

EPI JOURNAL

ECONOMIC POLICY INSTITUTE WINTER 2003

GENERATING GROWTH & JOBS A Stimulus Plan for 2003

BY LAWRENCE MISHEL, EPI PRESIDENT

There is little question that the U.S. economy needs government action to stimulate job creation in what has been, so far, a “jobless recovery.” Without action, the modest economic growth projected for next year will be too little to stop unemployment from staying at or above 6.0% in 2003, as Jared Bernstein shows in EPI’s November 27 *Economic Snapshot*.

The year 2000 showed that U.S. unemployment can be pushed down to 4.0% without causing inflation, and our national economic policy should reflect that fact. The goal now should be to accelerate growth and move the economy back to a 4.0% unemployment rate and the broad-based prosperity that would follow. The challenge is to devise a stimulus plan that is (i) effective, (ii) avoids undermining the nation’s long-term fiscal health, (iii) is timely, (iv) is fair, and (v) addresses unmet needs.

Many of the policies being discussed by the Bush Administration and others fail to meet these criteria. In contrast, the

following proposed stimulus plan meets all five criteria and would generate growth amounting to an *additional* 2.0% of GDP in 2003, creating 1.5 million jobs and lowering unemployment by an entire percentage point. Note that more goes to temporary spending than to temporary tax rebates, because the latter have less “stimulative” effect due to some “leakage” to savings and import purchases:

- One-time spending of \$110 billion in the following areas: first, \$50 billion in grants to state governments to offset their financial crises and preserve health, education, law enforcement and other critical services (without these grants, state governments will be closing the \$70 billion budget hole they currently have, effectively slowing the nation’s economic growth by more than half a percentage point of GDP); second, school repair and renovation totaling \$25 billion, to be accomplished quickly through

(cont. on page 5)

EPI EDUCATION PROGRAM GAINS MOMENTUM

by Anne Heald, EPI education researcher

EPI’s education research program is moving into a more visible and active phase, with numerous studies set for release in the coming year. Areas of focus include teacher quality, school vouchers, costs of “adequate” education, basic skills deficits among kindergarteners from disadvantaged households, school spending patterns that affect student achievement, trends in workforce skills, education adequacy for at-risk youth, and the growth of temporary faculty in higher education.

Special attention is to be focused on teacher quality, the subject of a new series of research papers launched by EPI. Over two years, the series will show the critical importance of teacher quality in determining education outcomes. This series will review policies aimed at improving teacher quality and will estimate the costs of applying such policies wherever needed nationwide.

Set for release in coming months is Jennifer King Rice’s study, *Quality Counts, But What Counts as Quality?* Rice reviews an array of studies to identify the most effective policies

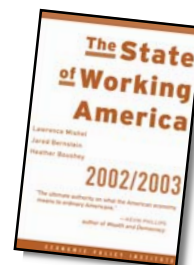
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EPI researchers testified on stimulus and living standard issues before Congress in 2002.

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A new edition of EPI’s *The State of Working America* was released by Cornell University Press in January 2003.



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Institute economists and researchers appeared in TV, radio, and print media around the world.

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EPI economists advise Congress on need for growth and safety net

EPI President **Larry Mishel** testified before Congress twice in recent months, speaking first to the Senate Committee on Health, Education, Labor and Pensions in September and then to the House Democratic Caucus in December, both times urging government action to create jobs by boosting demand.

He warned that without action, unemployment will stay near its current high level of 6.0% or even move higher, and he said the government's goal should be to return to the 4.0% unemployment rate that was achieved, without causing inflation, in 2000.

"Every business knows that you have to spend money to make money, and this situation is no different," Mishel said. "To get back to prosperity, we've got to have faster growth and more jobs—and that's what government should be investing in right now."

He proposed one-time tax rebates to low- and middle-income working families to help stimulate demand in the economy. He also

proposed extending unemployment insurance, assisting state governments in fiscal crisis, and raising investment in specific public works projects such as school repair and sewage treatment.

In February, EPI economist **Heather Boushey** had testified before the same Senate committee on the need to strengthen the U.S. safety net for the working poor. She said low-wage workers often find the labor market leaves a substantial gap between earnings and basic needs and thus, for many, offers no way out of poverty. U.S. social policy fails to address this problem, leaving nearly 37 million Americans lacking in basic needs such as food, shelter and medical care, she said.

Boushey advocated many of the same fiscal-stimulus policies proposed by Mishel; she also said government policy should ensure the availability of affordable health care, child care, and housing for all families.

Mothers and work

Nearly three-fourths of U.S. mothers with children now work for pay, and seven million of them are single mothers. This was the inspiration for EPI's *Working Mother's Day* roundtable held May 8, 2002, which brought together reporters from print, radio, and television with researchers who study issues affecting mothers and the workplace.

The focus was on the conditions of mothers' working lives, the persistent problems they face, and the policies needed to make things better. Topics ranged from rigid work schedules and the Family Medical Leave Act to the earning potential of low-income working mothers and the wage gap between women and men.

There to present new research were economist **Elaine McCrate** of the University of Vermont, EPI economist **Heather Boushey**, and Institute for Women's Policy Research President



EPI economist Heather Boushey attends Working Mother's Day roundtable with Lynn Clemetson from the New York Times.

