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Viewpoint -- A Rescue Plan for American Workers

The vast majority of Americans in the labor force now believe it is government's responsibility to prevent jobs from moving overseas, according to a Rutgers University study.

Friday, October 17, 2008

By

In recent weeks, Congress has responded with unaccustomed speed to enact a \$700 billion rescue plan for America's financial sector. Americans whose own economic meltdowns have been ignored for years were stunned and outraged by what many saw as a "Get Out of Jail Free" card. Now that a lifeboat has been provided to the country's largest financial institutions, Washington policy makers should be rushing to fund a "Rescue Plan for American Workers."

The volatile global economy of the 21st Century has transformed the entire structure of work in the United States, as rapid changes in technology and finance sweep aside small and giant corporations and upend whole industries. Workers at all skill levels now find themselves unemployed, searching frantically for new job opportunities where their particular talents might still be in demand.

For many Americans, today's economy is a nightmare of rising foreign competition and changing job requirements. Young jobseekers face higher entry-level expectations. Older workers lucky enough to have health and retirement plans are postponing retirement as those benefits are rolled back or eliminated. In other cases, employees who have spent entire careers in manufacturing or finance must now find jobs in new industries. Many are going to need help.

The pessimistic mood of America's workers was captured in *The Anxious American Worker*, a nationwide survey of 1,000 adults conducted in May 2008 by the Heldrich Center for Workforce Development at Rutgers University. Among its findings:

- Over a third of Americans report having trouble making ends meet.
- One worker in three acknowledges concern over personal job security.

- Four in 10 workers reported that, in the last three years, they or a fellow worker was laid off from their job.
- Only half are working the number of hours they want to work.

The vast majority of Americans in the labor force now believe it is government's responsibility to prevent jobs from moving overseas (80%), provide health care for those who lose their jobs (78%), and assist people with training or education when they are laid off (73%). This is a significant shift from surveys conducted during the previous decade in which most workers reported that the task of finding the next job was mainly the employee's responsibility.

Job insecurity is the new reality for millions of American workers at all skill levels. Unlike the 1980's, when blue-collar manufacturing workers were at greatest risk of job loss, today's white-collar workers and college graduates are increasingly caught up in the backwash of corporate mergers, acquisitions and "right-sizing" schemes.

The average worker who loses his or her job today faces a much longer period of unemployment than they did 30 years ago. In addition, the U.S. Bureau of Labor Statistics reports that only 36% of the 2.1 million full-time workers displaced in 2005-2007 found new jobs with the same or higher pay by early 2008. In other words, the majority of displaced workers who do find new work are forced to take pay cuts.

What Should a "Rescue Plan for American Workers" Look Like?

Broadly speaking, federal policymakers must recognize that today's economy is radically different from the industrial one that existed in the mid-1930s, when much of our nation's workforce development policy framework was constructed. An outdated unemployment insurance system geared to addressing short-term job loss among 20th Century manufacturers cannot possibly serve workers who live in a 21st Century world of independent contractors, virtual corporations, flextime, consultants, alternative workweeks, and home-based businesses.

Today's outdated workforce adjustment system is reactive and under-funded. The limited -- and often inadequate -- assistance it provides to individuals comes only after a job has been lost. It is unnecessarily complex, providing different standards of assistance to workers in the manufacturing, services and public sectors.

A modern workforce development system must expand Unemployment Insurance (UI) to cover more than the 37% of Americans who are covered today. UI must also be combined with more effective reemployment services and greater access to retraining, in order to help displaced workers obtain new jobs with appropriate salaries and benefits.

An effective, comprehensive plan must also offer workers:

- better information about the job market, and more advance warning of job loss. A range of well-coordinated government and non-profit services is needed to prevent unemployment when possible, and ease the transition to new jobs in new fields when it's not. The ineffective federal guidelines for advance notice of layoffs should also be revised. Heldrich Center research has found that 38% of dislocated workers receive no notice of layoff; another 13% receive a single week's warning. Employers who fail to comply with state and federal notice rules should be penalized.
- education and training that anticipates and responds to the needs of employers. Government, educators and non-profit organizations must be more knowledgeable about the high-demand skill needs of local industry in advance of layoffs elsewhere, in order to speed the transition of workers to new work opportunities.

- increased opportunities for lifelong learning. Government should provide tax incentives for employers and individuals to establish flexible lifelong learning accounts and other opportunities for continuous education and training. In a knowledge-driven economy, training should not be the emergency response to job loss but part of every individual's ongoing workforce development and career advancement.
- expanded coverage under the Trade Adjustment Assistance (TAA). Sometimes called the "gold standard" in worker adjustment, TAA currently covers "trade-affected" dislocated workers who manufacture articles, but does not cover workers from the service or public sectors.

Washington policy makers have shown they can assist wealthy executives leading the nation's troubled financial sector. They should demonstrate the same degree of urgency in helping the construction worker, retail clerk, bank teller, and others scrambling for a fresh start and new opportunities. The current economic crisis requires bold action. Perhaps it will also provide the impetus for a long overdue overhaul of the American workforce development system.

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