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Withdrawal/Redaction Sheet

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. report	re: AFL-CIO and Corporate Responsibility (Political) [Page 1 closed in whole] (1 page)	1996	b(6)
002. report	re: AFL-CIO and Corporate Responsibility (Political) [Page 1 closed in whole] (1 page)	1996	b(6)
003. notes	Political (Partial) (1 page)	n.d.	b(6)

COLLECTION:

Clinton Presidential Records
 Council of Economic Advisers
 Michele Jolin
 OA/Box Number: 23907

FOLDER TITLE:

AFL-CIO

2013-0306-F

jml222

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
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C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

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- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]



Follow-up on Corp Citizenship

- ^{Sweeney} APR-10 x need to address
worker issues more
directly

- wage gap
- health care
- inequality

- x Anxiety is out there
- x ^{POTUS} needs to be more
outspoken on this
- x Need more direct references
- x Possible Event - TN Work & Family
Conference

- Tches: We do address a lot
of these speeches (xover)

II Long-term Econ Policy Making

Summary: need discussion of agenda for 2nd term

- will have outline of policy priorities in next 2 weeks

Issues: Need for specific working group

III Min Wage

**GEORGE MEANY CENTER
FOR LABOR STUDIES, INC.
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April 29, 1996

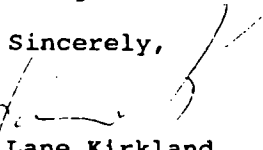
Dr. Joseph Stiglitz
Council of Economic Advisers
Old Executive Office Building
Washington, DC 20501

Dear Dr. Stiglitz:

Enclosed is my modest proposal for a free trade bill that we discussed at Ambassador Tuckr's the other night.

For some strange reason, this reasonable and logical approach has found no takers. Perhaps you can get it off the ground.

Sincerely,


Lane Kirkland
President Emeritus
AFL-CIO

CC:
BD
MJ
"H" [unclear]

A MODEST PROPOSAL FOR A GREAT LEAP FORWARD

Free Trade, Anti-Protectionism And Anti-Hypocrisy Act Of 1994¹

Whereas, certain practices distort the free flow of commerce and diminish the wealth of nations, deprive consumers of the benefits of comparative advantage, and are otherwise contrary to enlightened national policy, and

Whereas, such practices constitute a policy of mercantilism (a fallacious derivative form of protectionism), analyzed and repudiated by free market apostles since Adam Smith, and

Whereas, an established doctrine of American jurisprudence holds that criminal sanctions are the most appropriate deterrents to deviations from sound social and economic policy, now therefore:

Sec.A: It shall henceforth be illegal for any corporation or person to:

(1) engage in a transaction involving a product or service of which any portion is required to be made or undertaken in any nation, or bloc of nations, because

¹ It is understood and acknowledged that the immediate effect of this statute, when enacted, will be to bring all international trade to a halt until a period of adjustment is completed. However, the following considerations are deemed decisive:

- (1) One must start doing the right thing sometime, and the sooner the better.
- (2) With respect to certain nations now emerging from command or centrally-planned economies, "shock therapy" is widely regarded as the appropriate path for effective transition to the rule of free market doctrine. If it is good for them, surely it is good for us.
- (3) The practices herein outlawed, when reduced to their essential moral elements, are but variations of an age-old theme of state piracy, historically and universally viewed with repugnance by all civilized races.

of the existence, in that nation or bloc, of a domestic content statute or agreement, or because of the provision of any publicly-financed infrastructural or pecuniary inducements for such location;

(2) engage in a transaction involving any product or commodity for which any part of the price or terms is subsidized directly or indirectly by the nation of origin;

(3) engage in any external capital investment which is facilitated or insured by any governmental agency;

(4) engage in any transaction involving a product or commodity the price or supply of which is controlled, regulated or administered by a supplier or purchaser cartel;

(5) engage in any transaction involving the use of a currency or currencies of which the rate of exchange is managed, regulated, influenced or manipulated by a nation, a combination of nations or a financial institution acting in behalf of a nation or combination of nations;

(6) pay or cause to be paid any tax, tariff, impost, levy, duty or bribe or any other consideration imposed as a condition for the introduction of any product, commodity or service into the marketplace of any nation;

(7) refrain from the production or sale in any market of any item which said person or corporation is capable and desirous of producing or selling because of the existence in any nation of copyright, patent or other laws of a restrictive, exclusionary or monopolistic nature;

(8) refrain from the sale in any market of any product because of the existence in that market of import quotas or voluntary restraint agreements;

(9) engage in the production or distribution of products manufactured in sequestered portions of any nation, heretofore commonly mislabeled "free trade zones," where such products are limited to export only and are not allowed to be freely introduced into the domestic market of the nation where such facility is located.

Sec.B: Be it further resolved and enacted that:

(1) Any bilateral or multilateral trade agreement negotiated between or among nations which exceeds 25 (twenty-five) double-spaced pages in length is hereby declared null and void and of no force or effect.²

(2) No appropriated funds may hereinafter be used, or tax abatements or incentives offered, by any department or agency of the government for the promotion of a "positive" balance of trade, or export surplus, or for aiding and abetting any person or corporation in the pursuit of exports of products, services, plants or machinery.³

Sec.C: Enforcement:

Inasmuch as it is commonly understood by economists and others well

² While 25 pages may seem an arbitrary number, economic analyses and computer models by various impartial university centers and research institutions have conclusively established that this is the maximum that can be drafted without encouraging or abetting the practices outlawed by this statute, while still permitting the amount of redundancy, prolixity and innocently obscure or evasive grammar customary in such documents.

³ Inasmuch as all trading nations are presently engaged in such practices and policies and are encouraged or coerced into doing so by international lending institutions at the expense of their own people and markets, rudimentary mathematics should inform us that either the moon or nearby planets must be established as markets for the resulting earth-wide export surplus, or something will have to give. The Congress might alternatively consider diverting the funds now being expended contrary to this provision to NASA for the development, as an interim measure, of an export market on the moon.

versed in these matters, that consideration of human values and human rights and human standards ought not to be regarded or treated as relevant in determining the flow of commerce or as criteria affecting economic transactions between or among nations and markets -- that is to say, that all values are fungible -- now, therefore, any punitive measures or practices observed in any trading nation in the world shall be available for the enforcement of this statute. Therefore:

(1) For the first offense, the perpetrator shall have his right hand severed at the wrist.

(2) For the second offense, 10 (ten) years of employment, at the prevailing wages and working and living conditions, at, alternatively, a Mexican maquiladora plant, a toy factory in Thailand, or a shoe factory in Indonesia, at the discretion of the court.

(3) For the third offense, life imprisonment, without parole.⁴

Sec.D: Illicit advocacy, conspiracy and patterns of practice:

Any person who, following the effective date of this statute, advocates, condones, aids and abets, or conspires to aid and abet, any of the mercantilist or protectionist practices hereby declared illegal, or whose pattern of conduct is found to be crypto-mercantilist⁵ in nature, who is thereafter apprehended in the act of making a

⁴This is entirely consistent with various "three strikes and you are out," or "in," proposals contained in crime bills now under consideration by the Congress and advocated by the Administration.

⁵A crypto-mercantilist is one who, while not actively engaged in the practices declared by this act to be crimes, if he could do so, would do so.

free trade speech to the Council on Foreign Relations, to the Aspen Institute, to the Ditchley Foundation, to a Bilderberg meeting or to any other such forum, national or international, shall be forthwith sterilized, without anesthesia,⁶ in order to prevent the further propagation of the neo-mercantilist species.

⁶This, while seemingly harsh, is altogether equitable, inasmuch as the audience for such insidious remarks will -- in all probability -- not have been anesthetized.

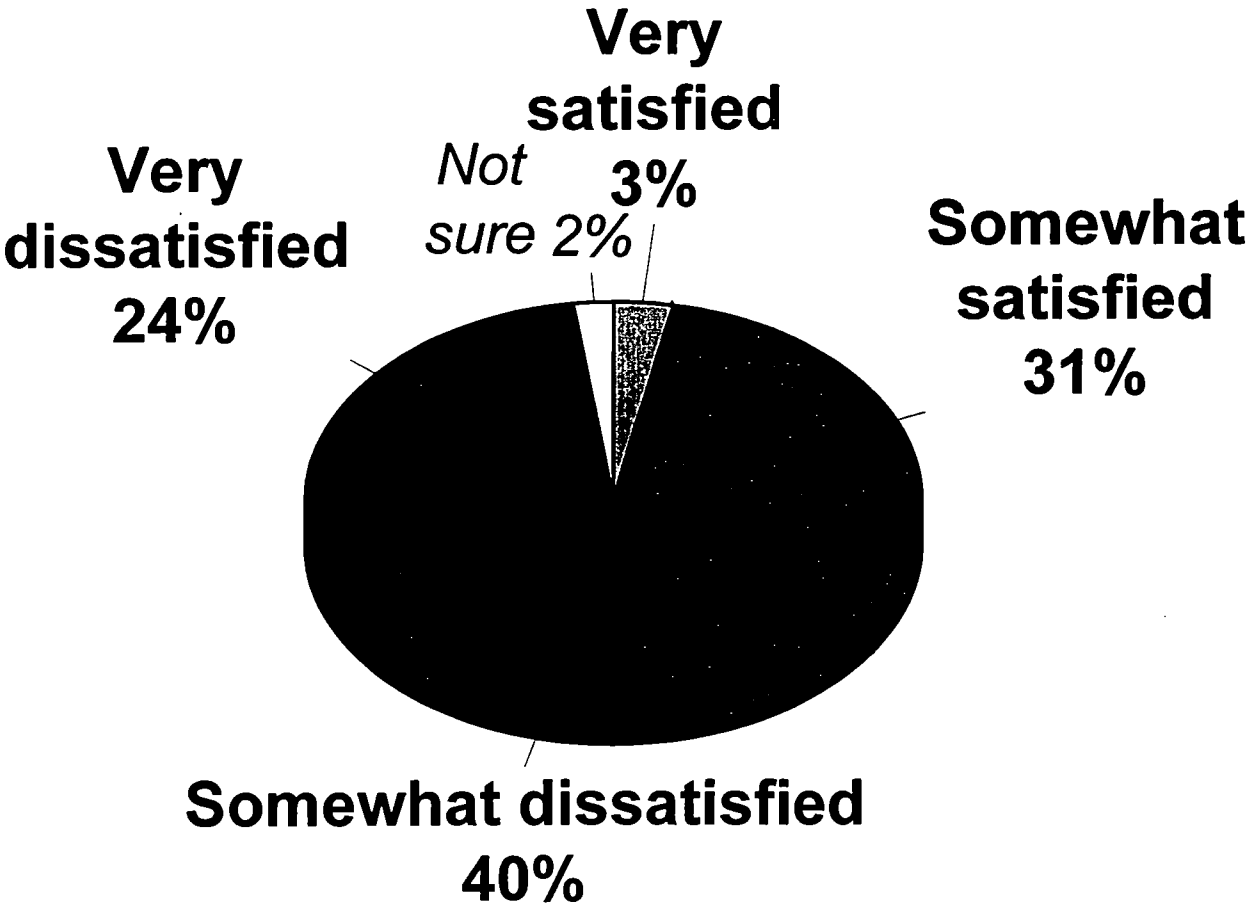
PETER D. HART RESEARCH

AFL-CIO
City, Corporate
Responsibility

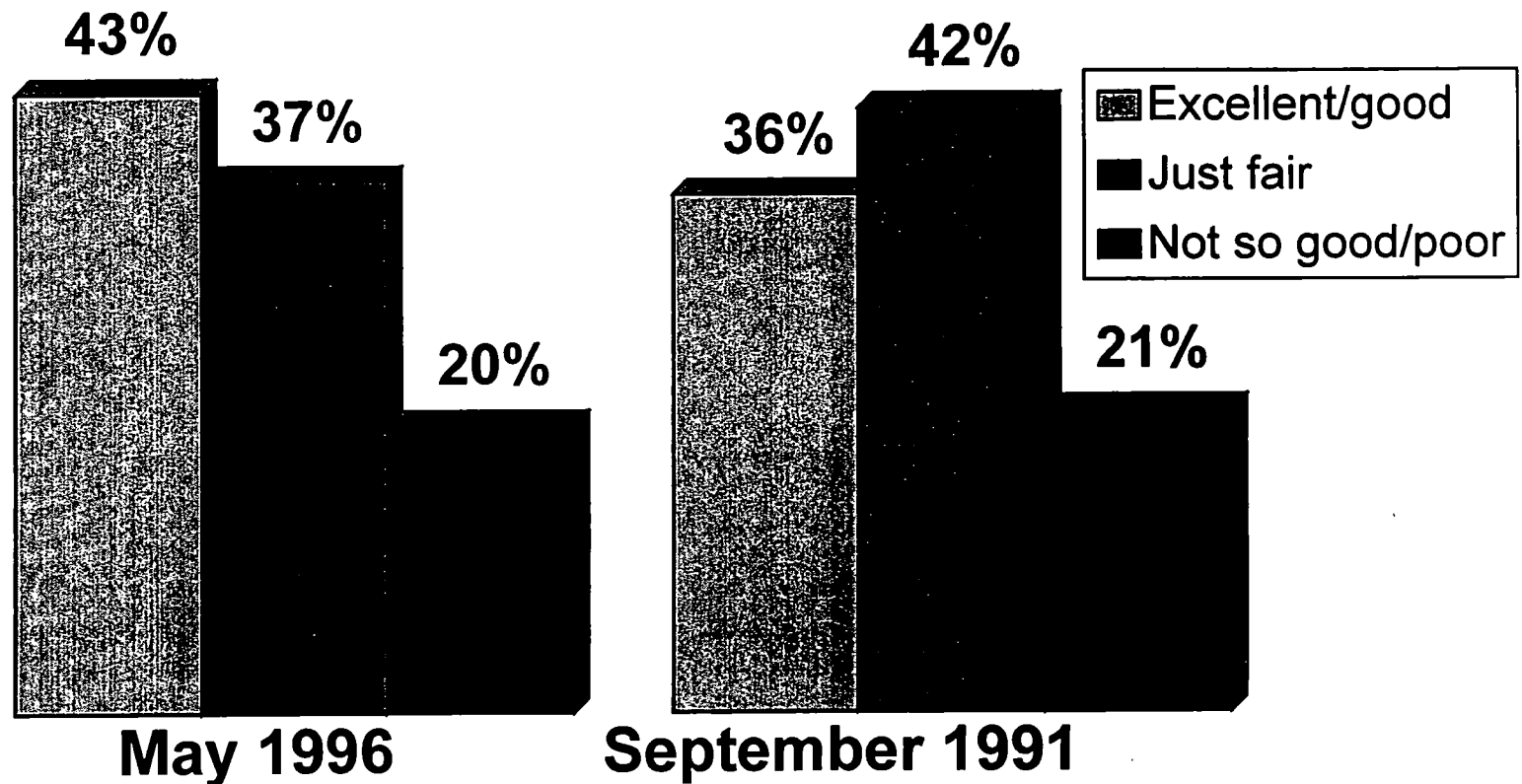
802 registered voters
May 14-16, 1996

1,201 general public
April 19-22, 1996

Voters Not Satisfied With The Economy



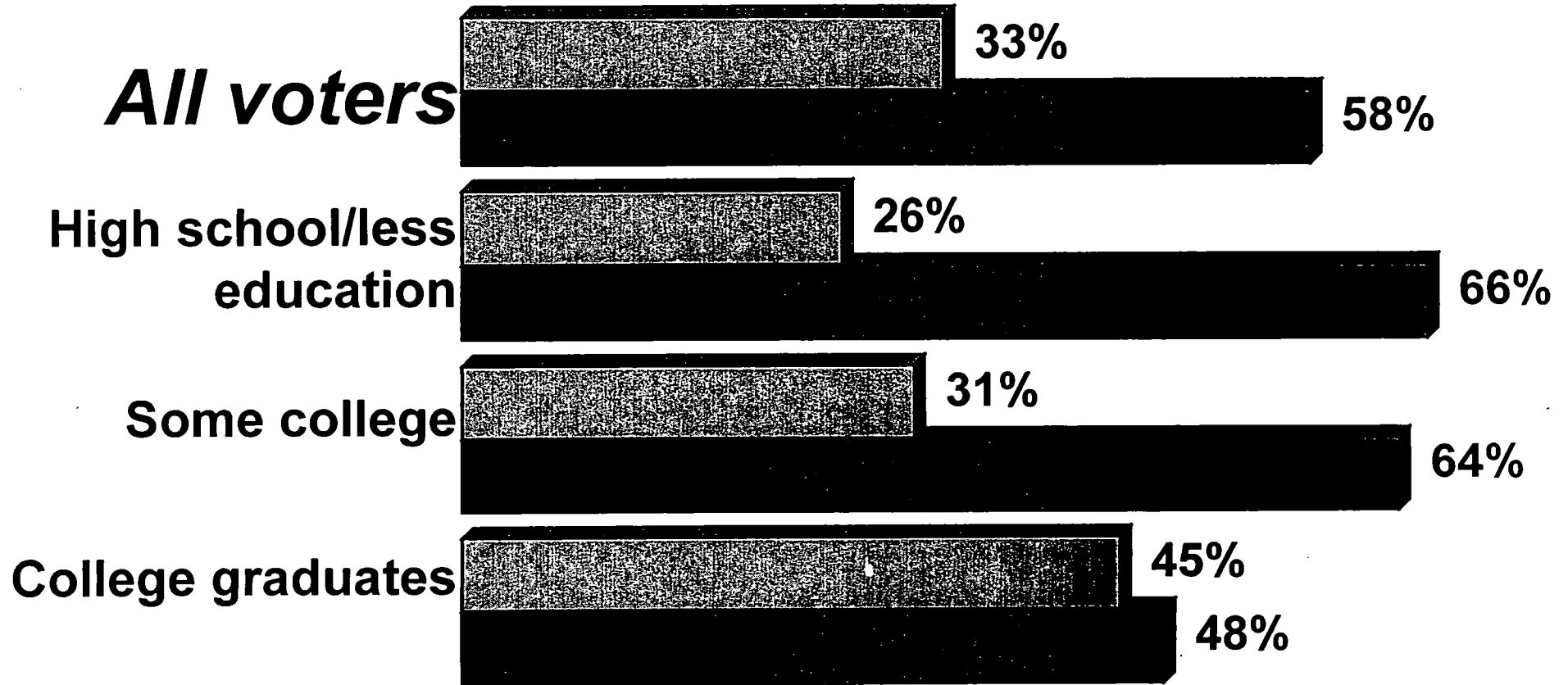
Voters' Personal Economic Situation



** 53% say their family's income is falling behind the cost of living.*



Voters Not Optimistic About Economic Future



■ Hopeful/confident about achieving financial goals
■ Worried/concerned about achieving financial goals



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Michele Jolin
OA/Box Number: 23907