Heidi Hartman and study director **Vicky Lovell**. The event was held at the National Press Club in Washington and was facilitated by former EPI Research Director **Eileen Appelbaum**, who is now director of the Center on Women & Work at Rutgers University and an expert on work organization.

EPI research focuses on education, retirement

EDUCATION: INEQUALITY AT THE STARTING GATE

At an October 30 education policy briefing held by EPI on Capitol Hill, new research was presented showing that, already in kindergarten, children from disadvantaged families trail behind other children in basic learning skills. Details from the new EPI book *Inequality at the Starting Gate* were discussed by a panel of experts, including the book's authors **Valerie Lee** and **David Burkam**, at an education policy briefing on Capitol Hill.

The standing room-only audience of 150 people included journalists, representatives from scores of education and advocacy groups, and staffers from the offices of many members of Congress.

Providing tangible evidence of the gap that poverty creates for children, the book shows that, if the country's public education system is to leave no child behind, more must be done, and it must be done earlier.

Authors Lee and Burkam, education policy experts from the University of Michigan, presented their findings and discussed the implications with six other panelists: **Richard Coley**, author of *An Uneven Start: Indicators of Inequality in School Readiness*; **Bella Rosenberg**, assistant to the president of the American Federation of Teachers; **Ruby Takanishi**, president of the

Foundation for Child Development; **Mark Ginsberg**, executive director of the National Association for the Education of Young Children; **Christopher Edley, Jr.**, professor at Harvard Law School and founding co-director of The Civil Rights Project; and **Jerry Weast**, superintendent of the Montgomery County, Maryland school system.

EARN GROUPS CONVENE IN 2002

The fifth annual conference of the Economic Analysis and Research Network (EARN), hosted outside Chicago on October 17-19, was organized around the theme "Riding the Downturn to Fundamental Reform."

More than 130 researchers and policy analysts from around the country met to learn from each other, gain new skills, network, and strengthen ties. Workshops were offered on topics ranging from workforce development and health care to immigration and poverty, corporate conduct, labor organizing, creative research ideas, and media relations.

In addition to state-oriented organizations, there were participants from, among others, the AFL-CIO, the Ballot Initiative Strategy Center, the Brennan Center for Justice, the Center for a Changing Workforce, the Center for Policy Alternatives,

(cont. on page 4)

INSTITUTE STAFF NEWS

EPI's New President

Lawrence Mishel became EPI's new president in August, succeeding Jeff Faux and bringing to the job his own national reputation for astute economic policy analysis. Formerly EPI's vice president and research director, Mishel had already served at the institute for 15 years and was a chief architect of its research program.



Having directed the institute's research on labor and education, Mishel also developed partnerships with state and local thinktanks through the Economic Analysis and Research Network (EARN). He is co-founder of EPI's most widely known and cited publication, the biennial *State of Working America*. In September, early release of preliminary findings from the institute's flagship publication drew immediate coverage from all major U.S. television networks and scores of radio stations and major newspapers.

New Policy, EARN & Development Directors

Ross Eisenbrey joined EPI as Policy Director in January 2002, having served previously as Commissioner of the U.S. Occupational Safety and Health Review Commission and Policy Director of the Occupational Safety and Health Administration. He also worked for many years as a staff attorney in the House of Representatives, as Legislative Director for Representative William Ford, and as a committee counsel in the U.S. Senate.



Michael Ettlinger joined EPI in July as Director of the Economic Analysis and Research Network in 2002. Formerly, he served as Deputy Director at Public Campaign and as Tax Policy Director both at the Institute on Taxation and Economic Policy and at Citizens for Tax Justice.



Noris Weiss Malvey, a 20-year veteran of nonprofit fundraising and outreach, became the Development Department's new Director in November, charged with achieving the institute's annual fundraising goal of \$5 million. She worked previously as Development Director at the Institute for Women's Policy Research, managing a \$2.5 million budget there.



EPI focuses on education, retirement (cont. from page 3)

the Center for Economic and Policy Research, the Center on Budget and Policy Priorities, Good Jobs First, the Institute for Women's Policy Research, the National Employment Law Project, the National Interfaith Committee for Worker Justice, the National Network for Immigrant and Refugee Rights, the National Urban League, and several universities.

RETIREMENT INSECURITY

EPI's release of a groundbreaking study on retirement made national news. *Retirement Insecurity: The Income Shortfalls Awaiting the Soon-to-Retire*, by New York University

“This study sheds a whole new light on the debate over Social Security, and it shows we've been trying to fix the part of the retirement system that's not broken,” said **Jeff Faux**, former EPI president and now a distinguished fellow, speaking at the press conference held upon the study's release in May 2002. “The way we now go about providing for retirement just isn't working for middle- and low-income Americans. It's time to stop talking about shifting Social Security money to private accounts and start talking about how we can make sure that working Americans will have adequate pensions that will enable them to live decently in retirement.”



New York University economist Edward N. Wolff introduces Retirement Insecurity at a May 2002 briefing. From left to right: EPI economist Christian Weller, National Urban League Institute for Opportunity and Equality Director William Spriggs, EPI Distinguished Fellow Jeff Faux, Edward Wolff, and Sen. Jon Corzine.

economist and wealth expert **Edward N. Wolff**, shows that—despite the unprecedented stock market boom of the late 1990s—Americans now approaching retirement will be making do with much less than the retirees of previous decades. Nearly 20% will have retirement income below the poverty line.

