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# CONFERENCE REPORT

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## THE MANY FUTURES OF WORK: POSSIBILITIES AND PERILS

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NOTE: All working papers and conference videos are available at <https://www.futuresofwork.org/working-papers-resources>

## TABLE OF CONTENTS

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Executive Summary and Moving Forward .....	6
Introduction .....	6
Conference Vision .....	9
Business must lead reforms to achieve an equitable and sustainable economy. ....	10
Worker Empowerment.....	11
Government Must Establish the Fundamentals for Achieving Greater Equity and for Inclusive Growth .....	15
Use Technology to Expand Opportunities and Possibilities .....	17
Face up to structural racism and other social and cultural constructions that create and perpetuate inequality and division.....	18
Align workforce systems, and education and training to flexible life-courses.....	21
Moving Forward.....	23
Chapter One .....	6
Introduction and Major Themes of the Many Futures of Work: Possibilities and Perils .....	27
Framing the Issues: The conference on the Many Futures of Work .....	28
What we learned from the speakers – summaries of their presentations .....	30
Chapter Two.....	44
Working Group on the Innovative Enterprise .....	44
Bill Lazonick .....	44
Tom Croft.....	45
Martin Kenney and John Zysman.....	45
Discussion and conclusions.....	46
Chapter Three .....	48
Restoring the Middle .....	48
Eileen Appelbaum.....	48
Stephen Herzenberg.....	49
Christopher Mackin .....	50
Paul A. Dillon.....	51
Discussion and conclusions.....	52
Chapter Four .....	54
Structural Racism .....	54

Patrick Mason .....	54
William A. Darity, Jr.....	55
Gregory Cajete.....	56
Discussion and conclusions.....	57
Chapter Five .....	60
Age, gender, disability, prior engagement with the justice system, and immigration .....	60
Phyllis Moen .....	60
Susanne Bruyère.....	61
Rob Paral.....	63
Discussion and conclusions.....	63
Chapter Six .....	66
The On-Demand Economy and the Commodification of Work and Skills .....	66
Lamia Kamal-Chaoui .....	66
Chris Warhurst.....	68
Juliet Schor .....	69
Michelle Miller.....	70
Discussion and conclusions.....	71
Chapter Seven .....	74
Economic justice and the imperatives of work and family.....	74
Darrick Hamilton.....	74
Oscar Chacón.....	75
Bau Graves.....	77
Discussion and conclusions.....	77

## EXECUTIVE SUMMARY AND MOVING FORWARD

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### INTRODUCTION

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The Conference on the Many Futures of Work: Possibilities and Perils launches the Institute’s effort to engage the best thinking on the factors driving the diminution of middle-income jobs and on the policies and practices that can transform this trajectory away from low wage, unstable jobs and towards jobs that lead to greater prosperity and economic inclusion. Our goal is to develop and promote policies and practices that link successful and satisfying careers with strong business growth, lasting community economic achievements, and growing equality.

There are many stakeholders who shape the discourse on changing work structures. These include all levels of government, foundations, civic organizations, all manner and sizes of business, trade associations, unions, community groups, education and training organizations, grass roots organizers, and international institutions. And yet, it seems that most events on the future of work tend to focus on specific cohorts and groups – often Millennials, big business, government, community colleges and four-year institutions, and the workforce system. Missing from the most discussions is meaningful attention to how changes in the structure of work are perpetuating and exacerbating systemic disadvantages linked to race, gender, age, ethnicity, place (e.g., rural, urban, suburban), disability, criminal justice engagement, or immigration status.

Technology frequently dominates much of the attention. We constantly hear that new technology will inevitably cause jobs to be lost on the scale of a mass extinction. In reality, the decisions on what and how technologies are deployed are made by company executives and their boards of directors – not by the machines. These uses may range from technologies that augment human efforts to those that replace workers outright. Unfortunately, a preponderance of investor sentiment is to maximize the value of their holdings over the short term thereby resulting in policies and practices that favor the substitution of machines for workers. This is consistent with strategies that slash operating costs, that shut down investment in expensive research and development, that replaces workers with machines, and that off-loads functions to outside vendors, all in the pursuit of greater shareholder value.

Ironically, these “market-driven” choices also rely on large government subsidies. Government is asked routinely to change and expand public education and training to do what businesses once did for themselves. Government is also pushed to fill gaps in what was once part of the fabric of the social contract between workers and their employers. Over time, these actions become normalized and are accepted as inevitable. Consequently, it is not often that anyone stands up at a conference on the future of work and challenges the decisions that are causing these changes. Instead, the starting point for much of the public discourse is to accept the “inevitable” and focus on how to accommodate the titans of industry and commerce.

More than two hundred people participated in the Institute’s two-day conference that challenged conventions regarding business and workers. In many ways, the event took on the trappings of a “people’s conference.” The vast majority had never participated in a meeting on the “future of work.” A diverse mix of stakeholders including grassroots community activists and worker organizers, business and union leaders, educators and trainers, workforce and economic development professionals, government and policy experts, and many from the philanthropic community made up the conferees. While we drew heavily from academia for subject matter experts, one goal was to give voice to people who deal on a daily basis with the consequences of structural changes in the workplace. Consequently, forty-seven people identified themselves as coming from grassroots organizations, three were from unions, ten self-identified as entrepreneurs and eight came from business. Twenty-five identified themselves as part of the education and training system and 14 were from state or local workforce systems.

The conference was organized around six major themes. A primary goal of the conference was to come up with ideas for new policies, laws, practices, research, training and education, and grassroots organizing that were matched to these themes.

**Six major themes of the conference:**

The innovative enterprise: The label “innovative” is applied indiscriminately to a range of organizations, often as a way of connoting “freshness” or “advancement.” The focus of this session is to clarify what is meant by the term, “innovative enterprise,” and how such an enterprise is essential to the retention and growth of middle class jobs.

Restoring the middle: Businesses grow and prosper by retaining and reinvesting in the productive capabilities of workers who can transform ideas into innovative goods and services. These workers act collectively and learn cumulatively; they effectively form the middle tiers of innovative business. This conversation will address the roles for business enterprises, civil society organizations, government agencies, and labor unions in restoring the middle.

Structural racism: Structural racism jeopardizes the security of middle and low-income African Americans, Native Americans and other racial and ethnic groups that are stigmatized by the majority population. The conversation will address possible new policies and strategies for changing these structures, for enhancing the job security of marginalized racial and ethnic groups, and for supporting broad-based upward mobility.

Age, gender, disability, prior engagement with the criminal justice system, and immigration: Barriers to accessing middle-income jobs are also constructed along the lines of age, gender, disability and place of origin. Although various barriers manifest themselves in different ways, it is possible that they lend themselves to systemic solutions.

The on-demand economy and the commodification of work and skills: Work that ties an individual to an employer for an unspecified period of time is generally regarded as standard employment. But, not all work is standard – and never has been so. This working session will examine how on-demand work models may be diminishing the value of standard employment and are reinforcing trends in the commodification of work and skills.

Economic justice and the imperatives of work and family: The issue of economic justice is a global concern. What is the meaning of “inclusiveness” as it is applied to the concepts of economic justice and growth, sustainability, and equality? Do questions of economic justice and morality have standing in public policies that pertain to jobs and employment? Assuming yes, what principles should guide public policies and practices and how are they manifested through action?

There were five plenary sessions: four at the beginning on the first day and one at lunch on the second day. Lamia Kamal-Chaoui from the Organization for Economic Cooperation and Development and Peter Georgescu, chair emeritus of Young and Rubicam kicked off the conference. Kamal-Chaoui provided an international context for how work structures are changing, especially in the “advanced” economies. Georgescu addressed the adverse consequences of shareholder primacy on economic growth, economic equality and social mobility.

Max Neufeind, an advisor to the German Federal Ministry of Labor and Social Affairs, described Germany's ambitious initiative, Work 4.0, that is reshaping workforce policy to meet the challenges of 21<sup>st</sup> century work.

Saru Jayaraman from Restaurant Opportunities Centers United and Dr. William A. Darity, Jr. from Duke University shared the stage to talk about their respective initiatives aimed at upending the institutional structures that drive economic inequality and that determine winners and losers. Jayaraman is at the forefront in organizing restaurant workers and progressive restaurant owners to achieve livable wages, predictable working hours, essential benefits, and environmentally safe and harassment-free working conditions. Darity laid out his ideas for the federal government to guaranteed full-time jobs for all who want to work.

Dee Davis, President and Founder of the Center for Rural Strategies, wrapped up the formal presentations on the first day by describing conditions in rural America. He spoke about the cultural, social and economic factors that shape the views of people living in rural areas.

On day two, Charles Adler, co-founder of Kickstarter and the founder of the creative maker space, Lost Arts, talked about his efforts to foster the growth of communities of creative artists and thinkers.

A special guest of the conference, Peter Pogačar, State Secretary at the Ministry of Labor, Family, Social Affairs and Equal Opportunities in the Republic of Slovenia, offered his observations on the futures of work as a European looking in on the United States and with respect to Europe as a member of the European Union.

Natasha "T" Miller, performance poet, filmmaker, LGBTQ activist, and entrepreneur, performed her poetry at several points on the morning of the first day and at lunch on both days of the conference. Her words brought laughter, tears, energy, grace and introspection to every person who heard and saw her. She reminded us that our purpose was to address the human dimensions and avoid intellectual abstractions.

The hard work was accomplished in six working groups that met for more than six hours over the course of two days. Each working group focused on one of the six themes. The themes were defined specifically so that they would overlap. Our purpose was to have different groups address the same issues from different perspectives with the hope that separate approaches would lead to new insights.

Each working group was led by a facilitator and a reporter (whose job was to make sense of and report the results of the group's discussion). The major issues of each working group were framed by three or four leading subject matter experts who contributed papers in advance of the meeting and also presented their ideas in the working sessions.

## CONFERENCE VISION

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The conversations at the conference were inspirational. Without any prompting, people attending the conference advocated sincerely for true equal opportunity. They recognized that growing gaps in wealth and income are fueled by unsustainable policies and practices that make opportunities less equal. The conferees acknowledged that those who enjoy an advantage may view their standing as a share of a fixed pie rather than as a growing pie in which others may also prosper. Nonetheless, the conferees believed that it was reasonable to call on those who benefit most from the status quo to help alter the current economic trajectory towards greater inclusivity.

Although a conference-wide consensus on a set of recommendations was formally not obtained, there were six commonly held values and principles articulated across the working groups and at the plenary sessions:

- 1) Business policies and practices must be redirected by business leaders towards retaining and reinvesting earnings for the development and deployment of innovative products and services, thereby rewarding all stakeholders – customers, employees, communities and owners – rather than just focusing on maximizing value for shareholders alone.
- 2) Workers must have equal standing in determining the course of policies and practices that advance their well-being and, at the same time, also provide them with protection from the adverse consequences of economic changes.
- 3) Government is vital in setting the rules, assuring an equitable distribution of resources and opportunities, and for leveling the playing field among all stakeholders.
- 4) Technology expands the possibilities of what can be created and the means for achieving those ends. Policies and practices that use technology in greater symbiosis with workers, rather than as a replacement of workers, offers a promising pathway towards greater opportunities and employment growth.
- 5) Structural biases – structural racism, gender inequality, barriers related to age and disability, disdain for immigrants, prejudices against veterans, and impediments for those who were previously incarcerated – foster inequality as long as they remain unchallenged. These are cultural and social habits that can and should be redressed through community and civic actions.
- 6) The idea that a person's engagement in work follows a lock-step pattern or life course of education then work and then retirement does not describe modern-day realities. People face chronic uncertainties and transitional struggles at every stage in life. This requires great flexibility, continuous learning, and support systems that provide the means and opportunities for bridging change in work and opportunities. Education and training systems and services need to be aligned to serve people as they navigate evolutionary change – and sometimes revolutionary events – in work.

These values and principles are found in the ideas put forth by the working groups.

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## BUSINESS MUST LEAD REFORMS TO ACHIEVE AN EQUITABLE AND SUSTAINABLE ECONOMY.

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Two organizing business principles, shareholder primacy and stakeholder primacy, provided juxtaposition for conversations throughout the conference. A business agenda in service of stable and equitable economic growth balances shareholder and stakeholder interests. It starts with management and corporate boards, and operates at national, state, and community levels.

Shareholder primacy argues that the purpose of a corporation is to maximize value for shareholders over the short term. It extracts earnings and distributes them in the form of dividends and compensation based on stock performance. Investments in research and development decline, capital is put to non-productive uses such as stock buybacks so as to inflate the value of stock, and every penny of operating cost is squeezed to boost earnings.

*Who are the value creators in the 21st century? ... The answer is the employees. The CEO in the C-suite doesn't produce productivity increases or innovation. Those come from the people who work for the corporations. And if you want to do that, you can't treat them like a cost, like a robot – a breathing robot. No. If you want them to wake up in the middle of the night worrying about your company, you've got to treat them with respect and with dignity. That's what you have to do. So, values matter. You've got to love your customer, and you've got to love your people. And those are the companies that are going to win in the future....*

*... Here's a principle. It's an explanation not an excuse of what's going on. But, businesses and society operate in different universes. There's not a nano second of the day that most CEOs worry about how [their] decisions impact what happens in society. I say only when business and society collaborate ... and they think about issues together, can you have sustained prosperity and growth. You cannot have business win over here and society lose. Because the ultimate goal is the American dream....*

Peter Georgescu, Chair Emeritus, Young and Rubicam, October 5, 2017

Stakeholder primacy takes a long-term view and puts customers, managers, employees and community on an equal footing. It favors retention and reinvestment of earnings. It supports research and development and retains and rewards workers who are capable of translating new ideas into successful products and services. These organizations value employees as essential to the success of the business and not as costs that need to be cut.

Peter Georgescu set the stage with the twin messages that: 1) shareholder primacy is plundering businesses and jobs, and 2) that it is essential to adopt policies and practices that reinvest earnings into workers and that create new products and services. Max Neufeind reinforced this by positing that an underlying principle of Germany's Work 4.0 initiative is that profits and equitable growth

in the wealth of workers are mutually compatible. Indeed, several working groups came forward with recommendations on how to reform the way business is done, on the role of employee ownership in achieving constructive change, and for harnessing the strengths of electronic platforms.

Some of the ideas that came out of the working groups include:

- Adoption of incentives that promote “retain and reinvest” behavior and discourage “predatory value extraction” behavior. Included in this are initiatives that:
  - Clamp down on stock buy-backs, runaway CEO pay and other non-productive uses of capital
  - Create new business ownership wealth for workers through the expansion of Employee Stock Ownership Plans (ESOPs). This may be achieved through:

- New and expanded sources of capital to finance the growth of ESOPs, including socially-driven equity groups such as foundations
  - An Employee Equity Loan Guarantee program that will facilitate business-ownership by low-wealth employee owners
- Support patient capital in favor of short-term investing. Co-ops, other forms of employee ownership, credit unions, and other mutually beneficial financial institutions can serve as sources of community investment capital
- Expansion of research on:
  - The relationship of different business models with different structures of work, i.e., how are organizations configured to maximize value creation versus value extraction. This will help inform decisions on the consequences of policies that favor one model over another
  - The effects of networked organizations (i.e., production networks) on work structures and worker power. The expanded use of supply chains and outsourcing of non-core functions may fragment work structures and isolate workers within the networks. Broadly networked systems may also create asymmetric information and operational imbalances within the network. The consequences of these and other outcomes of networked organizations need to be better understood
  - Changes in work structures in relation to the growth and evolution of electronic-platform systems
- Promotion and support for champions of innovation who grow ideas into new products and services
- Recognition and promotion of businesses that advocate for corporate reforms. Reforms are best accomplished from within since proposed changes can be designed to be more intuitive and, thus, less threatening. Outside recognition can help to validate and give energy to the increased risks associated with more profound changes.

Businesses can and should take the lead in promoting changes that grow collective wealth, reduce inequality, and reward value creation. If so inclined, they may be able to accomplish changes more nimbly than government.

There should be a concerted effort to promote civic education on the causes, consequences and possible solutions to the decline of the economic middle and the growth of income and wealth inequality. This goes beyond an information campaign and should be incorporated into what is learned in schools, at workplaces and in other social and cultural venues.

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## WORKER EMPOWERMENT

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Workers must have equal standing in determining their own futures This begins by understanding the five elements that shape the context of work today and in the foreseeable future:

- 1) **Structure of work:** Work will be flexible, and, as such the workforce must also become more flexible. The idea that careers will proceed over a lock-step pattern of education then job and then retirement is obsolete. Careers will progress in many different ways over the life course of workers and their careers will not develop along predictable pathways

- 2) **Education and training:** Training and education will be required over workers' lifetimes. Jobs will be points on the arc of a career that retains its continuity by building on what workers already know and building on prior training and experience. A new social contract should provide the means, methods and opportunities for workers to recognize and apply their skills and knowledge to new circumstances, as well as to acquire new skills and knowledge needed to bridge gaps. Internships and other forms of work-based learning will be essential for supporting lifetimes of learning.
- 3) **Whole worker:** It is essential to view the worker as a whole person. Workers must be regarded as assets who are encouraged to grow, rather as costs that need to be managed and minimized. It is important to balance the strengths and inherent value that each worker brings to their workplace, and not become focused solely on apparent differences among workers. Race and ethnicity have no real bearing on whether someone is competent to do a particular job, but these factors are nevertheless used to determine status and opportunity. Gender, disability, and age may either lessen or strengthen an individual's standing, however, these characteristics when viewed in isolation obscure the totality of what an individual brings to the workplace. Access to housing, transportation, safety and even social justice are all matters that are important to the entire population but are distributed unequally depending on one's identity or standing. These all are factors that drive inequality.
- 4) **Deal with barriers by addressing common challenges together and giving attention to specific problems:** At the same time, it is important to keep calling out the needs of marginalized groups. The solution is to find common ground on the challenges that apply uniformly to all groups while, at the same time, add remedies that address disadvantages that are particular to a given group. For example, basic carpentry skills are the same for all workers regardless of race, gender, ethnicity or English proficiency, however, cultural, social and language differences may stand in the way for some and not others. Programs that cast a broad, inclusive net are able to find common ground on which to build specific remedies for group-specific barriers.
- 5) **Leverage all stakeholders:** Every group with standing on how work is to be structured should be included and asked to join in problem-solving and policy-making. Government plays a large role in this by setting the rules and by assuring that everyone receives the same basic services. The media also need to be engaged to provide context and to establish a common set of facts.

There are two approaches towards greater worker empowerment. Top-down strategies change the basic rules governing institutional structures. One example is guaranteed employment, an idea proposed by Drs. William A. Darity, Jr and Darrick Hamilton. Their idea is that every prospective worker who wants to work should be provided a job that pays a living wage. This addresses the economic precarity of people who are underemployed or unemployed and reduces the economic leverage of those in positions of power. It would eliminate job rationing, bring resources to struggling communities, and contribute to the common good.

Another example is democratized business ownership. Wealth and power come from sustained ownership. Ownership that is passed through inheritance maintains the status quo. Ownership that is passed to the workers or to the community breaks that chain and grows the collective wealth of a larger group. Programs that facilitate these transfers outside of inheritance will shift and broaden who holds positions of power.

Bottom-up strategies rely on collective action by those who do not hold formal power and have low economic status. This action can take the forms of greater unionization and grassroots political organizing. While bottom-up initiatives take root and grow by virtue of individuals acting together, these initiatives may be enabled and fostered by public policies that promote individual rights and recognize the value of collective action. For example, people who are now disenfranchised either because of status or by law (e.g., people who were previously incarcerated) can add their voices to grassroots efforts once their voting rights are restored.

Bottom-up strategies may also be economic. The embedded wealth of communities can be organized and put towards common goals. For example, churches play a large role in African American communities. One strategy is for churches to invest what they collect back into their communities by organizing credit unions and other financial institutions that will reinvest the resources of the congregants.

*"I would like to propose that we establish a universal public option for employment for all adults under the auspices of an agency that Darrick Hamilton and I have dubbed the National Investment Employment Corps. Adult Americans would be assured of the opportunity to work at non-poverty wages via a public-sector guarantee of employment for all. The minimum compensation for each entry level position in the employment agency would be just above the poverty level income associated with conditions for a family of four. Each job also will include benefits as part of the total compensation. Among these will be the provision of health insurance comparable in quality to what now is offered to elected officials and civil servants at the national level. Such a policy will empower American workers in an unprecedented manner ....*

*"First, it will place an effective floor on the compensation that must be offered by the private sector.... Second, every American who wants a job will have access to a full-time job at decent wages .... Thus, the program eliminates involuntary unemployment .... Third, unions will be strengthened .... The presence of a floor on compensation produced by the job guarantee would increase their leverage in providing better pay and better work conditions, including safer work conditions, for their laborers.*

*"While simultaneously assuring full employment and eliminating working poverty, the federal job guarantee also would be a vehicle for citizens to contribute socially useful work."*

William A. Darity, Jr., Duke University, October 5, 2017

New technologies will continue to be used to change the nature of work. Their purposes and uses vary, so how they are governed will also have to vary. Public policies governing the workplace have not kept up with changes brought about by new technologies and venture funding strategies. Some existing policies remain viable, and only need to be re-tooled. Others are obsolete and new policy gaps are emerging. Social policies that are connected to traditional work relationships will need to be reinvented to reflect new realities of work structures.

The electronic platform economy provides opportunities but also poses important risks. Consumers can benefit from services and products that can be offered at lower prices and at greater convenience than would otherwise be the case. Workers who are seeking supplemental income can benefit from platform work, and this type of work provides opportunities to gain experience and new skills. Workers are also afforded the opportunity to find work that fits their lifestyles and personal needs.

The platform economy does not work well for people who must depend on it to make a living. Income is often low, and risks and economic uncertainty are great. Workers have very little, if any, control over the wages they earn or the work that they perform. The business model of many platform businesses is to insist on (mis)classifying workers as independent contractors and not employees. These platform businesses therefore do not incur liabilities for unemployment insurance, workers' compensation, pensions, vacation, overtime, minimum wages or healthcare. Legal cases challenging the classification of

workers as independent contractors are making their ways through the courts of several countries, including the U.S. Nonetheless, it is likely that new laws will have to be enacted to capture forms of work that are outside the traditional 20<sup>th</sup> Century structure of employment. A challenge is in finding solutions that minimize the negative effects of the digital platform economy without adversely affecting the positives.

