



RECOVERY FOR WHOM?

BUILDING A FUTURE OF ECONOMIC
STABILITY, QUALITY JOBS & EQUITY
EXECUTIVE SUMMARY

AUTHOR: GLENN SCOTT DAVIS, PRINCIPAL
PROGRESSIVE WORKFORCE STRATEGIES

EDITOR: RICH STOLZ, EXECUTIVE DIRECTOR
ONE AMERICA

RESEARCH, DATA, AND EDITING SUPPORT:
SPENCER COHEN, PHD, SENIOR ECONOMIST
COMMUNITY ATTRIBUTES INC.

DECEMBER 1, 2020

RECOVERY FOR WHOM?

BUILDING A FUTURE OF ECONOMIC STABILITY, QUALITY JOBS, AND EQUITY

THE CURRENT CRISIS

In the United States, the COVID-19 pandemic and the unfolding shocks of 2020 have created an unfolding political, economic, and health crisis of unprecedented proportions. The efforts to contain the virus are exacting a staggering toll in countries around the world as economies are in free fall. The rapid decline and upheaval of our economy and the avoidable spread of COVID-19 have shaken the very foundations of our society, our traditional beliefs, and our institutions. As of mid-November, over 240,000 have died of COVID in the United States and the Institute for Health Metrics and Evaluation at the University of Washington estimates over 439,000 deaths by February 1, 2021.

The current crisis is unprecedented both in depth and speed of economic contraction. The federal government, using the tools available to the Federal Reserve, our central bank, has acted quickly to provide fiscal and monetary stimulus to partly stem the immediate devastating economic costs borne by our families and communities through short-term relief.¹

We do not know the duration and long-term impacts of the pandemic and economic crisis, and the extent of continuing federal workforce supports.² Even in the best of scenarios, in which the pandemic is largely controlled over the next year and we move to a full opening of the economy, we can expect a prolonged and drawn out economic recovery.³ Of immediate concern is the curtailment of supplemental federal small business relief and unemployment benefits as millions of unemployed Americans face delinquent mortgages, eviction, the loss of employer-provided health insurance, utility shut-offs, and the care of children with the start of the new school year.⁴ Ending supplementary benefits rather than incenting workers to find jobs will lower income growth and the demand for goods and services, deepen and prolong recessionary pressures, slow recovery, and increase racial inequality.⁵ Similar to the 2008 crash, we once again face a two-track recovery in which the wealthiest Americans and high wage sectors are quickly rebounding, even thriving, while most middle- and lower-income workers are not. Long after the immediate COVID pandemic subsides, the long-term effects on our beliefs, economic stability, and well-being will linger for years.

ROOTS OF THE CURRENT CRISIS

Our problems are both economic and political. The economic and political policies of the past four decades have increased income and racial inequality, slowed mobility, raised family debt, and perpetuated acute problems in our health care and public health systems.⁶ Well before COVID-19, the structure of our workforce and labor markets had already transformed but our thinking, our policies, and our economic and workforce institutions had not. As policymakers and leaders debated the future of work, our workforce policies and systems remained stuck in the past, designed as they were for a labor market that no longer exists. Now, the current crisis has deepened and brought into stark relief the social and economic inequalities in our economy creating the conditions and impetus to reevaluate and reassess the role and function of government all levels in economic development, wealth generation, and labor markets.

The dominant ideology and policy framework that has served as a blueprint, shaping our economic and political life for the past four decades, Neo-Liberalism,⁷ is now profoundly challenged by the convergence of recent events and the growing public recognition that indeed markets are not free and companies should not be run solely in the interests of their owners.⁸ The decades long-held belief that markets, once freed from the constraints of government regulation, will produce the best outcomes and solve our society's problems may be losing its legitimacy and influence. But we are nonetheless left with its catastrophic consequences – a chronic economic crisis and the rise in power and influence of anti-democratic political forces attacking and eroding the very idea that political equality is the foundation of democracy and that it is the equal right of all to be heard on matters of public policy.

