



Advancing Opportunity,
Prosperity, and Growth

March 13, 2015

“EXPANDING EMPLOYMENT OPPORTUNITIES”—EVENT RECAP & MATERIALS

Washington, DC – A fundamental part of a successful economy is a thriving labor market where workers of all skill levels have the opportunity to prosper. On Wednesday, The Hamilton Project at Brookings convened academic experts and stakeholders for a [forum at the National Press Club](#) on expanding employment opportunities. **United States Vice President Joe Biden delivered remarks at the forum.** Following Vice President Biden’s remarks, [three new Hamilton Project papers](#) – proposing ways to develop labor market opportunities for workers – were explored during two roundtable discussions. In conjunction with the forum, The Hamilton Project released a [new framing memo](#) highlighting the challenges and opportunities of job growth.

Introduction and Framing Remarks

Opening remarks were delivered by former U.S. Treasury Secretary **Robert E. Rubin**.

Select Quotes:

- “I think the discussion of economic policy with respect to job creation and wage improvement, both of which are massively important objectives, too often devolves to a false choice between what are treated as alternatives. In fact we need to operate on all fronts. Clearly we need to increase economic demand. And in my view at least, there are ways that can be done with fiscal policy that would both increase demand now through infrastructure and the like and also address our long-term counterproductive fiscal trajectory. And we need at the same time to move forward on education, training, collective bargaining reform, and so many other areas that would better equip and improve our workforce productivity and competitiveness.” *Robert E. Rubin*
- “The two keys to growth, again in the broadest sense are increasing economic demand on one side of the equation, and promoting productivity and enlargement of the labor force on the other side of the equation. However, while growth is necessary, as all of you know it is not sufficient if we’re going to achieve the objective of broadly inclusive economic growth.” *Robert E. Rubin*

Panel 1: Promoting Smarter Occupational Licensing Practices

The first panel discussed a [recent Hamilton Project discussion paper by labor economist Morris Kleiner](#) of the University of Minnesota. Kleiner’s proposal suggests four major reforms to occupational licensing policies which aim to foster greater opportunities for job growth, economic prosperity, and lower costs for consumers. Kleiner was joined by **Mike Monroe** of the North America’s Building Trades Union, **Barbara Kelley** of the Colorado Department of Regulatory Agencies, and **Justin Wolfers** of the Peterson Institute for International Economics. **Melissa Kearney**, Director of the Hamilton Project, moderated the discussion.

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Select Quotes:

- “There was a recent Supreme Court case involving the Federal Trade Commission in the State of North Carolina in which the members of the Dental Board had to be practicing dentists. It is surprising the practicing dentists thought people who were providing teeth whitening were practicing dentistry without a license. In fact, that was a high margin profit for the dentists. They basically sent cease and desist orders to individuals who were selling teeth whitening kits in malls and spas...the Court ruled yes, in fact, this Board was acting in their own self-interest and not looking after the interests of the consumer, that is individuals who wanted to buy these teeth whitening kits...Those decisions on who can provide tasks are not determined in the marketplace but rather they are determined in the legislature. These perhaps would be better decided by consumers rather than in the legislature.” *Morris Kleiner*
- “At the root of this conversation on licensure is whether or not the labor market can effectively regulate core competencies while also promoting skill development, so what occupations fall in that are certainly up for debate, and I think in construction, we would think we want to constantly push up those skills, not push down. There is a consumer confidence element here and a public safety element here. Licensing electricians and plumbers predates OSHA, for instance. There is a consumer confidence on one end.” *Mike Monroe*
- “One of the great things about the American labor market is we have an incredibly fluid labor market, by which I mean we all have many opportunities to reinvent ourselves. We change occupations many times during our career, many more times than our European friends. We move across state lines and go in different jurisdictions. This fluidity has been declining through time, and [Kleiner] rightly says that licenses are one of the things that are preventing us from crossing occupational lines or alternatively from crossing state borders as well...They block off important pathways to the labor force.” *Justin Wolfers*
- “One of the issues that I think is really important and I’d like to make sure we don’t lose sight of is the incentive and the motivation for a lot of additional licensing comes from the practitioners themselves. What you have and what I’ve seen over the last several years is greater fragmentation and sub-specialization. So you start off with a licensure of physicians. We all agree that full licensure of a doctor is necessary. Then you have the doctor’s assistant. Then you have an assistant to the physician assistant. Each of those layers of sub-specialization, for lots of reasons that they perceive as legitimate...will provide incentives and motivation for the request for licensure.” *Barbara Kelley*
- “The legislature is clearly a big part of the whole three legged stool, if you will. The first leg is the statutory review of the program. The second leg is the actual report through the Executive Branch and my office, and the third is the legislature in terms of implementing or executing on the recommendations in the report. What you find is once the report gets into the political arena, we lose control of that process and you have lots of other influences that will come to the table.” *Barbara Kelley*
- “We still have an unemployment rate of 5.5 percent, the share of the unemployed who have been out of work for over six months remains at a historic high, and the long term declines in labor force participation rates among working age individuals remains a cause for concern. As economists and policy observers, we are excited about the pace of recovery we do acknowledge there is still room for improvement and likely need for targeted, smart, well designed, effective policy reforms.” *Melissa S. Kearney*