*"I'm sure many of you have noticed walking into a coffee shop, we never used to have to tip at a coffee shop. Right now, you pay on an Apple Pay – they turn a little screen around and you're asked how much you want to tip. Right in front of the barista. We never used to have to do that.*

*"Or, look at Uber, or you look at musicians who increasingly are being asked to work for tips rather than wages. We are seeing this "beautiful" idea created by the restaurant industry – beautiful for them. [It is] the idea of replacing wages with tips spreading across our economy, aided and abetted by technology. Spreading across many other sectors. bless you, ... because it's a "beautiful" idea: the idea of not paying your own workers and letting the customers replace wages. It's a beautiful idea. It's a smart, ingenious idea – which is why we have to stop it now."*

Saru Jayaraman, Co-founder, Restaurant Opportunities Centers – United, October 5, 2017

Concerns over the use of technologies by business extend beyond the platform economy. Digital technology in the workplace is ubiquitous. It is often used to replace workers with machines and computers. It also may be used to manage and gather information about workers - often in ways that are opaque to workers. Electronically collected data are collected and used frequently without their knowledge or consent. Algorithms containing code that is not transparent are used to determine schedules, assess performance, assign tasks and perform other management functions. Any bias can only be surmised from what people report. Any effort to collect relevant data is difficult for workers who work for the same company and under one roof, but it is especially difficult for platform workers and workers in networked systems since they often are not in the same place and cannot organize for mutual benefit.

There are ways to move forward:

- **Expand worker protections and raise the floor:** All workers irrespective of how they earn income must enjoy the same basic rights and social benefits. The growth of non-traditional employment is raising awareness and demonstrating the need for common standards. Basic social benefits may be established by attaching the benefits to individuals rather than through employers. Most of these can be accomplished by states. These include compensation for injuries in the course of work, defined contribution or defined benefit pensions, unemployment insurance, paid sick and family leave, a livable minimum wage, regulations governing overtime, supplemental security income, and paid vacations and holidays. Municipalities can also act to raise wages and require employers to provide paid sick leave. And, the right to health care is an issue that can be resolved at the national and state levels.
- **Address and limit rising corporate power:**  
This is accomplished in three ways:
  - First, worker power needs to grow, and new means for acquiring power need to be developed. Grassroots efforts such as Restaurant Opportunities Centers United and the Domestic Workers Alliance point a way for greater worker empowerment. New technologies and resources, similar to Coworker.org, can be important levers to facilitate self-organizing

- Second, accelerate union organizing around industry sectors covering defined geographies (a city, county, or region) rather by individual businesses. Federal, state and local policies need to be developed and enacted that support this model that already is favored in the construction industry. Union organizers need to be trained in how this model can be made to work in services, manufacturing and other industries. Information about the model needs to be developed and propagated, including the development and deployment of new ways to talk about unions, the goals of these new unions to improve business returns on investment, on reducing downtime and skills shortages, and as the vehicle to address real worker fears and frustrations. Further research is required on the value of “area unions” with respect to wages, training and the quality of products and services.
- Third, restrictions on corporate power with respect to labor need to be implemented. This begins by enforcing existing labor laws, as well as expand them to prohibit employers from interfering with workers’ efforts to organize and bargain collectively. Also, existing anti-trust laws may be used to address human resources practices that effectively limit competition. The data collected and used by businesses with respect to workers and the algorithms for managing human resources need to be transparent to and discoverable by workers. Further, new laws or regulations may be needed in order to limit monopsonistic behavior not covered by existing anti-trust laws. Finally, it is essential to reverse anti-union policies and laws and, instead, extend and broaden union protections and benefits. These act as natural checks on abuses of workers and of labor laws.

The U.S. is wedded to rugged individualism and is culturally ambivalent about worker power. Many workers rarely question the potential of their individual efforts and unsure of the possibilities and importance of having a collective voice. They are less certain about what they deserve as workers. In the past, unions supported workers and middle-income earners – and can so today. Also, digital networks can serve as quasi-unions. They can create environments for mutual aid, and they can aggregate data on working conditions, pay and business performance. These new networks can begin by providing specific services that assist workers, quantify positive outcomes and build on collective successes. They can also call-out businesses that act badly and seek to change their behaviors.

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### GOVERNMENT MUST ESTABLISH THE FUNDAMENTALS FOR ACHIEVING GREATER EQUITY AND FOR INCLUSIVE GROWTH

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Governments have a sovereign duty to their citizens to properly regulate commerce for the benefit of the people and to properly balance the relationship between those who engage workers and those who provide their labor. Governments do this by establishing rules of conduct and, in so doing, can level the playing field among all stakeholders. Governments are relied upon to provide solutions and should not be viewed – so some claim – as inherently the source of problems.

Public discourse on human-machine competition is locked into existing production models; i.e., disputes over the methods and modes of production. Much greater attention should be given to the emergence of digital platforms as marketplaces for organizing project-based work. Digital platforms and growing computational capacity also are changing the very nature of production. Platform owners, such as Amazon and Uber, are developing power that can be as formidable as that of factory owners at the beginning of the Industrial Revolution. Just as early industrialists owned the means of production and

controlled capital, the owners of digital platforms own the data used by producers and consumers. But, unlike the time of early industrialists, digital platforms are becoming ubiquitous and embedded in the fabric of day-to-day commerce. They also control the algorithms and software that create wealth and value. The owners then use the platforms to define and manage markets. This gives platform owners unprecedented and exclusive advantages in consumer and labor markets and enormous control over customers and workers.

Government safety nets are increasingly out of synch with the realities of 21<sup>st</sup> century systems. The no-fault insurance program of workers' compensation assumes that the injured worker is attached to an employer of record and that an injury occurs in the course of performing work for that employer. The "bargain" is that the employer is protected from civil liability and the worker receives quick medical treatment and disability relief. The nation's unemployment insurance system also assumes a similar attachment between a worker and employer. Employers rely on unemployment insurance to tide over workers during layoffs so that they are available to return to work when the economy improves. As businesses increasingly rely on workers who they do not directly employ, these systems protect fewer workers. New wage and work standards need to be developed to track with changes in the structure of work. These standards should embrace independent work (so called "gig" work) and should be adaptable to new work structures that have yet to emerge, including those that are the consequence of extended business networks and non-hierarchical systems.

The rapid growth of digital platforms is prompting policy makers to ask whether these platforms are reducing fair competition by giving particular advantage to those who own the platforms. Just as government stepped forward to address monopolies in the early 20<sup>th</sup> century, it is time for government to consider whether, when and how it should regulate digital platforms. In so doing, it should address the possible regulation of platform owners with respect to their exclusive access to data on customers, suppliers, and employees. Unfettered control by digital platform owners creates an asymmetric information advantage for them. It confines those who use these platforms (e.g., Uber drivers, Airbnb renters, job board users, etc.) to the role of "digital sharecropper."<sup>1</sup>

Policy makers must tackle the issue of who owns and controls consumer and supplier data and how individual privacy and proprietary business information should be protected. It is important for the public and policymakers to establish who sets the rules for business and the economy. No one should be indifferent to how technology is deployed, as to whether the operative business model is value-adding versus value-extracting business models, or how financial markets drive corporate decision-making.

Policy makers should challenge practices that limit the ability of workers to freely offer their skills, talents, knowledge and experiences to all businesses, especially by workers who are engaged project-by-project and have no long-term commitments to any particular business. The blanket use of non-compete agreements that limit employee movements effectively constrain opportunities for workers. New laws or regulations may be needed to limit monopsonistic behavior not covered by existing anti-trust laws. These

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<sup>1</sup> Digital sharecroppers produce and consume services in accordance to the market rules established by the platform owner who owns the data and controls key market information.

include limits on blanket non-compete agreements and regulations regarding the use of mandatory arbitration in human resources disputes.

Government must be supported adequately for the services it is required to provide. Businesses' share in the cost of government is out of synch with economic reality. We should consider new taxation models that track with changing economic realities while guarding against creating unintended consequences. Also, business should not be able to off-load operational costs and responsibilities onto government and public education and training institutions without also providing for their funding.

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## USE TECHNOLOGY TO EXPAND OPPORTUNITIES AND POSSIBILITIES

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Taken to two extremes, technology can be used in symbiosis with workers and augment human activity or it can be used to replace humans. Alarmists assert the latter and predict mass job extinctions; others point to a brighter future of machines complementing human activities. Nonetheless, even optimists concede that many people will be pained as some jobs are destroyed, other jobs are radically reconfigured, and new jobs emerge for which they are not immediately qualified.

As John Zysman and Martin Kenney observed in their paper for the conference, "... despite ... [the] seemingly inexorable march of technology, the future is not pre-determined, but, rather, will be shaped by social, political and economic actions. In a sense, the future is ours to create. A dystopian future in which jobs are simply lost and workers are only displaced is not inevitable.

These tools can be deployed in ways that generate new employment, organize work to augment skills and support a more just and equal society."

Financial capital plays an important role. The view that business is simply about making a profit no longer holds for large segments of the economy. Many prominent venture-fund investors are willing to accept large losses with the hope of gaining monopoly advantage and achieving large returns when they cash out their investments. Uber, for example, is losing billions of dollars per year on its operation. Amazon, a publicly traded company for 20 years only started reporting modest profits in the last several years. The pursuit of extreme market share creates an unequal competitive environment that favors newcomers over incumbents since private equity funded platform firms often are able to operate for prolonged periods without a profit while "legacy" businesses must earn profits to survive.

*"What we rather promote is something we call the human centric complementarity, where technology works as an amplifier of those skills that are uniquely human. Because there are a couple of things like: empathy, creativity... that are uniquely human.... When you ... bring together these capabilities with the capabilities of technology, [that] makes a quite productive combination. So, what we promote is job enrichment. What we promote is up-skilling as opposed to de-skilling due to a polarized organization where those on the top are actually programming the algorithms and programming the smart robots while the others are basically cleaning up the shop floor.*

*"An example and something was especially German about this is the role of social partnership. Just to give you an example how this upskilling could work out. [At] a container terminal in Hamburg, what they did [was] a kind of social partnership agreement on the company level... The company is allowed to make use of automatization technologies, but productivity gains being produced by these technologies go into a fund within the company, and this fund is used for investments for upskilling of the workforce. And this kind of idea is now pushed from this company to a more sectoral level. This is a social partnership approach that we are promoting in Germany."*

Dr. Max Neufeind, Special Advisor, German Federal Ministry of Labor and Social Affairs, October 5, 2017

Moving forward, the public and decision makers must have a more informed understanding on how the economy is changing and how traditional views of business may no longer be adequate. They need to appreciate how different modes and methods of conducting business have varying effects on workers, on communities, and on social and cultural norms. It is important to recognize that this news will be unsettling, even to business leaders who may see emerging systems as existential threats. People at all levels need to come to the understanding that no set of outcomes is inevitable. The information that is given to the public must be offered in ways that are understandable by those who are not experts. But, neither can it be “dumbed down.” One method is to employ metaphors and other visuals of mind and experience to frame big issues and possible solutions. In the end, government must be relied upon to set rules and police behavior to conform with public expectations.

Efforts focusing on socially beneficial uses of new digital tools should be considered as much as policies that attempt to limit socially non-constructive uses. Digital platforms and the algorithms that power them can be adapted to strengthen local economies, reduce or eliminate barriers for marginalized communities in cities as well as in rural areas, and open access to resources that are unaffordable except in highly concentrated, affluent markets. At the same time, these digital tools work globally and not just in the United States. Consequently, new opportunities also open new competition for which U.S. workers must be prepared to meet. This means that training and education must match evolving economic conditions.

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## FACE UP TO STRUCTURAL RACISM AND OTHER SOCIAL AND CULTURAL CONSTRUCTIONS THAT CREATE AND PERPETUATE INEQUALITY AND DIVISION

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The racial constructions that are the foundation for economic and social inequality are not grounded in biology and neither are they a function of the collective failures of any group of people. Race and related distinctions are social constructions, and as such, they can be changed. At the same time, they are embedded deeply in the relationships defining power and privilege. They produce a systemic, long-lasting stratification of the economy, society and institutions and can only be disassembled through similarly systemic policies and initiatives.

Structural racism – as well as discrimination tied to ageism, gender and gender identity, disability, immigration, and criminal justice – must be central to any conversation about work in the future. Unfortunately, the literature on the future of work is virtually silent with respect to these issues, and it appears that most conferences ignore the subject. The Many Futures of Work conference took on these questions in several working groups, and conferees jumped in with vigor and a view towards achieving a fair and just society. Although the conversations had the potential for being discomfiting and guarded, they were, in fact, candid and energizing.

The consequences of structural racism are evident in many institutions, and social and foundational cultural hierarchies. An insidious false narrative cites self-reproducing individual failures and inadequacies as being tied to poor family values, social collapse, and violence, and as the bases for the hierarchies. Clearly this is a received “wisdom” such that even some immigrants who wish to improve their own standing will express these same ideas so as to be seen in a better light in relation to African Americans. Tragically, by characterizing the problem as something inherent to a group of people denies that the real root causes are institutional and therefore correctable.

Structural racism accounts for the racial gap in wealth. Seemingly neutral, programs such as federal home loan guarantees and the GI bill for returning military following WWII benefited whites significantly more than African Americans. Redlining prevented African Americans from securing home loans. The GI Bill reinforced differences in educational and career opportunities for whites. Even educational attainment, once considered to be the great equalizer, does little to narrow the gap in the economic and social statuses between African Americans and whites. Data on the earnings of African American males and white males show that while African Americans made gains in overall educational attainment, these gains did very little to shrink the income gap between the two groups. The effects of these and similar programs and conditions allowed whites to build wealth more rapidly and to a greater extent than African Americans – wealth that could be passed and grown from generation to generation.

Responsibility for dismantling structural racism in American institutions and society rests first with those who derive advantage from it. The main order of business is to change systems that immediately favor some over others. The process necessarily starts with individuals and small groups working together to eliminate structural disadvantages at the ground level. The aim is to achieve some early wins on manageable and achievable goals. At the same time, these early accomplishments need to be put into a broad framework that connects immediate goals with transformative initiatives that get at the roots of systems that perpetuate and grow economic and social disparities. Such a framework is based on shared values and a commitment to hold all stakeholders mutually accountable.

The conferees recognized that the way forward will be rocky, and there will be conflicts between and within groups. People who begin with an advantage will fight to keep their prerogatives. The solution is a narrative of inclusivity that seeks to improve the standing of those at the bottom and in the middle as economies grow as a whole.

Responsibility for ensuring change rests first, but not solely, with those who already enjoy privilege. This is collectively whites, and specifically those who already are regarded as leaders. White men embracing racial justice can be the tipping point for an effective anti-racism movement. The voices of all groups need to be heard so that what comes out of these efforts is determined collectively and not just by whites and elites.

Individuals can take action in several ways. They should become more self-aware of their advantages and be willing to adopt a frame of reference grounded in the principles of mutual gain. It is especially important to understand personal success in a broader context. Those who begin with an advantage may not see it in that way, especially if they work hard and perceive success as exclusively the result of that work. People often see their accomplishments as validation of their talent and intelligence, and thus discount the advantage of their head start. They need to accept their early privilege and consider what could have happened but for that early advantage. The hoped-for result is that they work to level the playing field within institutions and across economic stratifications so as to not perpetuate a cycle of inequality and injustice.

Large institutions should take collective action on systemic issues such as criminal justice reform, mental health issues, housing, entrepreneurship, vocational and technical training, meaningful tax reform, greater protections for disadvantaged classes including those who were previously incarcerated, greater worker protections, improved services for veterans, and improvements to social safety nets. They need to ferret out implicit biases in policies, funding practices, operational procedures and institutional structures

and, finally, learn how to take corrective actions. But, institutions are human creations. So, organizations must hear that the public - and in the case of business, their customers, boards, stockholders and managers – expect them to take on these challenges. This closes the circle back to grass-roots efforts.

One barrier to collective action is that people often measure their status against each other rather than recognize how they are bound together in dealing with the consequences of the decisions made by those who pull the levers of economy and government. Instances of groups overcoming their differences demonstrate that collective actions can bring about change. For example, a coalition of African Americans and Cuban Americans came together to successfully lobby for new law school additions at Florida International University and the University of Florida - Orlando. Similarly, a coalition of SEIU and AFSCME came together with Latino and African American women to advocate for a living wage in Florida. In both cases, racial and cultural differences were bridged by common goals.

The bones and muscle of structural racism need to be seen clearly by all of the public. How does structural racism work? Where does it exist? What are the false social constructs that give advantages to one group over others? What are the steps to dismantle it and to replace it with something that is equitable? The language that is used must be very intentional. The strategies must address directly white fears while also rejecting white supremacy. The focus should be on disrupting institutions of power and advantage in ways that favor all workers and not simply reorder cultural, economic and social hierarchies. Those who seek advantage during periods of change also favor inequality and will work to create differences. The rhetoric of change should focus instead on economic equality.

Conversations must be ubiquitous - in classrooms, in places of worship, and in public discourse. While the task is daunting, it is possible for groups with no military power, economic power, or political power to achieve greater equality. Jim Crow was changed. Gay rights have been advanced. Obviously biased and demeaning curricula have been changed. Progress can happen.

Talking about racism simply serves as a precursor for change. Change occurs only after people take action. One avenue is to bring culturally different voices and thinking into decision-making, by acknowledging culturally different world views and incorporating these views into educational curricula and instructional methods, and by reforming political systems to be truly representative. Our political, civic, cultural and social institutions are largely designed to conform to and serve an existing power structure. The most productive avenue for change is to distribute decision-making to the larger collective.

Race touches nearly all aspects of American culture and society, however, there are other divisions that are seen on a global scale. These include sexism, ageism, disability, nativism, prejudices against veterans, and continued persecution of those who were once incarcerated. Like racism in the U.S., these attitudes and conditions are the result of social constructs and have little to do with personal capacity and ability.

Many in the private sector support diverse workplaces. Businesses can see that the consumer base is diversifying and understand that their workforces must reflect their consumers. But employers are not free to act unilaterally: self-imposed efforts to diversify the workforce are sometimes resisted by incumbent workers who are worried about being replaced or losing status.

Businesses should adopt and promote reasonable accommodations and flexibilities to maximize the effectiveness of workers and to promote their health and well-being. Standard scorecard measures

should be used to measure company performance with respect to reasonable accommodations, flexible practices and greater diversity in all levels of employment. The results can be published and shared through an app, similar to the one that Restaurant Opportunities Centers United launched for the restaurant industry. Companies that are in the forefront of best practices should be recognized and their work should be used as examples for their peers.

The boards of directors of businesses need to be diversified to include people who represent the needs and views of marginalized groups. Workers need to have a strong voice in training that improves business performance and advances their careers. Such training should include, to the maximum extent possible, all workers and not be exclusive to specific groups except when addressing specific barriers that do not pertain to the entire workforce.

Government can do better in leveraging existing resources and funding streams to address barriers faced by disadvantaged groups. It can act as a partner and not as an adversary. Specific actions include: protecting immigrants who have temporary protected status or are registered pursuant to DACA (Deferred Action for Childhood Arrivals); protecting the Senior Community Service Employment Program (SCSEP), banning the “box” that requires that people report prior arrests or convictions, re-focusing the orientation of the National Labor Relations Board toward worker protection, and perhaps by imposing hiring quotas for disadvantaged populations. In addition, the existence of a vacuum in leadership that is the result of vacancies in senior federal government positions may pose an opportunity – through the Senate confirmation process – to push through new ideas and policies. Added support for a federal agenda can be accomplished with a bi-partisan congressional caucus on work and the economy. Grassroots efforts in behalf of an inclusive agenda can support efforts nationally.

It is not uncommon for groups to either want to be part of the mainstream power structure or become co-opted by and homogenized within the power-dominant group. Over time, people within groups that are marginalized may identify with or take on the characteristics of whites. In other instances, the effort to make a population more “white” is imposed on a group. For example, the world view and ways of learning of Native Americans are devalued in schools and are supplanted by Western values and ways that do not conform to the realities of the students and their communities. The counter strategy is to acknowledge and celebrate the cultural, social and economic values of every group and thereby erode the need to emulate what is regarded as “mainstream.”

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## ALIGN WORKFORCE SYSTEMS, AND EDUCATION AND TRAINING TO FLEXIBLE LIFE-COURSES

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Think tanks and policy makers have been making the case for life-long learning since at least the early 1980s. This is the same time that states such as California and Illinois established publicly-funded programs to support incumbent worker training. Progress has been uneven since then: workforce systems, education and training are still out of alignment with the realities faced by workers.

Businesses historically played a very large role in training and re-training their workers. Over the last few decades, responsibility for and the cost of training and re-training shifted onto workers and third parties – especially public systems such as community colleges. Recently, this is exacerbated by project-based work facilitated by electronic platforms. Success in this environment is dictated by how they personally are able to keep their skills current and in demand as they continue to churn out work.

Both the Workforce Investment Act and the successor Workforce Innovation and Opportunities Act envision training programs that are employer-demand driven. This approach that defines employers as customers. It gets turned on its head by life-course thinking: A career-focused approach gives greater emphasis to what workers need and want to do in order to achieve fulfilling and financially successful careers. In fact, what is meant by “career” is no longer tied to specific jobs or industries.

Ideas offered in prior sections on worker empowerment and new technologies are equally pertinent to a discussion on needed changes in workforce development policies, practices, programs and institutions. Going further, the workforce system needs to be re-designed to meet the needs of workers and learners at all stages of their lives and development. Hortatory messages about how workers must commit themselves to a lifetime of learning do not specify how to make this practical and reasonable for people who work full time, care for family, or cannot easily access training and education. Deliberate (or formal) training and education need to wrap around the lives and resources of workers with the objective to make workers more successful, however. At this time, however, legacy institutional structures stand in the way.

