WORKING, EARNING, LEARNING IN THE AGE OF INTELLIGENT TOOLS

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Employment, Labor Markets and Social Policy

Jennifer Granholm

- How do we create well paying jobs in America? How do we help people transition between jobs?
- I took office in 2003 as the recession was ending. I expected many people to buy cars. That did not happen.
- Greenville, Michigan is a town of 8,000 people. It is known as the "refrigerator capital." Electrolux was located there and most jobs were in refrigeration. Electrolux planned to move to Mexico. I said that it wouldn't happen on my watch. I wanted to offer Electrolux a deal they couldn't resist (i.e. build a brand new factory, retrain workers, 0% taxes for 20 years) so they would stay in Greenville. Electrolux declined the offer and moved to Mexico, leaving only the empty factory behind as a reminder.
- 62,000 factories in America have shut down.
- People wonder how Trump won Michigan. It is because he spoke to this issue. It is easier to run against China than robots.
- What are policies that will people whose jobs are displaced and restore their hope?
- As governor, I went to the federal government and asked them for flexible money for training programs.
    - Training needs to go to people
- We designed a "no worker left behind policy" that funded specific training programs at community colleges. The capacity was 100,000 workers, but there was demand from 165,000 workers. Eventually, the program shut down due to lack of funding and resources.
- There is need for experimentation in policies that help citizens.

Annette Bernhardt

- There is great fear among workers and policy markets. Lots of questions are immerging. We must come up with public policy solutions at the state and local level.
- Which types of jobs concretely are at risk? What kind of skills are needed?
- There is a critical need for research that will motivate policy changes. Currently, conducting seven studies on this topic.

- Policy makers have five questions:
  1. <u>How do we educate, train, and retrain the workforce</u>?
     a. The US has an incredibly weak workforce development program. It appears that employers will have to take the lead on this. Need to figure out right mix of public policy.
     b. Retraining needs to happen in the workforce
  2. <u>How do we respond to displacement?</u>
     a. This is different than the education question. For example, truck drivers who are 60 with bodies have been destroyed by their work need early retirement systems, social security, etc.
     b. Do employers have a responsibility to contribute? Or is the burden just on the government?
     c. We need a public safety net or public private partnership for early retirement
  3. <u>What is the appropriate role for taxation and regulation?</u>
     a. People are wondering how to redistribute the gains from productivity increase- talking about a robot tax
     b. Need strong labor and community standards for new jobs (i.e. living wage, benefits, not 1099, right to organize, etc.)
     c. For example, Amazon is making cities compete for HQ2. In response, more than 100 community groups laid out a list of demands for Amazon (i.e. working with local businesses). They created a legally binding "community benefits agreement" document.
        i. Chicago put personal income tax diversion on the table to incentivize Amazon
     d. What are requiring from the technology sector for communities and workers?
  4. <u>How will we spur job creation?</u>
     a. There should be investment in physical and social infrastructure. The government has a role to play in this.
     b. For example, the vast majority of home health care is unpaid. Estimates are that 80% of home health care is by kin, unpaid, often at great burdens to women. Home health care could be a job creation engine.
  5. <u>How do we incentive the creation of technology for the public good?</u>
     a. Technology should be aimed to **augment rather than automate workers**. We need a multi-stakeholder approach (i.e. communities, civic society).
     b. How can public policy facilitate this approach?
     c. For example, Industry 4.0 and European countries on multi-stakeholder approach

Lenny Mendonca

- 4 points about the nature of social policy issue
  o what the issue is
  o what the answer is not
  o suggestions on solutions
  o example
- The issue:
  o <u>The fundamental challenge</u>: will the pace and scale of the policy response be commensurable to the scope of the challenge? At the moment, no.

- What the answer is not:
  - 100% sure the solution is not: UBI. It is not that robots will replace all jobs, and that only smart people will have jobs in the future.
  - The question is not are there going to be jobs? Rather, the question is how do we guarantee that jobs that exist pay well, that inequality doesn't increase, that we ease the transition?
- Solution space:
  - We must create aspirations for the kind of response we want that matches the scale of the challenge. For example, in CA 2005, Governor Schwarzenegger set ambitious climate change goals that appeared unattainable. We need equivalent targets for this economic transition (i.e. economic mobility).
  - The chance that children have higher earning than their parents is declining.
  - We must get serious about the transition problem (i.e. portability of benefits, minimum wage higher).
  - Why can't we apply the EITC to caregiving regardless of if they are compensated?
  - We need step-function improvement in quality and innovation in higher education. For example, community colleges must be more ambitious in terms of graduation rates, years to graduations, post-graduation success, etc.
- Example:
  - Some of this is already happening in scale. For example, Western Government University has 100,000 students, costs $6,000 a year and has a 3-year graduation rate. The University targets people who dropped out of college, first generation students from disadvantage backgrounds, and students who are working on the side. Students can advance their education at their own pace. Within 18-months of completion, students earn 1.5 times the cost of tuition.

Stefano Scarpetta

- The problem is not massive technological unemployment, rather substantial changes in employment tasks.
- There is a huge range of uncertainty in estimates about future unemployment (5-10 years)
  - Policy reacts slowly to changes that are occurring very rapidly. If we keep waiting to respond, we will lag behind.
  - The polarization and inequality in the labor market suggests that we need to seriously consider if we have the right policies in place.
- We must look at distributions, not at averages. There is massive heterogeneity.
- In OECD countries, the earnings of a son depend 50% on the earnings of his father. Socioeconomic context has large implications on future.
  - We also know that health and education and improve people's outcomes.
- The OECD focuses on programs, however there is increasing need to evaluate policies based on how they help the individual do better. We must put the person at the center to improve the impact of policies.
  - Individual training centers
- There are people who have 20-30 years of work experience and no education. We should place value on this kind of experience.
- There is no magic solution in UBI

- o Unless it is possible to distribute a huge amount of money, it actually destroys incentives
- The central question is cost: who will pay for these programs that will reduce pressure on labor market?
    - o France spends $30 billion for retraining, etc. but no one has evaluated the impact of what the money was spent on.
    - o In terms of taxes, the G20 must collaborate to make sure companies pay taxes for value-added. This tax money could be channeled to retraining.