WORLD SOCIAL FORUM AT PORTO ALEGRE

EPI's **Jeff Faux** and **Tony Avirgan** represented the Global Policy Network (GPN) at last year's World Social Forum in Porto Alegre, Brazil. Faux delivered a speech calling for a common global strategy for labor groups worldwide.

“The world's workers,

broadly defined, have the power to radically change the rules of the global economy,” Faux told an assembled audience of about 12,000 forum delegates, representing 4,909 organizations, from 87 countries. “To do it, we need a common program, strong organizations and the realization that—whatever country we live in—we are all in the struggle together,” he said.

Avirgan meanwhile worked the GPN booth at the forum, giving out thousands of pieces of literature explaining and promoting GPN in English, Spanish, and Portuguese. A GPN workshop about privatization featured speakers from around the world and attracted close to one hundred participants.

Held in January 2002, the World Social Forum was an alternative to the World Economic Forum, a summit meeting of top executives from more than 1,000 multinational corporations, which was taking place at the same time in Davos, Switzerland. EPI is a founding member of the Global Policy Network, which links policy research groups associated with trade union movements worldwide.

UNDERSTANDING ARGENTINA'S CRISIS

In February, EPI economist **Christian Weller** took part in a fact-finding mission to Argentina aimed at identifying the causes of the country's economic crisis and seeking policy solutions. The mission, sponsored by the Washington-based Solidarity Center, included representatives from



EPI Distinguished Fellow Jeff Faux with Willy Madishu, president of the Congress of South African Trade Unions (COSATU), at the World Social Forum in Porto Alegre, Brazil.

Argentina, Chile, and the United States. They met with policymakers, labor leaders, business leaders, community activists, and journalists, promoting alternatives to the economic austerity approach advocated by the International Monetary Fund.

Weller presented his findings in a piece published in *Challenge* magazine in May 2002. Weller argues that Argentina needs policies to boost domestic demand, not the curtailment of domestic spending required by the IMF in exchange for aid. In the short-run, domestic demand could be spurred by an increase in public support for the poor and by higher levels of investment in public projects, especially in the area of water management. In the medium term, demand could be strengthened through improvements in the financial services available to the majority of Argentine households. Weller also opposes the privatization of Argentina's public savings banks and advocates a debt moratorium on Argentina's external debt.

Generating growth and jobs (cont. from page 1)

existing programs; third, \$25 billion in spending through a federal extension of unemployment benefits for the long-term unemployed, along with expanded eligibility for those who are currently ineligible due to having worked only part-time or for low wages in the months preceding their unemployment (this measure will quickly buttress consumer spending while helping those hurt by the recession); and last, other temporary spending measures totaling \$10 billion.

- One-time tax rebates worth \$65 billion that would benefit 149 million workers: a worker who earned \$15,000 or more in 2002 would receive a \$525 rebate, while those who earned less would receive 3.5% of their wages. Thus, a family with two workers earning \$15,000 each would receive \$1050.

Whether or not a stimulus plan includes the exact measures proposed above, care should be taken to ensure that any plan is effective, fiscally prudent, takes effect fast, is fair, and addresses unmet needs. There are unfortunately abundant examples of policies that violate these criteria but nevertheless are being proposed.

Supply-side measures aimed at increasing productive capacity (via interest rate cuts, business investment incentives or “dividend relief,” for example) will be ineffective because there is already substantial unused productive capacity in the economy: the Federal Reserve Board estimates current capacity utilization is only at about 75%. And as Christian Weller shows in EPI’s January 16, 2002, *Economic Snapshot*, businesses already have sufficient cash resources to expand production if they want to do so. They will not, however, until they begin to expect higher consumer demand. *It is customers that are missing.*

Meanwhile, any stimulus plan involving *permanent* rather than *temporary* spending or tax cuts unnecessarily harms the government’s future fiscal position. Such long-term measures are not truly designed to create jobs in 2003. Since the purpose of any good stimulus package is only to get the economy rolling again so the private sector can play its role restoring growth, permanent measures are inappropriate.

Also, a good stimulus plan should take effect immediately, to create more jobs in 2003. This excludes trade expansion through yet-to-be-negotiated agreements, further deregulation of industry, or changes in tax policy that take effect years from now. Whatever their merits, these policies have nothing to do with the job creation needed now.

A good plan also should have fair effects. The United States has a more unequal distribution of income than any other advanced country in the world. A stimulus plan should avoid exacerbating income inequality and, wherever possible, act to lessen it. In fact, where tax cuts are concerned, those directed at the wealthy will not be as effective as those directed at low- and

middle-income households, which tend to devote a larger share of any extra income to spending.

Finally, the new but temporary spending that must be part of any effective stimulus plan should be used to address important unmet needs. For example, there is a widely acknowledged backlog of badly needed school repairs. Other unmet needs that could be addressed include funding for superfund cleanup programs and sewage-treatment plant construction.

Education research (cont. from page 1)

for improving teacher quality, and also determines where the greatest shortages exist.

