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# The Political Economy of Work in the 21st Century: Implications for an Aging American Workforce.

Martin Sicker

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these as ineffective as well. I would suggest that perhaps proposals to reform the UI system should go beyond attempts to reduce its disincentive effect, which does not appear to be that large in the first place. Steps should instead be taken toward making the system work more effectively at doing what it is designed to do: providing income support for those who lose their jobs. A good place to start would be a reform of the extended benefits program.

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*The Political Economy of Work in the 21st Century: Implications for an Aging American Workforce.* By Martin Sicker. Westport, Conn.: Quorum (Greenwood), 2002. 224 pp. ISBN 1-56720-566-6, $62.95 (cloth).

While our increased longevity is generally a good thing, it raises economic concerns that need to be addressed to ensure that our additional years are not spent in poverty. As people can expect to live longer, they need more resources than any previous generation over the course of a lifetime. To generate these resources, people can save more, accept higher tax rates to pay for public pensions and health care, or work longer.

Martin Sicker, in this book, focuses on the third of those three options. He sensibly asks whether there will in fact be enough jobs for older workers to continue working longer. The answer many economists give is that the demand for older workers will increase as the baby boom generation approaches retirement age, since the supply of skilled workers will decline. In contrast, Sicker points out that recent trends do not bode well for older workers who hope to find meaningful employment in jobs with decent pay and benefits, at least not without supporting policies to generate these jobs.

Sicker identifies several culprits for the decline in good job opportunities. The end of what Sicker calls "corporate paternalism," or Fordism, has meant a reduced commitment of companies to their employees. This declining commitment to good employment has led to more outsourcing, including to overseas locales, aided by unregulated trade and capital flows; to more contingent work; and to downward pressure on wages and benefits. As a result, fewer job opportunities for older workers are available, and those that are available are less likely than in the past to carry pension and health care benefits with them. Moreover, Sicker argues that many households' savings are insufficient to sustain a decent standard of living. He cites, for instance, a 1997 study by the Employee Benefits Research Institute showing that 22% of households experienced a decline in living standards when they made the transition to retirement, and a 1995 study by the Employers Council on Flexible Compensation in which three-quarters of respondents indicated that they were not saving enough for retirement. Thus, there is growing pressure for workers to seek longer employment at a time when such employment is increasingly hard to find.

One possible way to halt the decline in good job opportunities, Sicker argues, is to bind corporations to goals other than profit generation, for example, community economic development or job generation. Such a reorientation of corporate governance away from mere profit maximization could occur through so-called stakeholder legislation on the state level, which would require corporations to abandon an almost exclusive focus on shareholder value creation that often works to the detriment of other, more socially desirable goals. A gentle nudge from public policy, Sicker argues, could move corporations toward a commitment to building healthy communities and good, sustainable jobs.

Sicker points out, as other scholars of the corporation have, that publicly chartered corporations were historically supposed to fulfill a larger social role than simple profit generation. As an example, he cites the Indiana Code's Standards of Conduct for Directors, which allows directors to consider the impact of their actions on shareholders, employees, suppliers, customers, and communities. Sicker hence concludes that it is theoretically not too far-fetched to require that corporations bear in mind the interests of all stakeholders.

But this back-to-the-future reorientation of corporate governance, the author acknowledges, is unlikely to come to fruition in the near future. Failing such a change, Sicker suggests that public policy focus, more narrowly, on ensuring that jobs pay well enough and offer adequate benefits. To achieve this, the government could, in Sicker's view, operate as employer of last resort, whereby public sector jobs are created in a downturn to absorb excess labor supply. In addition, he argues that employers should be required to treat full-time and part-time workers equitably with respect to total compensation.

Not only should public policy help to ensure that workers receive good jobs with adequate benefits, it should also aid in the creation of more jobs for the future through improved fiscal, monetary, and trade policy. In the fiscal realm, Sicker suggests reducing or eliminating corporate subsidies and using these additional funds to subsidize work, for example by offering employers wage rebates in times of sluggish labor markets, or by rewarding them for job creation. With respect to monetary policy, Sicker dismisses the notion of the natural rate of unemployment as empirically unsupported, and argues that monetary policy-makers should put strong economic growth first, rather than low inflation. Last, he argues that trade policy has focused too much on unregulated trade and capital flows and that the incorporation of worker rights in trade agreements could support the creation of good jobs. Without such active employment and economic policies, Sicker argues, there will not be enough good jobs for the coming generations of older workers.

The book is a very sensible, insightful, and provocative analysis of the trends that are likely to influence the creation of good jobs. It challenges the notion that older workers will find meaningful employment to support them as they age, and it challenges policy-makers to address this apparent divergence between prediction and reality.

In arguing his point, Sicker takes to task many sacred cows of economists, including the natural rate of unemployment and the trend toward unregulated trade and capital flows. Economists have increasingly questioned the validity of the natural rate hypothesis, as the book illustrates in its references to the work by the late Robert Eisner, by James Galbraith, and by Paul Omerod. Moreover, Sicker touches upon the ongoing discussion among economists over the benefits of unregulated trade and capital flows. This discussion has been partly fueled by examples of job losses outside low-skill occupations, which directly contradict the theoretical predictions of neoclassical economic theory. For instance, Sicker points to the Department of Labor's certification of trade-related job losses at GE and Hughes Aircraft. On this matter as on others, Sicker weighs the existing evidence from various sources, including academic studies, think tanks, and the media, in a balanced manner.

Most of the trends the book highlights as responsible for the disappearance of good job opportunities have continued, and some have intensified, since 2000. As the economy and the stock market unraveled, firms began to lay off workers and to reduce benefits, especially pension and health benefits, and the government restricted active fiscal policy, concentrating instead on seeking new trade agreements to generate demand for American-made products.

One subject regrettably missing from the book is the status of older workers' health and of their retiree health care coverage. Many older workers—between 10% and 20% of them, according to various estimates—suffer from health problems serious enough to make continued work impractical; and yet many firms have ceased offering retiree health care coverage to their workers. Sicker's omission of this subject is especially surprising since it seems a strong example of the declining commitment of employers to their employees that he discusses at some length.

That shortcoming aside, the book is an insightful contribution to the literature on the social consequences of an aging society. It provides cogent reasons to doubt rosy predictions of abundant job opportunities for older workers in the years ahead, and challenges readers to consider realistic policy options to create meaningful job opportunities for the growing share of the population that is elderly or near elderly.

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## Human Resources, Management, and Personnel

*Strategy and Human Resource Management.* By Peter Boxall and John Purcell. New York: Palgrave Macmillan, 2003. 299 pp. ISBN 0-333-77820-0, $29.95 (paper).

The increasing importance of people to organizational success corresponds with the rise of Strategic Human Resource Management (SHRM) as a field of study worldwide. Research on SHRM issues has grown exponentially over the past ten years. Originating as it has, however, across diverse academic disciplines (for example, psychology, sociology, economics) and geographic regions (although primarily Europe and the United States), this literature has been