Debate: Should You Pay Fees for Better Public Services?

The Debate: “Are there things that simply shouldn’t be bought and sold? The Harvard University political philosopher Michael Sandel has issued a sharply-argued call for limits on market forces in his TED talk ‘Why we shouldn’t trust markets with our civic life.’”

“He uses [examples of market incursion into civic life] to ask a key set of questions about our public life: ‘Do we want a market economy, or a market society? What role should markets play in public life and personal relations? Where should money’s writ not run?’”

“Should there be a limit to what markets can touch in public services and civic life? Mr. Sandel says there should. [The Globe and Mail has] drawn together a panel of top economic and public-policy thinkers to examine the question from a number of divergent angles.”

The Debaters:

- **Ben Dachis**, Senior policy analyst, C.D. Howe Institute: “Markets aren’t about money but about incentives, and governments need them.”
- **Armine Yalnizyan**, Senior Economist, Canadian Centre for Policy Alternatives: “We shouldn’t be relying for vital goods on free markets but rather on careful regulation.”
- **Frances Woolley**, Professor of Economics, Carleton University; economics blogger: “Our life is market-based whether we like it or not; we need better, not fewer, markets.”
- **Donald Savoie**, Author of *Whatever Happened to the Music Teacher? How Government Decides and Why*: “Market-based public-service experiments have all failed. Our bottom line should be based on values.”
**A Q&A with Armine Yalnizyan**

"On February 28th, CCPA Senior Economist Armine Yalnizyan faced one of the more intimidating challenges of the web, and did a Reddit AMA ("Ask Me Anything") session. Redditors dove right in and asked Armine questions on topics ranging from income inequality to Ontario's minimum wage, to Kevin O'Leary (CBC's Lang & O'Leary Exchange)."

"As usual, Armine was candid and informative. She shed light on some tough questions about the economy and taxation, and even shared an adorable GIF of a kitten (well played, Armine)."

"Check out the full AMA for the entire list of Q&As: I Am Armine Yalnizyan, Ask Me Anything."

"If you're asking yourself, 'What the heck is Reddit?' here's a handy FAQ."

**Statscan Data Undercuts Canadian Government's Labour Shortage Claim**

"Canadian businesses had just under 200,000 vacancies in December, the lowest number since March 2011, when Statistics Canada began collecting job vacancy numbers."

"The 199,700 job vacancies reported by Statistics Canada Tuesday [March 18, 2014] represent a decline of 21,000 openings from the same month a year ago. Another way of looking at it is that there were 6.3 unemployed Canadians for every open job."

"That compares to 5.7 per vacancy 12 months earlier."

"Critics say the data conflicts with reports from the government saying there is a labour shortage."

"Statistics Canada began tracking job vacancies in response to claims of a labour shortage by governments and corporate Canada, but the number of vacancies falling below 200,000 casts further doubt on the notion that Canada is suffering from a shortage of workers,' wrote Erin Weir, an economist with the United Steelworkers union, in an emailed statement. ‘The real problem is a shortage of jobs... Policymakers should focus on creating jobs and providing adequate benefits to the unemployed, rather than on alleviating phantom labour shortages.’"

**Ontario's Job Market Undergoing 'Seismic Shift'**

"Ontario’s labour market is in tumult as the province slides from a workforce of steady full-time jobs to shaky part-time posts, warns a new study."
"In the 30-page report, entitled ‘Seismic Shift’... economist Kaylie Tiessen paints a sobering Ontario employment picture. ‘By the end of 2013, after shedding 290,000 jobs over 13 years, the manufacturing sector represented only 11 per cent of the jobs in Ontario’s labour market,’ writes Tiessen.”

"Tiessen’s research shows [the ‘service industry’] represented 79 per cent of all jobs in Ontario last year, up from 73 per cent in 2000."

"Over that same period, part-time jobs rose by 25 per cent while full-time positions increased by 16 per cent."

"The study also highlights a growing trend of ‘involuntary part-time work,’ because fewer Ontarians can find full-time positions that pay enough to make ends meet."

"Last year about a third of Ontario part-time workers said they would rather be working full-time -- a 43 per cent increase since 2000."

"This trend indicates that Ontario’s labour market is not delivering the hours or incomes that help ensure economic security.”

**The Toronto Star, March 14, 2014:** “Ontario’s job market undergoing ‘seismic shift’ from full- to part-time jobs,” by Robert Benzie

**Canadian Centre for Policy Alternatives, March 2014:** “Seismic Shift: Ontario’s Changing Labour Market,” by Kaylie Tiessen (32 pages, PDF)

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**Five Reasons Why the Long-Term Jobless Don't Matter to the Economy**

"Princeton University professor Alan Krueger dives deep into the problem of long-term unemployment in a new paper... He calls people who have been out of a job for six months or more an ‘unlucky subset of the unemployed’ who exist on the margins of the economy -- with faint hope of returning to productivity. Here are five takeaways from his paper, co-authored with Judd Cramer and David Cho of Princeton."

- Long-term unemployment has little impact on inflation.
- The long-term unemployed have a hard time not only finding a job, but also keeping one.
- Long-term unemployed who leave the labor force are unlikely to come back.
- The long-term unemployed stay in their field.
- A stronger economy doesn’t hurt -- but it doesn’t help much, either.