Building on that study, Rice and EPI education researcher Anne Heald plan eight to 10 case studies on strategies to recruit high-quality teachers. This review, to be released in the fall of 2003, will evaluate economic incentives, teacher-preparation programs, measures to reduce barriers of entry to the teaching profession, and efforts to make schools better places to work, teach, and learn.

During early 2003, EPI will survey 16 states to determine how fiscal crises are affecting teacher-quality initiatives, allowing an early read on how well states can comply with the teacher-quality goals of the *No Child Left Behind* campaign.

A report by Whitney Allgood and Richard Rothstein due out in coming months will focus on the needs of at-risk students and the best ways to ensure they have high-quality teachers. A series of papers entitled *Putting Teacher Labor Markets in Context: A Comparison Across Professions and Industries* is to be authored by EPI Research Associate Doug Harris of Florida State University and Scott J. Adams of the University of Wisconsin-Milwaukee. The series will compare the teaching profession to other professions with respect to a variety of characteristics, including salaries, turnover, tenure, and returns to experience and training. Meanwhile, David Plank and other colleagues at Michigan State University’s Education Policy Center will be analyzing data from the most current “Schools and Staffing Survey.” Their focus: to find out how many teachers can be categorized as “highly qualified,” and how the distribution of those teachers varies across schools with respect to race, poverty, and location (i.e., urban versus rural).

As findings from each study in the series become available, they will be shared through policy forums, briefings on Capitol Hill, and seminars. And the series will culminate in a final piece by Rice that draws together all the findings, indicates the magnitude of the nation’s teacher-quality shortfall, and estimates the costs of the policies needed to close the gap.

EPI's latest books and briefing papers

INEQUALITY AT THE STARTING GATE

Social Background Differences in Achievement as Children Begin School
by Valerie E. Lee and David T. Burkam



An analysis of new national data on 16,000 children finds that, even as early as kindergarten, there are substantial disparities in the cognitive ability of children of differing socioeconomic status. Disadvantaged children lag behind their peers even before they start school. These same children are then placed in low-resource schools, only exacerbating the problem. The authors examine differences in achievement scores by race, socioeconomic status, family type, home activity, and other factors.

ISBN 1-932066-02-0, 102 pages, \$11.95

MARKET-BASED REFORMS IN URBAN EDUCATION

by Helen F. Ladd

In the debate over reforming urban education, the issues surrounding market-based approaches—charter schools, vouchers, or school choice—are complex. This study examines the extensive but disparate evidence to help determine whether such reforms promote the public interest and promote better education.

ISBN 0-944826-98-9, 62 pages, \$9.95

SCHOOL VOUCHERS

Examining the Evidence

by Martin Carnoy

Proponents of school vouchers argue that giving parents public funds to send children to private schools will stimulate innovation and competition. But does a voucher threat make public schools try harder? A recent Florida study of this education reform approach said yes, but three analyses that replicate its methods show there's no basis for that claim.

ISBN 0-944826-94-6, 57 pages, \$8.95

RETIREMENT INSECURITY

The Income Shortfalls Awaiting the Soon-to-Retire
by Edward N. Wolff



Between 1989 and 1998, a period of strong growth and a booming stock market, the share of households headed by a person approaching retirement age that could expect an adequate income in retirement actually declined. The evolving system of voluntary retirement accounts and defined-contribution plans in the United States has produced greater inequality between rich and median households and declining retirement wealth for the typical worker.

ISBN 1-932066-01-2, 95 pages, \$10.95

THE CLASS SIZE DEBATE

Lawrence Mishel and Richard Rothstein, editors; Alan B. Krueger, Eric A. Hanushek, and Jennifer King Rice, contributors.

Two economists debate the merits of smaller class sizes as well as the research methods used to gauge the efficacy of this education-reform measure. Princeton economist Krueger maintains that smaller class sizes can improve students' performance and future earnings prospects. He challenges Stanford economist Hanushek's widely-cited analysis of the class size literature, arguing that it gives disproportionate weight to single studies that include a large number of estimates. Hanushek counters, challenging Krueger's analytic methods and arguing that other policies besides class size reduction, such as improved teacher quality, are more important. A third-party perspective is brought to the debate by education policy specialist Jennifer King Rice of the University of Maryland, who addresses each economist's arguments and focuses on the policy implications of the class size literature.

ISBN 0-944826-92-X, 102 pages, \$11.95

CLEAN ENERGY AND JOBS

A Comprehensive Approach to Climate Change and Energy Policy
by James Barrett and Andrew Hoerner, with Steve Bernow and Bill Dougherty

In the wake of rising energy prices, threats to world energy markets, and news of global climate changes, a consensus is emerging that the U.S. needs to improve its energy efficiency and diversify its sources of energy supply. This report assesses the impact of a climate-and-energy policy that would provide moderate but steady increases in energy efficiency, reducing carbon emissions and at the same time improving overall economic efficiency.