- “This is what I think is so useful and helpful about what [Kleiner] has done: take [occupational licensing] out of the Libertarian camp and remind us all and point out very clearly this is an economic issue. That is why we have taken this up at the Hamilton Project as an economic policy group: there are economics involved here. In fact, as [Kleiner] has pointed out, 30 percent of workers in this country need a license to work...This should be an issue for people who care about employment opportunities.” *Melissa S. Kearney*

Panel 2: Improving Employment Outcomes for the Unemployed and Increasing Entrepreneurship among Women and Minorities

The second panel discussed papers by **Adriana Kugler** of Georgetown University and **Michael Barr** of the University of Michigan that seek to and [increase the rates of minority entrepreneurship](#), respectively. The authors were joined by **Chanelle Hardy** of the National Urban League Washington Bureau and **Jared Bernstein** of the Center on Budget and Policy Priorities. **Glenn Hutchins**, of Silver Lake, moderated the discussion.

Audio: [Download and Listen to Panel 2 Audio](#)

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Select Quotes:

- “We have a very strong and vital entrepreneurial culture in the United States. We have a very vibrant capital market that in general is terrific at expanding the ability of businesses to form and to grow and to create jobs and to promote innovation and at the bottom to increase economic growth. But at the same time, we don't do a good enough job, in my view, in making sure that that growth is inclusive and making sure that minority entrepreneurs and women entrepreneurs have the same opportunities to get ahead as others do.” *Michael Barr*
- “We can help connect people with the skills they need to be successful. Sometimes that means some training programs, but sometimes it means helping them hire the right consultant or hire the right worker to work with them. We can help connect them to networks that are going to help them to succeed, networks of their peers and networks of business opportunities, and we can improve their access to capital. And with each of those three elements, you're increasing the odds that doing this very, very hard thing is going to have a slightly better outcome than it otherwise would.” *Michael Barr*
- “Once you remain unemployed for a period of time, it becomes harder and harder to get a job because the long-term unemployed see their earnings fall by about 40 percent...This means that basically, we want to get people back into jobs sooner, rather than later.” *Adriana Kugler*
- “The unemployment insurance system has long been helpful in providing income support to the unemployed, and in particular, it does help to prevent people from falling into poverty. It does help in avoiding big falls in terms of consumption. But at the same time, paradoxically, the unemployment insurance system imposes many barriers to actually getting back into jobs... Basically, there are so many requirements within the UI system, and so many restrictive requirements within the UI system that it becomes very hard for the unemployed to, on the one

hand, qualify to get UI benefits, and secondly, to try to take the steps and take the actions that will actually allow them to get back into jobs.” *Adriana Kugler*

- “I think it's worth noting how bad it is for certain segments of our population, particularly African-Americans. Literally, there is no state in this country where the African-American unemployment rate is not in double digits. So when we talk about strategies that reemploy people, I think we have to really grapple with the fact that there's a segment of the population that's going to really, really struggle.” *Chanelle Hardy*
- “There's a problem economists worry about. It's called hysteresis, which sounds like some medical disease, and to some extent it sort of is. It's the economy getting sick in the following sense. It's when a cyclical problem morphs into a structural problem. So something that would be a temporary problem if people were able to get back to work becomes a permanent one where they become deeply estranged from the job market and unable to find their way back in.” *Jared Bernstein*
- “As long as we continue to have a real shortfall of demand in our economy, whether it's consumer demand or labor demand, it's very hard for these programs to really be as effective as they could be and should be...That is, you could do everything that [Kugler and Barr] want us to do, and if there aren't the job slots there, everyone would kind of be all dressed up with nowhere to go.” *Jared Bernstein*
- “Many businesses fail. For people already with low assets, what happens to those whose businesses fail, especially if they have debt? Not just the average, but tail risk. But let me throw something into this from my life as an entrepreneur...It's really hard...and so the notion that you go from unemployment insurance to be an entrepreneur seems to me to be pretty far-fetched. And why aren't we instead talking about the skills necessary to help to be successful as an employee or as a partner in an entrepreneurial businesses, whether that's bookkeeping or sales and marketing or customer service or whatever it might be, so that you can work your way into the entrepreneurial world rather than leap right from unemployment insurance to a business plan, debt and funding...” *Glenn Hutchins*

A full event transcript can be [found here](#). Photographs from the forum can be [found here](#).

Please do not hesitate to contact Kriston McIntosh at 202-797-6157 or kmcintosh@brookings.edu with questions or if you'd like to speak with any of the event panelists regarding Wednesday's discussion.