generations. Those aged in their late 30s through 50s tend to be the most experienced and expensive workers, hence vulnerable to cost-cutting considerations. It makes good sense for the economy not to lose such experienced talent, encouraging and enabling it to continue to contribute to society and the economy.
- c) Compensation would be in several forms:
  - 1) Minimal in cash
  - 2) Training, whether in the military or domestic programs.
  - 3) Points or credits towards college tuition and retraining at all US colleges (private and public), and vocational schools without exception, further enabling life long retraining.

### **4. Tax code review**

- a) Address extravagant or foolish laws that encourage offshoring and avoid repatriation of earnings.
- b) Avoid reducing US corporate competitiveness
- c) Tax simplification, including consideration of a Flat Tax approach having three rates, and limiting deductions to:
  - 1) Mortgage interest up to \$1 million
  - 2) State and local taxes
  - 3) Charitable contributions

### **5. Overhaul Bureau of Labor Statistics to require accurate data to facilitate sensible decision making**

- a) Data on the number of jobs offshored are not currently compiled. The SEC should require public companies to disclose the geographic distribution of employees, their increased and decreased numbers by location.
- b) Nature and income of new jobs created, and level of benefits. The BLS should not rely on simple averages when weighted averages are more appropriate.
- c) Establish sensible data on inflation. To claim the economy has a core inflation rate of 1% is meaningless for an economy with exploding prices for healthcare, education, housing, food and fuel.

### **6. Police Borders**

- a) Curb illegal immigration and border crossings, as to ignore the issue invites disrespect of the law.
- b) Anti-terrorism would be strengthened with more secure borders and ports of entry.

**7. Lifelong Access to Training and Education**

Payment for training could be supplemented through points earned from participation in nation building activities.

**8. Enforce Trade Agreements to Open Markets for US Exports**

**9. Government Contract Bidding – US Job Considerations**

Invite global bidders, weight should be given to where work will be performed and number of new jobs created.