Germany’s Work 4.0 initiative is an example of top-down change, although many of the ideas emanate from the grassroots through aggressive community engagement. This approach is socially and culturally relevant to Germany and a few of its neighbors as a result of centuries of community-by community collaboration linking education with employers and trained workers through what have become local chambers of commerce and unions. The U.S. system is far more diffuse, even though a large source of public funding comes from the federal government. While the Work 4.0 framework is useful as a guide on what may be good end-goals for workforce development systems, the more likely pathway for workforce policies and practices in the U.S. builds on incremental changes from the bottom-up.

One place to begin is by addressing how programs and policies are organized locally. This means that programs need to be operated more efficiently and that common elements across programs need to be better integrated and shared. This is an often-discussed goal within workforce development agencies regarding their own programs. But, it also needs to be addressed across jurisdictions. For example, new veterans face gaps in service after they finish active duty simply because public workforce agencies are not given adequate notice to prepare for the expected arrival of former military personnel in their communities. Closing that gap alone can improve the employment prospects for a cohort of capable workers.

Another step is for the workforce system, especially educational and training institutions, to do a better job at recognizing and transferring skills learned on the job. Here, too, veterans provide an example since they have many skills that are transferrable to civilian life, but, in fact, go unrecognized. These range from technical skills to soft-skills such as discipline and self-reliance. In the general population, older workers are unable to convert years of undocumented skills and experiences into credentials or entrepreneurial opportunities. There are particular examples of schools and local workforce systems attempting to address these issues, but these need to be expanded across state and national systems.

Philanthropic institutions should take a greater role in promoting greater community-level coordination as well as in assessing how economic changes are experienced in localities and by different segments in the population. Philanthropy also has the capacity to support inquiries into policies and practices that conform to a life-course framework for workers’ careers.

## MOVING FORWARD

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We were inspired by the ideas of Dee Davis, President and Founder of the Center for Rural Strategies, who was invited to share his insights about rural America. A best-selling book, J.D. Vance's *Hillbilly Elogy*, and countless commentators on the 2016 election portray rural communities as anomalies and their support for disruptive politics as an unexpected turn of events. What Davis shared, in contrast, is a view that rings true across the American landscape. He talked about self-identity and self-worth. Davis talked about the importance of communities and about people wanting to do something constructive that helps the country. He talked about miners, loggers, and truck drivers, but it could have easily been about teachers, machinists, health care workers, auto workers, retail workers, bookkeepers, legal professionals and many others whose jobs are outsourced, are replaced by machines and algorithms, or simply disappear because the returns for their work are not sufficient for Wall Street investors.

Davis put it this way:

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“THE THING ABOUT RURAL AMERICA AND WORK IS WE ALWAYS REFER TO OURSELVES AS WHAT WE USED TO DO. YOU KNOW, WE USED TO BE MINERS, WE USED TO BE FARMERS. YOU KNOW, THE SECRETARY OF AGRICULTURE IN KENTUCKY SAYS KENTUCKY SUPPLIES ALL THE SAUSAGE TO CRACKER BARREL. WE SUPPLY ALL THE BISCUITS TO MCDONALD'S, BUT WE USED TO HAVE 90,000 FARMERS ... WE HAVE FOUR. PEOPLE AREN'T FARMERS, THEY'RE CULTURAL FARMERS. THEY'RE NOT LOGGERS. THEY'RE HARDLY WORKING ON OIL RIGS ANYMORE.

“THOSE TRADITIONAL FORMS OF EMPLOYMENT ARE OUR CULTURE. THEY ARE TOUCHSTONES. THEY ARE HOW WE IDENTIFY OURSELVES AND HOW WE SORT OUR WAY IN THE WORLD. I WAS TALKING TO A NEW YORK TIMES REPORTER AFTER THE ELECTION AND SHE SAID TO ME - I LIVE IN THE COALFIELDS OF APPALACHIA - SHE SAID TO ME, “DO YOU TALK TO ANYONE WHO THINKS COAL'S COMING BACK. I HAVEN'T TALKED TO ANYBODY ... AND EVERYBODY I'VE TALKED TO SAYS [COAL] WAS NOT COMING BACK.” SHE SAYS, “I'VE TALKED TO PEOPLE ALL OVER WEST VIRGINIA AND KENTUCKY. NOBODY HAS SAID THEY THINK COAL'S COMING BACK, THOUGH THAT WAS A MAJOR THEME OF THE ELECTION.” BUT WHAT'S SOMETIMES HARD TO UNDERSTAND IS THAT ELEVATING THE CULTURE OF MINERS IS IMPORTANT. MAKING THAT STORY THE CENTER OF A POLITICAL DEBATE IS IMPORTANT FOR GETTING THOSE VOTES.

“SO, WHAT BEGINS TO HAPPEN IS THAT WE BECOME VESTIGES, REPLICAS, ICONS OF EARLIER DAYS. AND, WHEN ... THAT'S THE BEST WE CAN HOPE FOR, THEN THAT'S WHERE IT STOPS. PEOPLE IN RURAL PLACES: FARMERS, MINERS, LOGGERS – THEY WANT TO DO SOMETHING CONSTRUCTIVE. THEY WANT TO HELP THE COUNTRY. THEY ALWAYS THOUGHT THAT WHAT'S THEIR JOB WAS BEFORE.”

*DEE DAVIS, PRESIDENT AND FOUNDER, CENTER FOR RURAL STRATEGIES, OCTOBER 5, 2017*

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Workforce experts predict that workers in the future must expect to change careers many times over their course of their working lives. Consider what this means to people who hear this message and

whose jobs and ways of life are now being threatened: It says, in effect, that who and what they are don't count for anything important. Their careers – and identities – are like articles of clothing: something that they should be able to replace at will. It is no wonder that many workers feel cheapened and powerless.

How we talk about the future of work shapes thinking and policies. Metaphors and language have consequences. They frame the debate, include some and not others in the discussion, and tip the scale in favor of some solutions and not others. If we describe careers as things that are detachable and subject to reassembly, we ignore that most people define the essence of who they are by what they do. So, it is not enough to talk only about education and training (and retraining). We must address how people are able to string a series of jobs and projects together into an arc of a single career that offers continuity and a sense of self-identity.

Metaphors also determine how we talk about race and perpetuate institutional racism over generations. They form the basis for immigration policy. They define what is good or bad, help to create winners and

losers, and normalize corporate and government behaviors that are deleterious to workers and their families. Deciding on what metaphors should be used is not a matter of political correctness – they can either form bridges between people – or build walls.

*“But what I recognized in this other moment that [what] was happening [was] spirited on by technology... that the world seems to be moving pretty quickly. Sometimes [this is] scary for people. ...*

*“So, what I think is interesting about that reflection is it should just be the opposite. It shouldn't be so scary. Because the reality is, rules have always changed. And people changed those rules. Every one of you, ... every one of us have been a part of changing part of the game. And the moment that we're in now enables us to make those changes quicker. Which, I think is a far more empowering reflection – because the reality is the rules that were in place were always temporary. They're [now] just temporary for a lot shorter period of time. And, so why not put forth your idea, be as creative as you possibly can, and make the change that you want, because change only comes from people.”*

Charles Adler, Co-founder, Kickstarter, and Founder, Lost Arts, October 6, 2017

An over-arching takeaway from the Conference on the Many Futures of Work is that all discussion about the future of work needs to be framed so that it is seen and understood from the vantage point of ordinary people. They need to have the facts that enable them to understand what they are experiencing in their careers and lives and have the language and tools to be able to articulate their needs, fears, concerns, hopes, and promises. They need to recognize that rules can be changed and that they have a

voice in setting new rules.

Words and concepts that deny or trivialize personal identity have no constructive value. Telling someone that the careers and working lives of generations of family members are no longer relevant without offering a path forward forecloses any meaningful conversation. We need ways to communicate that are centered on new narratives of hope and possibility, ways that identify needed levers of change and connects the many activities that are already under way. We also need ways for individuals to feel that they can exercise control over their own destinies. This often is achieved through some form of collective action that is the result of community organizing and engagement.

Experts frame discussions and draw from the data to support their arguments. They can tilt the table to give their views an unfair advantage, or than can rely on the strength of their arguments alone. Those

who engage in selective fact-picking can taint all policy experts by sewing distrust in the data and in the credibility of those who are serious students of the issues. This can also ruin the possibility for achieving common ground among competing stakeholders.

The ideas proposed at this conference require a wide-ranging collective effort involving all stakeholders. Although the Institute for Work and the Economy is a small player, we believe that we can play an important role by doing what we do best: by framing and ordering the problems that need to be addressed and by convening diverse groups to inform the issues, offer solutions and take action in their communities, cities and states. We will work along four pathways:

**First**, time and again, the top scholars assembled for this conference pointed out that research on emerging new structures of work is not keeping pace with the rate of change. Policies and programs remain rooted in post-World War II, 20<sup>th</sup> Century business and union models that are out of synch with how products and services are created and delivered.

Often, the first tendency in the U.S. is to look to the federal government and national organizations to set the framework for future policies. Clearly, many challenges are national in scope, and the federal role is pre-eminent in areas such as anti-trust, civil rights, interstate commerce and fundamental labor protections. States, and to a lesser extent, cities, are on the front line in areas such as workers' compensation, unemployment insurance, collective bargaining, minimum wage, business regulation and licensing, business and economic development, and training and education. Unfortunately, all levels face the prospect of having to make new policies and design new programs without the benefit of solid research that properly defines the problems that they are expected to resolve.

The Institute proven experience in convening groups to conduct research and develop proposed policies and programs that address knotty workforce and economic development problems. Therefore, we see our role as bringing together stakeholders and researchers to achieve a better understanding of how work is accomplished, of the directions that it is heading, of the consequences for workers and legacy businesses, and of the implications for public policies and programs, especially those at the state and local levels. We also see our role as supporting these stakeholders in the development of policies and programs that will serve as the basis for a new social contract that is adaptable to even unforeseen changes.

**Second**, the conferees were loud and clear that they believe that the conversations we had at the conference need to be held locally and among "everyday" people. Large change can only occur if there is support for that change at the ground level. The process of building that is through personal engagement. Abstract debates in Congress or at the White House rarely reach the average person except in sound bites and 280-character tweets that do more to divide than to inspire or inform. Local conversations provide context and put real faces onto groups. Future conversations do not need to start from scratch. The Many Futures of Work conference offers a rich source of thinking and ideas. It also provides a model as to how other conversations can occur in allowing people time and giving them the tools in advance to have in-depth, construction discussion.

Our plan is to partner with area foundations and community stakeholders to engage people in communities across the country in conversations about the many futures of work. These conversations will be cumulative and will start with the resources and thinking from the Chicago conference. Like the

Chicago conference, each community event will be cognizant of the roles played by business, government, workers as well as race, gender, age, disability, immigration and other elements that affect the life trajectories. Each local conference will focus on those issues that are front and center for that community. The goals are to come up with a set of ideas on what to do and a plan of action for next steps. In addition to planning and facilitating these gatherings, the Institute will commission additional working papers from subject matter experts who will help frame the conversations and provoke fresh thinking.

**Third**, the recurring theme about language and metaphors brings the Institute back to a core question: How can we stimulate and inform conversations about the economy and society among families and friends in “normal everyday” conversations around kitchen tables and community gatherings. More than ten years ago, we concluded that people do not necessarily have the background information, access and ‘tools’ to clearly articulate their expectations of policy makers, business and union leaders, and others who depend on the public for their own survival. The Institute will relaunch our idea to develop the information, language and tools that will lend themselves to supporting constructive and informed conversations in homes, places of worship, at community gatherings, in book clubs, taverns, water coolers, on-line forums and other gathering spots. It will help people realize the potential of individuals acting collectively. It will also challenge actions that interfere with workers’ efforts to organize and bargain. This is different from other efforts focused on messaging. Our effort will be directed more at the language and logic of how to think and act with respect to the changing structures of work, and not only about what to say.

We will take up the idea proposed by the working group on economic justice to develop a toolkit for organizing and engaging people so that they may have an effective voice in shaping changes in the structure of work. The toolkit will advise on how to organize and identify who should be involved. It will also suggest the roles that each person may play (e.g., who initiates and agitates, who does the research, who does the talking, and who does the wooing). The toolkit will offer a vocabulary for talking to power structures and set out the steps for mounting a campaign. Our goal is to encourage civil discourse and to empower people in making their expectations known to those who set policies and institutional practices.

**Fourth**, we believe that the Institute should serve as a national forum to knit together local conversations and kitchen table discussion, facilitate information exchange, and provide means and venues for new thinking as it pertains to the futures of work. Our goal is to support groups to act collectively in behalf of stakeholders who are often on the outside looking in on decisions. Much of this will take advantage of electronic platforms and the Institute’s experience in organizing systems that support the transfer and reuse of knowledge. Some of the resources include virtual gatherings, a knowledge exchange, and downloadable resources. Also, some exchanges may occur at large scale gatherings - especially events that are in partnership with other organizations.

## CHAPTER ONE

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### INTRODUCTION AND MAJOR THEMES OF THE MANY FUTURES OF WORK: POSSIBILITIES AND PERILS

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The Conference on the Many Futures of Work: Possibilities and Perils engaged the best thinking on the factors driving the diminution of middle-income jobs and the policies and practices that can transform this trajectory away from low wage, unstable jobs and towards jobs that lead to greater prosperity and economic inclusion. In addition, the conference addressed how education, workforce systems, community economic developers, unions, and innovative businesses are finding ways to succeed in the face of several decades of structural economic changes. The goal was to link successful and satisfying careers with business growth and community economic achievement and greater equality.

The hollowing of middle-income jobs is squeezing the financial security of millions of Americans. Changes in business practices and broad economic trends are erecting more barriers for those who are trying to work their way out of poverty. People who are already disadvantaged are further crowded out. The few pathways out of poverty are limited, and the possibility of sustainable careers in the so-called on-demand economy seem to be out of reach for those who are already marginalized.

Two views about the future of work dominate the popular media: One tells a story of a promising future for those who with good skills and who can live by their wits. The other paints a dystopian view of the world that is dominated by robots and few jobs. Both views tend to treat the loss of traditional, full time middle-income jobs as inevitable, with survival and prosperity going to the fittest.

There is a third view, however, that sees opportunities for policies and practices that link economic growth with greater income and wealth equality. A growing body of research, including that done by the Institute of Work and the Economy, shows that the erosion of middle-income employment opportunities stems from fundamental transformations in the objectives and operations of U.S. business enterprises in which making money now is separate from and given priority over making goods and services. Profitable companies are forgoing investments in essential research and development that are the lifeblood for product and service innovations. The same businesses often neglect to train and retain committed employees, thus denying people opportunities for accumulating the productive capabilities that are the foundations of a prosperous middle class. Many businesses – especially those who rely on contract workers – also commodify job skills and devalue the importance of corporate culture and experience-gained knowledge, thus leading to the loss of what was once great competitive advantage.

More than a decade ago, the Institute for Work and the Economy issued warnings about the changes in business models and employment relations that were undermining the economic foundations of a prosperous middle class in the United States. Before the Great Recession, policy makers were exuberant because of seemingly unbounded economic growth. They failed to see that economic advancement for many workers stopped in the 1980s. Instead, what middle-income workers then told the Institute was that they faced existential threats to their well-being from outsourcing, off-shoring, increased automation, downsizing and the perception that unauthorized immigrants were taking their jobs.

A common narrative is that the foundation for the middle class started to erode in the 1970s because of structural upheavals brought about by plant closings, massive permanent layoffs, large-scale automation,

rapid technological changes and digitization. But, this misplaces the blame by focusing on tactics rather than on corporate boards and CEOs who embrace the gospel of shareholder primacy. Technological and operational changes, and even the globalization of production, need not result in the hollowing of middle-income jobs as long as industrial corporations retain profits, reinvest in productive capabilities and innovation, and attend to all stakeholders, including employees, customers, the communities in which they operate, the business itself, as well as shareholders.

Today, we know a good deal more about the consequences of shareholder primacy. One objective of the Institute’s ongoing Many Futures of Work initiative is to address these problems through effective policies and practices that recognize and address the deep-seated disadvantages that stakeholders face due to the compulsions of corporate executives and venture capital managers to distribute assets to shareholders and investors.

It is not enough to create a few pathways to middle-income jobs. Structural barriers and growing gaps in wealth and income break along the lines of race, ethnicity, gender, age, disability, prior engagement with the criminal justice system, and immigration status. Yet, these are rarely addressed in conventional discussions about the future of work. Instead, our initiative takes-on these matters directly. Of particular importance are how public policy, organizing and other forms of collective action, as well as education and training can level the playing field for those who are disadvantaged. Also, how can business leaders become advocates of good business policies and practices that respect and treat fairly all workers?

The attention being given in the popular press and within policy circles to project-based work, often called the “on-demand” or “gig” economy, as a new and growing phenomenon that promises to do away with 20<sup>th</sup> century forms of work. Clearly, on-demand work has existed for centuries. In fact, what we know as “regular” or “traditional” employment is largely a manifestation of structures that emerged during the Industrial Revolution. Today, there is a lot of hype suggesting that non-standard work is an act of economic freedom and entrepreneurship. While that may be true for some, there is substantial evidence that many workers are involuntarily employed in gig work because more standard work is either unavailable or does not provide them with enough income to support themselves and their families. This enthusiasm also ignores whether it is sustainable to depend on economic structures built on the backs of knowledge workers who hold no long-term allegiance to any business.

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## FRAMING THE ISSUES: THE CONFERENCE ON THE MANY FUTURES OF WORK

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Scores of conversations with policy makers at all levels of government, with leaders from business, labor, community organizations, workforce and educational systems, and foundations led us to conclude that the issues surrounding the many futures of work are not well framed. Prior events generally addressed

the manifestations of change – new technologies, globalization, outsourcing, more project-based jobs – without examining the causes.

The Institute brought together more two hundred people who were willing to challenge conventions regarding business and workers. This involved a diverse mix of stakeholders, many of whom had never participated in a conference on the futures of work. Among them, forty-seven people identified themselves as being part of grassroots organizations, three were from unions, ten self-identified as entrepreneurs and eight came from business. Twenty-five identified themselves as part of the education and training system and 14 were from state or local workforce systems.

The conference was organized around six major themes (see inset box). These served as the framework for all discussion and ideas on new policies, laws, practices, research, training and education, and grassroots organizing.

There were five plenary sessions that set the context: four at the beginning on the first day and one at lunch on the second day. Lamia

Kamal-Chaoui from the Organization for Economic Cooperation and Development and Peter Georgescu, chair emeritus of Young and Rubicam kicked off the conference. Kamal-Chaoui provided an international context for how work structures are changing, especially in the “advanced” economies. Georgescu addressed the adverse consequences of shareholder primacy on economic growth, economic equality and social mobility.

**Six major themes of the conference:**

The innovative enterprise: The label “innovative” is applied indiscriminately to a range of organizations, often as a way of connoting “freshness” or “advancement.” The focus of this session is to clarify what is meant by the term, “innovative enterprise,” and how such an enterprise is essential to the retention and growth of middle class jobs.

Restoring the middle: Businesses grow and prosper by retaining and reinvesting in the productive capabilities of workers who can transform ideas into innovative goods and services. These workers act collectively and learn cumulatively; they effectively form the middle tiers of innovative business. This conversation will address the roles for business enterprises, civil society organizations, government agencies, and labor unions in restoring the middle.

Structural racism: Structural racism jeopardizes the security of middle and low-income African Americans, Native Americans and other racial and ethnic groups that are stigmatized by the majority population. The conversation will address possible new policies and strategies for changing these structures, for enhancing the job security of marginalized racial and ethnic groups, and for supporting broad-based upward mobility.

Age, gender, disability, prior engagement with the criminal justice system, and immigration: Barriers to accessing middle-income jobs are also constructed along the lines of age, gender, disability and place of origin. Although various barriers manifest themselves in different ways, it is possible that they lend themselves to systemic solutions.

The on-demand economy and the commodification of work and skills: Work that ties an individual to an employer for an unspecified period of time is generally regarded as standard employment. But, not all work is standard – and never has been so. This working session will examine how on-demand work models may be diminishing the value of standard employment and are reinforcing trends in the commodification of work and skills.

Economic justice and the imperatives of work and family: The issue of economic justice is a global concern. What is the meaning of “inclusiveness” as it is applied to the concepts of economic justice and growth, sustainability, and equality? Do questions of economic justice and morality have standing in public policies that pertain to jobs and employment? Assuming yes, what principles should guide public policies and practices and how are they manifested through action?

Max Neufeind, an advisor to the German Federal Ministry of Labor and Social Affairs, described Germany’s ambitious initiative, Work 4.0, that is reshaping workforce policy to meet the challenges of 21<sup>st</sup> century work.

Saru Jayaraman from Restaurant Opportunities Centers United and Dr. William A. Darity, Jr. from Duke University shared the stage to talk about their respective initiatives aimed at upending the institutional structures that drive economic inequality and that determine winners and losers. Jayaraman is at the forefront in organizing restaurant workers and progressive restaurant owners to achieve livable wages, predictable working hours, essential benefits, and environmentally safe and harassment free working conditions. Darity laid out his ideas for the federal government to guarantee full-time jobs for all who want to work.

Dee Davis, President and Founder of the Center for Rural Strategies, wrapped up the formal presentations on the first day by describing conditions in rural America. He spoke about the cultural, social and economic factors that shape the views of people living in rural areas

On day two, Charles Adler, co-founder of Kickstarter and the founder of the creative maker space, Lost Arts, talked about his efforts to foster the growth of communities of creative artists and thinkers.

A special guest of the conference, Peter Pogačar, State Secretary at the Ministry of Labor, Family, Social Affairs and Equal Opportunities in the Republic of Slovenia, offered his observations on the futures of work as a European looking in on the United States and with respect to Europe as a member of the European Union.

Finally, Natasha “T” Miller, performance poet, filmmaker, LBGQTQ activist, and entrepreneur, performed her poetry at several points on the morning of the first day and at lunch on both days of the conference. Her words brought laughter, tears, energy, grace and introspection to every person who heard and saw her. She reminded us that our purpose was to address the human dimensions and avoid intellectual abstractions.