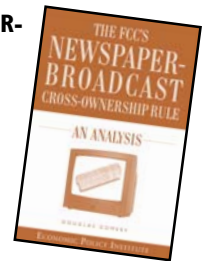
ISBN 0-944826-97-0, 52 pages, \$12

THE FCC'S NEWSPAPER-BROADCAST CROSS-OWNERSHIP RULE

by Douglas Gomery

Under intense pressure from media conglomerates, the Federal Communications Commission is now considering revising or eliminating its 1975 rule barring any single company from owning a newspaper and a broadcast station in the same market. This would be a mistake: with the telecommunications marketplace even more concentrated now than it was in the 1970s, the ban on TV-newspaper cross-ownership is more important than ever for encouraging a diversity of voices and a vibrant democracy.

ISBN 0-944826-99-7, 24 pages, \$8.95



FORMER WELFARE FAMILIES NEED MORE HELP

Hardships await those making transition to workforce

by Heather Boushey

This report updates the analysis from the EPI book *Hardships in America* and charts the privations endured by families that have left the welfare rolls in recent years.

8 pages, March 2002, BP 123, \$5

Order online at epinet.org (click on "publications") or call 800-EPI-4844 (202-331-5510 in DC area)

IT AIN'T OVER TILL IT'S REALLY OVER

Slow growth will lead to rising unemployment in 2002 and high unemployment in 2003

by Larry Mishel, Jared Bernstein, and Thacher Tiffany

A return to positive GDP growth has not ended unemployment growth or reversed wage erosion for working families. In fact, without the proper stimulus package, unemployment will continue to remain high throughout 2003.

13 pages, January 2002, BP 121, \$5

FAILING THE UNEMPLOYED

A state-by-state evaluation of unemployment insurance

by Jeff Wenger, et al.

This report provides a state-by-state evaluation of unemployment insurance systems, grading each state on its eligibility requirements, benefit levels, employer taxes, funding adequacy, and recession preparedness.

33 pages, March 2002, BP 122, \$5

PULLING APART

A state-by-state analysis of income trends

by Jared Bernstein and Heather Boushey

Despite tremendous overall economic growth and periods of low unemployment over the past 20 years, the gap between high-income earners and median and low-income families is historically high. Co-released by EPI and the Center on Budget and Policy Priorities, this study shows that in all but five states income inequality has increased since the late 1970s.

85 pages, April 2002, BP 127, \$5

WORKING MOTHERS IN A DOUBLE BIND

Working moms, minorities have the most rigid schedules and are paid less for the sacrifice

by Elaine McCrate

Mothers are no more likely than other workers to be able to determine the times they arrive at and leave work, or to decide when to take an occasional day off. And contrary to the expectations of many economists, workers with the most rigid schedules actually earn less than those who enjoy flexible work hours.

20 pages, May 2002, BP 124, \$5

THE STATE OF WORKING AMERICA 2002-03

by Lawrence Mishel, Jared Bernstein, & Heather Boushey

Prepared biennially since 1988, EPI's flagship publication sums up the problems and challenges facing American workers, offering a wide variety of data to show how the economy is affecting living standards.

Hailed by *The Financial Times* as "the most comprehensive, independent analysis of the U.S. labor market," the book shows how the strong economy that persisted throughout the latter 1990s lifted the economic fortunes of working families for the first time in decades.

Unfortunately, the labor market recession that began in 2001 has resulted in a sharp jump in unemployment and stagnant job growth.

The percentage decline in private-sector employment is greater than that seen in the early 1990s, and the employment decline for women is double what it was then. Unless the economy reverses course soon, working families can expect unemployment increases that will result in wage stagnation, higher poverty rates, and rising inequality.

This comprehensive study of the living standards of American workers is designed to be useful for journalists, government leaders, researchers, policymakers, professors, and others. The book is divided into seven chapters, one each on income, wages, jobs, wealth, poverty, regional analysis, and international comparisons. With over 300 tables and charts, it also serves as a comprehensive reference source.

500 pages, 6x9, 2003

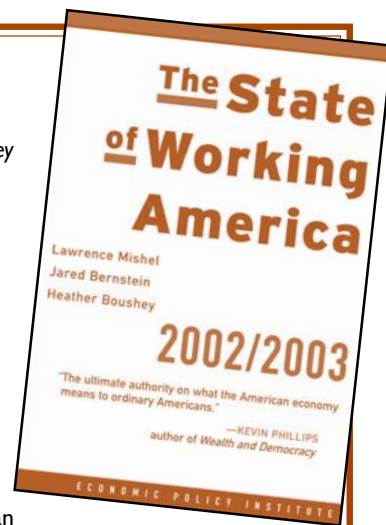
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IMMIGRATION AND POVERTY

Disappointing income growth in the 1990s not solely the result of growing immigrant population

by Jeff Chapman and Jared Bernstein

Census data show that the nation's poverty rate fell less than one percentage point between 1989 and 1999, and even increased in some states. This trend has often been dismissed as the result of increased immigration, but a preliminary analysis shows immigration's role has been exaggerated, crowding out consideration of factors such as inequality and unemployment from policy discussions.

10 pages, September 2002, BP 130, \$5

RETIREMENT OUT OF REACH

Financial markets will not generate adequate retirement income for average household

by Christian Weller

The end of the biggest bull market in Wall Street's history and the scandals around Enron and other corporations have forced policymakers to question the security of company savings plans. These new misgivings, however, have not stopped proponents of Social Security privatization from continuing to argue for greater reliance on financial markets, despite the clear risks for adequate retirement income.