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2013-0306-F

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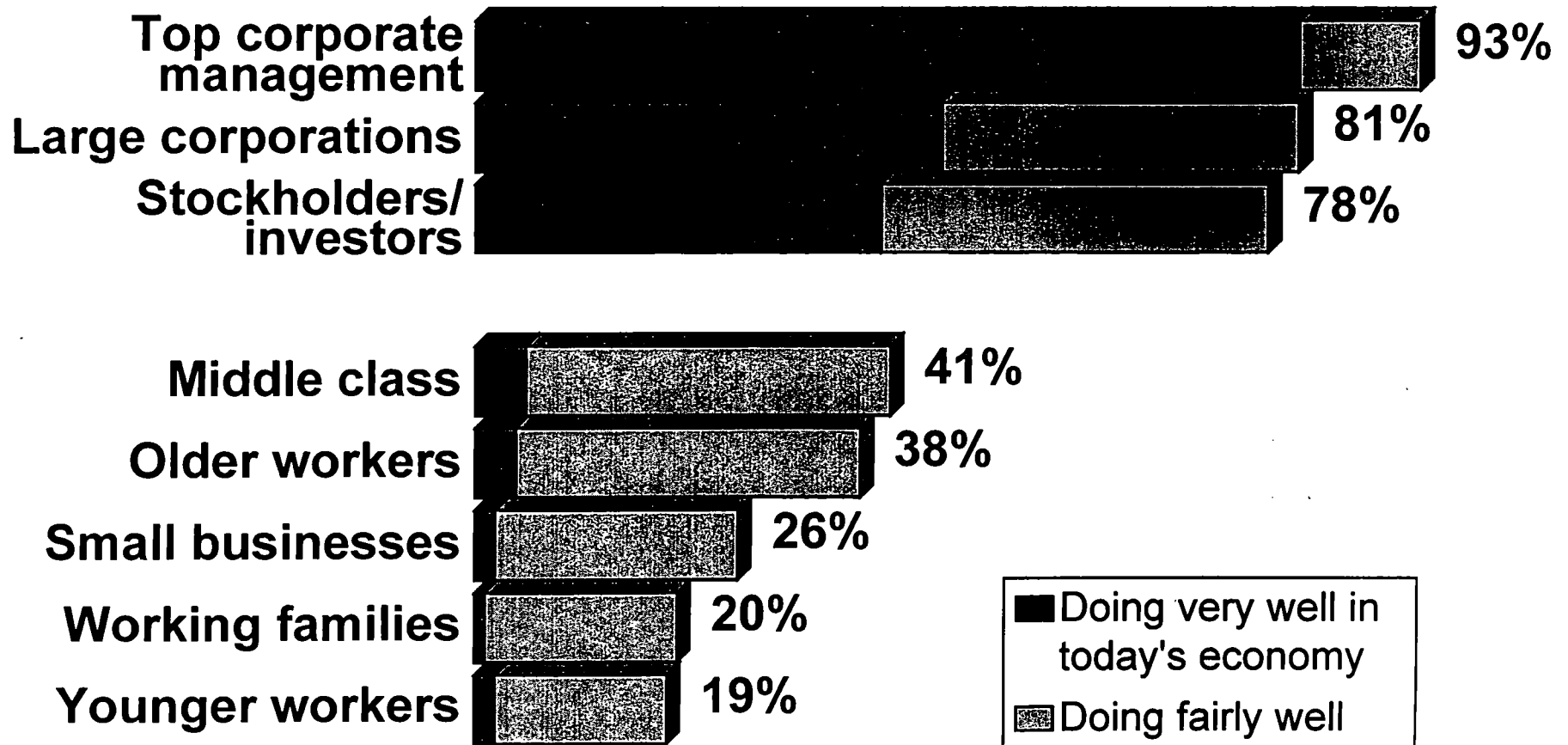
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Who's Doing Well In Today's Economy?

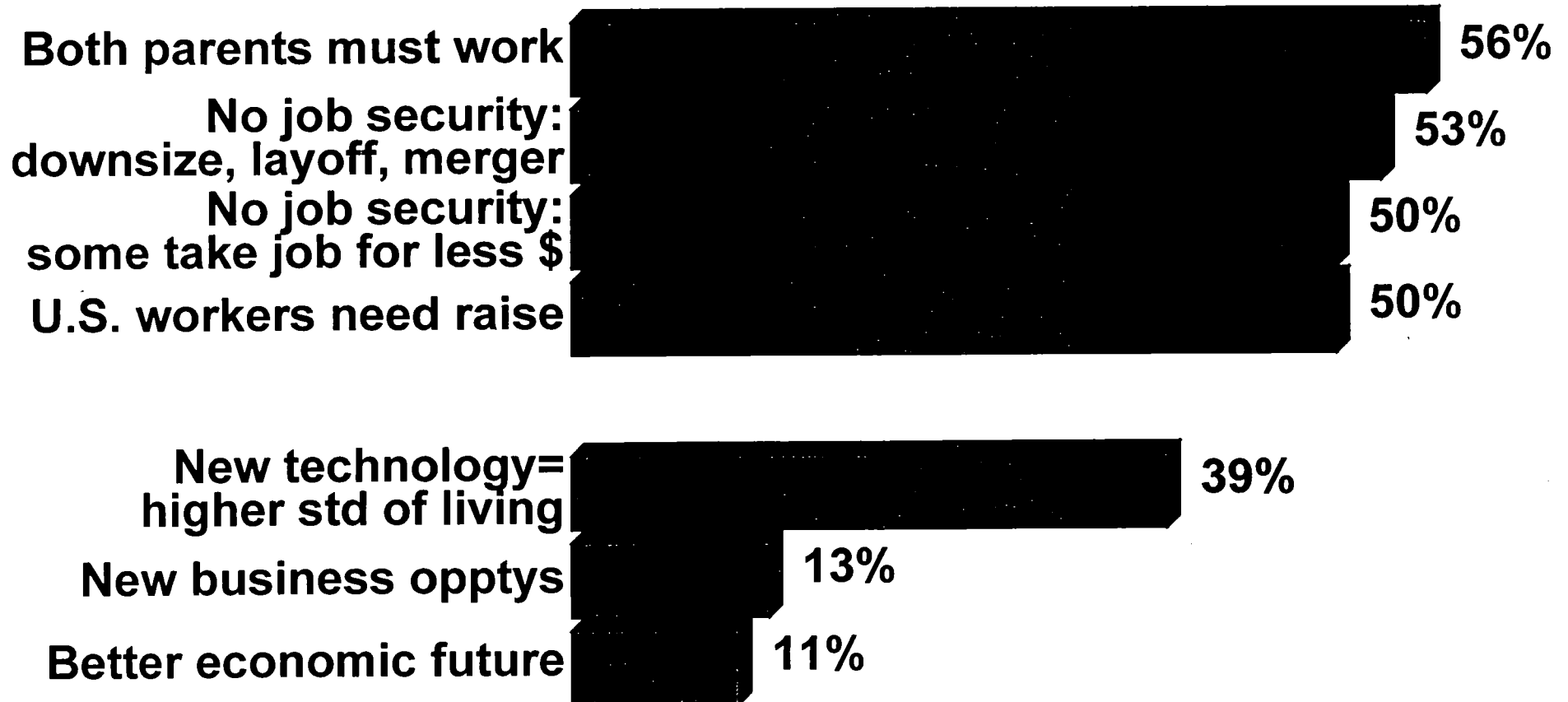
Voters See Haves And Have-Nots



Corporate Responsibility
AFL-CIO/HART RESEARCH

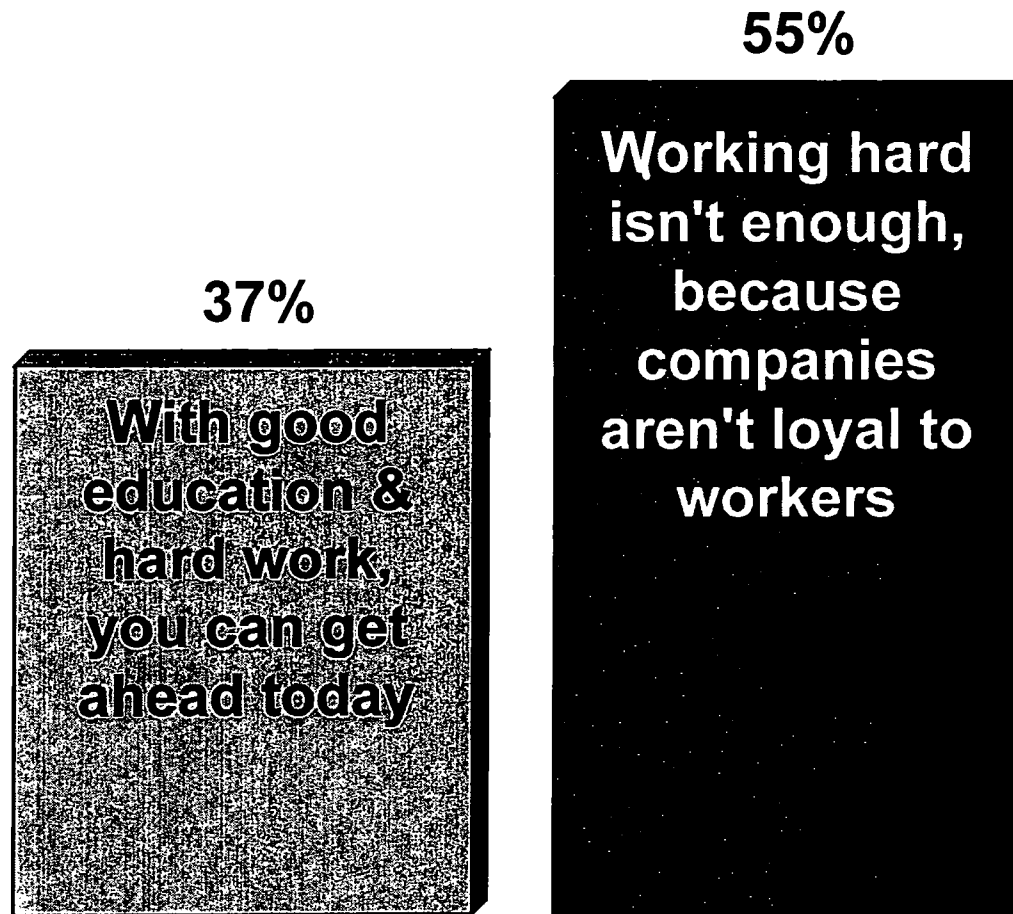
Public's Assessment Of The Economy

■ % saying each is a perfect description



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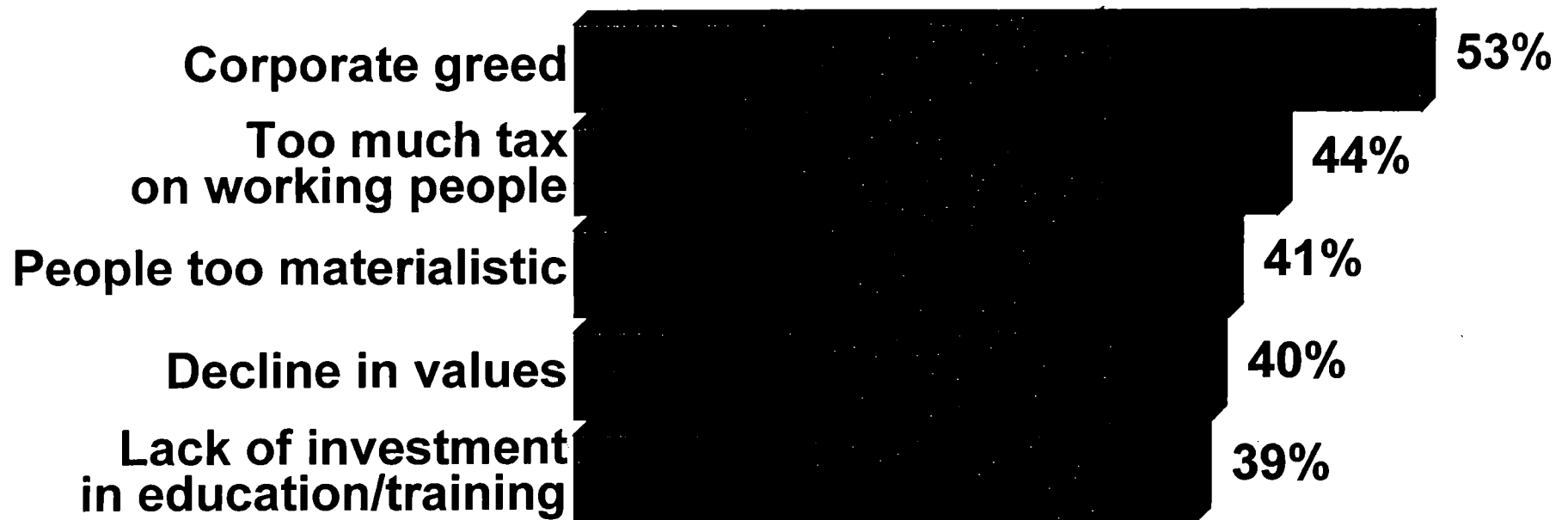
The Public And The American Dream



Where The Public Lays Blame

Top Five Of 12 Factors

■ % saying each is very responsible
for U.S. economic problems

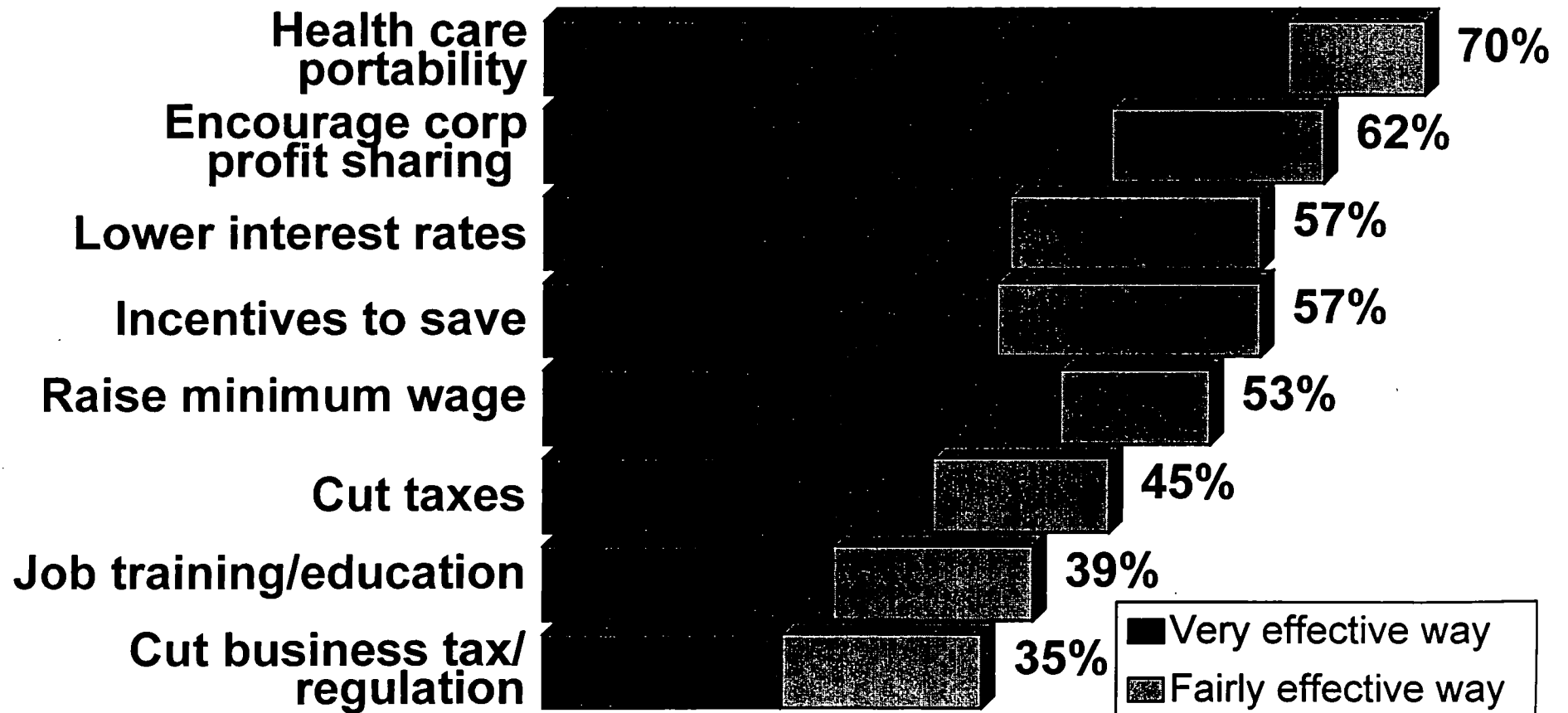


** Only 27% say "excessive gov't regulation of business" is very responsible.*



Corporate Responsibility
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What Would Help Improve The Economy?