The hard work was accomplished in six working groups that met for more than six hours over the course of two days. Each working group focused on one of the six themes. The themes were defined specifically so that they would overlap. Our purpose was to have different groups to address the same issues from different perspectives with the hope that separate approaches would lead to new insights.

Each working group was led by a facilitator and a reporter (whose job was to make sense of and report the results of the group’s discussion). The major issues of each working group were framed by three or four leading subject matter experts who contributed papers in advance of the meeting and also presented their ideas in the working sessions.

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## WHAT WE LEARNED FROM THE SPEAKERS – SUMMARIES OF THEIR PRESENTATIONS

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### LAMIA KAMAL-CHAQUI

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The OECD has its origins in the Marshall Fund Aid following World War II. The US architects of the Marshall Plan insisted that European countries cooperate economically by joining the Organization for

European Economic Cooperation (OEEC) as a condition of aid. The OECD grew out of this entity, expanding to the 35-member countries on five continents that it now serves.

Today, the OECD is positioned as a unique global forum for governments to work together to collectively address the economic, social and governance challenges of global integration.

The OECD has been documenting rising inequalities for decades, long before the topic captured headlines. But the current crisis provided the impetus to take this work to the next level. In 2008, the OECD published **Growing Unequal**. In 2011, it published **Divided We Stand**. And in 2012, the OECD formally launched the Inclusive Growth initiative.

The Inclusive Growth Initiative brings together policy experts from across the OECD to gather internationally comparable data and evidence, and identify policy responses to address the challenge of growing inequalities.

So far, what are the data revealing?

Looking first at the OECD, most developed countries have seen a constant increase in inequality over the last thirty years: the ratio of the income of the top 10 percent to the bottom 10 percent has gone from 7 to 1 in the 1970s to nearly 10 to 1 today.

But, that ratio is nearly double for the US. and the international standing of the U.S. with respect to inequality is low. For example: as measured by the Gini coefficient, the United States has the fourth highest rate of income inequality in the OECD – exceeded only by Mexico, Chile and Turkey.

Inequality is not just about income, but also wealth and other dimensions of well-being such as health, education, and housing. The picture is not great here either -- the richest 10 percent in the OECD now own half of all household assets, while the bottom 40 percent own barely 3 percent. In the US, the top 10 percent in the US own 70 percent of wealth.

OECD indicators show that there is increasing inequality in opportunities for access to jobs, education and skills, and health-related services. Taken collectively, the rise in inequalities is widespread. It is particularly pronounced here in the US., however, it is also being felt in more traditionally egalitarian countries such as Germany and the Nordic Countries. This not just an outcome of the economic crisis in the last 10 years or so. The crisis just exacerbated a trend that has been decades in the making.

So, why are high rates of inequalities bad? What is wrong with inequality?

Of course, we can always make a moral or social argument, but we also have evidence that we should be concerned from an economic standpoint.

For instance, research by the OECD suggests that high rates of inequality actually impede growth. On average, an increase in income inequality by 1 Gini point lowers yearly GDP per capita growth by around 0.2 percentage points. This occurs because income disparities simply limit the abilities of young people from poor socio-economic backgrounds to invest in their human capital and skills.

Productivity gains are a key driver of long-term improvements in societal living standards, but we are seeing a slowdown in productivity growth across the OECD, including here in the US.

OECD research suggests a link between the two trends of growing inequality and declining productivity growth. An OECD report called **Productivity-Inequality Nexus** shows that widening productivity dispersion across firms contribute to a growing wage distribution gap.

What are the policy domains that matter?

Recognizing that specific policy responses must be adapted to the economic and social context of each country, there are a few areas that recur.

The first is education and training. These are some of the best tools for addressing inequality. They are the great equalizers!

In the United States, however, it is not merely a question of investing more in young people. For example, students in the Slovak Republic perform roughly at the same level as those in the United States, but the US spends more than twice as much per student per year: \$115,000 dollars per year in the U.S. compared to \$53,000 dollars per year in the Slovak Republic. Rather, it is more of a question of how investments may be made smartly and so that they remediate rather than reproduce inequalities.

Second, the work of the OECD also shows that a greater focus on income redistributions through tax-benefits need not be bad for growth. These actions need to be properly targeted, implemented, and designed in a way that promotes “activation” for employment purposes.

Third, governments and international organizations need to address the growing market strength and political power of large corporations, as well as their ability to bend domestic and international rules – including tax rules – to their advantage. Tax avoidance is estimated to cost \$100 billion to \$240 billion in tax revenues annually! The OECD is addressing this issue through the BEPS Initiative (Base Erosion and Profit Shifting). This initiative brings together over 90 countries to tackle tax avoidance. Thus far, close to \$80 billion has been collected under the OECD's Common Reporting Standard, with the U.S. alone collecting almost \$10 billion in additional unplanned revenue.

Fourth, the success of our societies rests, in part, on the success of our businesses. And businesses, in turn, depend on a well-functioning and competitive market environment to thrive. That’s why it is concerning that the “rules of the game” are being bent to the point of breaking! For one, we are seeing a rise in short-term thinking and the so-called tyranny of shareholder value. Rent capture by frontier firms, sub-optimal resource allocation, and the breakdown of the innovation diffusion machine are also limiting productivity gains while entrenching income inequalities, not least by trapping workers in low quality jobs.

Small and medium sized firms are often the most effected. The OECD’s new publication, **Small, Medium, Strong** shows that, due to internal constraints, SMEs are disproportionately affected by the barriers and inefficiencies in the business environment and market failures in the economy. Finally, minimum wages are another one of the so-called rules of the game that matter particularly for low-income workers.

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PETER GEORGESCU

Peter Georgescu began:

*“This morning, I’m ... standing in front of you as a committed capitalist. But, I’m also a committed capitalist who really is passionate about getting my brethren colleagues in business to face with equal*

*passion ... and with urgency what I consider to be the single most important critical issue in America, in fact it is the existential issue for America: inequality of income, which leads to inequality of opportunity.*

*“Why the focus on business? As a capitalist, I understand quite clearly two realities:*

*“[The] first reality is simply the fact that only the private sector – only the private sector, meaning business – can really provide prosperity and wealth to this nation. Government can help. It can facilitate. It can provide incentives and so forth, but only business can deliver that prosperity.*

*“The second reason, the second reality is really cloud. Business - the private sector - provides something like \$18 trillion. That's what counts in America – in our economy. The public sector – government – [accounts for] about four and a half [trillion dollars]. And yet most of us really look to government saying government must fix our problems. There's something wrong with that because we [in] business can do the most to change course and increase prosperity. Therefore, I believe very strongly that for business, inequality also must be the number one priority, both [the] short term and long term, for the sake of us... and our own self-interest, and also for the interest of the country. But, also, importantly I want to tell you that what I am trying to do is to convince the business community, and CEOs in particular, that we must change the way we do commerce. We must change the way we behave in business.”*

Free market capitalism as practiced until the 1980s created great wealth and opportunity for the middle class. Then, around 1980, inequality began to grow rather than shrink. Georgescu's own analysis of 125 million households shows that some 60 percent of all households spend more than what they took in as income. The next twenty percent in wealth net \$8,500 each month - putting them close to the edge in the event of a significant loss or health emergency.

The ramifications of the challenges faced by most households are profound. They lead to lack of funding for education, economic desperation, and the growth of an India-style economic caste system. At the same time, government is paralyzed and unable to address these problems effectively. Instead, it is necessary for business to lead the way.

The main barrier - and consequently the primary factor undermining capitalism and the capacity of business to act - is the concept and practice of shareholder primacy. Prior to the 1980s, businesses were committed to five stakeholders: customers, employees, shareholders, the corporation itself, and the communities in which the businesses conduct their work. As recently as 1980, the Chamber of Commerce said it is the responsibility of business to create jobs and to pay people fairly. But shareholder primacy has put only the shareholder above all others in order to maximize short term value. This leaves no room for customers, employees, communities, and even the long-term interests and value of the corporation.

The stock market, which is a reflection of shareholder primacy, is based on unsustainable practices that artificially prop up stock prices through stock buybacks and that strip value from the company and distribute it to shareholders. Profit margins are up because operations are squeezed for every penny. Workers are regarded as costs and are treated as such. CEOs are reducing and, in many cases, no longer reinvesting in the corporation. This ultimately halts real business growth.

It is not unfair to dump on CEOs. They are the enforcers supporting shareholder primacy – and they are paid well for it. They are also prone to think only in the short term since the average tenure of a CEO is four years.

Beginning five or six years ago, hedge fund shareholder activists became the driving force for shareholder primacy. They effectively became “terrorists” as their jobs were to tear out the assets of the business and flip it. They do this by stripping cash, firing workers, and selling off parts.

The way back is to counter the “theology” of shareholder primacy by focusing on creativity, innovation and value. Employees form the common element and bind all three areas of focus. They provide value to the company’s customers. They are the sources of creativity and innovation. They are the foundation of what is economically sustainable and profitable.

How can employees be engaged effectively? First, they need to be paid at least a living wage for where they live and work. You do this by paying people out of the incremental value of the gains that they create through productivity and innovation. Second, they have to have the right training and education. Workers who need to be retrained should receive that training through their employer. Third, they need to be empowered to “delight” their customers. Fourth, labor and management and boards have to be united to say they need to be part of a business that makes the pie bigger by increasing revenues and profitability. Finally, business needs to get out of the quarter-to-quarter results mentality by giving Wall Street guidance on what will be accomplished along the way and provide them with milestones to mark progress over a much longer term.

CEOs need to drive change, but they need help from equity holders who can set expectations for long-term thinking and results. CEOs also need to embrace the idea that they are responsible to the communities in which the corporation operates. Union and management need to work together towards a common goal of growth and shared success. The media also need to play a role by celebrating those CEOs and corporations that serve all stakeholders fairly. Government can reaffirm the changes that need to take place, but the impetus must come from business itself.

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#### SARU JAYARAMAN

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The future of work may be understood by examining the history and predicted future of the restaurant industry as portending the future for other sectors. Economists report that one in three full time (or more than full time) workers live in poverty. Some predict that the proportion living in poverty will rise to one in two within ten years. This growth is due almost entirely in the growth in the lowest paid sectors, such as retail, home care, and other services.

Today, the U.S. is the first nation in history where people spend more money to eat outside the home than at home. The restaurant industry as a whole now employs 12 million workers - or one in 11 American workers. Nearly half of all American workers have, at one point or another in their lives, worked in restaurants. It is the largest private sector employer group in the U.S. and is the fastest growing industry. Even automation has not slowed employment growth – in fact, it appears to have the opposite effect.

The restaurant forms the largest employer group, and the industry pays less than others. Today - and historically - seven out of ten of the lowest paying jobs in the U.S. are in the restaurant industry. Six out of the seven are in the full-service restaurant sector. Only one of those occupations are in the fast food portion of the industry.

The chief protagonist in the story of the industry is the National Restaurant Association (NRA). It is led by four major Fortune 500 chains: Darden Restaurants, McDonald’s, Yum Brands and Disney. But, the

history of the NRA dates back to the post-Civil War era. At that time, tipping was a vestige of feudal Europe and did not have a home in the U.S. Members of the predecessor to the NRA adopted the practice by “employing” freed slaves and paying them only what was earned in tips. The minimum wage was \$0 - a wage that was codified in the first minimum wage law passed in 1938. Today, the federal “tip wage” is \$2.13 per hour. Some states require a higher tip wage. Only seven states: California, Oregon, Washington, Nevada, Minnesota, Montana and Alaska – set a common minimum wage for all workers. At the same time, these seven states score higher restaurant sales per capita, high job growth in the industry, and higher rates of tipping people than other states. Outside of these states, a great danger is that the tip economy, abetted by technology is bleeding into other industries - such as music, personal transportation and other services.

The tip economy in the restaurant industry is especially disadvantageous to women and minorities. Fine dining restaurants favor employing white men. These workers may earn \$100,000 or more. In contrast, the industry of the whole is overwhelmingly female: 70 percent of workers are women, and mostly women of color. Their median wage is \$9 per hour including tips. They suffer three times the poverty rate of the rest of the U.S. workforce, use food stamps at double the rate, and suffer more sexual harassment than workers in any other industry. About forty percent of women workers are single moms and they are especially vulnerable to harassment since they face the choice of tolerating abusive situations or lose their jobs.

Race is a key factor in economic inequality in the restaurant industry. White workers - even those who are immigrants without authorization to work in the U.S. - are able to earn better wages than workers who are people of color. Even in places such as California where the minimum wage is \$15 per hour, the wage gap between white and non-white workers can be larger than in places that have not adopted the same minimum wage policies. This is because racial segregation remains untouched.

Labor shortages and turnover are rampant and unsustainable. Efforts are now pointed towards the adoption of a one fair wage policy. Restaurant Opportunities Centers United (ROC-U) is supported by 700 restaurant owners: 300 are active and the remaining 400 just joined after the 2016 presidential election. They include some of the highest profile restaurant owners and chefs in the country, such as Danny Meyer at New York’s Union Square Hospitality Group and Tom Colicchio, star of Top Chef. Many see the future success of the industry as depending on a new employment model that favors a one fair wage policy.

At the same time, the NRA continues to propose regulations and policies that will erode workers’ pay. One proposed rule under consideration by the Department of Labor would allow a restaurant owner paying the full, non-tip minimum wage to keep the tips earned by the workers without requiring that these tips be paid to the workers.

Progressive “high road” restaurant owners and suppliers are working with ROC-U on several initiatives, including new apps that create a fair, clean and democratic distribution of workers’ tips among all workers without being touched by the employer. It also is working on new materials for safely cleaning and degreasing equipment.

The public is showing support for progressive fair wage policies. In 2016, a ballot measure in Maine raised the minimum wage, eliminated the lower tip wage, and garnered more support than any Presidential candidate. Other Republican leaning states are showing similar support for such measures.

The One Fair Wage ballot measure will be on the 2018 ballot in Michigan. “We the People Michigan” is collecting 350,000 signatures from across the state and from all groups. It is reaching out to all corners and using all means of organizing and communication. It is a bold, broadly conceived and implemented effort.

The labor movement must embrace race, gender and similar issues or unions will decline. They must come together in this moment to think more broadly, just as they are doing in the “We the People” effort in Michigan. They must go beyond just worker rights and address human rights.

It also means that unions must propose solutions to issues of economic and racial justice, issues that unions, even ROC-U, have not aggressively tackled. For example, ROC-U is actively addressing racial segregation at the same time it is addressing working conditions and standards in the restaurant industry. Recently, it did four hundred match paired tests where pairs of white and people of color applicants were sent into fine dining restaurants to see who would get hired. They found that white applicants had twice the chance of being hired than people of color.

ROC-U followed up and conducted hundreds of interviews with employers and hundreds of surveys with workers. It discovered that discrimination is more than a matter of employer bias. Job candidates who are people of color often self-select out of the pool for high-end restaurants because they expect that they won't be hired. Employers rationalize their behavior by arguing that consumers want a certain kind of sommelier or server that can give them a certain kind of table talk. There is some truth to this inasmuch as some consumers actually prefer certain kinds of servers.

As a result, ROC-U is expanding its efforts to a three-stakeholder strategy. One leg of the strategy uses peer pressure and other means to get employers to de-segregate. The second leg of the strategy is to train workers and build social networks that encourage and support them to apply for fine dining server positions. Finally, ROC-U is conducting a massive consumer education effort to get consumers who claim to be racially conscious to support restaurants that are desegregating and to put pressure on those that don't. Backing this up, ROC-U is using technology to tell about which restaurants are doing the right thing and those that aren't.

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#### WILLIAM A. DARITY, JR.

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William Darity proposed a bold policy that would guarantee a job to every working age person.

At the height of the recession, the ratio of unemployed workers to jobs was approximately 6.6 to 1. Today, at a time of relatively low unemployment, there are approximately 6.7 million job seekers and 6.1 million jobs. This does not take into account approximately 450,000 discouraged workers and the issue of skills mismatches between job seekers and available jobs. The main point is that the private sector never generates sufficient numbers of jobs to meet the numbers of people who are seeking work.

There are shortages in both quantity and quality with respect to the jobs that are generated by the U.S. economy. As an alternative, the U.S. should establish a universal public employment option for all adults. Such an option would be under the auspices of an agency that could be called the National Investment Employment Corps. Through the NIEC, adult Americans would be guaranteed the opportunity to work at non-poverty wages.

The minimum compensation for each entry level position in the NIEC would be just above the poverty level for a family of four. Each job would also include benefits, including health insurance comparable to the quality of coverage enjoyed by elected officials and civil servants at the national level.

This policy will empower Americans in unprecedented ways: First, it will place an effective floor on the compensation that would be offered by the private sector. Private employers would have to at least match the minimum compensation pursuant to the federal job guarantee. Today, half of the people who are homeless actually have jobs - but poorly paid jobs. The job guarantee will alleviate this form of working poverty.

Second, the creation of a federal job guarantee will fulfill the promise of the Humphrey-Hawkins Bill, formally known as the Full Employment and Balanced Growth Act of 1978. It will provide a direct route to employment and every American will have access to a full-time job at decent wages. It will eliminate involuntary unemployment and sort out those who want to work from those who do not.

Third, unions will be strengthened. The presence of a floor on compensation would increase their leverage in providing better pay, better working conditions, and better safety.

Fourth, the federal job guarantee will be a vehicle for citizens to contribute socially useful work. The conventional purview of mass public employment programs has been the construction and maintenance of physical infrastructure. This will remain an important component under this plan. But, the program can also result in the economy becoming greener as well as address human needs such as child care and elder care. Since human care is not something that people will want to automate, these services can be provided by well-trained and well-supervised public employees.

Fifth, the NIEC can provide services that bridge physical and human infrastructure need. For example, this may include disaster relief that encompasses both physical re-building as well as important human and education services. The NIEC can help states address their unmet needs. It can also help provide employment for artists and writers, similar to the Works Progress Administration.

Sixth, a federal job guarantee will ensure employment for those who are likely to be excluded from jobs or who are structurally unemployed as a consequence of discrimination. The NIEC will include those who were previously incarcerated, young military veterans, black workers - especially young black workers, workers with disabilities, non-college educated adults, and other stigmatized workers.

It will level opportunities. Regardless of educational attainment, black workers consistently suffer unemployment rates that are twice of those for comparably educated white workers. The black-white unemployment gap is a dramatic index of the degree of anti-black discrimination in the U.S. economy. That gap will be eliminated by a federal job guarantee.

The federal job guarantee will act like an automatic stabilizer during economic downturns since it would expand federal employment in recessions. This will preserve incomes as well as state and local tax bases in bad times. The size of the NIEC program will also shrink in good times as workers find private sector jobs.

The cost of the program is estimated to average \$50,000 to \$60,000 per worker, including wages, benefits, materials, supplies, and training costs. About 15 million workers were jobless at the peak of the Great Recession. Using this number, if all of the workers were employed under NIEC, the gross cost of the

program would be between \$750 to \$900 billion. The net cost would be less since it would offset some of the \$750 to \$800 billion already expended by entitlement programs.

A federal job guarantee is unlikely to be embraced enthusiastically by decision-makers in Washington, DC at this political moment. One alternative is for cities - especially large cities with broad tax bases – to adopt local job guarantee programs. These initiatives could benefit from local interest and serve as demonstrations for a national program.

Also, it may be possible to adopt pieces of this initiative without undermining the larger proposition. For example, a public employment program that provides universal child and elder care in a community could serve as the first step of a guaranteed job initiative.

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#### MAX NEUFEIND

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Max Neufeind spoke about, Work 4.0, Germany's two-year effort to design the future world of work for the country. It is the companion to Industry 4.0, an initiative that focuses on Germany will succeed in this period of manufacturing transformation.

Germany is a country that makes machines that are sold to businesses worldwide so that those businesses can make things. Today, Germany is adding a digital layer to this kind of manufacturing, thereby creating what it regards is the 4<sup>th</sup> Revolution in work. New work modalities will include interconnected, digital and flexible work arrangements, advanced human-machine interaction, and a "new social contract."

Work 4.0 follows:

- Work 1.0 at the end of the 18<sup>th</sup> Century with the birth of the industrial society and the first workers' organizations
- Work 2.0 at the end of the 19<sup>th</sup> Century with mass production and the beginnings of the welfare state
- Work 3.0 from the period of the 1970s through the early 2000s with globalization, information technology, and the advancement of the social market economy

Work 4.0 is still speculative - and it poses the question as to what should be the desired world of work in Germany in this emerging economic age.

One view of work is driven by a form of technological determinism that is coming out of Silicon Valley as well as parts of Germany. Under this approach, technological innovations will translate automatically into a future of work to which people must adapt.

Another view is one that Germany is taking and that is reflected in the title of the conference - many futures of work. This assumes that there is room to maneuver and to design a world of work that conforms to how people want to live.

Technology is obviously a major driver. But, assuming ongoing globalization, there are other factors driving economic fundamentals. For example, Germany is an aging society. It is also experiencing cultural changes. And, immigration is factor. These and other elements must be considered in the design for the future world of work.

Work 4.0 was launched by a public call that raised crucial questions about the structure of work and the future of the workforce system and social safety nets. This formed the foundation for a yearlong public dialogue with experts, stakeholders and the general public. The result was a policy paper that described a decent world of work in the digital age.

Four themes emerged in the final 300-page document.

### THERE IS A FUTURE WITH (GOOD) WORK

First, there is a future with work and it is possible that there is a possible future of good work. Using a task-based approach analyzing how work is performed, studies conducted in Germany and by the OECD show that about 10 to 15 percent of workers in Germany are at risk of becoming unemployed due to automation. This is a far smaller result from occupational studies by other economists whose methodologies do not break down work and jobs into tasks.

Taking this analysis further, one can see how manufacturing technologies are having different results. In the U.S., it appears that increased automation tends to result in job losses. In Germany, the addition of robots leads to an increase in job stability for both high and medium skilled workers. But, the wage effects seem to differ: high skilled workers experience increases in wages; the wages for medium skilled workers appear to decline. So, while jobs appear to be stable for medium skilled workers, wages are declining - and this is a matter to be addressed.