12 pages, August 2002, BP 129, \$5

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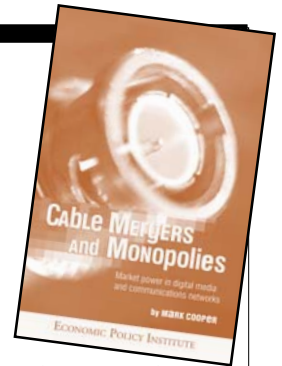
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Misplaced focus of tax enforcement could be remedied by simplifying credits for children
by Max B. Sawicky, October 2002

CABLE MERGERS AND MONOPOLIES

Market Power in Digital Media and Communications Networks

by Mark Cooper

The increasingly concentrated cable TV industry has dominated the video market for decades and is rapidly gaining dominance in the high-speed Internet market. This book offers a wealth of evidence showing how the convergence of digital media and communications networks is resulting in stunted innovation, restricted programming, and heightened prices for consumers. Focusing in particular on the proposed AT&T/Comcast merger, the book offers a general framework for evaluating different forms of market concentration and anticompetitive practices.
ISBN 1-932066-03-9, 154 pages, \$12.95



PUTTING BROADBAND ON HIGH SPEED

New public policies to encourage rapid deployment
by Stephen Pociask
Investments in high-speed Internet services aren't taking place as fast as they should, costing the economy an estimated 1.2 million high-paying jobs. The problem lies mainly with lopsided policies and regulations that haven't kept pace with new developments.
30 pages, July 2002, free online

NARROWING THE BROADBAND

- The harmful effects of the proposed AT&T-Comcast merger
- *by Geoff Shephard*
- An AT&T-Comcast merger risks substantially reducing competition in telecommunications and cable TV industries. The resulting market dominance will likely lead to higher prices, reduced incentives for innovation, and fewer consumer choices.
- *37 pages, July 2002, free online*

STAYING EMPLOYED AFTER WELFARE

Work supports and job quality vital to employment tenure and wage growth
by Heather Boushey
For many workers, and most welfare recipients, sustained employment begins by finding a way to balance all of life's responsibilities. This report explains how work supports like child care and overall job quality are vital to employment tenure and wage growth for working women who have left the welfare rolls.
36 pages, June 2002, BP 128, \$5

TIME TO FIX THE FEDERAL UNEMPLOYMENT BENEFITS PROGRAM

Long-term joblessness rising beyond the recession
by Maurice Emsellem and Jeffrey Wenger
Long-term unemployment in the U.S. is

worse now than it has been during the past four recessions. Although hundreds of thousands of workers have come to the end of their unemployment insurance, current law keeps almost every state from triggering the second round of benefit extensions. Co-released by EPI and the National Employment Law Project, this paper calls for policymakers to reform the federal extended benefit program.
14 pages, July 2000 BP125, \$5

REINING IN EXCHANGE RATES

A better way to stabilize the global economy
by Christian Weller and Laura Singleton
To avoid exposing industrialized and many emerging economies to rapid, large, and uncontrolled currency fluctuations, a new, more regulated exchange rate regime is needed. Such a system would allow governments to take more control of their economic destinies and help avoid crises like those underway in Latin America.
12 pages, September 2002, BP 131, \$5

184 PHONY ACCOUNTING AND U.S. TRADE POLICY

Is Bush using Enron-like tactics to sell trade deals to the public?
by Robert E. Scott, October 2002

EPI policy staff works with Congress

by Ross Eisenbrey, EPI V.P., and Sarah Harding, policy analyst

A newly configured Policy Department at EPI is forging ahead with initiatives to influence the content of key U.S. legislation and public policy, positioning the institute as an important source of data and analysis for Congress and other policymakers.

With Policy Director Ross Eisenbrey taking the helm in January 2002, and Policy Analyst Sarah Harding joining the staff in May, the department is taking on an ambitious agenda for the coming year. EPI has already played a key role in helping the House Democrats construct a plan to kick-start the ailing economy, and the institute will continue working with Congress on the implementation of economic stimulus strategies over the next several months.

EPI HAS PLAYED A KEY ROLE IN HELPING THE HOUSE DEMOCRATS CONSTRUCT A PLAN TO KICK-START THE AILING ECONOMY.

Meanwhile, the policy department will provide EPI research and analysis to push for passage of badly needed legislation that the 107th Congress failed to enact over the past year, including an increase in the minimum wage, a second extension of federal emergency unemployment insurance, and several important pension reforms. In addition, EPI will be an active participant in the campaign to pass welfare reauthorization in a form that helps low-income women and children, rather than hurting them. And EPI will work to defend the overtime provisions in the Fair Labor Standards Act, which provide the legal basis for the 40-hour workweek.

These new initiatives will come on the heels of a busy year in 2002, which saw the policy staff joining several major legislative battles. Areas of focus included the need for a stimulus plan to create more jobs, pension reform, the minimum wage, unemployment insurance, and welfare reform.

THE NEED FOR STIMULUS

In response to an invitation from the House Democratic Caucus, EPI President Larry Mishel presented the institute's diagnosis of what's ailing the economy—along with a prescription for a cure—to 130 members of Congress on December 9. Calling for government action to spur faster growth and job creation, he recommended quick passage of an economic stimulus package, including \$110 billion in new spending measures and \$65 billion in tax rebates targeted to middle- and low-income workers. Both the spending and the tax rebates should be non-recurring, one-time measures so the government's fiscal position is not adversely affected in future years. The plan would create 1.5

million jobs and lower the unemployment rate by one percentage point. (See "Generating Growth and Jobs" on page 1.)