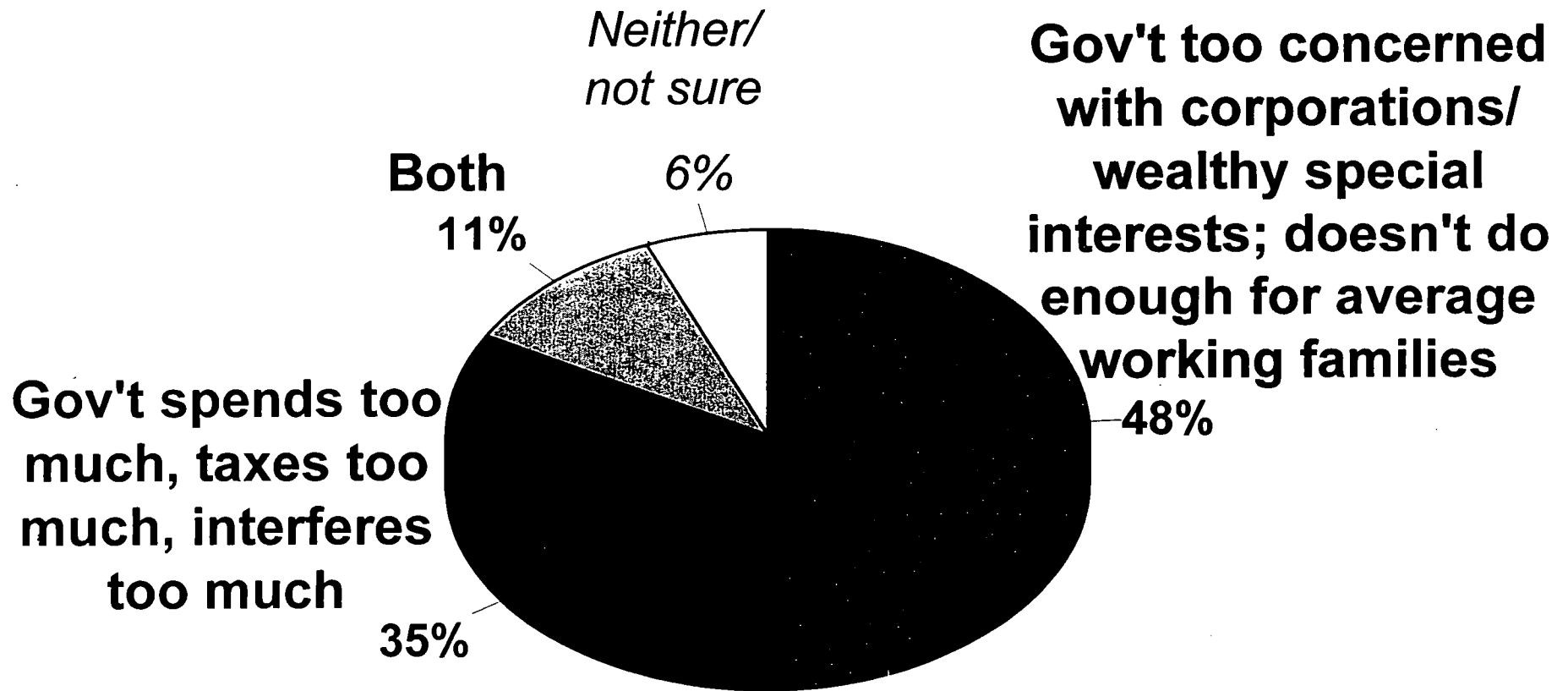


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NBC/Wall Street Journal, May 1996

Q.12c

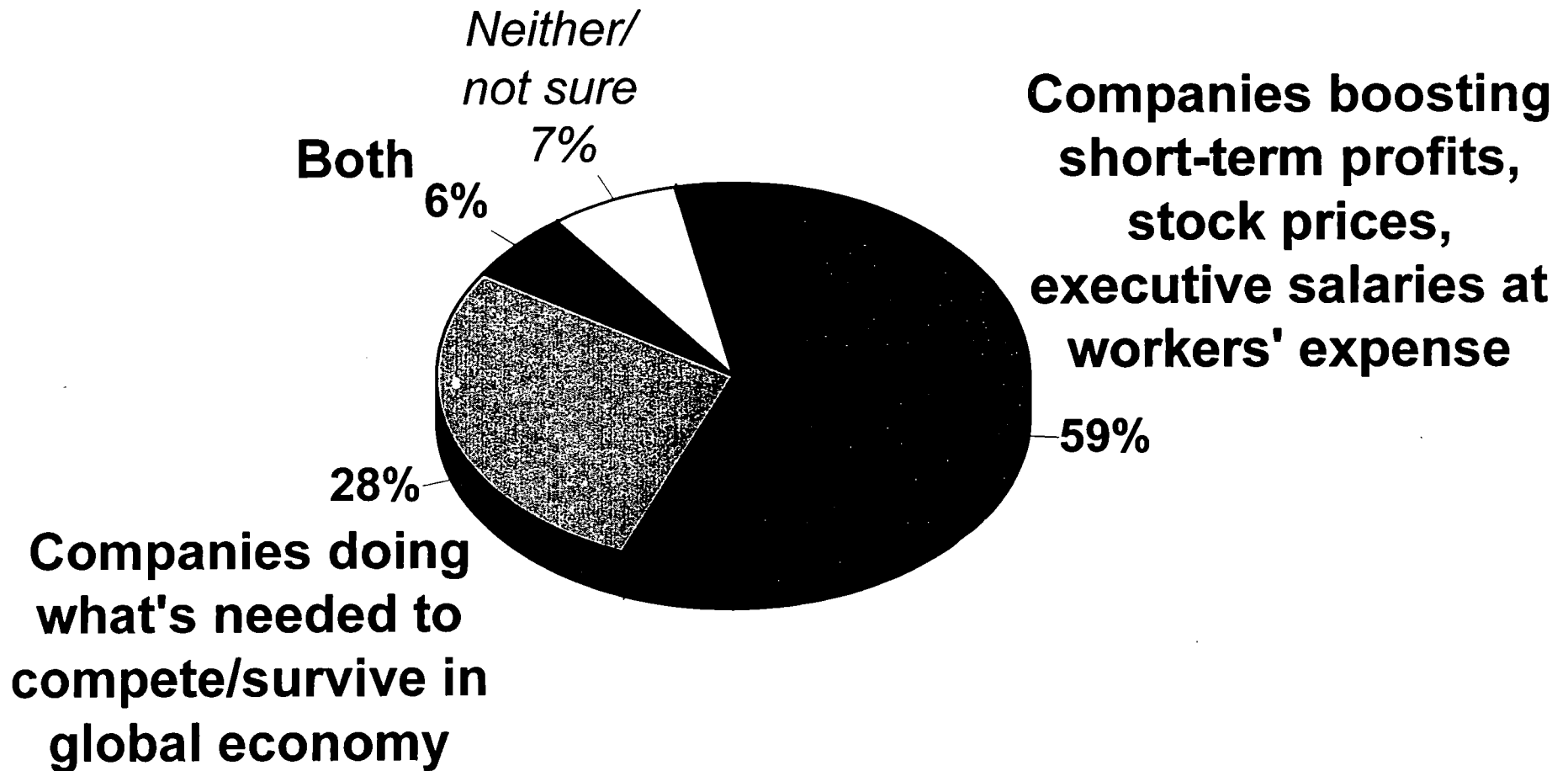
Where Voters Fault Government



Corporate Responsibility

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Public's Take On Downsizing



Voters' View Of Corporations

"Average working families have less economic security today, because corporations have become too greedy & care more about profits than being fair & loyal to employees."

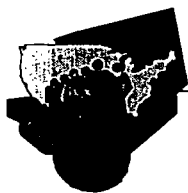
83%

Agree somewhat

Agree strongly

15%

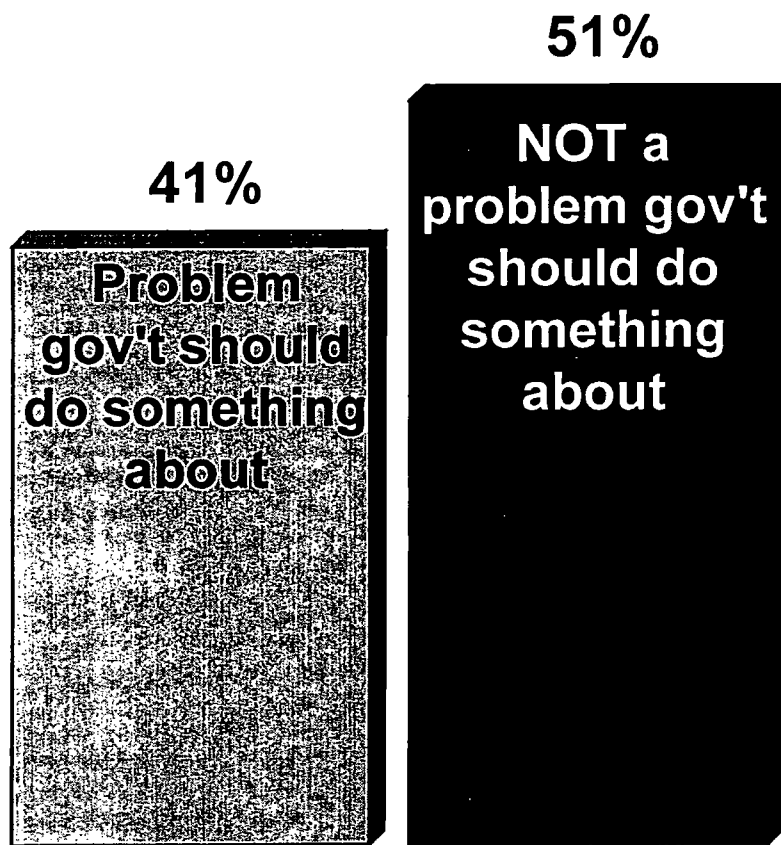
Disagree



Corporate Responsibility
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Q.10a

Should Gov't Be Involved In Stopping Corporate Greed?

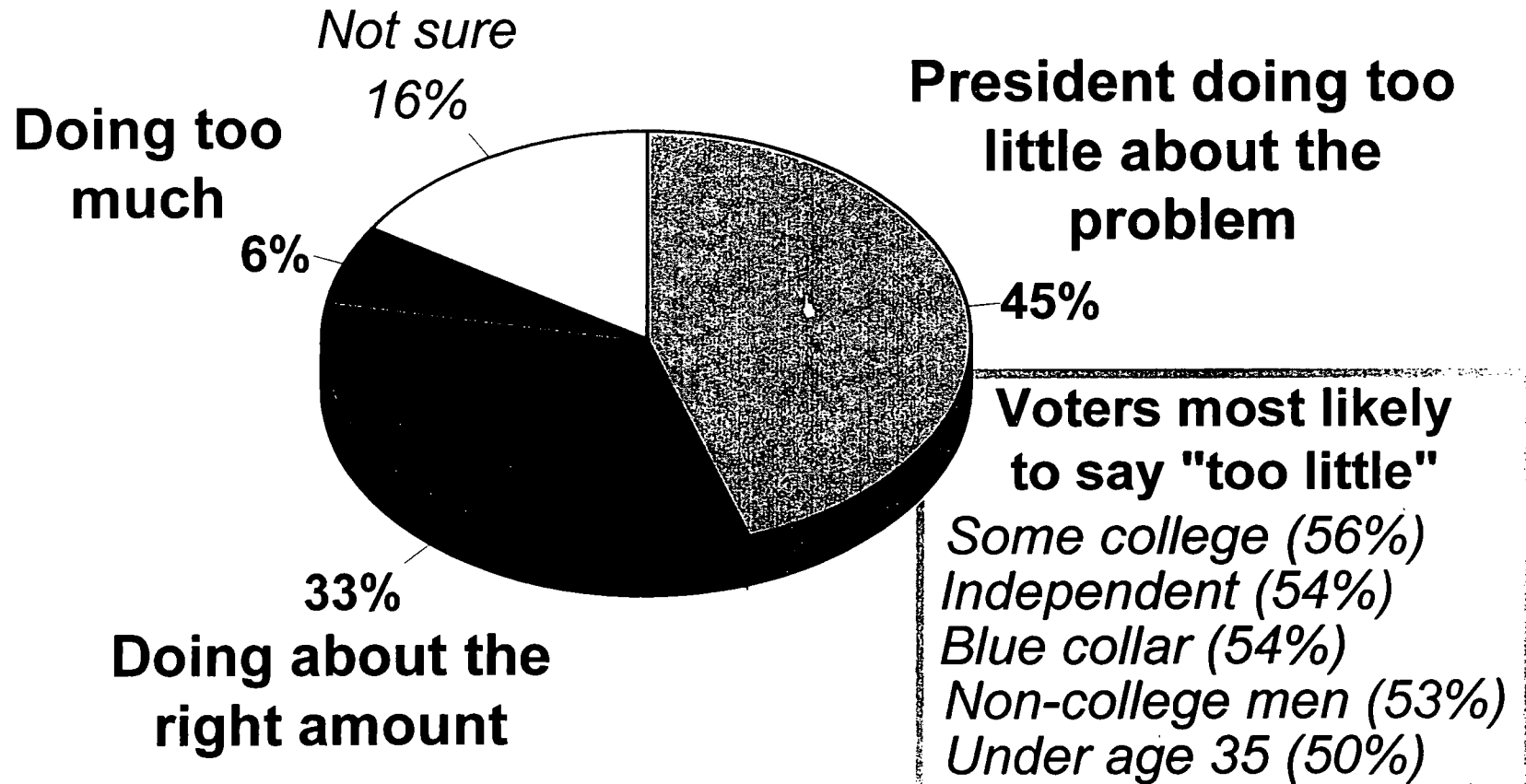


All voters

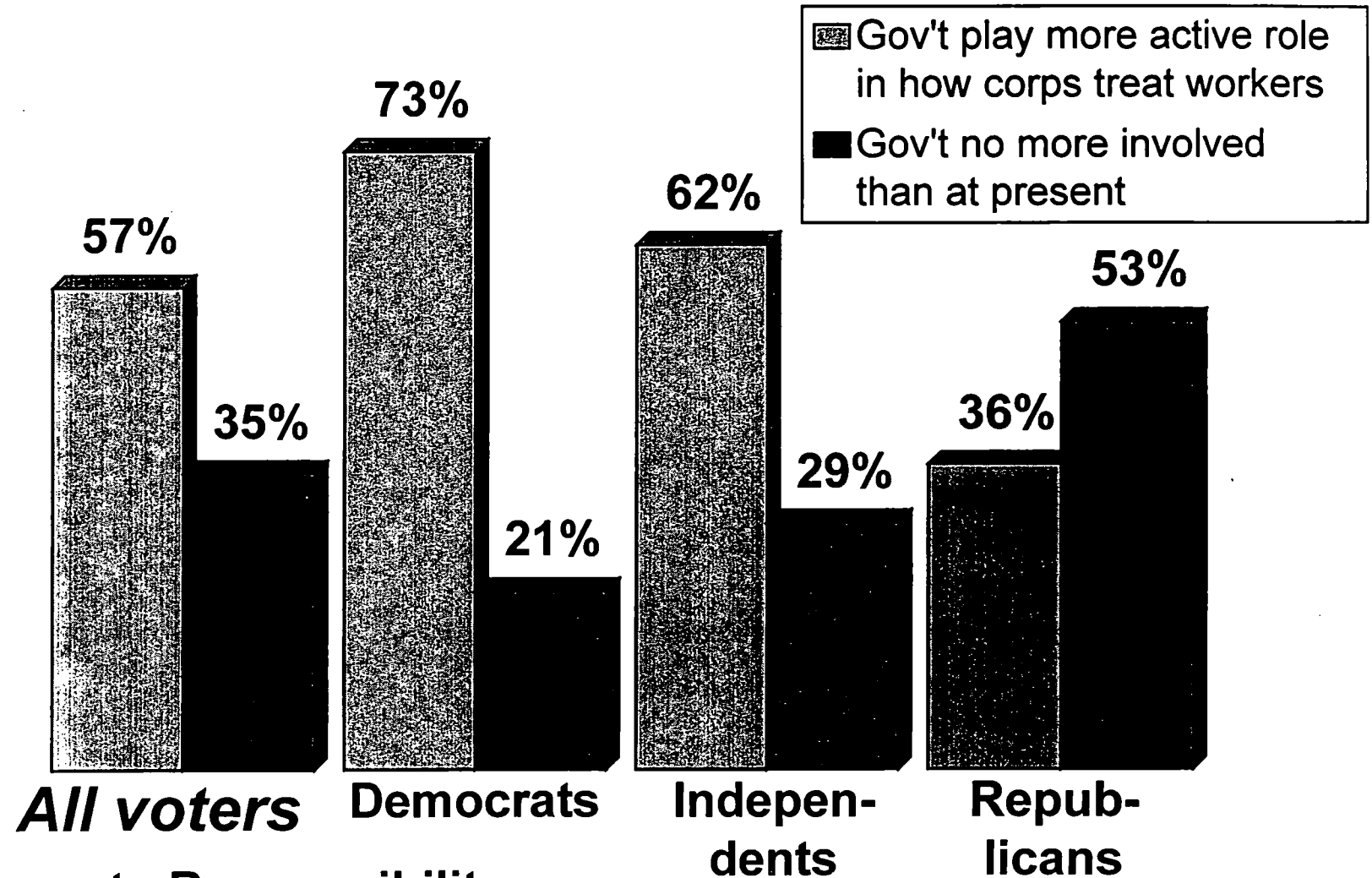
But 61% believe it is very important for national leaders such as the president to speak out about the need for corporations to be fair/responsible toward their employees.



Voters' View Of Bill Clinton's Response To Corporate Greed



Voters Prefer Candidate Who Wants To Do More



Anti-Involvement Argument Creates Division

44%

Should pass
new laws that
hold
corporations
to a higher
standard of
responsibility
in the way they
treat
employees

45%

Should not
pass laws,
because gov't
involvement
would make
business less
competitive
and cost jobs
in the long
run



Pro-Involvement Argument Outweighs Other Side

62%

Gov't should be more involved because corps don't play fair: they lay off workers & give bonuses to execs; cut pensions/health care while profits increase