There is also an argument in Germany that automation may come in handy since the labor force is projected to decline substantially by 2020 or so, despite an influx of one million immigrants in the last two years. The thought is that increases in automation and declines in the labor force will balance, however, skills mismatches will occur. This will result in technology-induced unemployment and skills shortages. The question is how to render this mismatch to be as small as possible.

It is without question that massive structural changes will occur. Germany forecasts that by 2030, there will be substantial decreases in services, trade, and logistics and increases in all sectors related to corporate services such as information technology and in research and development. When examined at the occupational level, the major occupations will include information technology, software engineers, production, and management - the latter requiring knowledge in the humanities and culture.

While these projections are still somewhat optimistic, this optimism is conditional. It assumes that people will accept digital transformation and that there will be investments in continual education, vocational training and in capital goods. On the other hand, there may be increased unemployment that is exacerbated by uncertainty about the exact nature of future labor demands and the skills that will be needed, by the pace of change, and by increasing diversity in the workforce and in business models.

In response, Germany is exploring several initiatives. First, it is looking to be better in forecasting and in monitoring. It is investigating how to conduct independent skills assessments of both workers and jobs. This may lead to a legal entitlement of counseling and continuous education. It may take the form of an opportunity account wherein everyone at the age of 18 is given an account with a set value. This account can then be used for education and training, for entrepreneurship, or for civic engagement. The worker may invest in the account by, perhaps, contributing earnings from overtime. Overall, it forms the basis as a preventive measure.

Another strategy is to focus attention on man-machine complementarity. German policymakers reject the technology-centered scenario that envisions that humans will be replaced by robots.

Germany's preferred strategy is human centric complementarity where technology amplifies the skills that are uniquely human - such as empathy and creativity. This is seen as being productive and rewarding. It is manifested by policies that focus on up-skilling rather than de-skilling. For example, the container terminal in Hamburg, Germany is making use of automation that results in productivity gains - gains that are realized in a fund that will be used to up-skill the workforce.

### TOWARD A SELF-EMPLOYED NATION?

The second theme is the notion of a nation of self-employed workers. A recent survey of Germans revealed that fewer than one percent of the workforce is doing "gig" work. About 45 percent of the one percent actually do crowd work - i.e., work in the digital sphere. Only 29 percent derive their primary income from this kind of work. Therefore, the idea that the standard employment relationship is gone is simply not true. But, it is also prudent to plan for the possibility that workers largely will be self-employed.

Germany is now examining the implications of such a scenario by talking to stakeholders. It is looking to ways to include self-employed workers into a pension system. It is also examining the question of benefits portability between traditional employment and self-employment. This is tied to an examination of the future of the firm.

### WHAT WORKERS WANT (AND NEED)

The third theme essentially flips the discussion from what appears to be the world of work as defined by businesses to what the German people want the world of work to be. This was accomplished by asking 1,200 people to sit for in-depth interviews. The result was seven different worlds of values or value systems. What was interesting is that the choices did not necessarily fit a particular pattern tied to age or other demographic factors.

### CO-CREATING THE FUTURE: INNOVATION SPACES

The fourth theme focuses on what is happening at the company level by engaging workers and management in co-creating the future of work together. This is especially a matter of concern with respect to small and medium sized enterprises (SMEs). The challenge is that SMEs are not particularly aware of future challenges. Consequently, the German government is promoting the creation of innovation spaces within firms. This is being done through 100 consulting centers across Germany where SMEs can receive coaching and training on crucial questions on digital transformation. These innovation spaces within the SMEs will foster collaborations between SMEs and academic institutions to work on issues such as new leadership skills, man-machine interaction, the uses of big data, artificial intelligence, and new workplace practices. The aim is to diffuse new logic on how to organize work in the digital age in traditional companies.

The immediate goal is to reach 2000 companies by the end of 2019. Given that there are about 3.6 million SMEs operating in Germany, the program will only reach a small fraction directly. But, given how Germany is organized into clusters and by regions, the aim is to find early adopters and have them serve as examples for other businesses.

In 2009, about half of the world's population live in rural areas. These are also areas where poverty is most concentrated. The policy response is to move people into the churn of urban areas. And for many who are relocated to cities, they hold out hope that they can make enough money to go back to their home communities and buy a piece of land, rent a place, and secure a place to be buried.

Today, in the U.S., poverty still remains concentrated in rural areas. Raw goods and services remain the chief commodities of these areas, and globalism drives their economies.

It is too simplistic to assume that pocketbook issues drive how people vote. People in rural America vote their culture. They vote their families, their neighbors, their churches, and their union brothers and sisters. They vote what they see and what they hear every day - and what they see and hear is embedded in the communications infrastructure of rural America.

Media consolidation has deeply affected how people get their news as well as content of the news. In the last 20 years, local newspapers pulled out and reporters were let go. Local distribution systems were dropped. Local broadcasters pulled back and satellite feeds were increased. In 2000, the FCC opened radio spectrum at the lower end of the dial to churches. These are the churches that offer the first places to fight addiction and to help families when circumstances go bad. There are now over 2,000 evangelical stations operating across the country, drawing their news from politicized sources and giving local voices places to spread their views.

People in rural areas also live by the rules that are handed to them - by businesses and industries, as well as by government. People in rural America often do not see how they can have a voice in determining - even interpreting - the rules that govern them.

It is also a place where people refer to themselves in terms of what they used to do - forms of employment that also formed their culture. These are jobs that people saw as helping their country. This belief in service continues today: about 40 percent of military recruits come from rural areas. The military also serves as a way for people to be respected, to be accepted and to be trained for work.

What will happen when people in other places become untethered from their jobs and careers in the same ways as people in rural America have experienced?

Sixty percent of men in the U.S. drive something every day. The number one job in thirty-seven states is truck driver, yet policy makers from both political parties are going full bore into autonomous vehicles. What will happen to the drivers who lose their jobs to a vehicle driven by artificial intelligence? What will happen when people can do whatever they want to do from wherever they wish to be? Clearly, a different system that is inclusive and forward-thinking needs to be created, and especially for rural America.

There were two kinds of responses to Katrina's devastation in the south. The government and the Red Cross spent millions on contracts that fattened the coffers of the contractors, and collectively created winners and losers along racial lines.

The other response came from people acting on their own - such as by hunting clubs, church groups, and other volunteer groups. People just came and helped and established a culture of helping. Davis believes

that this culture of helping can be the basis for fixing what is broken in rural America. It will result in changes in the culture of voting and in the ways that people look after each other.

Rural communities can also be places of great innovation and invention. One rural school was featured in a National Geographic special because of a prosthetic device that students invented to help people with drop foot that was developed by students. Globally, rural areas represent an enormous market that high tech companies are competing to reach. Google is experimenting with balloons to deliver internet service. Facebook is examining other strategies.

Right now, politics as practiced today is about keeping people from the polls and from finding common ground on issues that they all share. The vocabulary and grammar of discourse has connected gender with jobs and wealth. We tend to talk now about work in terms of males and poverty in terms of females. This may be especially true in rural areas. For example, rural areas describe work in terms of miners, loggers and other male gender linked jobs. Poverty is talked about in terms of welfare moms and people who are not making it. The reality is that women are driving the economy - often in places of employment that are traditionally linked to men.

The long-term counter to the politics of division is to find ways to bridge gaps between rural and urban. These gaps are both cultural as well as political and the solutions require action with respect to both.

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#### PETER POGAČAR

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Peter Pogačar touched on four issues:

- Voting: The government of Slovenia regards electoral participation as a matter of active citizenship for which it has responsibility. It is fundamental to achieving a healthy society. This was reflected in the turnout at the last Parliamentary election. Overall turnout ran about 80 percent, with the share of voters under 30 exceeding the share of voters over 65.
- Minimum wage: The minimum wage in Slovenia is set by law and is equivalent to the amount that meets the minimum cost of living for a person living in a single household and is adjusted annually. The policy was originally established in 2010 during the recession and resulted in wage increases for 27 percent of the workers. Despite dire warnings that this would lead to economic collapse, the country now enjoys the lowest unemployment rate since independence. It also enjoys the lowest level of income inequality, except for perhaps Denmark.
- Future of Work: The government is as uncertain as other nations regarding what the world of work will look like in the future. Nevertheless, it adopted a policy that states that the future of work will be decent work - work that provides legal safeguards, economic safeguards and social security. How this plays out as work structures change remains a challenge for policy makers.
- Digitalization: Increased digitalization will add new pressures on Slovenia. The country is already experiencing skills shortages, and digitalization will exacerbate the problem. Slovenia is increasing its investments in training for both young people entering into the workforce as well as re-skilling what is now an aging workforce. The worry is that workers who become unemployed because they lack needed skills may never find a way back into the labor market. Therefore, Slovenia is accelerating and expanding their investments in training.

## CHARLES ADLER

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Charles Adler walked the conference through two stories of his own career - a career that is centered around the idea of changing rules and how to do that. Both stories told how Kickstarter, which he co-founded, and Lost Arts, his more recent undertaking, is empowering creative people and supporting creative ideas and thinking through the exchange of knowledge.

Kickstarter was and is a platform for people to announce their ideas and place their creations onto a world stage for others to help support and grow. Its business model builds on shared success. People who pledge their support for projects only pay when the pledge goals are reached. Kickstarter receives 5 percent of any transaction that succeeds - a fee that was established at the inception of Kickstarter and has never been increased. If the person proposing the project falls short of the goal and receives nothing, Kickstarter receives nothing. Since April 20, 2009, Kickstarter has seen over \$3 billion raised for over 150,000 creative projects.

The gross numbers, while impressive, mask the stories:

The first Kickstarter project, Dark Pony, sought to raise \$15 to support their art and succeeded in raising \$35 from three people. Another was Allison Weiss who wanted to raise \$2,000 for her first album and raised \$7,000 instead. She accomplished this by engaging her audience with various personal promotional activities. A third was an internet connected watch called Pebble that pre-dated the Apple Watch. The creator went on to raise \$20 million through the help of 70,000 backers. Finally, a group of five kids in middle and high school raised \$12,000 from 383 supporters to fund the construction of a flight simulator in an old Cessna that they somehow obtained.

Kickstarter does more than serve as a platform for transferring capital. It transfers courage, encouragement, love, reinforcement and the desire to live vicariously. In the case of the kids who built the flight simulator, one can only imagine what this success will mean for them in the future.

In 2013, Adler launched a new initiative, Lost Arts, to address the problem faced by many creatives: access to tools to produce objects in a place that also serves as a community for sharing knowledge. It initially took the form of a space in an abandoned building on Chicago's Goose Island, northwest of downtown. It was launched as a proof of concept. This first incarnation lasted a month - until the building was razed.

He relaunched Lost Arts as a prototype to further test the idea and to understand the economics of the space. He wanted to know whether people would buy memberships to be part of Lost Arts. He wanted also to understand what is needed in terms of supplies (e.g., sandpaper, filament for the 3D printer, etc.) and equipment. What started as a 6-month experiment became a 13-month experiment. What came of Lost Arts were many creative objects, possible new businesses, and a civic art and technology project.

A fundamental tenet in the arcs of his thinking and career is that rules change - what seems permanent is only temporary. Rules are also created by people and every person in the room has been part of changing the rules. The growing rapidity in the pace of change is scaring some people. But, people who come to understand that nothing is permanent will be empowered to act to make changes.

## CHAPTER TWO

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### WORKING GROUP ON THE INNOVATIVE ENTERPRISE

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The working group on the innovative enterprise was organized around the contributions of four subject matters experts:

- William Lazonick from the University of Massachusetts Lowell and the Academic-Industry Research Network whose work on the innovative enterprise inspired a central purpose of the conference as well as the theme of the working group
- John Zysman from the University of California, Berkeley and Martin Kenney from the University of California, Davis who are at the forefront of research on the platform economy, and
- Tom Croft from SVA/Heartland Capital Strategies who is fostering stakeholder ownership of businesses.

The working group was facilitated by Diana Robinson, Executive Director, Center for Governmental Studies at Northern Illinois University. The working group reporter was Brian Richard, Assistant Director, Center for Governmental Studies at NIU.

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#### BILL LAZONICK

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In his presentation, Bill Lazonick laid out his vision for a successful economy:

Sustainable prosperity can be accomplished through the growth of innovative enterprises. Innovation requires:

- **Strategic control:** a set of relations that gives decision-makers the power to allocate the firm's resources to confront uncertainty by transforming and accessing markets to generate higher quality, lower cost products and services
- **Organizational integration:** a set of relations that creates incentives for people to apply their skills and efforts and to engage in collective learning, and
- **Financial commitment to succeed:** a set of relations that secures the allocation of money to sustain the cumulative innovation process until it generates financial returns.

Collective and cumulative learning is key to innovation as it leads to the development of higher quality products. The high fixed costs of developing higher quality products place the firm at a competitive disadvantage until it is able to achieve a market share that is sufficiently large to transform high fixed costs into low unit costs. There are added fixed costs to access the market, including learning from buyers and convincing them that the firm has a higher quality product. But, as the firm gains greater market share, it transforms high fixed costs into low unit costs, and competitive disadvantage turns into advantage.

By creating new sources of value embodied in higher quality, lower cost products, the innovative enterprise makes it possible - but not inevitable - that all participants in the economy can gain simultaneously. This productivity growth can lead to a higher standard of living.

Business, government and employment relations combine to determine whether the operation and performance of the business enterprise contribute to stable and equitable economic growth. Stable growth supports collective and cumulative learning among workers, and, thus, more productive careers. Greater equity is achieved as employees share in productivity gains due greater job security, better pay and benefits, and better working conditions. Greater prosperity is achieved because, as employees' earnings rise, so does profitability due to improved productivity. more equitable sharing of gains from growth among workers and growing financial resources.

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#### TOM CROFT

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Tom Croft spoke on the value and need for moving from a business model that maximizes shareholder value to one that maximizes stakeholder value - a model that recognizes employees and community as those with stakes in the success of the firm. Both Croft and Lazonick challenged shareholder primacy for favoring short-term profit and returns instead of long term gains. Corporate models that maximize shareholder value are fundamentally extractive as they distribute financial resources rather than put them toward innovation and value creation. Executive compensation tied to stock value further encourages these extractive practices since corporate managers benefit directly from actions such as stock buybacks and large dividend distributions that prop up stock prices. These actions take resources away from productive uses. Collectively, these solutions involve balancing shareholder wealth creation and stakeholder value creation.

Firms must also adopt the practice of collective learning. This will lead to higher job satisfaction, more promotions and better pay and benefits. It is important that the voices and rights of workers are reinstated through unions and work councils.

One idea is to more aggressively invest pension funds for the benefit of workers. This strategy promotes patient investment as opposed to strategies to maximize immediate returns. It allows for responsible corporate governance that promotes worker friendly models. More generally, the innovative enterprise model should be adopted by corporate leaders, and that incentives be realigned to reward the practice of retain and reinvest.

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#### MARTIN KENNEY AND JOHN ZYSMAN

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Martin Kenney and John Zysman addressed how digital platforms and computation are changing the very nature of production – and what policies and practices may be implemented to achieve a more just society.

Digital platform owners (Amazon, Uber, etc.) are developing levels of power that could be as formidable as that of the factory owners at the beginning of the Industrial Revolution. Just as early industrialists owned the means of production and much of the capital, the owners of digital platforms own the data – the new “oil.” This gives them exclusive informational advantages in consumer and labor markets, as well as control over access to customers and workers. They also own the algorithms and software that create wealth and value and use the platforms to “organize” production.

Financial capital plays an important role. Investors are willing to accept large losses with the hope of gaining monopoly advantages. Uber, for example, is losing billions of dollars per year in its operations. Amazon, a publicly traded company for 20 years, only started reporting modest profits in the last several

years. An unequal competitive environment that favors the newcomers over the incumbents is created because private equity funded platform firms are able to operate for prolonged periods without a profit. On the other hand, legacy businesses must earn profits in order to survive.

The future impacts of technology on the workforce are uncertain. Which jobs will be eliminated or replaced? How will existing jobs be changed by intelligent tools? What new jobs will be created? According to Kenney and Zysman, new structures and incentives must be created such that firms view their workforces as resources to be promoted and developed. This can occur through skill development and through the effective and innovative use of new intelligent tools that augment rather than replace humans.

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## DISCUSSION AND CONCLUSIONS

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Early on, the group discussed the purpose of innovative enterprises. What should be the goal and strategic direction of our economy? How do we reconnect the generators of wealth with communities so that all stakeholders benefit, not just shareholders? The policy choices boil down to:

- Downsize and distribute or retain and reinvest
- Stability, equity, and thriving communities or maximizing shareholder value
- The common good or value extraction.

The group concluded that there needs to be a progressive agenda at the national, state, and community levels that balances shareholder and stakeholder interests, and tackles fundamental capital reform in the service of stable and equitable economic growth. Some of the issues on the agenda include:

- Moving away from the financialization of our economy
- Encouraging family- and employee-owned businesses and commonwealth companies
- Supporting patient capital over short-term investing; explore the potential role of co-ops and credit unions as sources of community investment capital
- Innovating or disrupting in new and effective ways
- Promoting and supporting champions of innovation
- Incentivizing companies to do the right thing:
  - View workers as assets rather than costs
  - Protect business assets at times of possible ownership transfers while their disposition is being discussed
  - Diversify boards of directors
  - Address runaway CEO pay and stock buy-backs
  - Adopt stronger social policies at the corporate pension board level
  - Reward “retain and reinvest” behavior and punish predatory value extraction behavior
  - Encourage and reward re-shoring.
- Research the effectiveness of existing extension-supported business development models (e.g. NSF, NIST – MEP, and traditional agriculture models) and extend them into business communities when appropriate
- Use new digital tools and platforms to strengthen local economies, especially in inner-city and low-income communities

- Platform owners have exclusive access to data gives them tremendous power in dealing with customers, suppliers, and employees – a “digital sharecropper” model. What should be the role of digital platform owners? How should they be regulated?
- How do we leverage technology to develop the workforce and grow jobs? How can algorithmic tools and digital platforms lead to new employment, the reorganization of work to augment skills, and support of a more just society?
- How do we develop the skills needed to master constantly changing user interfaces?
- Partner with business organizations, such as the Business Roundtable, to advocate for corporate reforms
- Tackle the issue of who owns and controls consumer data and how we protect privacy
- Rethink business development incentives so they are not cash focused
- Discuss how best to tax digital companies while also minimizing unintended consequences.

We need a communication strategy centered on new narratives of hope and possibility, one that identifies needed levers of change and connects the many activities that are already under way. It also needs to be candid: What do we know? Who knows it? How do we get what is known to those who need it? What don't we know?

What can we do in the short term?

- Convene companies and local governments to address the ideas discussed at this conference
- Use Workforce Innovation Opportunity Act resources to anticipate and address future trends
- Engage policy-makers in reframing and addressing the issues
- Explore the role of philanthropy in community-level coordination and in maximizing collective impact
- Establish the desired role of technology and digital platforms in communication, integration, and collaboration
- Create legitimate low-cost innovation spaces where people can communicate and collaborate.

## CHAPTER THREE

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### RESTORING THE MIDDLE

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The working group on restoring the middle was organized around the written contributions and presentations of Eileen Appelbaum from the Center for Economic Policy Research, Stephen Herzenberg from the Keystone Policy Center, Christopher Mackin from Ownership Associates, Inc. and Rutgers University, and Paul Dillon, an advocate and activist in behalf of veterans. The working group was facilitated by Stephen Mitchell, Associate Vice President for Planning, Human Resources and Facilities at Sullivan County Community College, and Daniel Kay Hertz, Research Director, Center for Tax and Budget Accountability.

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#### EILEEN APPELBAUM

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Eileen Appelbaum focused what is behind the increase in inequality. One area of research examines growing monopoly power and rent-seeking activities<sup>2</sup>. These are fed by four sources:

- Increased market concentration
- Expansions of patent and copyright protections
- The financialization of non-financial firms<sup>3</sup>
- Electronic platform monopolies that reallocate economic value from content creators to the platform owners. Platform monopolies may differ from traditional monopolies in that they may not increase consumer prices. Rather, they concentrate wealth in the hands of a few by reducing competition, limiting consumer choice, eliminating rivals, and squeezing the profit margins of suppliers.

Rising wage inequality among workers within firms is attributable largely to differences in worker characteristics. It is also much larger than wage inequality between firms. But, the inequality of workers between firms is increasing and differences in worker characteristics do not explain the increase.

Appelbaum's thesis is that the structures of firms went through a major evolution in the last 30 years. Vertically integrated companies changed by focusing on core competencies and outsourced many of the tasks previously performed in-house or by subsidiaries. This puts increased reliance on production networks and on the differences in the abilities of firms in a network to capture the jointly-produced profits and rents that are behind rising inequality among firms and establishments. These factors, in turn, are collectively the source of the differences across organizations in the pay of workers with similar skills

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2. Rent-seeking activities aim to increase the size of the slice of the pie going to individuals without seeking to increase the size of the pie. Profit-seeking activities seek to increase the size of the economic pie, allowing the slices within the pie to increase.

3. Managers in this scenario single-mindedly serve the interests of shareholders by maximizing shareholder returns. Financial actors (e.g., hedge fund investors, private equity buyout firms, franchisors) with claims on the value created or extracted by firms dictate business strategy and decision-making.

and characteristics. It changed the game as to how labor markets function and how wages are determined, allowing dominant firms to exercise market power and take a larger share of the economic pie.

Further research is needed to explore this thesis in greater depth. One thread of research needs to address the increased complexity of networked organizations. Another thread is to identify contingencies and contexts that shape worker outcomes.

Finally, multi-level research is also needed to capture capital-to-capital and capital-labor power dynamics and to link these to pay and inequality. In-depth industry studies should be conducted from three angles: contracting industries, contractor industries and inter-firm contracting and production networks.

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### STEPHEN HERZENBERG

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Stephen Herzenberg addressed the feasibility and conditions for greater unionism and the possible pathways forward. He argued that unions are necessary to sharply reduce income inequality and to revitalize responsive democracy. In order to accomplish this, they need to operate at the sector level and across a community or communities rather than business by business.