PENSION REFORM

EPI's analysis of the Enron pension debacle led the policy department to recommend that reform legislation should include caps on the amount of employer stock held in 401(k) accounts. Policy staff wrote and distributed an issue brief showing that the House pension bill made it easier for employers to reduce or eliminate pension coverage for low- and moderate-income employees, while providing expensive benefits to highly compensated employees. Policy staff also distributed and explained the EPI report *Retirement Insecurity* by Edward Wolff (see page 6).

EPI and 20 other groups, including the National Women's Law Center, Pension Rights Center, Urban League, AARP, AFL-CIO, and the Campaign for America's Future, formed a coalition to lobby for reforms to the pension system—and to lobby against the seriously flawed pension bill passed by

(cont. on page 10)

EARN inspires state-level research

by Michael Ettlinger, EPI EARN director

Since September, many of the member groups of the Economic Analysis and Research Network (EARN) have been releasing their own, state-level versions of the EPI flagship publication, *The State of Working America (SWA)*. These reports, the titles of which include a given state's name in place of "America" (as in *The State of Working California*), take a close look at how a given state economy is serving working people. The reports build on locally generated data as well as data from EPI.

Some of the groups releasing *SWA*-like reports include the California Budget Project, the Colorado Fiscal Policy Institute, Connecticut Voices for Children, the Iowa Policy Project, the Kentucky Youth Advocates, the Maine Center for Economic Policy, the Massachusetts Budget and Policy Center, the Minnesota Budget Project, the New Jersey Policy Perspective, the Fiscal Policy Institute, Policy Matters Ohio, the Oregon Center for Public Policy, the Keystone Research Center, and the Center on Wisconsin Strategy.

EARN was formed as a collaboration between EPI and numerous state-level, regional, and national economic research organizations. The network links local, state and national groups that conduct research on the full range of economic policy issues. EPI supports EARN groups by providing technical assistance and data and developing vehicles for information-sharing and collaborative work.

New policy staff works with Congress (cont. from page 9)

the House. Policy staff met with several dozen senators on the subject. These efforts combined with those of EPI's coalition partners helped lead to the Senate's exclusion from the pension reform bill of misguided provisions that would have weakened protection for lower-income workers.

Several EPI reports were incorporated in a nationwide media campaign directed by the Campaign for America's Future. They included data on losses to state government employee pension plans and state-by-state reports on 401(k) losses.

UNEMPLOYMENT INSURANCE

In March 2002, EPI organized briefings for House and Senate staff on the need for a program of federally subsidized, extended unemployment benefits, and on the failure of the current system to cover low-wage and part-time employees. The institute also organized a press conference at the AFL-CIO. Congress enacted an extended benefits program in March, but it was set to expire on December 28, so EPI joined with the National Employment Law Project, the AFL-CIO, and the Center on Budget and Policy Priorities to organize additional briefings in the fall.

Besides Larry Mishel's testimony (see p. 2) in September 2002 before the Senate Health, Education, Labor and Pensions Committee on the need for an extension of the Temporary Extended Unemployment Compensation (TEUC) program, along with other economic interventions to stimulate the economy, EPI also met with dozens of senators and their staffs to lobby for a further extension of the TEUC program.

MINIMUM WAGE

Congress has not raised the minimum wage since September 1997, and inflation over the intervening five years has erased the gains made at that time in the minimum wage's purchasing power. EPI worked closely with Senator Edward Kennedy as he drafted legislation to

increase the minimum wage. The institute also joined a coalition of organizations working to increase the minimum wage. In addition, policy staff widely distributed an EPI issue brief (*Time to Repair the Wage Floor*) on the subject on Capitol Hill.

WELFARE

Congress took up the reauthorization of the Temporary Assistance to Needy Families program (TANF) but failed to complete action. The debate centered on work requirements and the need for child care to enable welfare mothers to balance their work and family responsibilities.

Policy staff worked with Senator Edward Kennedy and the late Senator

Paul Wellstone as they drafted TANF legislation and organized congressional hearings. Heather Boushey testified before the Senate Health, Education, Labor and Pensions Committee in May (see p. 2), and EPI distributed her work-supports paper to all members of the House and Senate.

THE STATE OF WORKING AMERICA (SWA)

Since *SWA* can serve as a valuable reference resource for any legislative decision maker, EPI's policy staff asked Senator Edward Kennedy and Representative George Miller to distribute it to other members of Congress. The two distributed *SWA* to every member of both the House and Senate.

GPN TO HOLD GLOBAL WORKERS CONFERENCE

*by Tony Avirgan,
Global network coordinator*

CNN and most of the world's media measure a country's well-being by reporting fluctuations in its stock market. The partners in the Global Policy Network (GPN), however, believe this tells nothing about how *people* in a particular country are doing. Instead, GPN participants post reports on www.gpn.org that provide information on employment, wages, working hours, unionization rates, income distribution, poverty rates, women and minorities, and other economic indicators that give a better picture of how a country is faring.