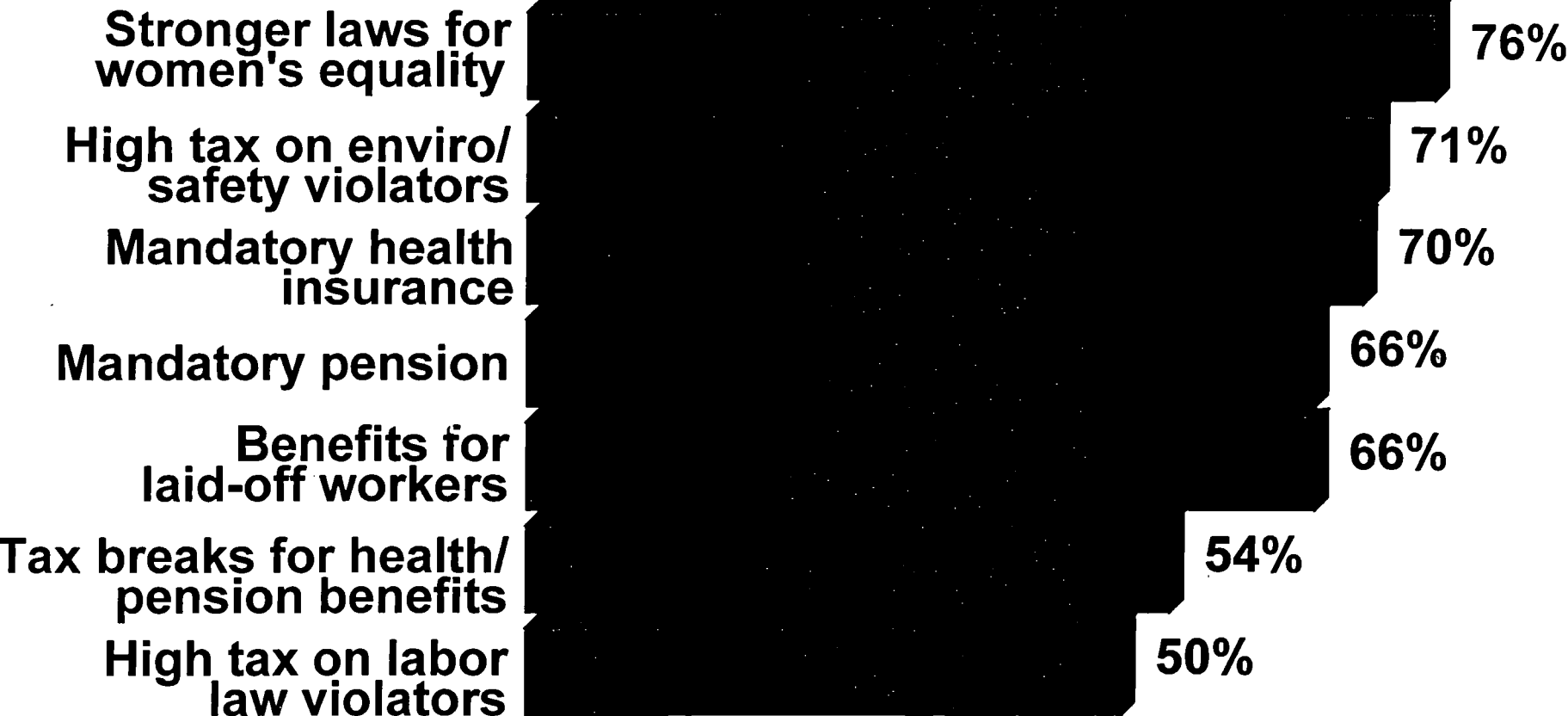
31%

Gov't interference will make business less competitive & cost jobs



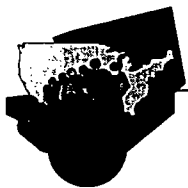
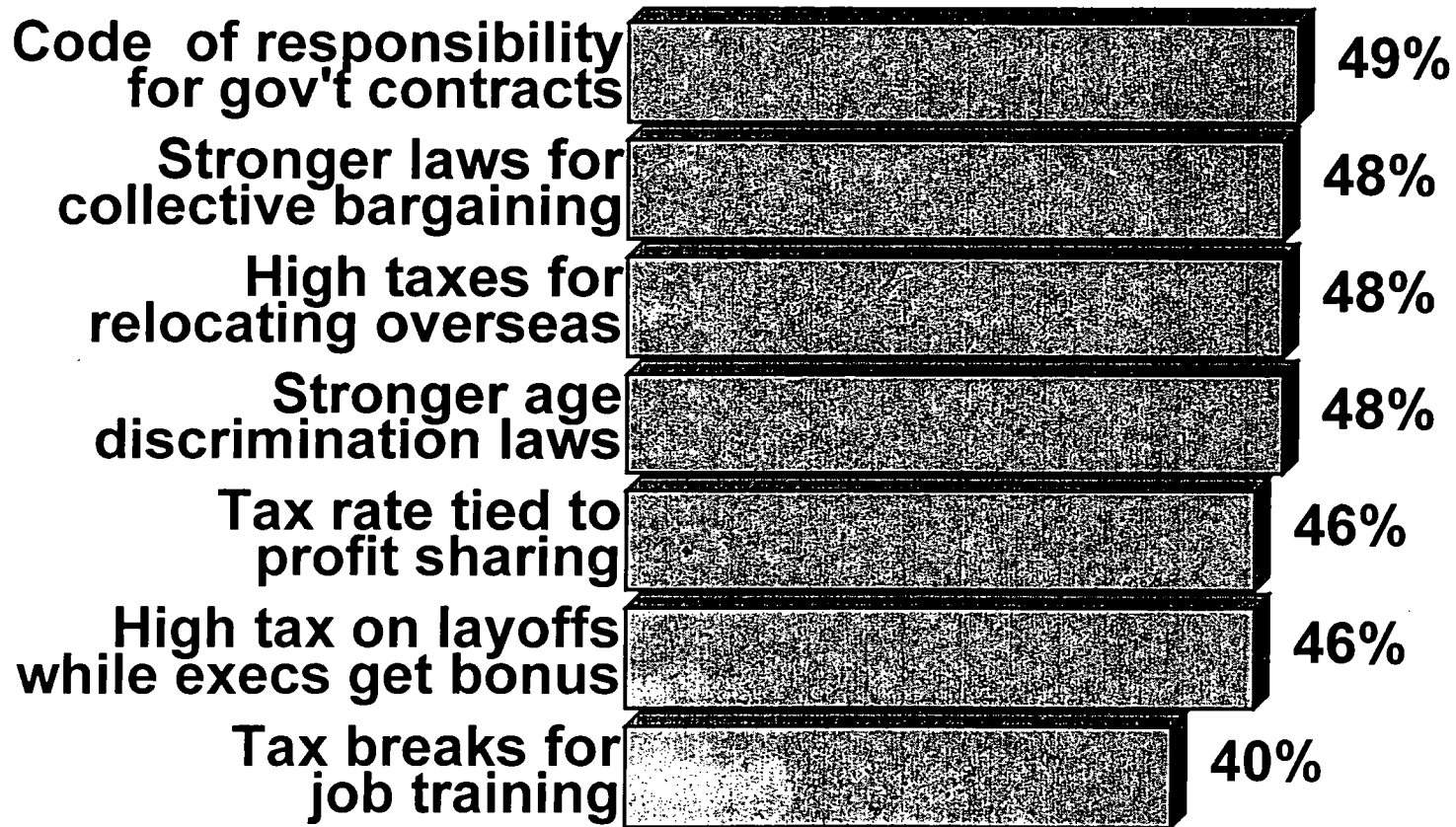
Best Ways To Promote Corporate Responsibility

■ Strongly favor the measure



Other Ways To Promote Corporate Responsibility

 Strongly favor the measure



**Job Creation and Employment Opportunities:
The United States Labor Market, 1993-1996**

A Report by the
Council of Economic Advisers
with the U.S. Department of Labor, Office of the Chief Economist

April 23, 1996

EXECUTIVE SUMMARY

- * Since January 1993, employment has grown rapidly -- expanding by 8.5 million net new jobs. Based on comparable data, employment growth has been stronger in the United States than in any of our G-7 partners.
- * Two-thirds (68 percent) of the net growth in full-time employment between February 1994 and February 1996 occurred in industry/occupation groups paying above-median wages. Over half of the net growth occurred in the top 30 percent of job categories. Although many of these new jobs were in the service sector, they did not conform to stereotypes.
- * The evidence suggests that the vast majority of the net new jobs are full-time. Both the household and establishment surveys indicate that job growth has been concentrated in full-time positions.
- * The share of workers holding multiple jobs has remained roughly constant since the late 1980s. The household survey suggests that the proportion of employed persons working multiple jobs has remained at about 6 percent.
- * The overall number of workers displaced was roughly the same proportion of the workforce in 1991-2 as in 1981-2, although the recession during the early 1980s was more severe than the one during the early 1990s. However, it is difficult to determine precisely how to account for the business cycle in assessing displacement rates. The official data on displacement after 1993 are not yet available, but an alternative job loss measure has fallen since then.
- * The characteristics of displaced workers have changed somewhat. Displacement rates for older, white-collar and better educated workers have risen, although they remain low relative to those for younger, blue-collar, and less educated workers.
- * Despite some recent positive signs, long-term challenges remain. Between the 1970s and the early 1990s, real wages stagnated and income inequality widened. But in 1994, for the first time in 5 years, real median family income rose and the poverty rate fell. We must continue to build on these gains to improve living standards and reduce income inequality. And although many more jobs are being created than destroyed, a dynamic economy inevitably imposes costs on some workers. For example, data from 1981 to 1993 indicate that job losers were more likely to be permanently dismissed (rather than temporarily laid-off), that older workers were subject to greater risk of job displacement, and that the average real wage loss due to displacement was significant and persistent. In order to obtain the full benefits of a dynamic economy, we must reduce these adjustment costs.

INTRODUCTION

Employment growth in the United States has been robust since January 1993, with nonfarm payroll employment expanding by 8.5 million. Based on comparable data, U.S. employment growth has been stronger than in any of our G-7 partners. The first purpose of this study is to sift through the evidence to develop a more detailed picture of where the job growth is occurring and the nature of the jobs being created.

The news is encouraging: employment has grown disproportionately in the industry/occupation job categories paying above-median wages. Even in the traditionally lower-paying service industry, a majority of the net employment growth has been in managerial and professional specialty positions, which typically pay above-median wages. Contrary to conventional wisdom, the new jobs are not disproportionately part-time, low-skill positions.

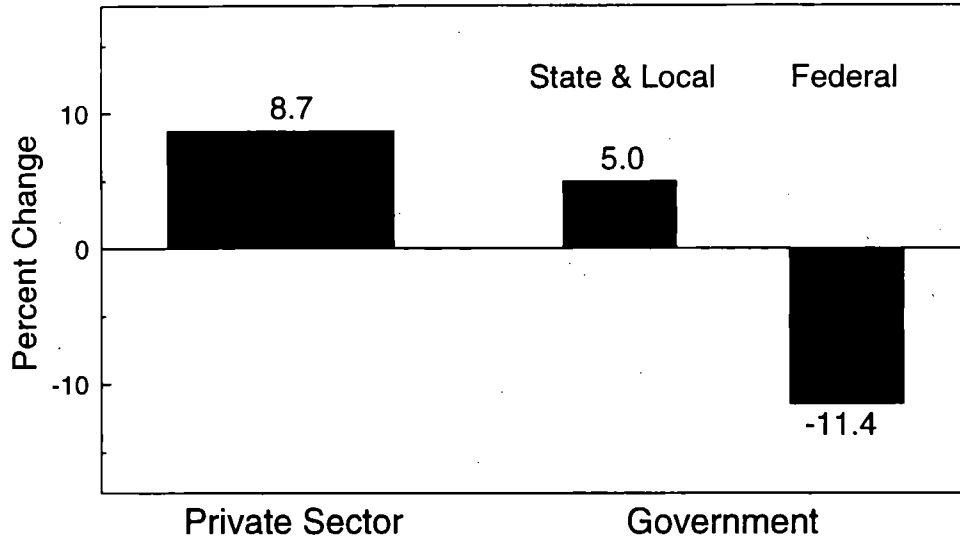
The second purpose of the study is to examine job displacement. Although the economy is generating millions of net new jobs, it is clear that the speed of transformation in the U.S. labor market has left many American workers anxious about their economic futures. A dynamic and growing labor market can impose costs as well as offer opportunities, and policies to help workers deal with job transitions are critical to reducing these adjustment costs.

JOB CREATION

According to the Bureau of Labor Statistics establishment survey, nonfarm employment grew by 8.5 million (7.8 percent) between January 1993 and March 1996. Private-sector payrolls (up 8.7 percent) grew even faster, while federal payrolls (excluding the postal service) actually declined by 11.4 percent, and state and local government payrolls combined grew by only 5.0 percent (see Figure 1). The public sector's share of employment is therefore falling.

The unemployment rate has fallen from over 7 percent in January 1993 to 5.6 percent in March 1996, and has been below 6 percent for 19 consecutive months. Given current demographic trends, the Bureau of Labor Statistics projects the labor force to continue growing by approximately 1.1 percent annually between 1994 and 2005. Therefore, to keep unemployment low, the economy needs to average a net increase of about 120,000 new jobs per month. Employment is now expanding at a pace consistent with steady, *sustainable* growth and low unemployment.

Figure 1
Private Sector and Government Employment Growth
January 1993 - March 1996



Note: Federal employment excludes the postal service.
 Based on data from the Bureau of Labor Statistics, establishment survey.

International Comparisons. The United States has experienced faster employment growth than any of the other G-7 countries. Only Canada has experienced any significant employment growth, while the other G-7 members have experienced negligible job gains or outright declines. The U.S. labor market performance is particularly impressive given that it has occurred during a period in which the federal budget deficit was reduced from 4.9 percent of GDP in FY 1992 to an estimated 1.9 percent in FY 1996.

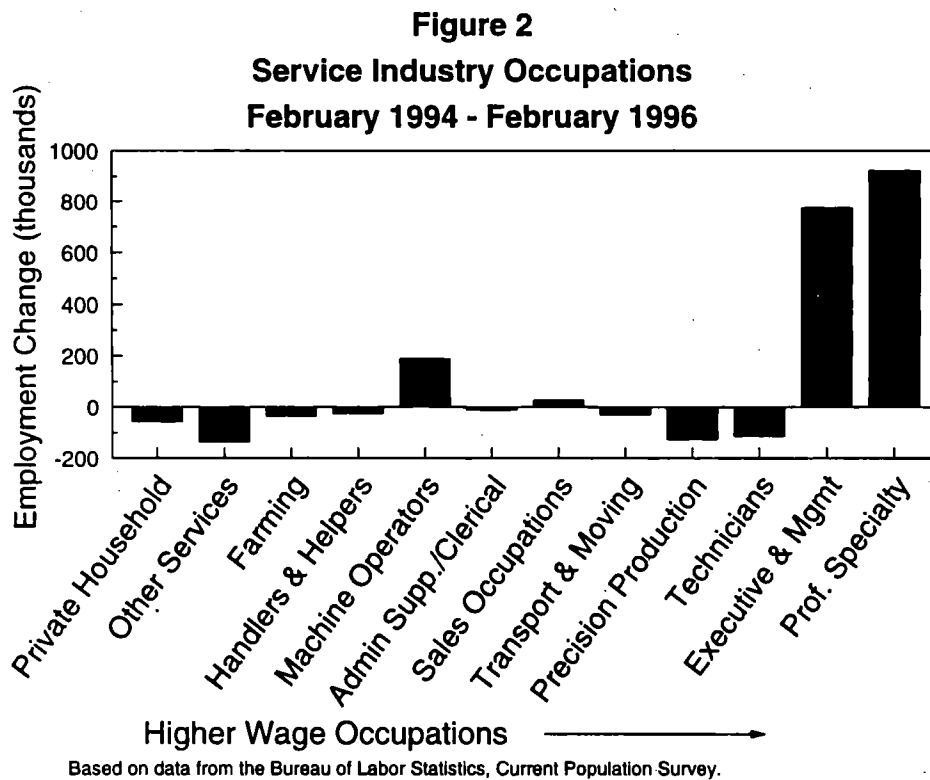
THE QUALITY OF JOBS

According to data from the Current Population Survey, 38 percent of the net employment growth between February 1994 and February 1996 occurred in "service" industries.¹ This section therefore first examines job quality in the service sector. It then presents a more detailed analysis of all sectors of the economy.

¹A major redesign of the survey in January 1994 makes long-term comparisons difficult. Moreover, because the household survey data are often not seasonally adjusted, we try to compare the same month in different years. The sample period we study is therefore February 1994 to February 1996.

Higher-paid Jobs in the Service Sector. The “service sector” is quite diverse. It includes many low-wage positions, but also many high-wage positions in financial services, hospitals, and computer and accounting services. For this reason, it is important to determine whether employment growth within services has occurred primarily in the high-skill managerial and professional specialty occupations or in low-paying occupations. The Current Population Survey provides evidence on employment growth by occupation.

* The data show that *recent net job growth in services has been predominately in managerial or professional specialty positions* (Figure 2). These are relatively high-paid occupations.



Thus, the conventional wisdom suggesting that the growth in service sector employment is disproportionately concentrated in low-wage job categories is wrong.

Growth of Higher-paid Jobs by Industry and Occupation. An even more detailed picture of the nature of the new jobs created emerges from an examination of industry/occupation categories. Using data from the February 1994 and February 1996 Current Population Surveys, we sorted full-time workers into 45 detailed occupations in 22 major industries. A quarter of the sample reported earnings in addition to the industries and occupations in which they worked.

Although many of the possible 990 industry/occupations cells were small, only 6 percent of the population-weighted sample was found in cells with 10 or fewer sample members reporting earnings data for both surveys. In order to avoid the high sampling variability associated with insufficient numbers of observations, we eliminated these small cells from our analysis. There were 287 job categories in each year after eliminating the cells with 10 or fewer sample members.²

The first step in our analysis was to rank the 287 occupation/industry cells by the median weekly earnings of full-time workers. Approximately half of all full-time employment in February 1994 was found in cells with median weekly earnings above \$480 (in February 1996 dollars). The employment growth in these "high-wage" job categories can then be compared to overall employment growth. *Our key measure of job quality is the percentage of total employment growth that occurred within the occupation and industry categories that paid above-median wages in February 1994.* The results were striking.

- * *Two-thirds (68 percent) of the net growth in full-time employment between February 1994 and February 1996 was found in job categories paying above-median wages.³*

Another way to summarize the results from our industry/occupation analysis is shown in Figure 3. Here we ranked the 287 industry/occupation categories by their median weekly earnings for full-time workers, and sorted them into 10 ordered groupings -- each with 10 percent of employment in February 1994 -- by their earnings ranking. If all 10 groups had grown proportionately to their share of employment in February 1994, each would have accounted for 10 percent of the net new employment. But rather than accounting for their proportional share of total employment growth (30 percent), the top three deciles accounted for much more (over 50 percent).

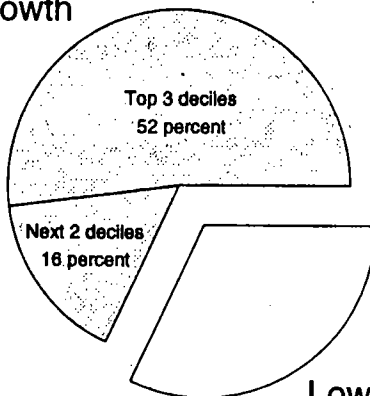
- * *Over half (52 percent) of employment growth was found in the top 30 percent of job categories.*

² The average remaining industry/occupation cells included 331 sample members and contained earnings data for 70 sample members.

³ As a result of sampling variability in the monthly surveys, the precise figure may be affected by the months chosen for comparison. We have also performed the same exercise using hourly wages for full-time and part-time workers combined. The results are similar.

Figure 3
Shares of Net Employment Growth
February 1994 - February 1996

Higher paying job categories
68 percent of growth



Lower paying job categories
32 percent of growth

Council of Economic Advisers analysis of Bureau of Labor Statistics data.

More Detailed Data on Occupations. The Bureau of Labor Statistics also publishes an annual series on wages and employment growth for an extremely detailed set of occupational categories, based on pooling a year's population survey responses. The survey included 488 categories with data for both 1994 and 1995 (the 1996 annual estimates will not be available until next year). The results from this data set give additional support to the results reported above. Some of the categories with the largest employment gains included "sales supervisors and proprietors," "electricians," "managers of marketing and advertising," and "electrical and electronic engineers." And consistent with the above calculations, the detailed occupations in the top half of the wage distribution accounted for 70 percent of the net employment growth, while the top 10 percent of the distribution produced *a third* of net employment growth.

* *Employment in "hamburger-flipping jobs"⁴ actually fell between 1994 and 1995.*

In sum, the data indicate the following about the nature of recent job growth:

- Two-thirds of full-time job growth between February 1994 and February 1996 occurred in occupation/industry categories paying above-median wages.
- Over half of full-time job growth between February 1994 and February 1996 was in occupation/industry categories paying even higher wages (top 30 percent).