The challenges in creating these new unions center on building individual will as well as collective power. This means that people must collectively embrace a moral mission and share a sense of moral outrage that becomes the basis for the conviction that their cause is just. Also, the mission must be attainable. Workers must feel confident that they can win. The combine weight of both elements makes it possible to mass organize.

Although the basic unfairness of the current economy is felt broadly, there has not been a mass movement of workers. This is due to an apparent lack of conviction that unionism can transform work lives and economic status. This may be because workers may still have in mind the industrial union model of a manufacturing economy characterized by mass production, arbitrary supervision and oppressive working conditions. This is not in step with their realities

A promising alternative union organizing model is one that puts workers at the bargaining table with all employers in an economic sector and within a geographical area. This approach is not dissimilar with the collective bargaining model used by the construction trades.

There are examples of success. Local efforts to organize janitors, security guards, truck drivers at the ports in Los Angeles and Long Beach, for-hire drivers in Seattle, and healthcare workers in Pittsburgh demonstrate that this form of unionization can be accomplished. One obstacle to area-wide organizing is that union power is on the wane in many places – a trend that has to be countered. Another is that some unions are focusing more on fine-tuning their messages and sustaining the status quo rather than outright organizing. A third obstacle is that some unions are reluctant to open themselves to networks (such as worker centers) that are outside of the community of unions. This inhibits the expansion of tactics and strategies and does not take advantage of supportive governments and foundations. Still another obstacle is the fissuring of business organizations and the emergence of the “gig” economy. This makes it harder for workers to come together and increases the number of businesses to engage in bargaining. Finally, a major obstacle is that of scale: the power of capital may be too formidable to take on nationally, thereby forcing efforts to local levels where success is achieved one place at a time.

The way forward is to:

- Find and publicize case studies of area-wide unionism in places and industries where it already exists
- Develop and disseminate resources that support regional organizing and contract campaigns. These campaigns can focus on a single sector at a time or can be coordinated across sectors
- Train leaders and organizers in how to organize and bargain by sector
- Explore apps and organizational structures that assist worker organizations in controlling the supply of labor in an industry
- Use the bully pulpit to support workers' organizing: political, civic, and community leaders should make the public case in behalf of broad-based unions that aim to build worker confidence so that they may take action
- Leverage government programs: progressive state and local politicians should use the programs that they oversee to support broad-based sectoral unions.

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### CHRISTOPHER MACKIN

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Christopher Mackin argued that wealth inequality is often ignored in favor of income inequality. Whereas income is money realized primarily through wages, salaries, fees or government transfer payments, wealth is stored income. The places where it is stored includes assets of various forms, such as savings accounts and material objects of recognized value that can be traded or sold. An equity stake in a business, and in stocks, mutual funds, and other financial securities are other examples of assets. Wealth can also generate income and serve as an economic buffer so that a person does not always have to depend on a paycheck.

The way forward is to address wealth inequality. This can be accomplished in part by enabling workers to become owners of their own means of production and services. One strategy is to organize into cooperatives so that they share in the profits of their collective work. Another, pioneered by Procter & Gamble leadership, is employee ownership of corporate stock. Today, broad-based employee ownership of private businesses is a reality. Close to 7,000 businesses are worker-owned through employee stock ownership plans (ESOPs) and collectively employ more than 14 million workers. Subtracting publicly traded companies with modest ESOPs, there are 6,000 businesses employing 3 million workers that conform to what most people will agree is "true" employee ownership.

The conventional view is a person must put personal capital at risk in order to become an owner. This can be especially problematic given that most working people - those who want to acquire the business - do not have sufficient reserves to be investors. In fact, it is possible in the U.S. for a group of employees to become owners of their companies without having to risk their own capital. This is because they are able to a form of leveraged buyout called an employee stock ownership trust (ESOT). In the overwhelming majority of the cases, the seller actually initiates the transaction, using the collateral of the company to secure the loans. This is not surprising because there is evidence that sellers are often motivated to leave the company behind to those who helped to build it.

Studies show that employee ownership can increase the household wealth of employee owners. In addition, median employee-owner household income tends to be stronger than that of non-employee

owners. While not conclusive, there is also some evidence that the business performances of ESOPs compare favorably to other private businesses.

ESOPs have not been embraced universally for a variety of reasons. One is tied to the failures of marquee ESOP businesses: e.g., Enron, the Tribune Company and United. Another is tied to a policy culture that views questions of equality through the lens of income. A third is that ESOPs emerged from outside the orbit of trained economists and think tanks.

There are two other major obstacles to the expansion of ESOPs. One is informational: many business owners who may be positioned to sell their business to an ESOP are simply unaware of the possibility or do not know how to orchestrate such a transaction. In addition, some business owners may be skeptical of the feasibility of a democratically governed enterprise.

The second obstacle is that non-related, strategic buyers enjoy access to significant resources in competition with the resources available to management and employee groups wishing to pursue ownership. Few lenders are willing to loan up to the entire value of the enterprise in an employee buy-out, although seller notes – a loan floated by the seller to bridge the financing gap – may make up the difference. Tax laws may also help to subsidize these transactions and the formation of ESOP-friendly private-equity-like funds can provide higher risk capital on top of that provided by senior lenders. Foundations have also stepped into the gap.

Other policy options are being explored, including an expansion of tax incentives to encourage employee ownership. Another proposal is to establish an Employee Equity Loan Guarantee program (EELG) that would extend federal guarantees that back the investment stakes of individual employees in businesses over a pre-determined size (e.g., beginning with businesses of 100 employees).

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#### PAUL A. DILLON

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Paul Dillon spoke about veterans and their entrepreneurship. As a group, veterans are positioned to be good employees and potentially excellent company leaders. They are trained to focus on accomplishing the mission, are committed to hard work, are trained to lead and function as a team, and can pivot quickly from plans that are not working to plans that do work. The common myths that they are either heroes or victims impede their full engagement in the workforce. The accurate narrative focuses on the virtues of veterans by extolling their virtues. A counter-campaign should be spearheaded by national media companies and businesses that are committed to advancing the interests of veterans.

Businesses must improve in their recruitment and retention of veterans. Veterans also deserve greater attention as possible entrepreneurs. After World War II, nearly one-half of returning veterans started their own businesses. By 1996, that the rate dropped to 12.3 percent. It has dropped further to 5.6 percent (2014). Today, just under 3 percent of current veteran-owned businesses are started by veterans under 35 years old.

There is now increased attention to support veteran entrepreneurs. Bunker Labs is a veteran-led incubator operating in 15 cities. “Bunker in a Box” is a complementary program for veterans who are not close to Bunker Lab by providing basic tools for starting a new business. Veteran-led accelerators, such as Vet-Tech in Sunnyvale, CA, offers an array of resources to veteran-owned businesses that help take these companies to the next level after the incubator. Universities and community colleges offer

entrepreneurship courses and “boot camps.” In addition, there is an array of veteran support services and programs offered by government, civic and community organizations, and through the Internet. Coding offers one pathway for employment and entrepreneurship that is well suited to veterans, and coding boot camps have sprung up in a variety of locations.

Two concerns need to be addressed and monitored. One is that the rapid growth of veterans’ assistance programs has resulted in many untested models. The other is that the supply of programs in a given area may outstrip demand.

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## DISCUSSION AND CONCLUSIONS

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The working group determined that the goal of restoring the middle is achieved through greater income and wealth equality.

The primary actions to be undertaken are:

- Empower the workforce through the expansion of ESOPs and through union organizing. Employees require more information about working conditions and the broader state of affairs with respect to work in their communities.

The particular efforts and opportunities are:

- **Accelerate transfers of wealth to workers.** The so-called “Silver Tsunami” of retiring business owners will drive this process. The challenge is for ESOPs to compete effectively against hedge funds and similar forms of private equity. New and expanded sources of capital to finance the growth of ESOPs are needed. These sources can come from socially-driven equity groups such as foundations as well as through the proposed Employee Equity Loan Guarantee program
- **Accelerate sector-based union organizing.** Federal, state and local policies need to be developed and enacted that favor this model. Union organizers need to be trained in how this model can be made to work. Information about the model needs to be developed and propagated on new ways to talk about unions, on how these new unions can improve business returns on investment, on how they can reduce downtime and skills shortages, and as the vehicle to address real worker fears and frustrations. Further research is required on the value of sector-based unions with respect to wages, training and the quality of products and services.
- Educate the public on how the economy is changing and show the effects of these changes on people and businesses
  - Metaphors and language are important. They shape the debate, include some and not others in the discussion, and tip the scale in favor of some solutions and not others
  - It is important to recognize that many business leaders are scared by changes in the rules and methods of competition, and that they need to see a way forward
  - Information given to the public must be understandable. One method is to describe situations or people in which others can identify

- It is also important to establish who government and the public should set the rules governing business and the economy. Deployments of technology are the outcomes of deliberate decisions and not the results of immutable forces.
- Veterans should be receiving explicit attention in public and business campaigns. This attention should focus on the value of veterans in the workplace and on the skills that they bring. Employer champions need to be identified and publicized.
- Conduct further research on the change in business practices from value creation to value extraction, on networked organizations, and on digital platforms
  - This research should show the outcomes of financialization models on how work is structured
  - Anti-trust policies need to be re-examined and updated
  - New wage and work standards need to reflect changes in how work is structured.
- Research is needed on the plight of workers who are within networked systems. They may be workers in firms delivering specialized services or are independent workers. Attention is needed on possible union protections, and on the benefits and services of public safety nets.
- Promote civic education on the causes, consequences and possible solutions to the relative loss of middle-class jobs and on growing income and wealth inequality. This goes beyond an information campaign and should be part of everyday life in schools, workplaces and other learning venues
  - In addition to providing civic education, training programs at career and college centers should do more to help people translate their skills into credentials and into new business opportunities. Veterans, in particular, should be the focus of such efforts.
- Government programs supporting workers need to be better integrated and more efficient.
  - There are gaps in the services that veterans receive. Military-related certifications and non-credit training are not linked to civilian systems and credentials. Public agencies receive very little information about veterans coming out of the service in their communities. In addition, it is difficult to track veterans in the Workforce Innovation Opportunity Act system.
  - In addition to taking direct action through policies, laws, rules and regulations, governments at all levels can use their own purchasing power to close income and wealth gaps.
- New wage and work standards need to track with changes in the structure of work. These standards should encompass independent work (so called “gig” work), as well as other new work structures, such as those that come about as a result of new business networks
- Businesses can and should take the lead in promoting changes. They often are able to accomplish changes more nimbly than government, and they are not necessarily subject to the same sort of court review as government.

## CHAPTER FOUR

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### STRUCTURAL RACISM

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Three subject matter experts contributed papers and framed the early discussion on structural racism and the roles that it plays in the many futures of work. Patrick Mason from Florida State University presented his thoughts on the economics of structural racism. William A. “Sandy” Darity, Jr. from Duke University presented his ideas on universal guaranteed employment in a paper that he co-authored with Darrick Hamilton from the New School. (Dr. Hamilton presented the paper in the working group on inclusive growth.) These themes were also the basis for Dr. Darity’s remarks at a plenary session earlier on October 5. Gregory Cajete from the University of New Mexico addressed the cultural relevancy of science education curricula and instruction methods for Native Americans. Allert Brown-Gort from Casa de la Universidad de California en México facilitated the discussion. Douglas Ortiz from DePaul University was the recorder.

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#### PATRICK MASON

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Dr. Mason established that “structural racism consists of public policies and institutional practices with persistently disparate outcomes, cultural representations that continuously encourage invidious comparisons across racial groups, and norms of social interactions that encourage the reproduction of racialized social identities.” The dominant narrative on racial inequality does not recognize structural racism. Instead, it pursues a narrative that racial inequalities are primarily outcomes of individual attributes and decision-making that are racially linked. Racial groups that are economically successful are naturally endowed with the attributes to be successful. This narrative, however, is not supported by empirical evidence.

The alternative view offered by stratification economics takes seriously that persons with identical skills will not necessarily receive identical treatment within the labor market and that the competitive pursuit of profit creates differentiation and inequality. Using this framework, “race” is a social construct and an economic strategy for determining access to resources and opportunities. Also, racial identity is strongly related to wealth inequality. Racialized competition and persistent wealth inequality combine to produce structural racism.

The notion that educational attainment is the great equalizer is flawed; instead it serves as an example of structural racism. During the period from 1966 through 2016, the educational advantage of white males to African American males declined from 2.57 year to .76 years. This decline in the racial gap in years of education more or less tracked with the decline in the racial wage differential during the period from 1960 to 1980. Although the educational attainment gap continued to decline after 1980, there was virtually no progress in closing the racial wage gap. What happened around 1980 is that all workers lost bargaining power relative to management, but that African American workers also lost bargaining power relative to white workers. So, while African American workers were making educational gains relative to white workers, those gains were not reflected in wage gains.

Chronic unemployment and underemployment are labor market norms. Persistent involuntary joblessness creates the possibility for differential treatment by race within the labor market. Jobs, too,

may be allocated according to factors other than the productivity of workers. Persistent full employment is an important first step for eradicating structural racism (an argument taken up by Dr. Darity). But, there are racial differences in the effects of counter-cyclical employment policies. For example, the efforts by the Federal Reserve Bank to counter the effects of “stagflation” in 1974-75 resulted in disproportionately higher rates of unemployment for African Americans relative to whites.

Structural racism is likely to persist since racially discriminatory practices to preserving privilege is consistent to maintaining competitive advantage in the labor market. Jim Crow laws are obvious examples of this. Persistent unemployment and unequal labor market treatment create anxiety for working class people and their families, and African Americans experience this more severely than their white counterparts of comparable economic standing. In addition, whites may receive other benefits in terms of better schools, parks, better interactions with the police and with other public services. These enable whites to differentiate themselves as having higher social standing when compared to their African American economic counterparts.

Race can be understood as a form of individual identity and as a means of competing in the market. Many social groups are open to every person. Race in the U.S. is an identity that conditions entry into social groups. Wealth is the most consistent measure of status. Consequently, the construction of racial identity has an important effect on income independently of any effect that it may have on skill accumulation.

Wealth inequality serves as the mechanism for transferring the circumstances, conditions, and traditions of “dead” generations. In the U.S., Americans of European descent use political economic dominance to construct barriers to privilege, thereby making non-whiteness a social construction for limiting competitive challenges to whites.

Racial groups have unequal access to those with control over resources and who are embedded into positions of power and authority. This creates differences in bargaining power between people of different races. But, these differences also weaken the overall strength of all workers to bargain for higher wages and working conditions. Movements away from egalitarian wages, hours and working conditions disrupt bargaining cohesion. Racial conflicts outside of the workplace further limit coalition building.

The characterization of a binary worldview of African-American versus white inequality reinforces the idea that race is a biologically determined fact rather than a social construction. Racial identity formation is a constructed norm resulting from millions of social interactions among people of alternative historical groups. Rather than set a trend, interracial acculturation is much like a social mutation; in order for it to become a social innovation, it would require people to reduce the benefits derived from one’s own group and bear the costs of antagonism received from the other group. Nonetheless, strategies such as “passing,” “acting white,” mixed-race identification and how colorism produces different labor market outcomes reaffirm the notion that race is a social construction and therefore invalidates a binary worldview.

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WILLIAM A. DARITY, JR.

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William Darity discussed the proposal that he and Darrick Hamilton put forth for a federal job guarantee for all citizens. The proposal is discussed in Chapter 1.

The proposal calls for the establishment of the National Investment Employment Corps that provides a universal public option for employment for all adults in the U.S. In, this, all Americans are assured of the opportunity to find work and to earn wages set above the poverty line for a family of four. Every job also includes benefits, including health insurance of comparable quality to that received by federal elected officials and civil servants.

This program empowers Americans in several ways:

- It places an effective floor on the compensation that is offered by the private sector
- It fulfills the promise of the Humphrey-Hawkins bill by establishing a direct route to full employment. It eliminates involuntary unemployment and guarantees jobs for workers who are structurally excluded from work, including those who were previously incarcerated, those who are disabled, and those denied work because of race, gender, ethnicity, or other factors unrelated to job itself
- It acts as a counter-cyclical response to recessions
- It provides training opportunities that can connect to full time employment in the private sector or in regular public-sector jobs
- It provides citizens with a vehicle for socially useful work. Some will build new physical infrastructure. Others may provide human care for children or seniors. They may also provide disaster relief in stricken communities.

Precedents for this program can be found in the Works Progress Administration and the Civilian Conservation Corps in the 1930s. It has international antecedents in the *Jefes y Jefas* program in Argentina and the rural employment guarantee in India.

The program is estimated to cost an average of \$50,000 to \$60,000 per worker. If the program was in effect at the trough of the Great Recession, the gross cost then would have been approximately \$750 billion to \$900 billion. The net cost would have been somewhat less due to offsetting savings achieved for other entitlement programs.

Although described as a national program, it may be rolled out first by large cities with substantial tax bases.

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#### GREGORY CAJETE

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Greg Cajete turned the working group's attention to the cultural relevancy of Western science education curricula and instruction methods for Native American students.

Western methods of teaching science emphasize the classification and the decomposition of things into component parts to the exclusion of understanding the whole organism or concept. This is evident not only in the systems that frame Western scientific thinking, it is heard in language that is used. Cajete argues that Western structures of reality expressed through language do not represent the legitimate perspective of reality held by Native Americans whose terms for certain aspects of physical reality provide a better description of that reality than modern Western words.

Differences are reflected in both the learning styles of Native Americans as well as in how the world as a whole is understood. Cajete described Native American learning through the metaphor of right-braining

thinking: a holistic and integrative method of comprehension. This also reflects a cultural interpretation based on observation of phenomena and processes inherent in nature that is primal, artistic and metaphoric.

The methods that Native Americans must use to be successful in science need to be changed to adopt these cultural realities, sensibilities and embedded knowledge. This can be accomplished by teaching science as a cross-culture discipline, just as how a social anthropologist comes to understand the culture of another society from the perspective of that society without having to assimilate into that society. In effect, Native American students become border-crossers by entering and occupying Western scientific thinking, but still retaining the capacity to return to their own culture and community.

Enabling students to become border crossers is not sufficient. Curricula and instructional methods must work on the terms of the students. Scientific knowledge needs to be restructured into new forms that are relevant to Native Americans. This is accomplished through the development of a Science-Technology-Society model. Native American knowledge is set in the perceived world and is ready to use. Native American cultural education evolves around the problem of learning how to do something. Western science is grounded in theory and frames of reference and is free of physical context. It prepares students for possible future needs and tasks that are deemed important in a modern industrial and technological context. The approaches proposed by Cajete alters Western science in ways that emphasize its application and context to the whole.

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## DISCUSSION AND CONCLUSIONS

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It is essential to understand racism as a social construction that may be changed and redefined. But, the rationalizations for structural racism run long and deep, and their consequences are intrinsic in U.S. institutions, in American social and cultural hierarchies, and in the distribution of wealth and income. The effects of social and economic stratification are explained through stories of successive individual failures. Status is conferred on the basis of who is white and who is not, and such status is inherited by each generation. Racial distinctions are learned quickly by immigrants as they navigate their new homeland.

Structural racism is embedded deeply in the relationships defining power and privilege and, therefore, proposed changes are susceptible to great resistance. Responsibility for dismantling structural racism in American institutions and society rests first with those who derive advantage from it. White privilege is baked into who has first access to power, resources and advantage. Poor whites and African Americans can appear to be equal economically, but the whites will still receive perks that are unavailable to their African American counterparts. Even educational attainment, once considered to be the great equalizer, does not as a whole create equality. Data on earnings for African American and white males show that the relative growth of educational attainment of African Americans to white makes little difference in income gaps.

Structural racism is also baked into differences in wealth. It is not sufficient for African Americans to achieve income parity while whites retain a significant wealth advantage - an advantage that is accomplished through policies and practices that accumulate through intergenerational transfers.

The recommendations that came out of the working group on structural racism therefore comprise three categories of action. The first is *communication* so as to put the issue of structural racism front and center in public discourse. The second is to *reject racism as a social construction* and adopt a multicultural

framework for American society and institutions. The third is to establish policies and programs that *empower workers* and families in contrast to policies and programs that empower institutions and businesses.

**Communication.** American policies are based on false assumption that the lack of economic success by African Americans is due to individual failings. One consequence is that structural racism does not exist in the minds of most whites - it can't as long as differences are tied to personal failure. In addition, structural racism does not necessitate that whites must actively support it. The advantage that it confers is embedded in the social, cultural and economic infrastructure of the country. Simply, whites enjoy substantial advantage, whether they are aware of it or not.

The goals of any communication effort are to reveal how structural racism works, identify where it exists, propose deliberate steps for dismantling it and replacing it, and set forth how to replace it with something that is equitable. It must reject false social constructs that give advantages to one group over others. It must address directly white fears while also rejecting white supremacy. It should disrupt the institutions of power and advantage in ways that favor all workers and not simply reorder cultural, economic and social hierarchies. Those who seek advantage also favor inequality and work to create differences. The rhetoric of change should focus on achieving economic equality.

Responsibility for creating change rests first, but not solely, on whites, especially white leaders who already enjoy privilege. White men who push for racial justice can give impetus to the anti-racism movement, however, the voices of all groups need to be heard so that the results are determined collectively.

Conversations must be ubiquitous - in classrooms, in places of worship, and in public discourse. While the task is daunting, it is possible for groups with no military, economic, or political power to achieve greater equality. Jim Crow was changed; gay rights have been advanced; curricula have been changed; progress can happen.

**Reject racism as a social construction and adopt a multicultural framework.** Talking about racism simply sets the conditions for change. Change only occurs when people take action. The racial constructions that are the foundation for economic and social inequality are not grounded in biology and neither are they a function of the collective failures of a group of people. Structural racism is a systemic, long-lasting stratification of the economy, society and institutions that can only be disassembled through similarly systemic policies and initiatives.