GPN has participating research institutions in more than 50 countries. All share a desire to use credible research to empower working people, with the aim of changing national and global economic and social policies.

In the next six months, the GPN network will be extended to North Africa, the Middle East, and the Caribbean. When the network is extended to

these areas and to Europe, where more outreach is needed, GPN will hold a global conference in late 2003 or early 2004.

Although there is a trend around the world to invite organized labor to the table for policymaking discussions, it is a sad fact that union representatives are often overwhelmed by World Bank and IMF representatives and their allies in government who come to the table armed with volumes of data. GPN seeks to arm union officials with research done from a *workers'* point of view, with the aim of creating policies that will better the lives of working people.

GPN posts periodic labor market reports on its web site and also engages in regional and global research projects. Examples include an evaluation of the impact of NAFTA, and a study of the effects of multinational banks on national economies. Currently, GPN is gearing up for its most ambitious undertaking yet: a study in 40 to 50 countries of the impact of privatization on jobs and delivery of public services.



HEATHER BOUSHEY
A&E documentary
Wage Slaves: Not Getting by in America
 Date: August 25, 2002

"Our income inequality is much worse than in other developed countries."



LAWRENCE MISHEL
C-SPAN's Washington Journal
 Date: August 26, 2002
 Topic: Education

"We need good quality teachers and a class size that allows creative teachers to do their best work."



JARED BERNSTEIN
CNNfn's Econ Alert
 Date: First Friday of every month
 Topic: Employment

"There is absolutely no question that this is a jobless recovery."

STATE OF WORKING AMERICA MEDIA COVERAGE

National & International

- BROADCAST:
ABC World News Tonight
 ABC Radio Network
 AP Radio
 BBC
BET Evening News
CBS Early Show
 CNNfn
 CNN (*Moneyline*)
Diane Rehm Show (NPR)
Marketplace Morning Report (NPR)
 Minnesota Public Radio (syndicated)
 National Public Radio
 Wisconsin Public Radio (syndicated)
 XM Satellite Radio

- PRINT:
 Associated Press (national & state)
Chicago Tribune
Christian Science Monitor
Financial Times (London)
 Global News Wire (Asia & Africa)
Korea Herald
Knight Ridder News Service
La Jornada (Mexico City)
Los Angeles Times
New York Times
 Scripps Howard News Service
Straits News (Singapore)
Washington Post

Major Regional

- BROADCAST:
 KFWB-FM (Los Angeles)

- WBAI-FM (NYC)
 WBBM-FM (CBS – Chicago)
 WBZ-FM (CBS – Boston)

- PRINT:
Atlanta Journal-Constitution
Boston Globe
Cleveland Plain Dealer
Denver Post
Des Moines Register
Detroit Free Press
Ft. Lauderdale Sun Sentinel
Houston Chronicle
Minneapolis Star Tribune
Philadelphia Inquirer
Seattle Times
St. Louis Post-Dispatch

Local

- BROADCAST:
 KMIZ-TV (Columbia, MO)
 WAFF.com (Huntsville/Decatur, AL)
 WECT-TV (Wilmington, DE)
 WGRZ-TV (Buffalo, NY)
 WPKN-FM (Bridgeport, CT)

- PRINT:
Albany Times Union
Albuquerque Tribune
Boulder (CO) News
Buffalo News
Bradenton (FL) Herald
 Commondreams.org
Deseret News (Salt Lake City)
Hamilton (Ontario) Spectator

- Kansas City Star*
Madison Wisconsin State Journal
Milwaukee Journal Sentinel
Myrtle Beach Sun-News
Norwich (CT) Bulletin
News & Observer (Raleigh, NC)
Oakland Press (Pontiac, MI)
Salt Lake Tribune
San Jose Mercury News
Seattle Post-Intelligencer
Wichita Eagle

GENERAL OP-EDS

The following publications are a sampling of those that ran editorials and opinion pieces by EPI economists:

- Albany Times-Union*
American Prospect
Atlanta Journal-Constitution
Baltimore Sun
Buffalo News
Detroit News
Dissent Magazine
Eugene (Ore.) Register-Guard
Myrtle Beach (S.C.) Sun News
The New Economy
Prince George's (Md.) Journal
Reno (Nev.) Gazette-Journal
San Antonio Express-News
San Diego Union-Tribune
Tampa Tribune
USA Today
Women's Enews

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Transit Union; Communications Workers of America; International Association of Machinists and Aerospace Workers; International Brotherhood of Electrical Workers; IUE-CWA; Laborers' International Union; National Education Association; Service Employees International Union; Transport Workers Union; Union of Needletrades, Industrial and Textile Employees; United Automobile Workers; United Food and Commercial Workers International Union; and United Steelworkers of America.

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Support EPI through the Combined Federal Campaign (CFC)

EPI is pleased to announce that it has been selected again this year for participation in the Combined Federal Campaign (CFC). EPI will be listed in the international section of this year's catalog, reflecting our expanded work in the global arena and our continuing national efforts.

EPI is grateful for the generous support of federal workers who contribute to us through the CFC. These gifts help EPI address emerging issues of immediate concern to workers and their families. **Please use code 0839 to designate your CFC gift to EPI.**

EPI JOURNAL

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