The New Jobs are Mostly Full-Time. Data from both the Current Population Survey and the BLS establishment survey indicate that most of the net new jobs are full-time. The Current Population Survey includes data on part-time employment. Figure 4 portrays the proportion of employed persons reporting that they worked part-time for "economic" as well as for "non-economic" reasons. Despite a shift in both series corresponding to a redesign of the survey in January 1994, the proportion of employed persons reporting to be employed part-time has actually declined slightly. The declines have been even larger for those working part-time for "economic" reasons, often referred to as the "involuntarily underemployed."

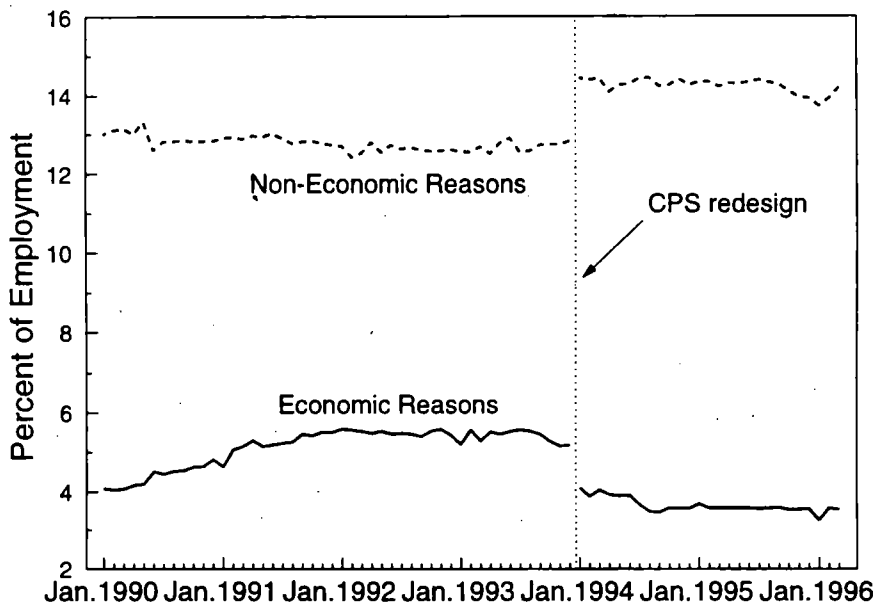
The establishment data indirectly support the conclusions from the household survey. If the net new jobs were disproportionately part-time, we would expect average hours worked per job to fall.⁵ But the employment data show that average hours worked for all jobs (including the new jobs) remained roughly constant: the number of nonfarm payroll positions and the total number of hours worked both grew at about the same rate over the past three years (see table). This suggests that the new jobs have not been disproportionately part-time.

* *Data collected from both households and companies indicate that most of the net job creation over the past three years has been full-time.*

⁴ These are defined as workers in the food counter, fountain and related occupations; and kitchen workers, food preparation, and miscellaneous food preparation occupations. The result holds both for full-time and for all workers (full-time and part-time combined).

⁵ This assumes that average hours worked on existing jobs did not change. Unfortunately, existing statistics do not allow us to verify whether this assumption holds.

Figure 4
Part-Time Workers



Based on data from the Bureau of Labor Statistics, Current Population Survey.

Employment and Hours Worked at Nonfarm Establishments

	January 1993	March 1996	Percent Change
Employment (<i>millions</i>)	109.5	118.0	7.8
Hours worked (<i>annual basis, billions</i>)	202.2	217.8	7.7

Based on data from the Bureau of Labor Statistics.

Little Change in Multiple Job Holding. Some Americans decide to hold more than one job, in order to save for a house or to meet unexpected expenses. Nonetheless, multiple job holding would raise concerns about the quality of jobs if an increasing number of Americans have to work two or three jobs to make ends meet. A frustrated worker is said to have reacted to the news that 8.5 million new jobs have been created by replying, "Yeah, and I have three of them." But the data simply do not indicate any significant movement in multiple job holding.

The percentage of employed persons working multiple jobs has remained in the neighborhood of 6 percent since the late 1980s.

Impact on Wages and Income Inequality. Between the 1970s and the early 1990s, average real wage growth slowed and income inequality widened. In recent years, however, there are some encouraging signs that the tide may be turning on these labor market challenges. In 1994 -- the most recent year for which data are available -- real median family income rose and the poverty rate fell for the first time in 5 years. Improving job quality can enhance these recent gains, although the effects may only become manifest after an extended period of time. As discussed above, most of the recent net increase in employment has occurred in occupations and industries that typically pay above-median wages. But the additions to the workforce have had only a marginal effect on aggregate wage data, since net employment growth represents only a relatively small percentage of total employment for the U.S. workforce. Nevertheless, the news about the quality of net job growth is encouraging, and bodes well for the future. Although there is still much left to be done, recent trends show that the labor market is on the right track.

THE CHALLENGES CREATED BY A DYNAMIC LABOR MARKET

A dynamic, healthy labor market creates enough jobs to accommodate a growing labor force. But at the same time, jobs in a dynamic economy continually shift away from certain areas and toward other areas with greater growth opportunities. (For example, the decline in federal payrolls has been more than offset by increases in private-sector employment.) Meanwhile, research conducted by Robert Valletta and published by the Federal Reserve Bank of San Francisco concluded that, after controlling for the business cycle, the share of unemployment attributable to permanent dismissals (rather than temporary layoffs) has increased -- particularly from 1980 to 1993. A higher proportion of job losers thus do not expect to be recalled by their former employers. As a result of these labor market changes, many workers feel less secure about their job prospects.

While the anxiety felt by many workers is real and important, it is also important to take an objective look at the evidence. Not all sources demonstrate increased economic anxiety. For example, the Michigan and Conference Board surveys of consumer sentiment recently have been above their historical averages. Respondents to those surveys apparently do not view employment prospects as poor. Nevertheless, considerable evidence suggests that many Americans are concerned, some very concerned, about job displacement. In order to know how best to respond to these concerns, we need a more precise assessment of the nature of the displacement problem. Has job displacement in fact increased? Is it affecting different categories of individuals today than it did ten years ago? This section of the report examines these questions.

Evidence from the Displaced Worker Survey. The BLS conducts a survey of displaced workers every two years, with the most recent published data from February 1994. The table below summarizes the displacement rates (defined as the number of workers displaced per 100 employed) for the 1981-82 and 1991-92 periods.

The overall number of workers displaced was roughly the same proportion of the workforce in 1991-2 as in 1981-2, although the recession in the early 1980s was more severe than the one in the early 1990s. However, it is difficult to determine precisely how to account for the business cycle in assessing displacement rates. A comparison of aggregate displacement rates also conceals a fundamental change in the *incidence* of job displacement. The table shows that older, white-collar workers were considerably more at risk of displacement in 1991-92 than during the previous recession. And further analysis shows that job displacement rates rose for more educated workers. These changes in the incidence of job displacement may be a reason for the reports of heightened anxiety regarding job loss. Although blue-collar and less educated workers remain more likely to be displaced than others, displacement rates have clearly risen among those workers who had previously been largely immune from the threat of job dislocation.

* *Displacement rates for older and more educated workers, who had largely been unaccustomed to facing such risk, rose between 1981-2 and 1991-2.*

Changing incidence of displacement		
	Displacement Rates*	
	1981-2	1991-2
Total	3.9	3.8
<u>Occupations</u>		
White-collar	2.6	3.6
Blue-collar	7.3	5.2
<u>Age</u>		
25-34 years of age	5.0	3.8
35-44 years of age	3.8	3.9
45-54 years of age	3.0	3.8
55+	3.6	4.3

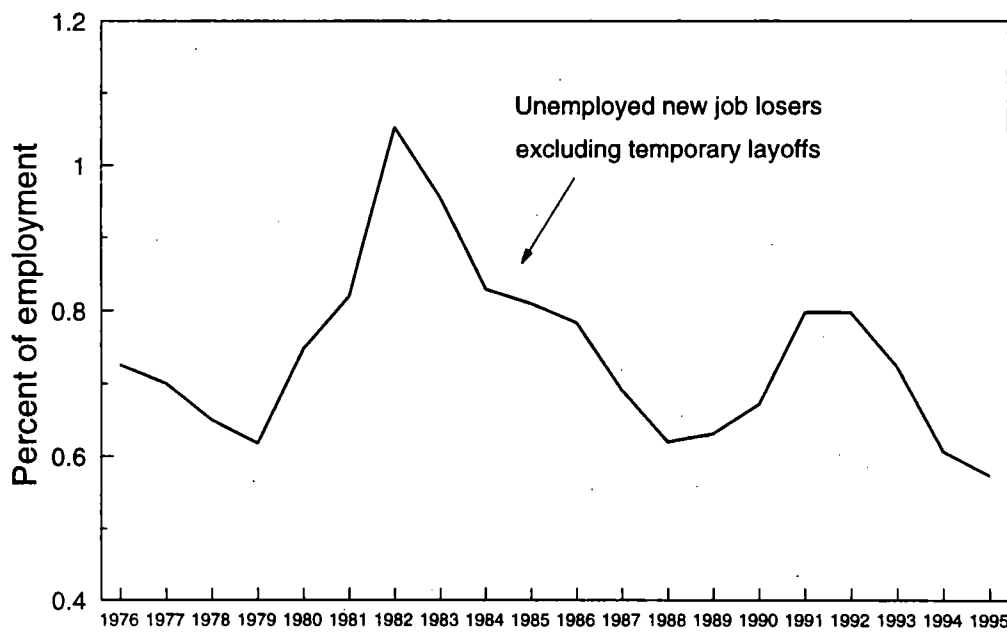
* Expressed as a percent of workers with three or more years of tenure on their current job.

Based on data from the Bureau of Labor Statistics.

Indicators of Recent Job Displacement. As noted above, the Displaced Worker Survey is conducted only once every two years, and the most recent published data are from the 1994 survey, which covers the 1991-93 period. Unfortunately, the official displacement data for the period after 1993 are not yet available.⁶ (The results of the 1996 Displaced Worker Survey, conducted in February, should be available later this summer.) Until the official displacement data are available, other measures can be used to get an indication of how the labor market has been changing since 1993.

One indicator comes from unemployment data on job losers. Figure 5 shows the job loss rate, defined as the ratio of recently unemployed job losers -- those who are unemployed due to job loss (as opposed to job leavers or labor market entrants), unemployed less than 5 weeks, and not on temporary layoff -- to total employment in the Current Population Survey. This job loss rate roughly approximates the net "flow" into unemployment due to job loss, since it considers only those who have lost their jobs recently. As shown in Figure 5, the job loss rate has continued to fall since 1992.

Figure 5
New Job Losers



Based on data from the Bureau of Labor Statistics, Current Population Survey.

⁶ Based on previous experience, the displacement rate for 1993 is likely to be lower in the 1996 survey data than in the 1994 survey data.

* *Official data on job displacement are not yet available beyond 1993. But based on unemployment data for job losers, the job loss rate has declined since then.*

The Costs of Job Displacement. The Displaced Worker Survey provides information on the impact of job loss on workers. The results are sobering. According to analysis from the Bureau of Labor Statistics, roughly a quarter of those displaced during 1991 and 1992 had either stopped searching for work or had not yet found work by the time they were surveyed in February 1994. And while experiences varied widely, research conducted by Henry Farber of Princeton University suggests that the average real wage loss for workers displaced from a full-time job and re-employed into a full-time job was roughly 10 percent in the early 1980s as well as in the early 1990s. A study by Ann Huff Stevens of Rutgers University and the National Bureau of Economic Research also indicates that the wage loss due to displacement is persistent. Six or more years after displacement, a displaced worker's earnings remain roughly 10 percent below what they could have otherwise expected to earn.

In a market economy facing competitive pressures both nationally and internationally, it is inevitable that some job displacement will take place. Technology is constantly changing. New companies start up and some old ones contract or close down. Since change can be costly for workers, it is vital that policies are in place to help workers deal with that change. Portability of pensions and health benefits, effective re-employment services, adequate unemployment insurance, and education and training policies can all help reduce the adjustment costs between jobs. Moreover, it is important that displacement not take place needlessly. A stable macroeconomic environment with full employment will help minimize the need for layoffs and will maximize the chances for speedy reemployment of those who do lose their jobs.

* *Job loss is costly. When faced with job loss, American workers must be equipped with the tools to find new jobs quickly.*

CONCLUSION

The labor market is in the midst of a robust expansion in which 8.5 million jobs have been created since January 1993. Now that we have emerged from the last recession and are expanding in a steady, sustainable fashion, employment is growing most rapidly in those job categories offering the best-paid employment opportunities. Our analysis indicates that over two-thirds of recent employment growth has been in industry/occupation job categories with above-median wages; that the vast majority of new jobs being created are full-time; and that the proportion of workers holding multiple jobs has remained roughly constant since the late 1980s. But a dynamic labor market inevitably destroys some jobs while creating others, and the costs of job loss are both significant and persistent. In order to obtain the full benefits of a dynamic economy, we must reduce these adjustment costs.

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April 29, 1996

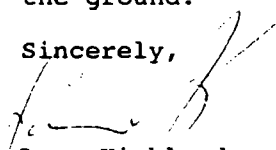
Dr. Joseph Stiglitz
Council of Economic Advisers
Old Executive Office Building
Washington, DC 20501

Dear Dr. Stiglitz:

Enclosed is my modest proposal for a free trade bill that we discussed at Ambassador Tuck's the other night.

For some strange reason, this reasonable and logical approach has found no takers. Perhaps you can get it off the ground.

Sincerely,


Lane Kirkland
President Emeritus
AFL-CIO

cc:
BD
MJ
"Luph" 12

5/28

Return to
Michel

A MODEST PROPOSAL FOR A GREAT LEAP FORWARD

Free Trade, Anti-Protectionism And Anti-Hypocrisy Act Of 1994¹

Whereas, certain practices distort the free flow of commerce and diminish the wealth of nations, deprive consumers of the benefits of comparative advantage, and are otherwise contrary to enlightened national policy, and

Whereas, such practices constitute a policy of mercantilism (a fallacious derivative form of protectionism), analyzed and repudiated by free market apostles since Adam Smith, and

Whereas, an established doctrine of American jurisprudence holds that criminal sanctions are the most appropriate deterrents to deviations from sound social and economic policy, now therefore:

Sec.A: It shall henceforth be illegal for any corporation or person to:

(1) engage in a transaction involving a product or service of which any portion is required to be made or undertaken in any nation, or bloc of nations, because

¹ It is understood and acknowledged that the immediate effect of this statute, when enacted, will be to bring all international trade to a halt until a period of adjustment is completed. However, the following considerations are deemed decisive:

- (1) One must start doing the right thing sometime, and the sooner the better.
- (2) With respect to certain nations now emerging from command or centrally-planned economies, "shock therapy" is widely regarded as the appropriate path for effective transition to the rule of free market doctrine. If it is good for them, surely it is good for us.
- (3) The practices herein outlawed, when reduced to their essential moral elements, are but variations of an age-old theme of state piracy, historically and universally viewed with repugnance by all civilized races.

of the existence, in that nation or bloc, of a domestic content statute or agreement, or because of the provision of any publicly-financed infrastructural or pecuniary inducements for such location;

(2) engage in a transaction involving any product or commodity for which any part of the price or terms is subsidized directly or indirectly by the nation of origin;

(3) engage in any external capital investment which is facilitated or insured by any governmental agency;

(4) engage in any transaction involving a product or commodity the price or supply of which is controlled, regulated or administered by a supplier or purchaser cartel;

(5) engage in any transaction involving the use of a currency or currencies of which the rate of exchange is managed, regulated, influenced or manipulated by a nation, a combination of nations or a financial institution acting in behalf of a nation or combination of nations;

(6) pay or cause to be paid any tax, tariff, impost, levy, duty or bribe or any other consideration imposed as a condition for the introduction of any product, commodity or service into the marketplace of any nation;

(7) refrain from the production or sale in any market of any item which said person or corporation is capable and desirous of producing or selling because of the existence in any nation of copyright, patent or other laws of a restrictive, exclusionary or monopolistic nature;

(8) refrain from the sale in any market of any product because of the existence in that market of import quotas or voluntary restraint agreements;

(9) engage in the production or distribution of products manufactured in sequestered portions of any nation, heretofore commonly mislabeled "free trade zones," where such products are limited to export only and are not allowed to be freely introduced into the domestic market of the nation where such facility is located.

Sec.B: Be it further resolved and enacted that:

(1) Any bilateral or multilateral trade agreement negotiated between or among nations which exceeds 25 (twenty-five) double-spaced pages in length is hereby declared null and void and of no force or effect.²

(2) No appropriated funds may hereinafter be used, or tax abatements or incentives offered, by any department or agency of the government for the promotion of a "positive" balance of trade, or export surplus, or for aiding and abetting any person or corporation in the pursuit of exports of products, services, plants or machinery.³

Sec.C: Enforcement:

Inasmuch as it is commonly understood by economists and others well

² While 25 pages may seem an arbitrary number, economic analyses and computer models by various impartial university centers and research institutions have conclusively established that this is the maximum that can be drafted without encouraging or abetting the practices outlawed by this statute, while still permitting the amount of redundancy, prolixity and innocently obscure or evasive grammar customary in such documents.

³ Inasmuch as all trading nations are presently engaged in such practices and policies and are encouraged or coerced into doing so by international lending institutions at the expense of their own people and markets, rudimentary mathematics should inform us that either the moon or nearby planets must be established as markets for the resulting earth-wide export surplus, or something will have to give. The Congress might alternatively consider diverting the funds now being expended contrary to this provision to NASA for the development, as an interim measure, of an export market on the moon.

versed in these matters, that consideration of human values and human rights and human standards ought not to be regarded or treated as relevant in determining the flow of commerce or as criteria affecting economic transactions between or among nations and markets -- that is to say, that all values are fungible -- now, therefore, any punitive measures or practices observed in any trading nation in the world shall be available for the enforcement of this statute. Therefore:

(1) For the first offense, the perpetrator shall have his right hand severed at the wrist.

(2) For the second offense, 10 (ten) years of employment, at the prevailing wages and working and living conditions, at, alternatively, a Mexican maquiladora plant, a toy factory in Thailand, or a shoe factory in Indonesia, at the discretion of the court.

(3) For the third offense, life imprisonment, without parole.⁴

Sec.D: Illicit advocacy, conspiracy and patterns of practice:

Any person who, following the effective date of this statute, advocates, condones, aids and abets, or conspires to aid and abet, any of the mercantilist or protectionist practices hereby declared illegal, or whose pattern of conduct is found to be crypto-mercantilist⁵ in nature, who is thereafter apprehended in the act of making a

⁴This is entirely consistent with various "three strikes and you are out," or "in," proposals contained in crime bills now under consideration by the Congress and advocated by the Administration.

⁵A crypto-mercantilist is one who, while not actively engaged in the practices declared by this act to be crimes, if he could do so, would do so.

free trade speech to the Council on Foreign Relations, to the Aspen Institute, to the Ditchley Foundation, to a Bilderberg meeting or to any other such forum, national or international, shall be forthwith sterilized, without anesthesia, ⁶ in order to prevent the further propagation of the neo-mercantilist species.