One avenue is to bring different voices and thinking into decision-making by accepting culturally different world views. These voices should contribute to educational curricula and instructional methods, Political systems must be reformed to be truly representative. Our political, civic, cultural and social institutions are largely designed to conform to and serve an existing power structure. The most productive avenue for change is to diminish the power of those who are served well by the status quo and redistribute that power to the larger collective.

Many in the private sector support diverse workplaces. Employers understand that the consumer base is diversifying and believe that their workforces must reflect that base. But employers are not always free to act unilaterally: independent efforts to diversify the workforce may be resisted by incumbent workers. Consequently, real change requires buy-in by all stakeholders.

One barrier to collective action is that groups compare themselves to African Americans, as well as to each other. They do not see that they are collectively at a disadvantage to those who pull the levers of power in the economy and government. In effect, people with little power are left to fight among themselves for what is left-over. Instances where groups have overcome their differences show that collective action can bring about change. For example, a coalition of African Americans and Cuban Americans came together to successfully lobby for new law school additions at Florida International University and the University of Florida - Orlando. A coalition of SEIU and AFSCME came together with Latino and African American women to advocate for a living wage in Florida. In both cases, the pursuit of common goals overcame racial and cultural differences for a greater good.

Another barrier to collective action is that groups seek to be part of the mainstream power structure so as to not be subsumed by it. Over time, non-whites may identify with or take on the characteristics of whites. For example, there is a history among African Americans of people who seek to pass as whites or who behave as whites, since people of color with fair complexions may do better than those who with dark complexions.

In some instances, a group is forced to become more "white." For example, the world view and ways of learning of Native Americans are supplanted by Western values that do not conform to the realities of the students and their communities. For example, the practical effect of Common Core in excludes other views. The counter is to accept the social and economic values that make each group unique. This makes it less likely for any group to want to emulate what they perceive as mainstream.

**Empower workers.** There are two approaches to empowerment. Top-down strategies change the basic rules governing institutional structures. One example is guaranteed employment. The idea proposed by Drs. Darity and Hamilton addresses the economic precarity of people who are underemployed or unemployed. It is aimed at undoing the economic leverage of those in positions of power. It proposes to eliminate job rationing and bring resources to struggling communities.

Another example is more democratized business ownership. Wealth and power come from sustained ownership. Ownership that is passed through inheritance maintains the status quo. Ownership that is passed to workers breaks the family inheritance chain and grows the collective wealth of a broader group. Programs that facilitate these transfers will expand who holds positions of power.

Bottom-up strategies rely on collective action by those who do not hold formal power and have low economic status. These can take the forms of greater unionization and grassroots organizing. They may also extend to fundamental rights, such as extending the franchise to those who are now prevented from voting..

Bottom-up strategies may also be economic. The embedded wealth of communities can be organized and put towards common goals. For example, churches play large roles in African American communities. Their collections can be used to capitalize credit unions and other mutual aid institutions that will in turn support investments in the community.

## CHAPTER FIVE

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### AGE, GENDER, DISABILITY, PRIOR ENGAGEMENT WITH THE JUSTICE SYSTEM, AND IMMIGRATION

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The subject matter experts contributing papers and making presentations to the working group on age, gender, disability, previous engagement with the criminal justice system and immigration status were: Phyllis Moen from the University of Minnesota, Susanne Bruyère from Cornell University, and Rob Paral of Rob Paral and Associates. The working group was facilitated by Mary V.L. Wright from Jobs for the Future. She also made a presentation to the working group. The reporter for the working group was Jeff Marcella, a senior research fellow at the Institute for Work and the Economy.

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#### PHYLLIS MOEN

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Phyllis Moen observed that established institutions that shape identities, beliefs and behavior are being “upended.” These have formed the basis for paid work, retirement, consumption, communication, education and training, formal and informal healthcare, financial streams, family and social relationships. Changes to these institutions and the forces that shaped them are altering the nature of the “life course” by making obsolete the age-graded, lock-step script of schooling to paid work to retirement.

The effects of 21<sup>st</sup> century demographic, technological, social and economic forces are experienced in three ways:

**The disruption of work, careers and life courses:** Work and careers matter. Work is consistently related to both mental and physical health. It is crucial for economic stability. It provides a social and temporal organization to life. While careers are a social invention, they provide durable arrangements that lay the groundwork for daily living. They form organizational structures as well as subjective perceptions of identities, goals and expectations. These served as a male-dominated framework prior to the latter third of the 20<sup>th</sup> century. They now infuse the expectations of both men and women. Lock-step life courses are becoming less linear, more varied, unequal and perilous and have created two new phases in a life-course: emerging adulthood - the transition between adolescence and conventional adult responsibilities; and, encore adulthood - the time between the end of traditional careers and childrearing to that of old age.

**Disparities in the human meaning of social change:** Conventional views of economic stratification focus on durable inequalities in the rewards and costs of paid work. A life-course view examines how social markers intersect with time. Effects play out in terms of historical and biological terms. Time also plays out in trajectories and transitions with differences in advantages, disadvantages and turning points. Heightened risks of economic hardships, distress and disability are not equally distributed. Added to these are two new sources of inequality: 1) precarity in the form of young people burdened with debt, job insecurity, underemployment, mounting college costs, job discrimination, ratcheting skills requirements and technological transformations; and 2) precarity in the form of unequal access to mainstream society.

**Bending futures:** We need 21<sup>st</sup> century inventions, policies and practices that open imaginations and institutions by challenging existing assumptions about individual and collective futures. We are hampered by three outdated assumptions:

- Paid work is the key to identity, fulfillment and livelihood
- The male experience of the lock-step life course should serve as a template
- Individuals should serve as the focal point of policies and mobility - families and social relationships matter and form linked-lives that shape occupational paths over the life course.

There are two ways to bend the futures of work, careers and life-courses:

- From the **top-down** by first changing cultures resulting in greater social inclusion and more equitable distribution of wealth and income
- From the **bottom-up** is to change systems and structures that lead to changes in cultural stereotypes, beliefs and norms. Current circumstances suggest that a top-down policy is more appropriate now.

Several steps may be taken to achieve greater flexibilities in the clockworks of work. These include:

- Flexible education and training systems beyond age boundaries, flexible work schedules, and flexible retirements (beyond one-way total exits)
- Removing impediments to greater flexibilities. E.g., Removing the legal restrictions that prohibit some corporations from hiring their own recent retirees
- Shore up insurance to address employment, economic and health insecurities. Workers who want to be in the labor force need opportunities to work, including public service employment. Options must also be given to those who cannot continue to work full time. People who perform work that exist in reality but is not recognized - e.g., caring for infirm parents or supporting the community through volunteer work - need to be fully compensated
- There needs to be new ways to manage talent and skills regardless of worker's age. Disruptive technologies may be developed and applied that promote new ways of working that are sustainable.

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## SUSANNE BRUYÈRE

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Susanne Bruyère addressed the futures of work from the perspective of people with disabilities. Today, more than 10 percent of working-age Americans report having a disability. They are, however, disproportionately under-represented among active workers. This lower rate of employment leads inevitably to higher poverty rates.

Changing demographics are leading to a growing number of people with disabilities in the labor force. Older Americans are extending their active working lives beyond traditional retirement age. Since the incidence of disability rises with age, there is a coincidental change in the overall working population. In addition, Boomers who are veterans of the Vietnam War and the veterans who come out of nearly two decades of overseas deployments in two ongoing wars contribute significantly to the growing population of workers with disabilities. Two specific disabilities, traumatic brain injury and post-traumatic stress disorder, are emerging as “signature disabilities” for veterans from Iraq and Afghanistan. Unfortunately, employers do not fully know how to employ and accommodate veterans with disabilities.

Strategies that promote flexible working arrangements for workers with disabilities may be used to improve job opportunities. These may be especially useful for older workers or workers with mobility challenges. An overarching concern, however, is that increased use of digital technologies may also tip the scales towards short-term, project-based jobs with no security, legal protections, nor health and retirement benefits.

This is not an unfounded concern. Vulnerable workers are disproportionately represented in “gig” type jobs. Also, the digital divide has historically been significant for people with disabilities. There is good reason to be worried that people with disabilities who are relegated to performing remote work and having to cope with flexible work hours will suffer long term pay inequities and barriers to advancement.

The growing demand for skilled workers is not being met. People with disabilities can help meet these needs, but, as a group, they are not given access to training that will prepare them for high-skill jobs. Unfortunately, having the requisite skills does not seem to be enough. Even individuals with disabilities who have needed credentials are overlooked because of employer-held biases and stereotypes.

These concerns can be resolved. One step is to better prepare young people with disabilities for the workforce and for economic independence. Young people with cognitive disabilities – the type of disability with the highest prevalence rate, 4.1 percent, among youth – leave school earlier than their non-disabled peers and are less likely to achieve a bachelor’s degree than those without disabilities. High tech industries provide one opportunity, but a lower proportion of workers with disabilities is employed in those industries when compared to non-high-tech industries. The Workforce Innovation Opportunities Act provides a vehicle for training support, as does the Obama administration era “Tech Hire” program.

Another step is to support opportunities in the “gig” economy. Unfortunately, it is not possible to know the current standing of workers with disabilities in the economy. While independent work may provide new job opportunities, it is also the case that work done as independent contractors is not subject to the protections afforded workers under the American with Disabilities Act of 1990. Future work policies need to address both the opportunities and possible pitfalls of “gig” work.

People with disabilities have traditionally pursued small business start-ups and ownership in large numbers. Personal businesses may better accommodate specific needs of people with disabilities. Some 40 percent of home-based businesses are owned and operated by people with disabilities.

At the same time, people with disabilities may face added barriers in accessing venture capital, possible business partners and entrepreneurial networks. People with disabilities generally have lower average household incomes and, therefore, fewer assets. One consequence is that while they may need external resources, they are less able to find such help. New resources are emerging, however, through a variety of public programs and new associations.

Three other forms of targeted programs recently emerged. One is in the form of technology-sector initiatives to hire people on the autism spectrum. Another is in the form of new programs by higher education institutions that provide additional education and training assistance to people with intellectual disabilities. A third is new mentorship and internship programs that provide on-the-job support and guidance for people with disabilities.

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## ROB PARAL

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Rob Paral examined whether immigrants are appropriately skilled for today's jobs. There are about 40 million immigrants in the U.S. About 27.2 million are in the labor force, constituting 17 percent of all U.S. workers. Using a unique combination of data from the Census Bureau's American Community Survey and the Bureau of Labor Statistics data on the education and training typically expected of new hires for every occupation, Paral constructed a table that broadly indicates the extent to which workers have more, enough, or not enough education given what is normally expected of them in the occupation they hold.

Immigrants hold an important place in the future of work because of their high share in the overall labor force, their high participation rates in the labor force, and their high rate of employment. In addition, immigrants are concentrated in the relatively young ages of 25-34. Anecdotal accounts suggest that workers of all kinds are underprepared for the job openings that exist. While there may be geographically specific situations where this is true, the aggregate data suggest otherwise: there are not enough high-quality jobs for the given labor supply. In other words, too many jobs expect low levels of education and that many workers have too much education for the jobs that are available. This suggests that the issue is more about job quality and less-so about worker quality.

Non-citizens run counter to the overall trend. They account for about 10 percent of the workforce but do not match the education attainment of the overall workforce. Instead, a disproportionate number of non-citizens are underqualified for their job. They have the lowest levels of formal education among any major group and therefore, on the basis of probability, are likely to be under-qualified. It is possible, however, that they also are able to "punch above their weight" and find employment in jobs normally reserved for people with more education.

All major groups, including non-citizen immigrants, have large proportions of their workers aged 16-34 working in jobs for which they are over-educated. This contradicts the common complaint that there are not enough skilled workers and suggests that the problem is job quality and not the workers.

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## DISCUSSION AND CONCLUSIONS

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Five major themes emerged from the working group:

- **Structure of work:** Work will be flexible, and, as such the workforce must also become more flexible. The idea that careers will proceed over a lock-step pattern of education then job and then retirement is obsolete. Careers will progress in many different ways over the life course of workers and that careers will not develop along predictable pathways
- **Education and training:** Training and education will be required over workers' lifetimes. A new social contract should recognize that workers bring talent and knowledge to the job, but that further training and learning needs support in order to meet shifting demands. Internships and other forms of work-based learning can support lifetime learning
- **Whole worker:** It is essential to regard the worker as a whole person. It is important to balance the strengths and inherent value that each worker brings to a situation, and not give undue attention to their barriers
- **Address barriers by addressing common challenges together and giving attention to specific problems:** Many groups share common challenges, and these should be addressed together.

There are specific characteristics unique to each group and these require responses that are customized to these characteristics. Also, workforce development successes are linked to a variety of other challenges such as housing, transportation, education, and social values. These issues need to be considered collectively. Large structural barriers can be addressed at the macro as well as the individual levels. Finally, it is important to keep the needs of marginalized groups front and center. For example, disability issues need to be present on the agenda of **all** workforce conferences

- **Leverage all stakeholders:** Every group with standing on workforce issues should be included and asked to join in problem solving and policy-making. Government plays a large role in this, but the media need to be engaged as well. The big-picture effort needs to address and change the cultural context, and this requires that all players must be present and involved.

Two other matters form the context for the working groups recommendations:

- First, language and metaphors make a difference. The words and metaphors used to describe problems and solutions will have a bearing on the results
- Second, the work of this working group needs to be integrated with the ideas that come out of the other groups. Many issues cut across different themes of the conference. There needs to be greater common ground among those who experience discrimination and structural disadvantages in any form.

Two strategies form the foundation for the specific policy ideas of the working group:

- Policies and practices regarding the structure of work need to be framed in ways so as to create healthy, diverse, inclusive and equitable workplaces and society
- All groups, irrespective of their relative standing, must work together to eliminate barriers to successful inclusion in the workplace. They begin this by addressing shared problems.

To these ends, government can do better in leveraging existing resources and funding streams to deal with barriers faced by disadvantaged groups. It should act as a partner and not as an adversary. Specific actions include: protecting immigrants who have temporary protected status or are registered pursuant to DACA (Deferred Action for Childhood Arrivals); protecting the Senior Community Service Employment Program (SCSEP), banning the “box” that requires that people report on prior arrests or convictions, re-focusing the orientation of the National Labor Relations Board toward worker protection, and, perhaps, imposing hiring quotas for disadvantaged populations. In addition, persistent vacancies in senior federal government positions may provide an opportunity to push through new ideas and policies as part of the confirmation process. Added support for a federal agenda can be accomplished through a proposed bi-partisan congressional caucus on work and the economy. Grassroots efforts in behalf of an inclusive agenda can support efforts nationally.

Businesses should adopt and promote reasonable accommodations and flexibilities to maximize the effectiveness of workers as well as promote the health and wellbeing of their employees. Standard scorecard measures should be adopted to measure company performance with respect to reasonable accommodations, flexible practices and greater diversity in all levels of employment. The results can be published and shared through an app that is similar to the one that Restaurant Opportunities Centers - United has launched for the restaurant industry. Companies that are in the forefront of best practices should be recognized and their work should be used as examples for their peers.

The boards of directors of businesses need to be diversified to include people who represent the needs and views of marginalized groups. Workers should also have a greater voice in training decisions. The training system should include all workers and not be exclusive to specific groups except when addressing unique barriers.

A broad public education effort is needed to influence both government and business decisions. The directors of non-profits and of workforce boards should commit to exhibiting good practices. They can host “lunch and learn” events that engage employers and populations of marginalized workers. Human resources and line managers can be made “employees” for the day at organizations that serve marginalized groups.

Workers should be trained to advocate for themselves. Mainstream workers should learn that they share many needs with marginalized groups. They should also understand what makes each group unique and valued. Groups that influence public policies should be engaged on these issues, including the US Conference of Mayors, the National Governors Association, the US Chamber of Commerce, the National Association of County Officials, and others.

Governments should become model employers of inclusiveness, diversity, healthy work conditions and flexibility. Governments, businesses and other anchor institutions can leverage their buying powers by encouraging their suppliers and partner businesses and institutions to commit to establishing and maintaining inclusive working environments.

Finally, the working group recommended that there needs to be more opportunities to keep ongoing attention on the barriers faced by marginalized groups. They share many of the same concerns, but they are separated by language and lack of awareness of each other’s needs.

## CHAPTER SIX

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### THE ON-DEMAND ECONOMY AND THE COMMODIFICATION OF WORK AND SKILLS

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Five subject matter experts contributed working papers and made presentations to the working group. Lamia Kamal-Chaoui presented the paper that she and her colleague Mark Pearson, both of the Organization for Economic Cooperation and Development (OECD), prepared on a place-based understanding of the impacts of changing work structures. Chris Warhurst of the University of Warwick (UK) presented the paper that he and his colleagues (Chris Mathieu and Sally Wright) prepared on the future of work, digital technology and the politics of the platform economy. Juliet Schor of Boston University addressed diverse earner outcomes on sharing platforms in a paper that she prepared with her colleagues William Attwood-Charles, Mehmet Cansey, Isak Ladegaard and Robert Wengronowitz. Finally, Michelle Miller and Eric Bernstein described the [Coworker.org](https://www.coworker.org) initiative aimed at helping workers dispersed among firms within sectors to organize. The group was facilitated by Diana Polson, Pennsylvania Budget and Policy Center and Senior Policy Fellow at the Institute for Work and the Economy. Nick Lammers, Lammers Consulting LLC, was the group reporter.

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#### LAMIA KAMAL-CHAQUI

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Kamal-Chaoui noted that there is growing concern about outsourcing, automation and the commodification of work and skills. Significant proportions of jobs will be restructured, disappear, undergo unfavorable changes in quality, or be shifted to other workers. This may be balanced somewhat by new opportunities that emerge if new markets are unlocked and new occupations appear.

The OECD's own estimates are that automation is unlikely to lead to massive "technological unemployment." On average, 9 percent of jobs across the OECD are at high risk of automation; another 25 percent are likely to be overhauled over the next 10 to 15 years. The real test for labor policy makers will be with the growing gap of skills needed in the labor market, not overwhelming losses. Many high-skilled and low-skilled jobs share the common characteristic of not following a common set of rules, making them difficult for a computer to perform. Non-standard work is being created for the purpose of completing abstract tasks (high skill) or non-routine manual tasks (low skill). There are many jobs in the middle, however, that can be performed by a smartly programmed machine. This is giving rise to an ever-polarizing labor market.

Rising demand for on-the-spot services through online platforms is exacerbating this polarization. Temporary contracts have been on the rise across the OECD over the past 20 years. These contracts add to economic insecurity and are creating a second dichotomy between individuals with (now) stable careers and those who jump from one job to another. Nevertheless, the topics of gig work and the online platform economy, despite high rates of growth and potentially large effect on inequality, are not well researched nor understood at the level of countries or localities.

There are many forms of non-standard employment. The online platform economy is associated with the emergence of Uber in 2009. While it remains relatively small in terms of overall employment numbers, its importance is growing rapidly. Individuals doing on-call work or who are placed through a temp agency are more likely to be low-income. Workers contracted out to other firms, however, are more likely to be

higher income earners. Consequently, non-standard employment does not pay equal dividends. Also, international comparisons on gig work are problematic due to great differences in alternative work arrangements across the OECD.

The growing prevalence of alternative work arrangements can be linked to greater occupational specialization at the firm or workplace level. The effects on the quantity and quality of jobs will cut both ways: overall employment in the specialized occupation may decline, although there may be some rebound in the market for the related services. Job precarity may be lessened for some depending on how they are employed, however, working conditions may deteriorate. Overall, customers may benefit because of lower costs and services being tailored to their specific needs, but inequality may increase.

Legal definitions of what constitutes standard work do not track with emerging trends. As a result, benefits and rights that are embedded in standard work do not necessarily apply to workers who are self-employed or are independent contractors. For example, workers in the online platform economy do not have the opportunity to rely on their employers to help them build skills. This raises a series of questions regarding the possible rise in educational and skills inequalities.

Growth in the online platform economy may also contribute to the rural-urban divide despite the popular notion that the Internet opened the door to an international pool of workers with online access. In fact, the online platform economy is overwhelmingly concentrated in urban areas as a result of agglomeration forces.

There are two instances, in particular, where labor markets require a close relationship between producers and consumers: 1) Where products cannot be exported out of the local areas where they are based; and 2) Where spatial proximity fosters interaction and knowledge spillovers that are key to innovative activities. While urban centers tend to be more productive in these cases, they are also characterized by high levels of income inequality. This is due, in part, to the mix of high employment and unemployment rates depending on the skills in demand and the pool of workers. In the U.S., the distribution of gig work is affected by local market conditions, especially work undertaken by temp agency workers. E.g., mining work occurs outside of urban areas and may be performed by independent contractors or by temp agency workers.

Policy makers need to take into account several new considerations. First, the image of the full-time employee may not be standard for very long. Self-employment is gaining ground and consumers are experiencing some benefits. As a result, more people will be self-employed in some fashion. Currently, not much is understood about what it means to be a gig worker and the many different types of alternative work arrangements. There is therefore a strong need for additional research.

Second, since not all cities and regions display the same patterns in terms of alternative work arrangements, the challenges associated with these new arrangements will vary according to the occupational profile of the local economy. Cities are key to the online platform economy and are likely to be important for gig work more generally. This gives rise to concerns about the rural-urban divides and rising inequalities within cities.

Chris Warhurst notes that there are four ways in which digitization disrupts the social organization of economic activity:

- Digitalization of **production**: machines with computers replacing human labor
- Digitalization of **products**: new digital goods
- Digitalization of **workers**: human movement and behavior in the workplace is tracked and surveilled
- Digitalization of **work**: the coordination and management of work is migrated to platforms and work is secured and controlled through a series of micro-contracts.

Until recently, the focus of debate about the platform economy has centered on its positive consumer benefits. Electronic platforms, such as Uber, are cast as intermediaries in the market that joins providers with consumers and users. In fact, the power relationship between the platform business and other actors is asymmetric and tipped in the balance of the platform. That is because the company controls the interactions between buyer and seller and is the only actor among three with complete information about each transaction and about the other two actors.