While the Northwest Papers series will primarily focus on economic issues, we also call out the erosion of political equality and the weakening of our democratic institutions and values. This degradation of democracy is a result of policies designed to slash public investment, diminish the social obligations of government, dismantle the so-called “administrative state,” politicize the federal judiciary, and replace legislated social justice with traditional moralism.⁹

A PATH TO RECOVERY

Will the political and economic policies at the roots of our current crisis continue or is there an alternative narrative and policy agenda that can replace the free market ideology of the past 40 years? What policy blueprint will shape and dominate political and economic beliefs and policies in the years ahead? What will be the future of work, and what interests and forces will shape it?¹⁰ What conceptual framework will guide us to meaningfully address the problems of economic and racial inequality? How will we solve issues critical for humanity's very survival—environmental degradation and the climate crisis?

On a national scale, the path out of this crisis is to re-envision and redefine our government's role in the economy by greatly expanding—not cutting—investment in infrastructure, clean energy, and a range of public goods.¹¹ We reject budget cuts, which will slow recovery and increase economic instability. Such cuts will reduce public investments in health, education, housing, and income support for working-class families, the most vulnerable to the impacts of COVID-19 and the economic crisis.

When the Washington state Legislature convenes its 2021 session, state lawmakers will face a reckoning

over revenue, state budgets, and public programs. Will they solve the right problems? In our state, reduced economic activity, business closures, and job losses have caused significant declines in state tax revenues as a consequence of the sudden, precipitous drop in incomes and consumption. As of September, Washington's Economic and Revenue Forecast Council projected over a \$4.2 billion shortfall through 2023, revised downward from a bleaker \$8.8 billion projection released in June. However, the Council's report stated that the \$4.2 billion projection is based on a baseline forecast with a "substantial level of uncertainty." The actual amount of the state deficit over the next three years will depend on the impact of a number of economic and health factors that will unfold in the coming months.

We are concerned that State lawmakers informed by overly optimistic economic forecasts, will act with less urgency and foresight than is needed in this crisis and will avoid the enactment of more equitable tax alternatives in Washington state - the only long-term revenue solution to sustaining an equitable budget.

RECOVERY FOR WHOM?

Beyond the acute phase of the COVID epidemic and economic depression, we envision a "new reconstruction" that will transform institutions and systematically dismantle policies, practices, and structures that reproduce economic inequality and perpetuate generational disparities based on race, immigration status, gender, income, and class. We understand that overcoming decades of rising inequality will take a popular, intersectional movement demanding a comprehensive national and state policy agenda. We believe there is no one solution and that instead a broad suite of policies must be pursued nationally and in our state. To that end, this paper poses a number of Washington state-specific policy questions to prompt discussion among stakeholders about supporting recovery, rejecting budget cuts, and enacting progressive taxation. We also pose questions about re-envisioning economic and workforce development to focus on quality jobs, economic stability, and equity.

While we cannot predict the future, there is one thing of which we can be certain: we are truly at a historic crossroad living as we are at a unique time in human history. As nations and people across the world confront the COVID pandemic and economic crisis, we must also solve the major issues critical for humanity's very survival—environmental degradation and the climate crisis.

As much as we may long for a return to our pre-COVID-19 normality, we cannot recreate that past. Such an outcome, given the failures of our current socio-economic system and political culture, is not the goal. But we can certainly learn lessons from our past. Like other transformative moments in human history, the political choices we as a people make in the coming year will shape our collective wellbeing and democratic institutions for years to come.

CREATING A NEW WORKFORCE POLICY FRAMEWORK: POINTS FOR DISCUSSION

The intent behind the following discussion questions is to spur fresh thinking and strategy to reshape Washington's workforce development system so that it may work for all residents.

RE-SETTING THE SYSTEM

The heart of *Recovery for Whom?* is an important call to action recognizing the limitations of the existing workforce development system, and how the current recession will exacerbate trends in the workforce—growing economic instability, diminishing good quality jobs, and increasing racial and income inequality—that disadvantaged BIPOC and low-income residents.

