

Additional views of Commissioners Papadimitriou, Becker, D'Amato, Lewis, Thurow and Wessel

Chapter 5

Despite the record low unemployment level in the United States and the number of jobs that have been created during the last eight years, workers across the country continue to be concerned about their own job security. Indeed, against the backdrop of a rising economy, workers are seeing increasing number of layoffs – a "pink slip recovery" is a relatively new experience in the U.S. economy.

Chapter 5 – Worker Adjustment Assistance – represents one of the few chapters where a majority of the Commissioners could agree on policy prescriptions that should be carefully considered by Congress. In light of the broad disagreements that exist on the causes and consequences of our trade deficit – and possible solutions to address that deficit, this common ground should provide powerful guidance to Congress that an aggressive program for training and retraining should be provided.

However, support for a broader and more effective program of worker adjustment assistance should not be viewed as weakening our support for efforts to minimize job dislocations through the use of appropriate policy tools. Predatory trade practices, foreign trade barriers, and other actions by our competitors that displace jobs here in the United States must not be allowed to continue even with an enhanced worker adjustment assistance package in place. We believe that it is important to make this point explicitly, because in the past, worker adjustment assistance has often been the last component of a package of proposals intended to increase congressional support for approving new trade agreements. As such, it has often been viewed simply as an afterthought rather than as an integral component of our trade policy. This is a shortsighted approach that has diminished public support for trade liberalization efforts.

In this light, an adjustment assistance package must be fully funded and should not be subject to the annual budget battles in Congress. It must be a comprehensive safety net available to all who need it. As part of this effort, the program should not include labyrinthine rules to determine eligibility: It should be a straightforward, "triggerless" adjustment approach that will provide benefits to workers who lose their jobs whether it is due to trade dislocation, technological changes, or other reasons. Our economy, and the public, will be better off with a program that prepares for changes that will inevitably occur.

As part of the recommendations on this issue, the Commission recommended that a program of wage insurance should be enacted to supplement the income of workers who are displaced and find it necessary to take a job at a diminished income. Wage insurance is an important proposal to help reduce the impact of job loss on family income.

However, a program of wage insurance must be carefully coordinated with the program requirements and restrictions relating to training and retraining benefits. While there are clear advantages to having a displaced worker quickly reentering the workforce, the requirements of that employee's new job might limit that employee's ability to participate in training and retraining programs to acquire new skills. A program of wage insurance should include the flexibility necessary to enable reemployed workers to attain the skills necessary to succeed in the future. Furthermore, any training program should be flexible enough to address the changing needs of the participants, as well as the differing types of services that must be provided. For example, benefits should be available to assist those who need not only skill training but also English language training.

The Commission recommendations focus on the needs of workers – and this should be the first effort. But, as Congress examines these policy recommendations, we urge them to also look at the adjustment needs of our businesses and our communities. All too often, a facility that closes puts not only workers out of work but also puts the communities' tax base at risk. Communities all across the country have had to try and fight their way back to prosperity after facing the loss of an anchor employer. Schools, public health and safety, transportation, and other public services might have to be cut back at a time when they are sorely needed. Businesses might benefit from assistance enabling them to enter new markets, to develop new products, or to engage in other activities that will minimize the impact on employees, shareholders, and the community. Policymakers should address these issues as part of a comprehensive review of the adjustment issue.

Additionally, a majority of the Commissioners recommended that Congress "focus on ways to fill the gap in health insurance coverage between the time a worker loses one job and starts another." The recognition of the devastating impact on families from losing health insurance is important and should be heeded by policymakers. But, this is only one component of a much greater health care crisis in America facing tens of millions of people who have no health insurance at all. Clearly, a program to provide a bridge between jobs enabling families to maintain health insurance coverage is vital. It is only a first step, however, in the broader quest for health insurance coverage for all Americans.