A new techno-anxiety is emerging about providers (sellers) as workers. The fear is that platforms not only mischaracterize providers as independent contractors, they also control labor processes. This is especially troubling with the growth of algorithmic management tools that extends outside of the business: it is one thing that the schedules and tasks of full-time employed workers are managed by algorithms; it is another matter that the schedules and work opportunities of independent workers are controlled in the same way.

As the platform economy matures, two scenarios emerge. One scenario is that platform companies become mainstreamed and eventually comply with existing laws and regulations. The second scenario is that the practices of platform businesses continue and are extended through the assistance of algorithmic management tools. One twist occurs when workers are replaced by machines, e.g., Uber drivers are replaced by autonomous vehicles. The question of whether Uber drivers are employees then becomes irrelevant.

There are three forms of policy responses that may occur singly or in some combinations: The market response will correct for any deficiencies, such as poor quality of life for providers or safety concerns. Another possibility is that regulations will either establish new classes of workers with new social contracts and supports or force platform businesses to conform to existing laws. A third possible response is that organized labor will seek to obtain bargaining and negotiating rights.

These responses are framed by two different perceptions of new digital technology: whether it is deterministic or whether there is choice. The former is based on the belief that technology shapes social organization and economic activity. The latter is based on the belief that human choices determine the deployment, purposes and uses of technology. The difference is between working within technological constraints as opposed to working with technology.

Those who adopt the point of view of technological determinism can see technology in a wholly positive way. Technology may liberalize the economy and remove barriers between companies and their

customers. It may also liberate workers and provide them with opportunities to self-manage. The second point of view is less cheery: digital technology is seen as inevitable and that adjustments must be made to ameliorate the negative consequences that result through adaptation and accommodation.

Those who believe that human choices will drive the uses of technology can react with antagonism and organize against platform companies by kicking back against the platform economy through active labor market policies. Or, they can harness the digital economy in the service of humans and perhaps achieve a genuine sharing economy: one that may even undermine capitalism as we know it and allows humans more time to be simply human.

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## JULIET SCHOR

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Juliet Schor examined the career outcomes of digital matching platforms that pair workers with individual consumers looking for services, rides, food delivery, lodging, pet care and other types of service labor. Her research is based on in-depth participant interviews engaged with digital matching platforms. It is understood that sampling biases and the inability to access data held by the platform businesses make it impossible to draw definitive conclusions. Nevertheless, the information captured in these interviews provide strong guidance about the roles that platforms play in occupational outcomes.

The earnings from platform work for some workers are supplemental and are not used to pay monthly expenses. Many of these earners have full-time jobs or are full-time students. As such, the platform business enjoys a free-rider advantage since health care and other benefits are the responsibility of the full-time employer or the school (or parents).

Another group of workers relies on the platform to cover some expenses, but have other sources of earnings, a part time job or a small business.

The third group of workers rely totally on the platform business for their earnings to pay basic expenses.

Each of these three dependencies is related to a different set of outcomes:

The first two groups of workers who rely on their platform work for supplemental income or as partial work are more satisfied, exercise more control over their hours and work process, are more likely to avoid unsafe or problematic jobs, and can hold out for higher hourly wages. They are less worried that they will be deactivated by the platform.

Workers who are fully dependent on income from the platform are less satisfied, feel more vulnerable to all forms of jeopardy, are less able to exercise autonomy, and receive lower hourly wages. They find themselves doing precarious work without control over the jobs that they take, the hours that they work, or the wages that they earn.

It happens that the platforms can be sorted into a hierarchy. The more lucrative and desirable platforms require more capital from the worker. For example, Airbnb requires access to a property that can offered for rent. TaskRabbit has a *de facto* requirement for a college degree or college enrollment. By contrast, driving and delivery platforms request less in the way of assets. For example, Lyft will provide a vehicle for free if the driver satisfies a quota of weekly rides.

Earnings appear to be related to asset requirements. It appears that Airbnb yields the highest earnings and TaskRabbit wages are generally above \$25 an hour in the sample of workers surveyed. Some wages go above \$100 an hour. Couriers seem to earn in the \$10 to \$15 an hour range.

Finally, conditions and control vary. Airbnb hosts face the lowest levels of threat or precarity. TaskRabbit workers experience swings in earnings, however, they exercise a good deal of control over their work when compared to drivers and delivery workers. Drivers are also experiencing declining autonomy and control and increasing competition for business. Couriers who are not platform dependent are able to retain control and autonomy.

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## MICHELLE MILLER

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Michelle Miller addressed the growing decline of worker power that is brought about by three “innovations” in worker abuse:

- **Structural barriers to organizing arising from the disaggregation of firms:** this is brought about by businesses pushing workers from full-time employment into franchised, part-time, temporary, sub-contracting or other arrangements that are unprotected by current labor law
- **Use of digital intermediation to stymie worker power and give advantages to firms:** Digital intermediation refers to the role that technology is playing in hiring, managing tasks and monitoring workers
- **Rise of market power through corporate consolidation** and the rise of anti-competitive practices against which anti-trust policy has not been applied.

The disaggregation of firm structures and other decentralized forms of work management effectively pre-empt traditional organizing. Workers once relied on worksite-based organizing and other face-to-face activities, as well as the active protection of the federal government. A digitally mediated and supply chain economy does not provide a centralized place for organizing. Workers who are spread across franchises and digital platform workers have no in-person access to their coworkers. Some businesses actively prohibit the use of company electronic communication systems for independent discussions on working conditions, pay or about company practices and policies. As a result, workers are shut out from organizing.

Firms have also gained significant leverage through a wide range of digital surveillance and monitoring resources. The work experience is managed by opaque algorithms. Data on worker performance are collected and not shared with workers. These data are then used in ways that are not clear to workers.

Finally, firms have gained monopsony power: the power to set the wages of their workers unilaterally without fear of losing those workers to competitors. Anti-competitive behaviors lead to the decline of worker mobility and a concomitant decline in earnings because workers are unable to bid-up their own wages. In addition, firms have divided into distinct high- and low-wage firms by pushing out low-wage work to service firms. This is consistent with shareholder value maximization thinking and results in greater inter-firm inequality.

There are three pillars of worker power in the 21<sup>st</sup> century. One is to create new pathways for workers to organize. Internet platforms enable these kinds of workers to converge on a scale that matches the reach of multinational firms. Facebook and Reddit initially provided such spaces. New platforms such as

Dynamo and [Coworker.org](http://Coworker.org) are providing longer term solutions as well as expert support, data analysis and media outreach.

Organizing efforts using these platforms enjoy the support of the National Labor Relations Board, however, new laws and rules are needed to protect workers by permitting them to use company digital communications systems for unobstructed communications between themselves. An additional step is to require businesses to create digital spaces for unimpeded conversations much like a virtual break room. Finally, workers need to be assured that digital organizing activities will not be exposed by one employer to another or to government entities that are concerned about general protest activities. Ultimately, a free and open Internet is necessary so that independently operated, worker-led platforms may continue to exist and grow.

The second pillar is to correct information asymmetries and to require algorithmic accountability. At the most basic level, workers should have the right to know how decisions are made regarding their pay, mobility and performance. In traditional settings, this information is obtained from supervisors and through contacts with co-workers. But, decision-making is now buried in algorithms, so firms need to be explicit about how these algorithms operate. Workers also do not know precisely what data are being collected and cannot challenge any inherent biases in the data (e.g., racial or gender biases in customer grading of service). The lack of any information undermines the promise of more flexible and agile work and makes it impossible to negotiate for improvements. The lack of transparency effectively renders workers helpless and destabilizes the aggregate labor market.

The third pillar is to reform anti-trust so as to balance labor markets. Firms are effectively cutting workers out of bargaining, thereby leaving them with little or no say in determining the fair cost and conditions of their labor. One change is to view non-compete clauses as vertical restraints that prevent workers from exercising their choice to exit. A dense concentration of such non-compete provisions in a given sector, market or occupation may amount to an anti-trust violation. Federal authorities are leaving non-compete issues to the states - but, strong federal anti-trust remedies are needed.

Another change is to challenge mandatory arbitration agreements and class action waivers. They are like non-compete clauses in that they remove legal remedies and market options from workers. These also close off private anti-trust enforcement. Federal court decisions favoring mandatory arbitration agreements need to be rolled back to permit the exercise of other rights with respect to labor organization, non-discrimination or competition. Other regulatory agencies, such as the National Labor Relations Board and the Consumer Financial Protection Bureau can step up and challenge the use of these agreements.

Finally, in classifying workers as independent contractors, businesses may now come under the purview of anti-trust law and the principle of vertical restraints. Restrictions such as requiring contractors to accept orders, fixing prices and mediating the terms by which they are paid by customers become legally anti-competitive. Efforts to avoid labor law should not be permitted to create a legal black hole that subverts a system that is in place to enforce open market access on fair terms.

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## DISCUSSION AND CONCLUSIONS

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Technology is changing the nature of work and will continue to do so. Its purposes and uses vary – although uses that promise added profits will garner the greatest investments. Public policies governing

the workplace have not kept up with changes brought about by new technologies. Some existing policies remain viable and only need to be re-tooled. Others are obsolete, while new policy gaps are emerging. Many social policies connected to traditional work relationships will need to be reinvented to reflect new realities of work structures.

The electronic platform economy provides both opportunities as well as important risks. Consumers can benefit from services and products that can be offered at lower prices and at greater convenience than would otherwise be the case. Workers who are seeking supplemental income can also benefit from platform work. It provides opportunities to gain work experience and skills. Workers are also afforded the opportunity to find work that fits their lifestyles and personal needs.

The platform economy does not work for people who must depend on it to make a living. Income is often low and risks and economic uncertainty are great. They have very little, if any, control over the wages they earn or the work that they perform. The business model of many platform businesses is to insist on (mis)classifying workers as independent contractors and not as employees. The platform businesses therefore do not incur liabilities for unemployment insurance, workers compensation, pensions, vacation, overtime, minimum wages or healthcare. Legal cases challenging the classification of workers as independent contractors are making their way through the courts of several countries, including the U.S. A challenge is in finding solutions that minimize the negative effects of the digital platform economy without adversely affecting the positives.

The concerns over the use of technologies by business extend beyond the platform economy. Digital technology in the workplace is ubiquitous. It is often used to replace workers with machines and computers. It also may be used to manage and gather information about workers – often in ways that are opaque to workers. Electronically collected data are obtained and used without the knowledge or consent of workers. Algorithms contain code that is not transparent and are used to determine schedules, assess performance, assign tasks and perform other management functions. Any bias can only be surmised from what people report. Workers in the U.S. are at a comparable disadvantage to workers in some other countries where some protections are in place. Nonetheless, all workers are at a further disadvantage in the digital age because they often are not in the same place and cannot organize for mutual benefit.

There are ways to move forward:

- **Expand worker protections and raise the floor:** All workers, irrespective of how they earn income, must enjoy the same basic rights and social benefits. Non-standard employment is raising awareness and demonstrating the need for common standards. Municipalities can act to raise wages and require employers to provide paid sick leave. Health care is an issue that must be resolved at the national or state level. Basic social benefits may be established by attaching the benefits to individuals rather than through employers. These include compensation for injuries in the course of work, defined contribution or defined benefit pensions, unemployment insurance, paid sick and family leave, a livable minimum wage, regulations governing overtime, supplemental security income, and paid vacations and holidays. Such policies exist in other places. For example, Denmark allows for flexible work structures in its unemployment insurance and workforce training support systems.
- **Address and limit rising corporate power:** This is accomplished in two ways –

- First, worker power needs to grow and new forms of power need to be developed. New means for workers to grow their power through new uses of technology need to be found and expanded. Initiatives like [Coworker.org](https://coworker.org) are already in place and others should be encouraged to follow. In addition, the data collected and used by businesses with respect to its workers and the algorithms for managing human resources must be made transparent to and discoverable by workers
- Second, restrictions on corporate power need to be implemented. The first step is to enforce existing labor laws. Another step is to apply existing anti-trust laws to human resources practices that effectively limit competition. New laws or regulations may need to be established regarding monopsony behavior not covered by existing anti-trust laws. These may include limitations on mandatory arbitration for human resources disputes.

The U.S. is culturally ambivalent about the worker power. Workers are less sure of the possibilities and importance of having a collective voice. They are less certain about what they deserve as workers. In the past, unions supported workers and middle-income earners – but less so today. Nonetheless, digital networks can serve as quasi-unions. They can create environments for mutual aid, they can aggregate data on working conditions, pay and business performance. These new networks can begin by providing specific services that assist workers, quantify positive outcomes and build on collective successes. They can also call-out businesses that act badly and seek to change behaviors.

## CHAPTER SEVEN

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### ECONOMIC JUSTICE AND THE IMPERATIVES OF WORK AND FAMILY

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The working group on economic justice and the imperatives of work and family was informed by the contributions of Darrick Hamilton of the New School, Bau Graves of the Old Town School of Folk Music, and Oscar Chacón of *Alianza Americas*. The group was facilitated by Liz White, author of **55, Unemployed and Faking Normal**, and reported by Chipó Nyambuya of Virgil CSR and a member of the Institute’s Board of Directors.

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#### DARRICK HAMILTON

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Darrick Hamilton co-authored the proposal for guaranteed employment with Dr. William Darity. That proposal is discussed in earlier chapters of this report.

Dr. Hamilton’s focus is on market stratification and that economic justice should be understood as a moral imperative. He observed that group inequality and group identity shape economic outcomes. Economic inequality can be estimated in terms of distance from the “out-group” identity.

Racial divisions within the working class have deleterious effects on advocacy by and for the working class. The collective focus should be on greater economic parity, but it is difficult for whites to drop their bias towards African Americans and work together.

Education is often regarded as the great equalizer, but it is not, in fact, sufficient. For example, unemployment rates of African American science graduates, and for college graduates in general, are significantly higher than white graduates in the same disciplines. The burden experienced by blacks of having to work twice as hard as whites imposes significant economic and social costs.

Two narratives deflect meaningful policymaking from addressing structural racism. One narrative is to focus on the apparent exceptions to negative stereotypes as proof of racial parity. Another is to blame the victim by assuming that poverty is a result of personal failure rather than systemic and systematic bias and discrimination.

The solution forward is embodied by race-conscious programs. These include:

- Baby bonds: Every baby born in the U.S. is given a bond that may be used later in the life of the recipient for asset enhancing endeavors (e.g., purchasing a new home, starting a business, etc.). The amount will vary with the highest amount going to children of families with the least means
- Federal guarantee of full employment
- Federal credit scoring agency
- Postal banking: financial services via the post office
- A proactive federal Equal Employment Opportunity Commission
- Federal subsidies to Historic Black Colleges and Universities and schools that are a part of the Hispanic Association of Colleges and Universities
- Elimination of tracking in grade school

- Single payer health care
- Free public education
- An end to mass incarceration.

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## OSCAR CHACÓN

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Oscar Chacón examined the issue of economic justice and inequality from a hemispheric perspective. Growing inequality is not just a theoretical concern, it has real consequences that undermine healthy communities. Public discourse thus far focuses on wages and income inequality. It ignores structural barriers that go beyond the attention given to matters such as raising the minimum wage. It is critical to address the ecology of inequality and the intersecting factors that comprise it.

Some of the factors include racism, xenophobia and gender discrimination. Another factor is that policy-makers as well as change advocates embrace a market framing for social and economic policies. The idea that the market provides the path to fixing problems is evident in the rhetoric of people on all sides of the issues.

Management of human mobility is another key policy areas that is part of this ecosystem. It is either ignored or conceived as a binary issue of immigrants versus native-born, ignoring the fact that immigrants have nothing to do with the policies that reinforce low-wages and deteriorating working conditions for all workers.

The adherence to market-based polices is tied with policies and practices that drive a race to the bottom. These policies reward practices that shrink governments, open national markets to trade and capital, and limit environmental and worker protections on the promise that they will improve prosperity. The outcomes of these policies drive inequality, hollow-out public protection, diminish investment in critical infrastructure and erode social safety nets.

These issues are not limited to U.S. international agreements, such as NAFTA, that were established with the promise that the economic tide will grow prosperity across the region. They create many adverse economic and social distortions that result in other problems, both across the region as well as in the U.S. The attention that is now given the question as to which nation got the better deal misses the underlying point: only some groups within each nation reaped the benefits of the agreement.

Another consequence of market-oriented solutions is that they exacerbate and mask structural inequalities - especially those along race, gender and other societal biases. The premise that the market is best for determining value leads to teachers receiving low pay and gender gaps in pay and achievement.

The free flow of goods, capital and labor across borders form the basis of liberal trade policy. At the same time, the narrative of U.S. immigration policy focuses on threats: Immigrants are criminals and they create economic, social, cultural and political dangers. This precludes any discussion of a coherent, rational, just, visionary and humane immigration policy that values immigrants as assets.

There are three major problems of the current immigration system

- The preference system which creates large backlogs and creates perverse incentives for people to migrate to the U.S. without authorization
- The Illegal Immigration Reform and Immigrant Responsibility Act of 1996, that structures immigration policies in terms of what is not legal
- The framing that immigration policy is a purely domestic issue rather than matter of regional and global integration.

The political route to a more equitable future of work and workers requires a transformative logic that weaves together local, national and international policies. Inequality is not a domestic issue - it is regional and global.

There are seven elements to of a course of action:

1. Tax reform that generates sufficient income to support essential programs and services and that distributes the incidence of taxes to coincide closely with one's ability to pay taxes. A well-conceived tax policy should stimulate and sustain development for the common good. Although our focus is on the U.S., these reforms should apply to all countries
2. Public education is a driver of prosperity and should receive the resources that are necessary to sustain and grow it. Inequality doubles the burden encountered by schools inasmuch as schools serving low income communities require additional resources to bridge the gap between rich and poor. State investments are needed in curricula that support cultural development, preventive mental health, and assessment linked to continuous improvement
3. Health care is a basic human right and should be treated as such. Poor and working people often choose between basic necessities and health care. The Affordable Care Act has helped, but it excludes unauthorized immigrants from income-based subsidies, thereby putting affordable healthcare out of the reach of 10 million people
4. Infrastructure investments should be made for the well-being of citizens. The choices that are made about public infrastructure investments should be values based and focus on the public good. This will favor potable water systems, wastewater management, libraries parks and public transportation over hardening coastlines to preserve property values in vulnerable areas
5. Rebuild the power of workers by encouraging and supporting collective action and organizations. The aim is to thwart and reverse the power asymmetries between workers and global enterprises. In addition to assuring living wages, workers should receive sick and family leave, affordable and high-quality child care, predictable work schedules and adequate working hours, improved labor standards that are enforced, and representation of immigrant workers regardless of status.
6. Citizen-security needs to be rethought. Communities in the U.S. and across the hemisphere are experiencing a systematic deterioration of public security and peace. The prevailing logic of security needs to be re-examined in order to move away from heavy-handed policies and military presence. Security needs to move towards a model that is based on trust, transparency and accountability.
7. Transparency, accountability and direct civic participation are the three principles of democratic governance. Transparency and accountability are indispensable for good governance. Organized citizen engagement is essential to a functioning democracy.

When organized, migrants represent an untapped constituency that already brings a transnational understanding and ties in both countries of origin and destination. Harmonizing efforts to dream big and build power to achieve those dreams is the path towards better futures for communities across the region.

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## BAU GRAVES

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Bau Graves described the life and economic realities musicians who are the original “gig” workers. This also serves as an allegory for other “gig” workers.

The life of a musician is one of self-reliance, economic precarity, few (if any) safety nets, and constant judgment by audiences, producers and music publishers. It requires a high level of business sophistication that is learned on the job or is farmed out to managers, accountants and lawyers, and publicists. Income streams are uneven and touring musicians are at the mercy of the honesty and integrity of venue operators. There are few opportunities for musicians to learn about the business of the industry as well as how to be a successful entrepreneur.

Being a musician also requires personal sacrifices by the musician and as well as by family and friends. Many days may be spent on tours and working jobs at odd hours, thus putting strains on even strong relationships. Musicians must often supplement their incomes by taking various jobs or they must rely on family to make ends meet.

Public support for the arts remains focused primarily on large cultural and art institutions. Unlike many other developed nations, the U.S. gives very little support to small arts, music groups or to individual musicians. This is especially true for those who preserve and perform traditional forms of music. In addition, large arts organizations are most often led by boards of directors that are overwhelmingly white and of the same social and economic standing of community elites. This leads to a disproportionate share of public and philanthropic arts spending directed towards large organizations. Redlining and other discriminatory practices contribute to a geography of artistic rags or riches. In Chicago, for example, arts groups are concentrated in predominantly white areas and these organizations receive a disproportionate share of economic pie.

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## DISCUSSION AND CONCLUSIONS

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The working group sees the U.S. as becoming a highly functional multicultural society and economy. The primary goal is to make structural changes through both individual and group action, however, it understands that structural changes can often be daunting. Working at the individual and group levels help to reduce the sense of overwhelming scale by focusing first on local achievements that are framed in terms of shared values and mutually accountability. It will be rocky and there may be conflict among groups. Politically and socially dominant groups may resist as long as they believe that they live in a zero-sum world.

Individuals can take action in several ways. They can create space for greater personal self-awareness and be more willing to collaborate. They can and should educate themselves and those who those within their networks and spheres of influence about the factors that contribute to economic injustice. They should

work from within to reform institutions and economic stratifications that contribute to inequality and injustice. They can serve as champions for change in their institutions and join in the development of an agenda that causes progress.

Groups and institutions can take collective action on large issues such as criminal justice reform, mental health issues, housing, entrepreneurship, vocational and technical training, meaningful tax reform, greater protections for disadvantaged classes including those who were previously incarcerated, greater worker protections and improvements to social safety nets. In addition, groups as well as individuals need to be trained to recognize implicit biases in policies, funding practices, operational procedures and institutional structures and learn how to take corrective actions.

The working group proposed a toolkit for organizing and for individual and group engagement. The toolkit will advise on how to organize on an issue and help organizers determine who should be involved. It will spell out the roles that each person and stakeholder may play (e.g., who agitates, who does the research, who does the talking, and who does the wooing). The toolkit will offer a vocabulary for talking to power. It will set out the steps for mounting a campaign.