- 1. What Would a New System Look Like If It Targeted Underemployed and Unemployed Workers** focused on building economic stability and improving job quality, generated new investment, and anticipated and adapted to trends in the low-wage workforce?
- 2. How Would the System Function If It Centered the Most Underserved Communities**, and what would allow it to create greater coordination across the disparate and confusing elements of the current workforce development structure?
- 3. What Can Be Implemented to Lessen the Impact of Economic Instability for The Low-Wage Workforce?** Examples could include:
 - Portable benefits tied to workers, ensuring that unemployment or non-traditional work does not eliminate access to important benefits and work support.
 - Extension of labor standards, similar to initiatives around domestic workers, to all workers outside of the traditional model of workforce attachment.
 - Subsidized Job and Training programs that put unemployed and under-employed workers in jobs that communities and employers need that don't force workers to choose between working for pay in survival jobs and training and job search.

FUNDING

4. **What Can Washington State Do to Invest in Workforce Development Strategies While Stimulating the Economy** given the challenges facing Washington State because of the COVID-19 pandemic, the resulting recession and the anticipated budget crisis?
5. **Can We Work Together to Prevent Harmful Budget Cuts**, which will slow the recovery, and instead enact progressive tax policies in the next legislative session?
6. **Could a dedicated fund, like a workforce equity trust fund, create reliable funding** for strategies that can reduce reliance on restrictive federal funding streams and support greater innovation?

STRUCTURE

Are the following actions desirable and feasible?

7. **Create Greater Coherence in the Workforce Development System** across the many different funding streams and programs that exist in Washington State, particularly from the perspective of a user (employer, youth, unemployed or under-employed worker)?
8. **Create a Governor's Subcabinet for Workforce Development and Equity**, charging the Subcabinet with aligning workforce strategies and funding streams taking into account government-wide goals and economic trends, including those identified by the Future of Work Task Force.
9. **Invest in Models to Create Management-Labor Partnerships**, building on successful models in health care and child-care in Washington State.
10. **Establish Offices of Workforce Development in Cities and Counties** to support their Workforce Development Councils and expand the scope of the WDC strategies and plans to incorporate funding streams and strategies beyond what is available through federal funding streams, like WIOA.¹²
11. **Immigrants & Refugees.** The questions above, if implemented effectively, would make the workforce system more accessible to underserved populations, including immigrants and refugees who face additional barriers, like language access and lack of English proficiency, barriers to credentialing, immigration status, and lack networks of human capital that may allow them to pursue employment. Similar to a successful model used in California, establish a State Director of Immigrant Workforce Development in the Governor's Office to work with labor and community partners to advocate for strategies that address the unique needs of immigrant and refugee communities.
12. **Invest in Private/Public Partnerships**, including business liaisons to strengthen coordination among employers and workforce agencies, including community colleges, to support successful models, like Welcome Back Centers, that connect underemployed immigrants to employment opportunities in their chosen professions.
13. **Create Complementary Strategies**—like entrepreneurship—that can support unemployed and under-employed immigrants to gain employment, while also providing training and supports to manage uneven power-dynamics to protect them from exploitive employers.

- 14. Invest in Models That Support Contextualized Language Learning** in worksites, schools and other systems.

STATE WORKFORCE BOARD RECOMMENDATIONS

- 15. Consider Establishing an Office of Employee Ownership within the Department of Commerce** to facilitate in-community business transfers and maintain employment in distressed communities. Our state does not have a public support network for business conversion to employee ownership, yet both federal and state statutes provide preferential tax treatment for such businesses. Washington's Department of Commerce had funding to create a support structure, but that funding was cut during the last recession.¹³
- 16. Reimagine and Re-charter the WA Workforce Board's Subcommittee on Barrier and Access Solutions**
- Focus the Board and workforce system on truly addressing economic disparities.
 - Define how to measure "inclusive economic recovery" and measure systemic success at closing economic disparity gaps via data dash-boarding.
 - Bring underrepresented voices to the table with industry and decision-makers to discuss job quality, access, equity, and anti-racism.¹⁴
- 17. Reimagine and re-establish the Future of Work Task Force in light of the impacts of COVID 19 and economic crisis**