⁶This, while seemingly harsh, is altogether equitable, inasmuch as the audience for such insidious remarks will -- in all probability -- not have been anesthetized.

PETER D. HART RESEARCH

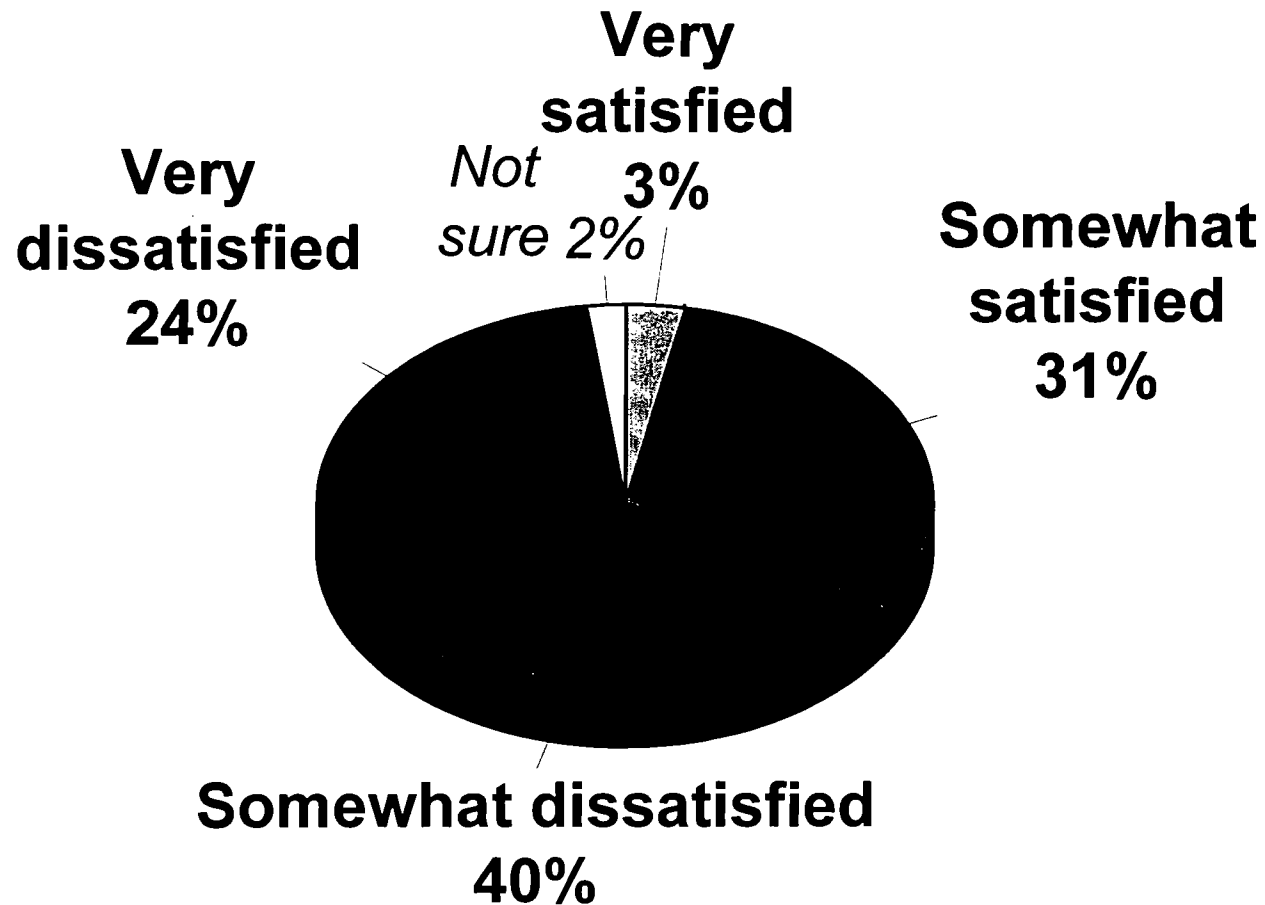


AFL-CIO
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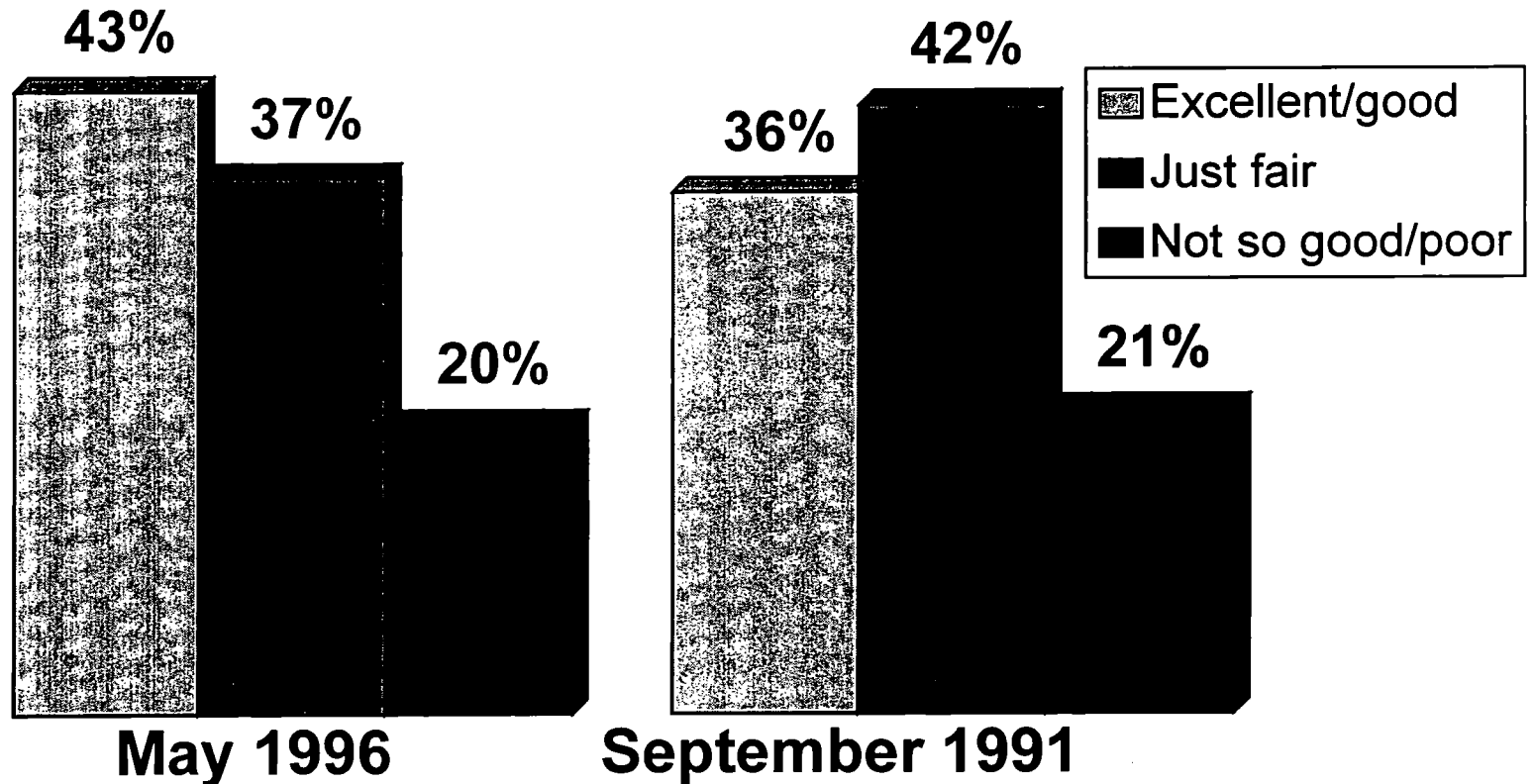
802 registered voters
May 14-16, 1996

1,201 general public
April 19-22, 1996

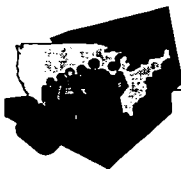
Voters Not Satisfied With The Economy



Voters' Personal Economic Situation



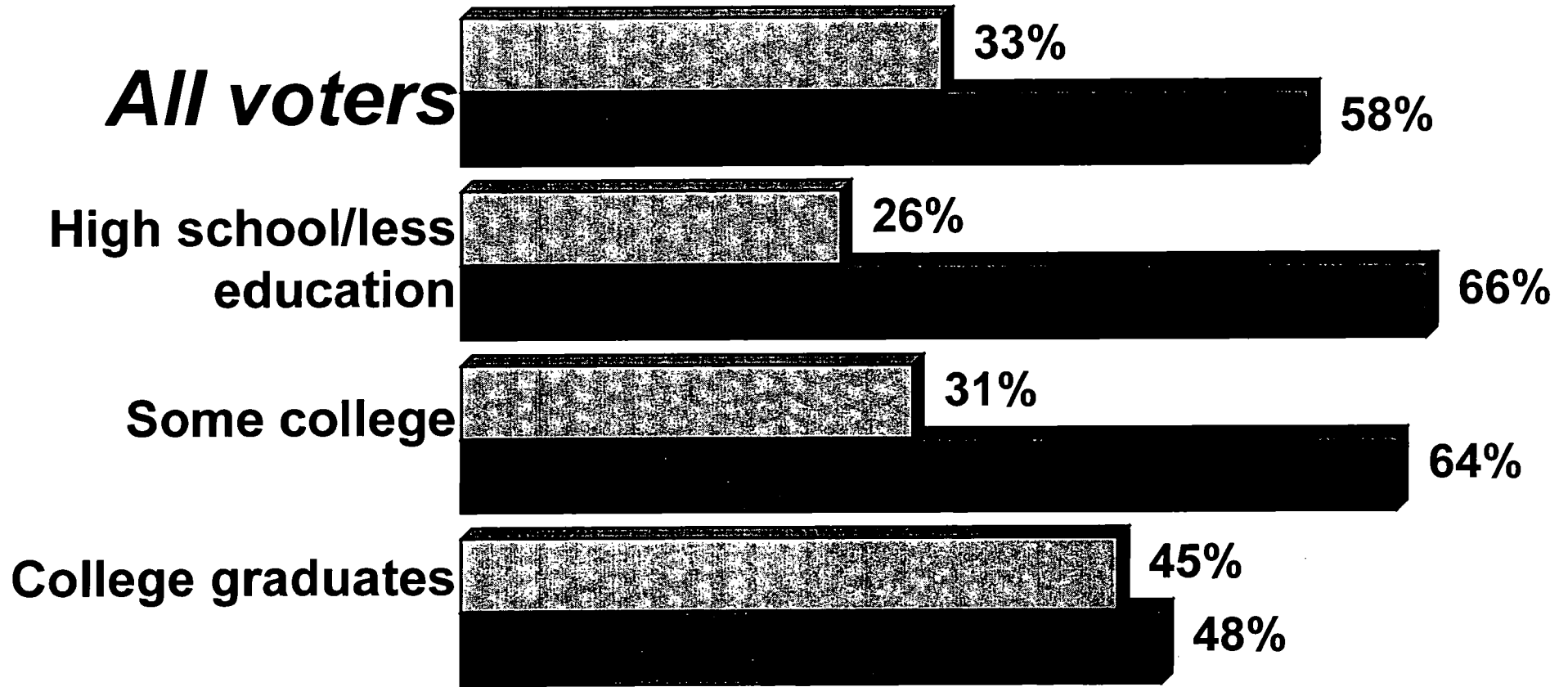
** 53% say their family's income is falling behind the cost of living.*



Corporate Responsibility
AFL-CIO/HART RESEARCH

Q.3a

Voters Not Optimistic About Economic Future



■ Hopeful/confident about achieving financial goals
■ Worried/concerned about achieving financial goals



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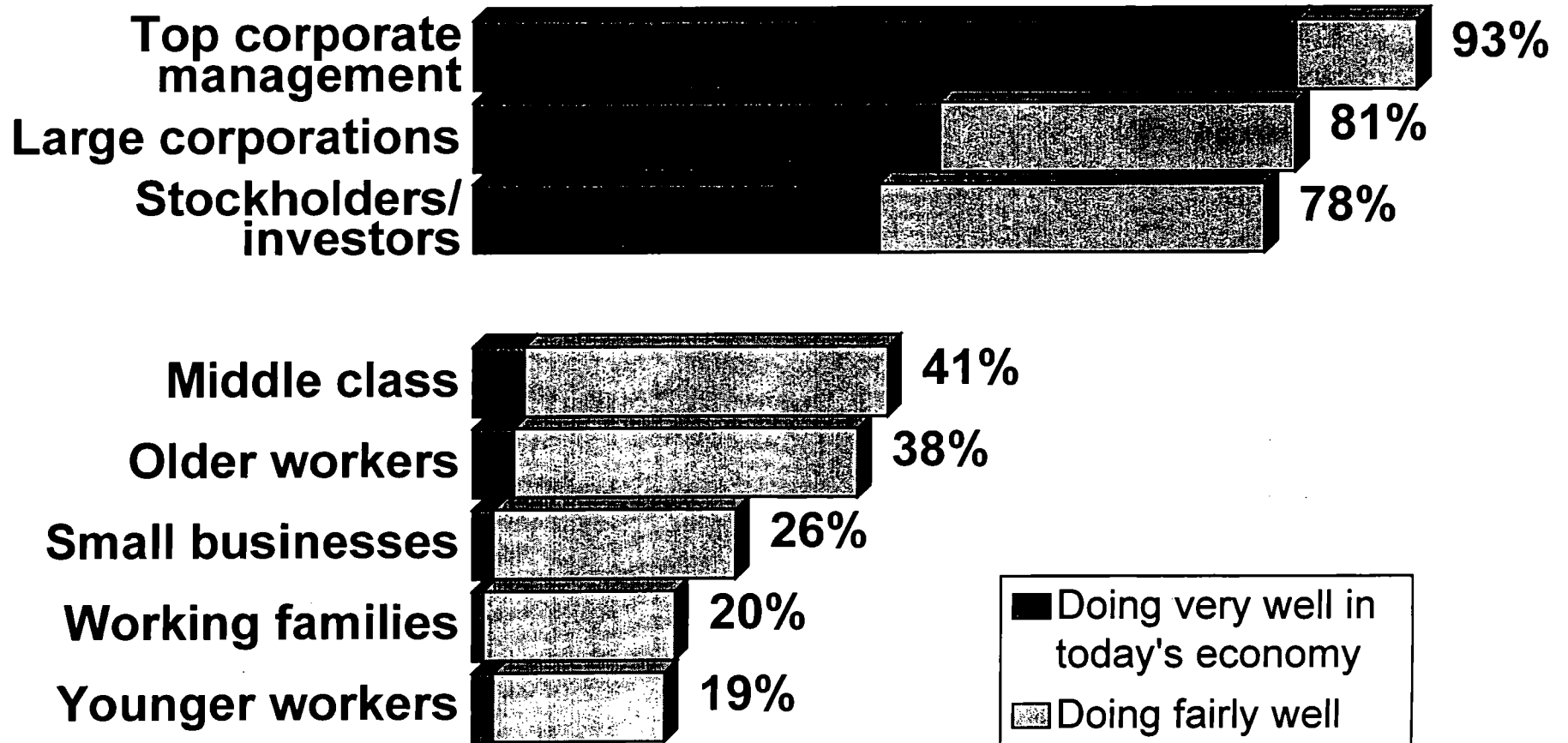
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Freedom of Information Act - [5 U.S.C. 552(b)]

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- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

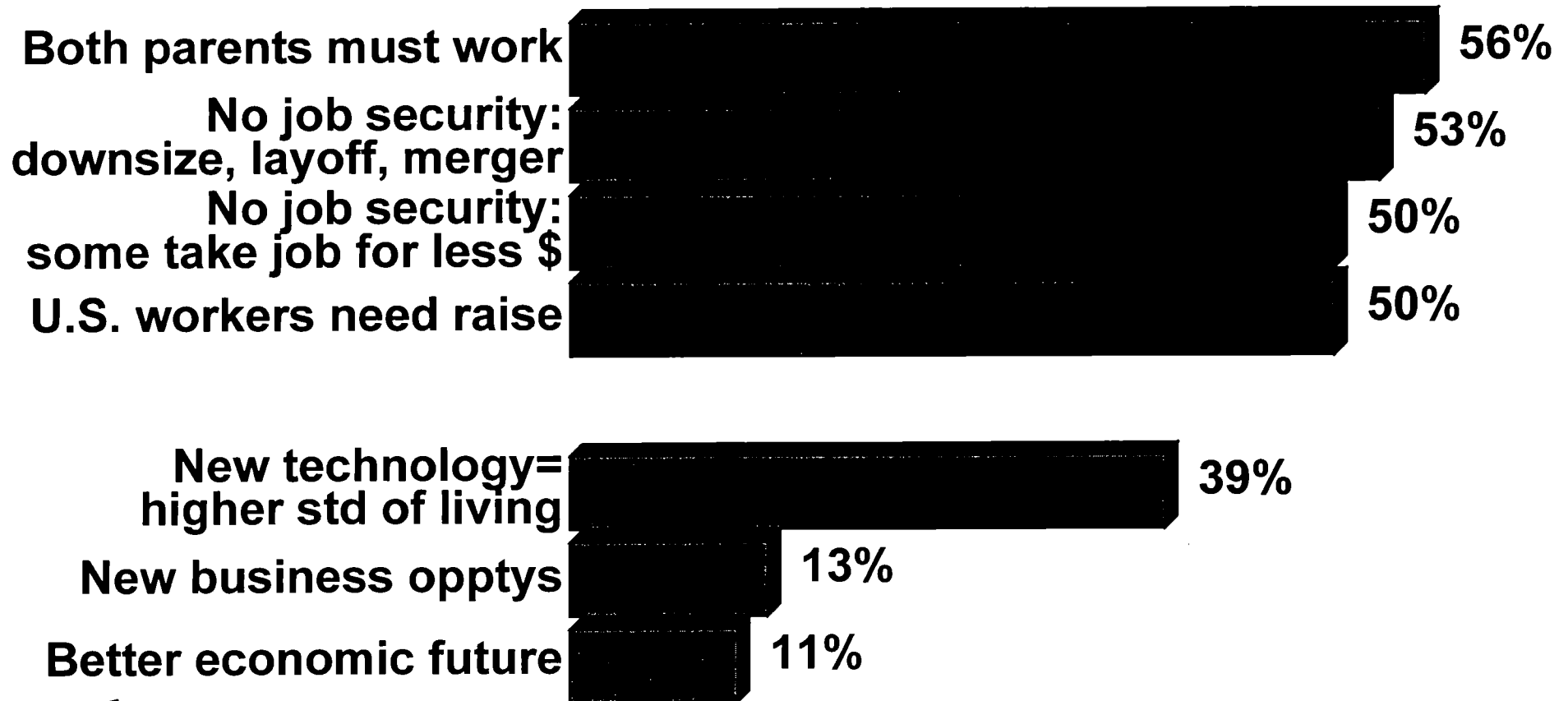
Who's Doing Well In Today's Economy?

Voters See Haves And Have-Nots



Public's Assessment Of The Economy

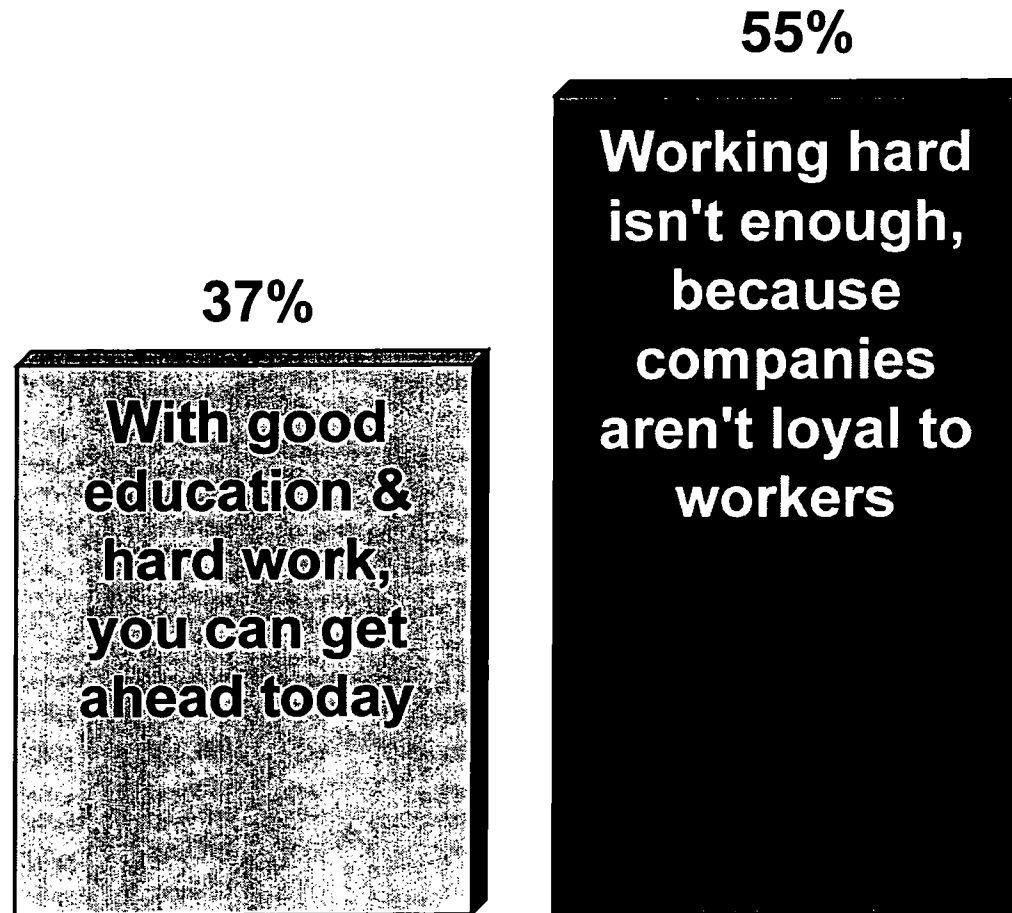
■ % saying each is a perfect description



Corporate Responsibility
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Q.6a

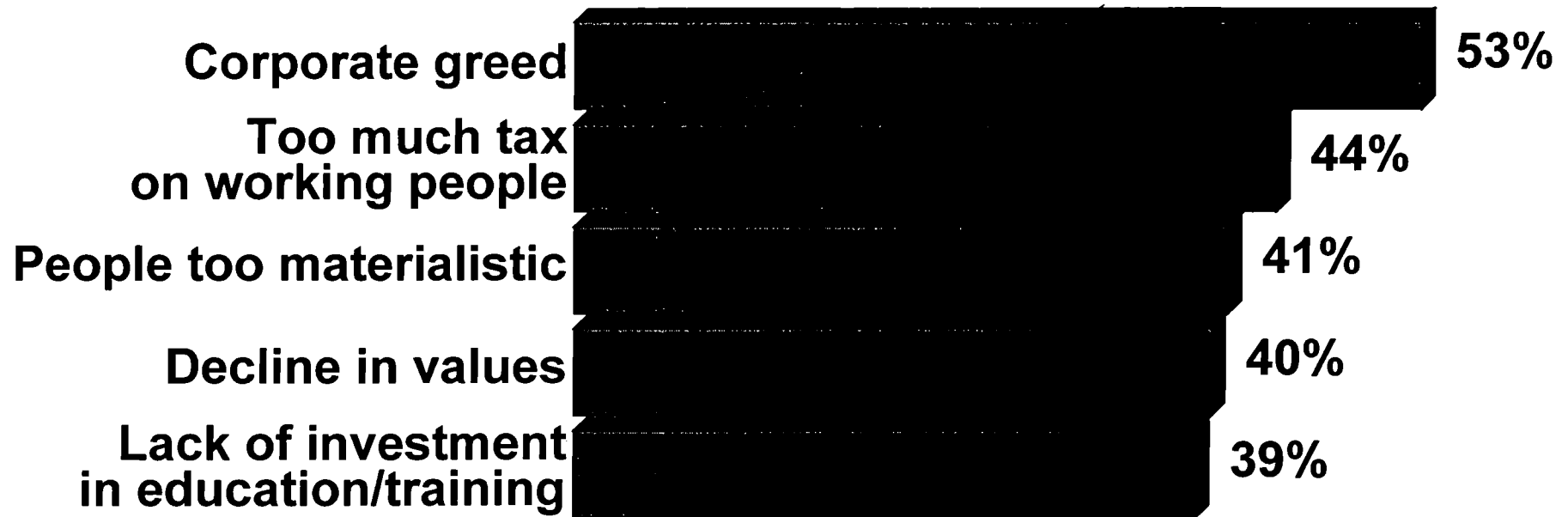
The Public And The American Dream



Where The Public Lays Blame

Top Five Of 12 Factors

■ % saying each is very responsible for U.S. economic problems

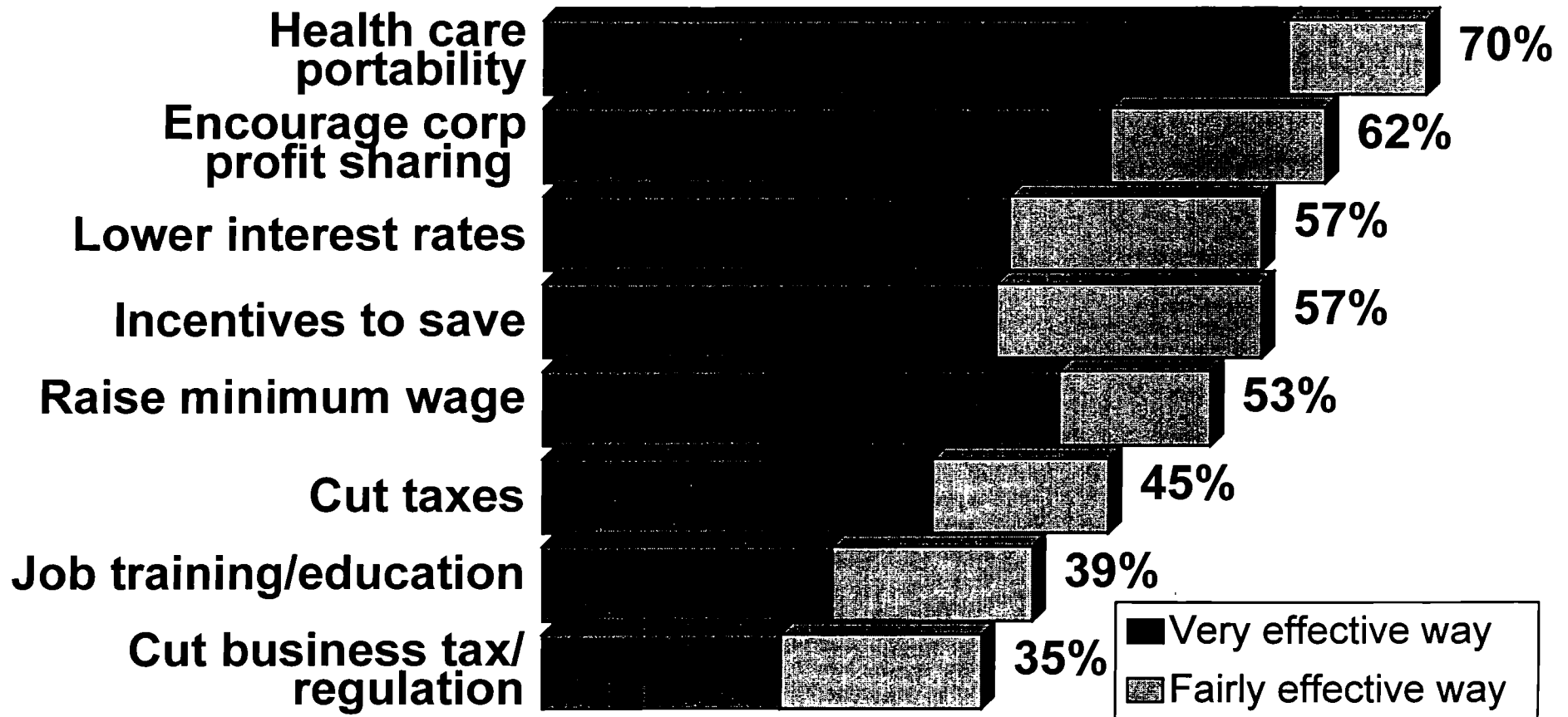


** Only 27% say "excessive gov't regulation of business" is very responsible.*



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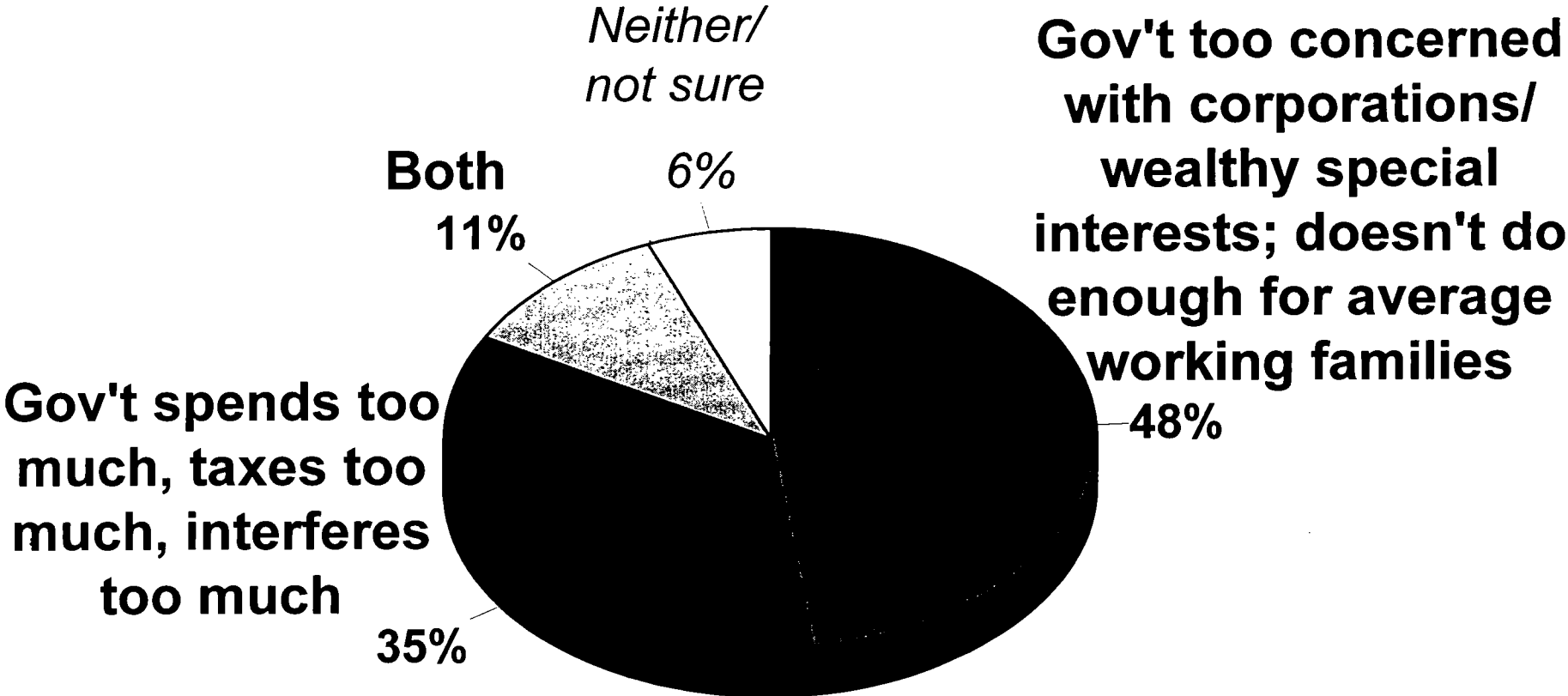
What Would Help Improve The Economy?



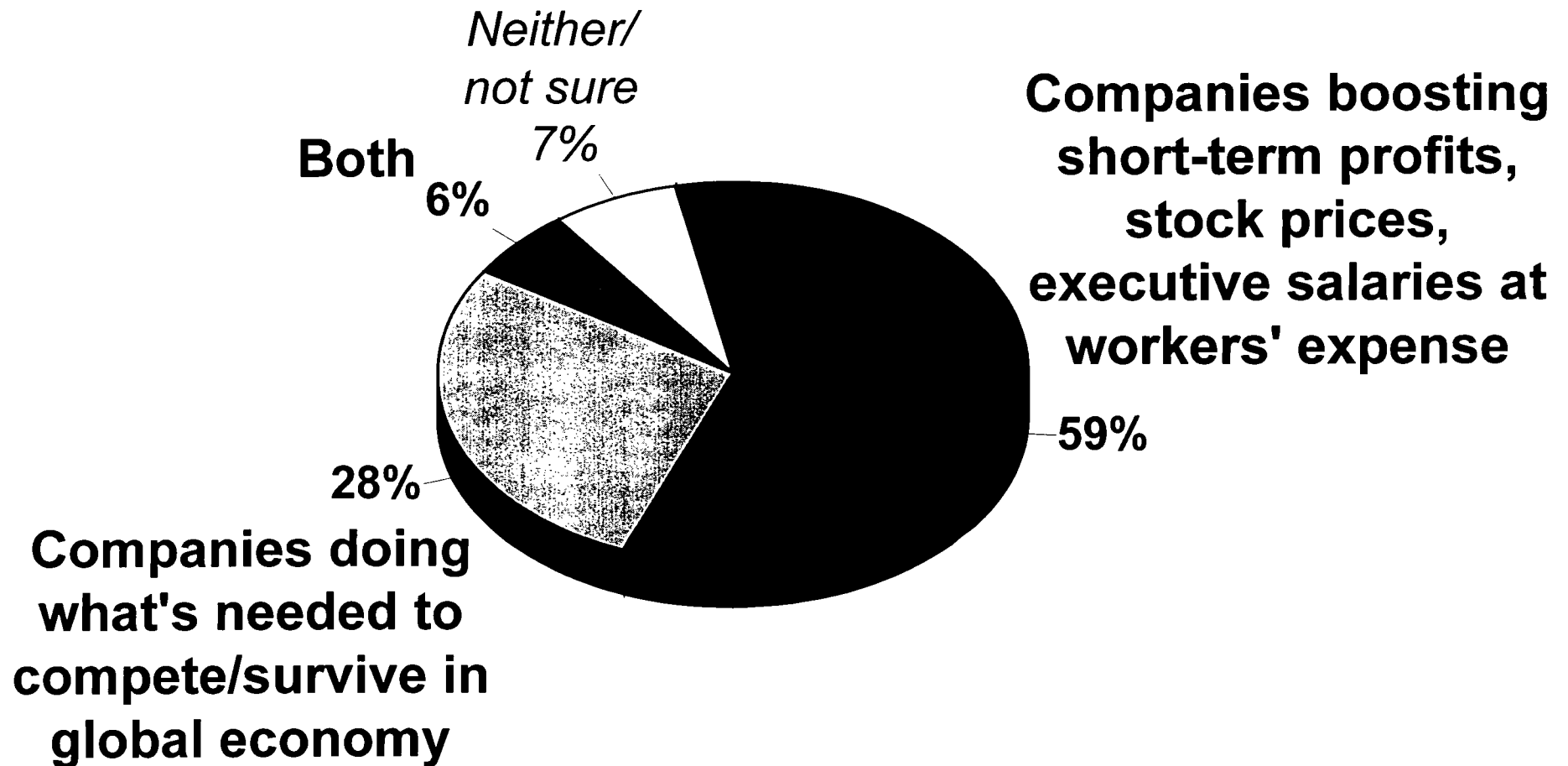
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NBC/Wall Street Journal, May 1996
Q.12c

Where Voters Fault Government



Public's Take On Downsizing



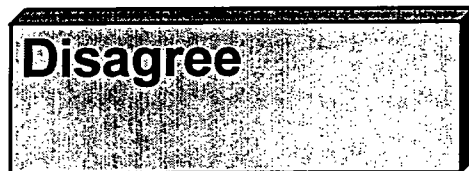
Voters' View Of Corporations

83%

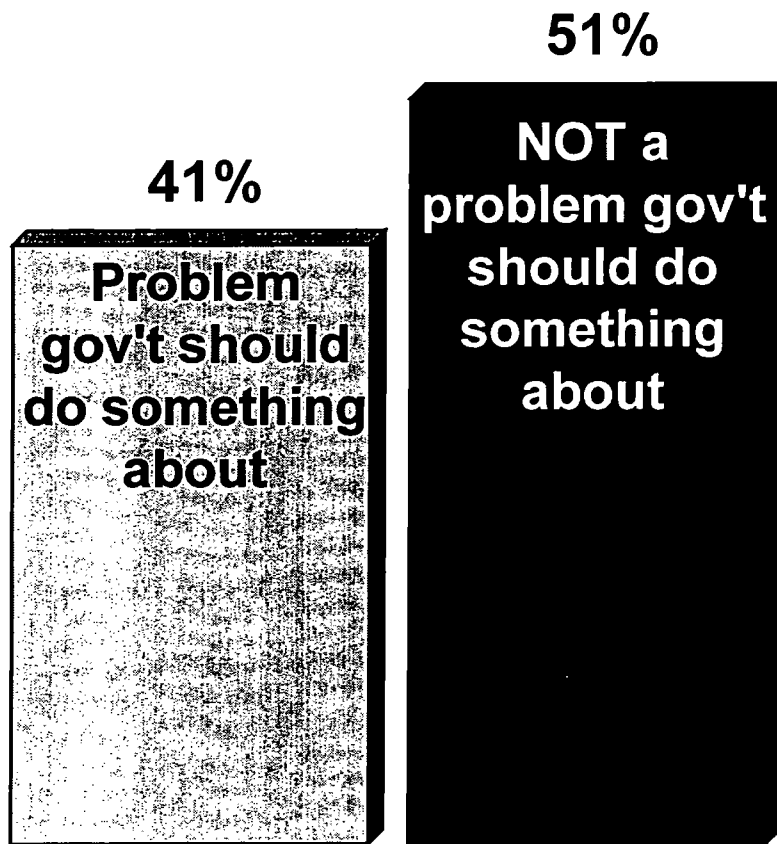
"Average working families have less economic security today, because corporations have become too greedy & care more about profits than being fair & loyal to employees."