ENDNOTES

1. These efforts include \$2.2 trillion in expanded unemployment insurance and direct payments to households, in addition to \$5.5 trillion in broad-based Federal Reserve lending, asset-purchases, and other measures to increase liquidity and encourage financial and economic activity.
2. As of early October, over 209,000 have died of COVID-19 in the United States and the Institute for Health Metrics and Evaluation at the University of Washington estimates over 410,00 deaths by January 1, 2021. This model indicates that as many as 122,000 of those deaths could be avoided with safety measures, including near-universal mask use, but it warns that easing restrictions could cause the death toll to be more than 620,000.
3. Warning of “dire consequences”, Federal Reserve Chair Jerome Powell, in early October, called on Congress to pass a robust stimulus bill focused on workers and small businesses. Powell predicted that without further stimulus household insolvencies and business bankruptcies will rise, harming productivity and holding back wage growth. The Fed Chair recognizes that the longer Congress delays the greater the extent of the problems future legislation will have to address.
4. As the Seattle-based Economic Opportunity Institute has well documented, even before the pandemic, how childcare is in crisis. Although state legislators have acknowledged the importance of child-care to the vitality and economic security of our state and families they have not followed through with adequate funding. Wages for teachers and caregivers hover near poverty, centers and family home providers struggle to stay open, and families can’t find affordable care.
5. The BLS September jobs report documented a slowdown in regaining the number of jobs lost during the Spring. Our labor market added 4.8 million jobs in June, 1.8 million in July and 1.5 million in August. If this trend continues it will take years to “recover” to pre-COVID employment levels.
6. The U.S. spends more on health care as a share of the economy—nearly twice

as much as the average OECD country—yet has the lowest life expectancy and highest suicide rates among the 11 nations. The U.S. has the highest chronic disease burden and an obesity rate that is two times higher than the OECD average (*Tikkanen & Abrams, 2020*).

7. *Three Minute Theory: What is Neoliberalism?*
8. “Neo-Liberalism” is most commonly associated with a bundle of policies and ideas that privatized public ownership and services, reduced social service and safety nets, restricted the power of labor unions, deregulated the flow of capital and sought to marketize every domain of public life.
9. Political scientist *Wendy Brown eloquently summarized this erosion of democratic values and freedom*, “Instead of freedom being that which we share in order to govern ourselves, instead of freedom being that which we cultivate with knowledge and education and pursuit of the ability to craft our lives together...we have fallen into the most extreme version of freedom as a right to social assault, to do what you want and to attack society. Freedom is understood as that which is about your individual right to do whatever you want no matter who it kills, no matter who it hurts, no matter who profits at whose expense. This is not democratic freedom. This is a form of freedom so radically detached from the task of living our lives together and deciding together how we shall live, what we shall value, it becomes freedom against democracy. It becomes freedom against the public good.”
10. One widely held future of work narrative popularized by the World Economic Forum (comprised of the world’s largest corporations) is the idea that we stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. This popular narrative describes a Fourth Industrial Revolution brought about by the emerging “Network Economy” that will enable private sector innovation and corporations in our emerging post-COVID economy to generate public goods. This “revolution” is characterized by a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres. In this policy blueprint, technology, IT corporations, the digital marketplace, and skills development will solve our economic, social and workforce problems—including the problems that are the focus of the NW Papers. The question remains: economic stability, job quality, and equity for whom?
11. In early October, the International Monetary Fund (IMF) reported “that even before the pandemic, global investment had been weak for over a decade, despite crumbling roads and bridges in some advanced economies and massive infrastructure needs for transportation, clean water, sanitation, and more in most emerging and developing economies. Investment is now urgently required in sectors critical to controlling the pandemic, such as health care, schools, safe buildings, safe transportation, and digital infrastructure. Low interest rates globally also signal that the time is right to

invest. Savings are plenty, the private sector is in waiting mode, and many people are unemployed and able to take up jobs created through public investment.”

12. For example, in King County, rather than creating alternative City or County initiatives, invest in the regional Workforce Development Council to establish and coordinate a regional recovery plan.
13. *Washington Future of Work Task Force Report (2019) (PDF)*
14. Washington Workforce Economic Recovery Plan - COVID-19 (2020)



BUILDING POWER IN IMMIGRANT
AND REFUGEE COMMUNITIES

1225 S. WELLER STREET SUITE 430
SEATTLE, WASHINGTON 98144

WEAREONEAMERICA.ORG