15%



Should Gov't Be Involved In Stopping Corporate Greed?

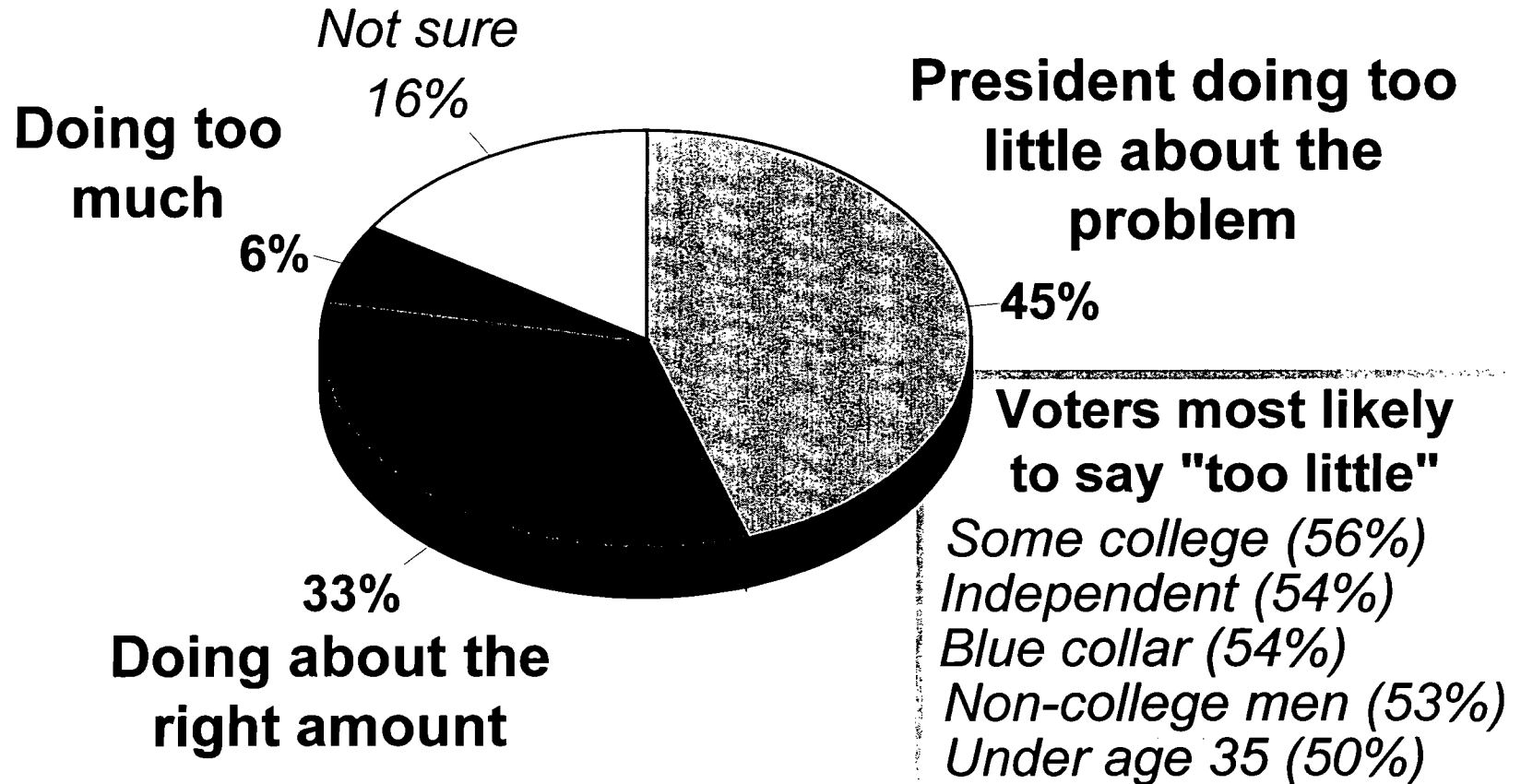


All voters

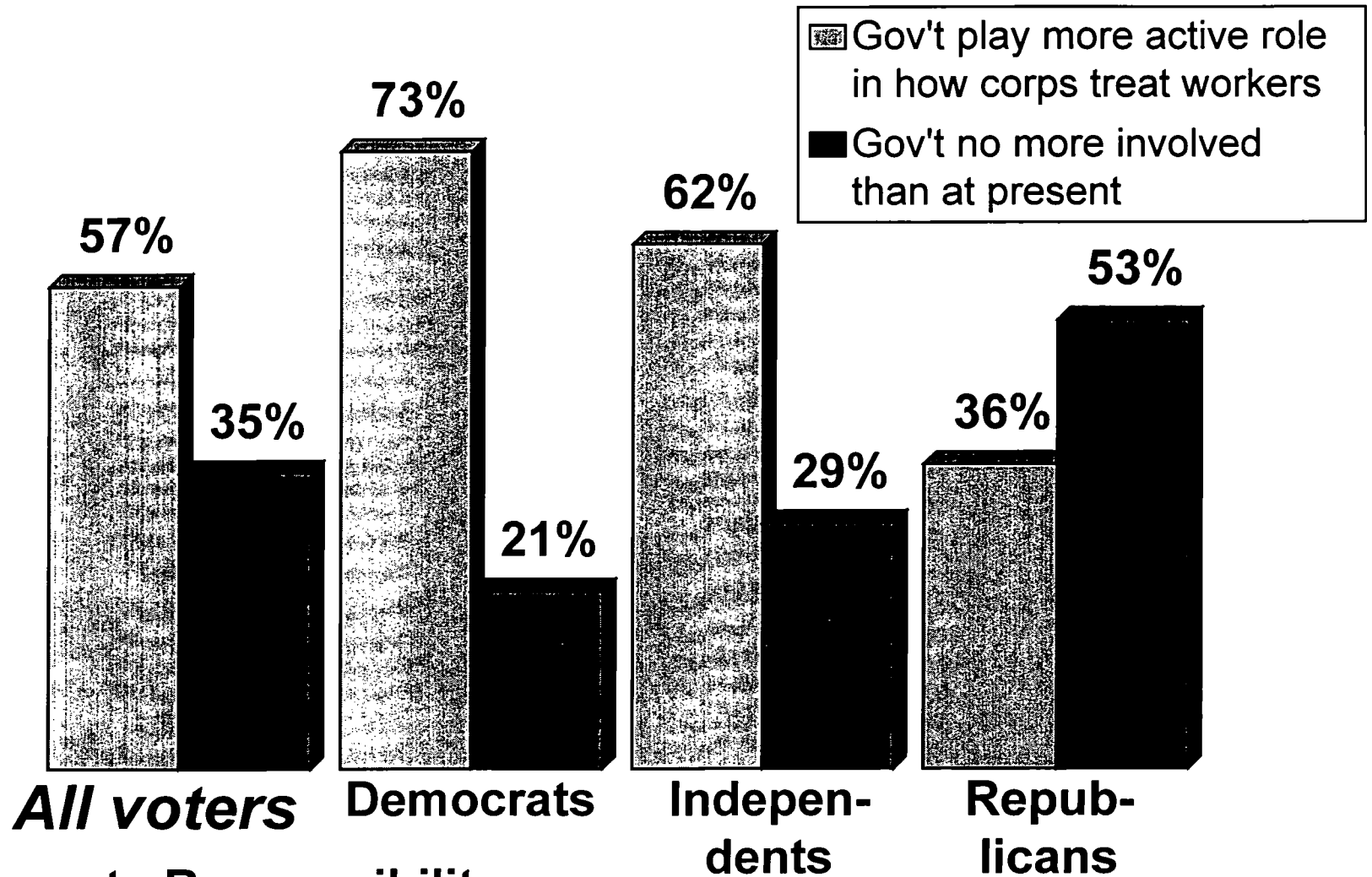
But 61% believe it is very important for national leaders such as the president to speak out about the need for corporations to be fair/responsible toward their employees.



Voters' View Of Bill Clinton's Response To Corporate Greed



Voters Prefer Candidate Who Wants To Do More



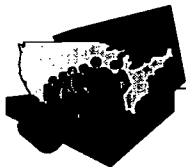
Anti-Involvement Argument Creates Division

44%

Should pass
new laws that
hold
corporations
to a higher
standard of
responsibility
in the way they
treat
employees

45%

Should not
pass laws,
because gov't
involvement
would make
business less
competitive
and cost jobs
in the long
run



Corporate Responsibility
AFL-CIO/HART RESEARCH

Q.13b

Pro-Involvement Argument Outweighs Other Side

62%

Gov't should be more involved because corps don't play fair: they lay off workers & give bonuses to execs; cut pensions/health care while profits increase

31%

Gov't interference will make business less competitive & cost jobs

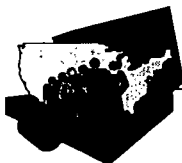
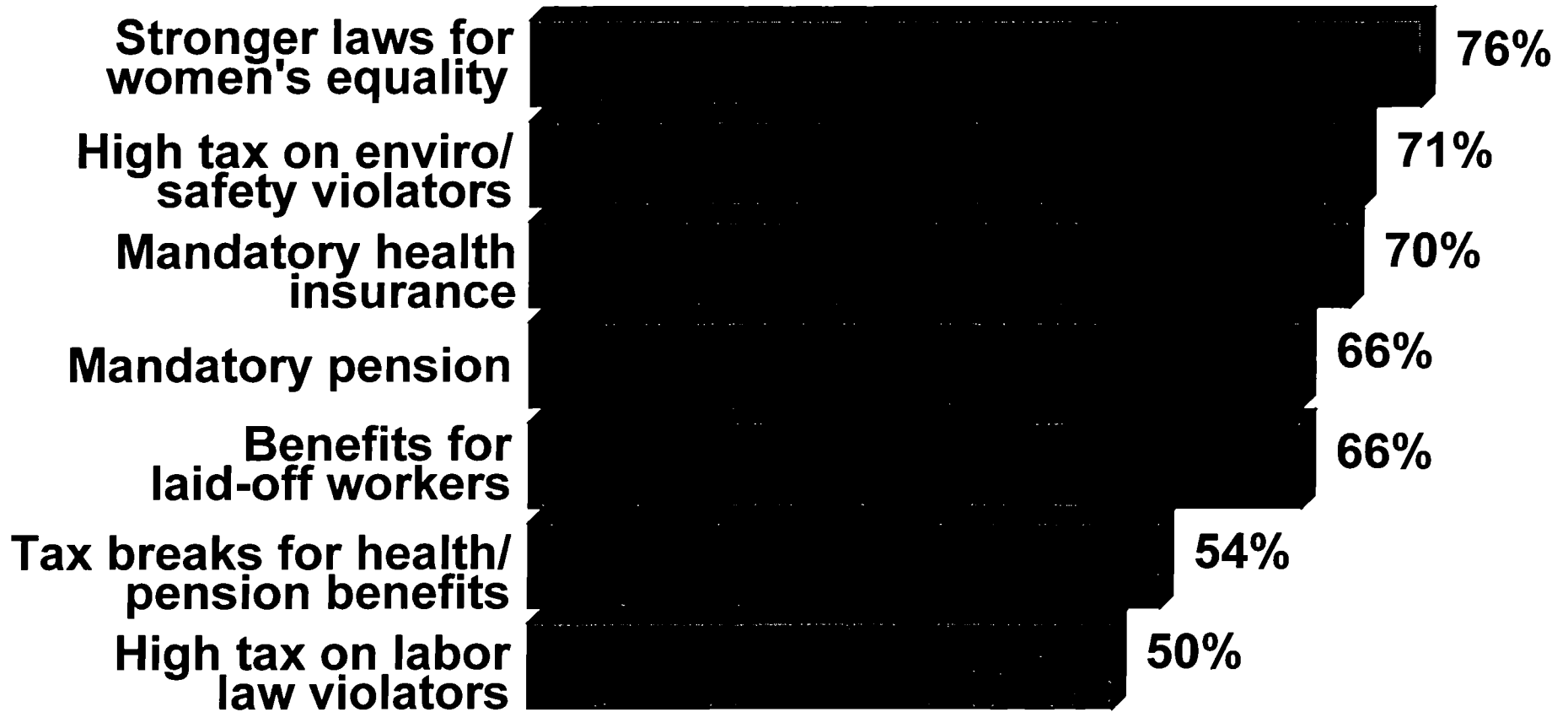


Corporate Responsibility
AFL-CIO/HART RESEARCH

Q.12

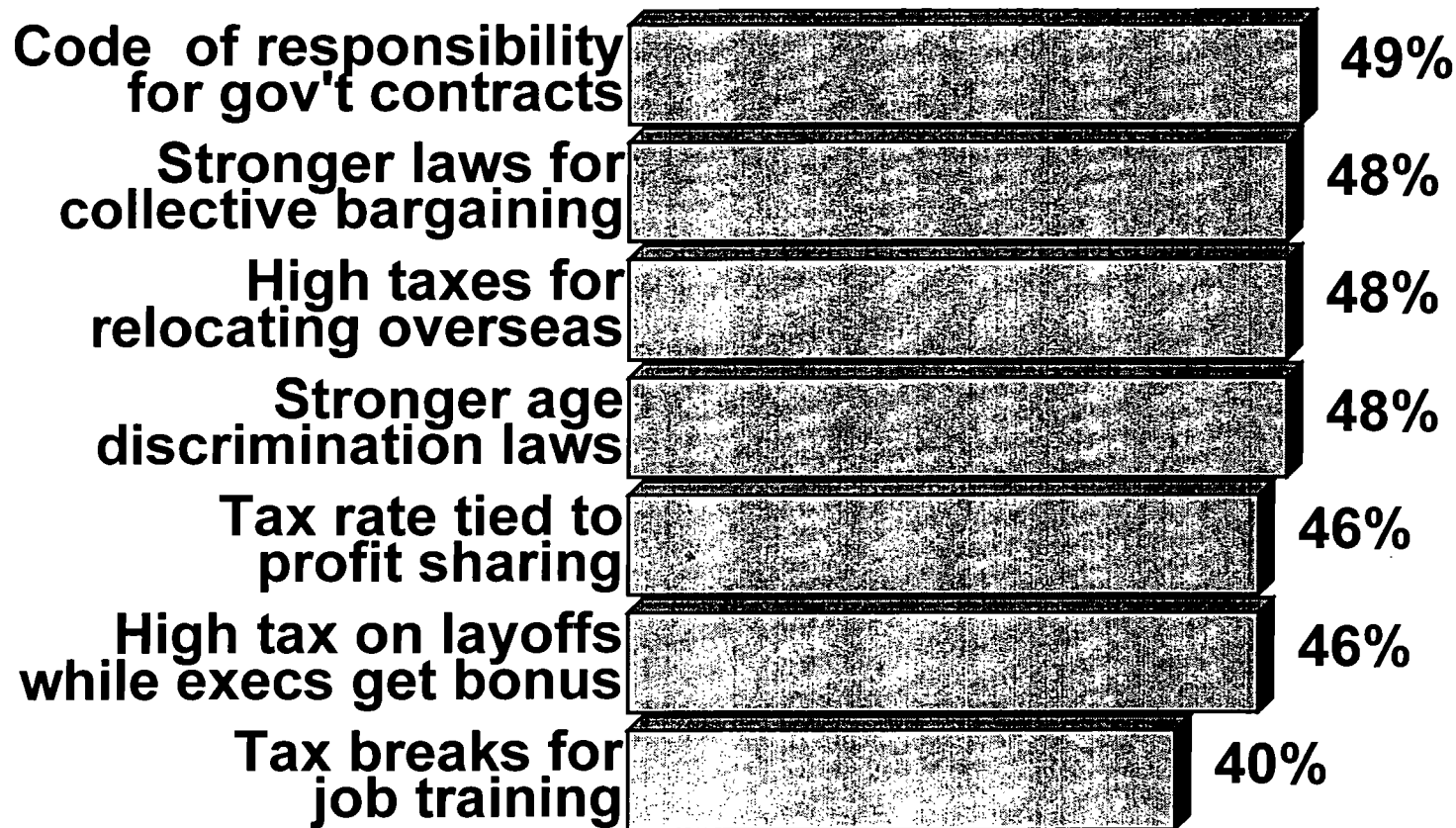
Best Ways To Promote Corporate Responsibility

■ Strongly favor the measure



Other Ways To Promote Corporate Responsibility

Strongly favor the measure



For Op
meeting w/
AFL-CIO

→ Gerry Shea
632-5237

Main Criticism of Rpt:

- ① Not focusing on right issue
- should be focusing on wages
 - ② Not focusing on New jobs -
just on job categories
-

APL-CIO: concern about ~~message~~
of Rpt

there is real fear
about job security

need to be sensitive
about worker
anxiety

LOT: balanced report -
Report emphasizes
the costs of dislocation

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
003. notes	Political (Partial) (1 page)	n.d.	b(6)

COLLECTION:

Clinton Presidential Records
Council of Economic Advisers
Michele Jolin
OA/Box Number: 23907

FOLDER TITLE:

AFL-CIO

2013-0306-F
jm1222

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

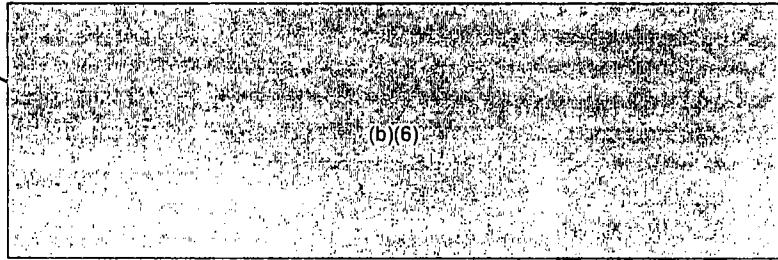
Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

GS: There are serious long-term
problems. - But there has
been progress under
Clinton

APR-CIO:
→ New Yorker article was good

APR-CIO:



[003]

- Need to look @ ^{job} security -
Need to say positive
things about
job security &
ways to raise living
standards