**The Washington Post, March 20, 2014:** “Five reasons why the long-term jobless don't matter to the economy,” by Ylan Q. Mui

"Comparing the U.S. to other developed countries, [the authors] find [that in] Canada, the long-term unemployed typically made-up a higher share of the unemployed compared to the U.S., although the share of long-term unemployed workers trended down from the early 1990s to the Great Recession, and is now almost half the U.S. share."

**Brookings, Spring 2014:** “Are the Long-Term Unemployed on the Margins of the Labor Market?,” by Alan B. Krueger, Judd Cramer, and David Cho

**Brookings Papers on Economic Activity, Spring 2014:** “Are the Long-Term Unemployed on the Margins of the Labor Market?,” by Alan B. Krueger, Judd Cramer, and David Cho (59 pages, PDF)

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**Study: 'Culture of Arrogance' Felled Telecom Giant Nortel**

"The collapse of telecommunications giant Nortel Networks Corp. was caused by ‘a culture of arrogance and even hubris’ that led to numerous management errors and weakened the firm’s ability to adapt to changing customer needs in a fast-paced industry, according to a new in-depth analysis of the company’s final decade of operations."
"The study concludes that Nortel lacked the internal ‘resilience’ to cope with a changing external marketplace, and missed key opportunities between 2002 and 2006 to retrench as it struggled to survive. In the end, customers said they could not stick with Nortel as a ‘black cloud’ formed over the company, raising doubts about its long-term future."

"The report also says Nortel could have solved its problems in 2002 by retrenching and selling business units, but missed the opportunity, and again missed an opportunity in 2005 and 2006 to sell units and retrench in key business sectors."


*Ottawa Citizen, March 17, 2014:* “11 lessons from Nortel’s demise,” by Jim Bagnall

*The University of Ottawa, Telfer School of Management, March 2014:* “An Overview of the Demise of Nortel Networks and Key Lessons Learned: Systemic effects in environment, resilience and black-cloud formation,” by Jonathan Calof et. al. (35 pages, PDF)

For additional information and summary reports click here.

**The 'Paid-What-You're-Worth' Myth**

"'Paid-what-you’re-worth' is a dangerous myth."

"Fifty years ago, when General Motors was the largest employer in America, the typical GM worker got paid $35 an hour in today’s dollars. Today, America’s largest employer is Walmart, and the typical Walmart worker earns $8.80 an hour."

"Does this mean the typical GM employee a half-century ago was worth four times what today’s typical Walmart employee is worth? Not at all."

"The real difference is the GM worker a half-century ago had a strong union behind him that summoned the collective bargaining power of all autoworkers to get a substantial share of company revenues for its members. And because more than a third of workers across America belonged to a labor union, the bargains those unions struck with employers raised the wages and benefits of non-unionized workers as well. Non-union firms knew they’d be unionized if they didn’t come close to matching the union contracts."

"Today’s Walmart workers don’t have a union to negotiate a better deal. They're on their own. And because fewer than 7 percent of today’s private-sector workers are unionized, non-union employers across America don’t have to match union contracts. This puts unionized firms at a competitive disadvantage. The result has been a race to the bottom."

"By the same token, today’s CEOs don’t rake in 300 times the pay of average workers because they’re “worth” it. They get these humongous pay packages because they appoint the compensation committees on their boards that decide executive pay. Or their boards don’t want to be seen by investors as having hired a 'second-string' CEO who’s paid less than the CEOs of their major competitors. Either way, the result has been a race to the top."

*Robert B. Reich’s film “Inequality for All” is now available on DVD and blu-ray, and on Netflix Instant Watch. Watch the trailer here.*


"Wall Street compensation continues to dwarf the pay in other industries. The Institute for Policy Studies, a liberal-leaning research group, said on [March 12, 2014] that the $26.7 billion in bonuses would be enough to more than double the pay of the 1.1 million full-time minimum wage workers in the United States."


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White Guys Still Don't Get it: This is the Real Reason They Dominate TV

“This week, Steve Paikin, host of a Canadian TV program called ‘The Agenda,’ publicly asked, ‘Why Won’t the Women Come On Our Show?’ What ensued, among some straight-faced suggestions, was a biting, often funny hashtag conversation on Twitter, #WomenOnlyExcusesForPaikin, mocking Paikin’s descriptions of the reasons women give for not showing up when asked.”

“Paikin’s question actually had two parts. One, why do women decline to come on the air? Two, why does it seem as though there are comparatively few women experts available, even in 2014?”

“Paikin’s show’s staff does not appear to be especially diverse. Additionally, while they've talked about this problem, are committed to gender parity and have asked around to find women experts, ‘The Agenda’ does not appear to have a systematic plan for increasing the presence of non-traditional voices. Paikin makes clear its goal of gender parity and describes the show’s efforts. However, the lack of staff diversity ultimately undermines the stated commitment because these two things go hand in hand. If programs are genuinely interested in diversity and gender parity, then they have to reflect this interest in their own organization’s makeup. The staff on ‘The Agenda’s’ webpage lists 14 people, three of whom are women.”

“There are three steps institutions can take to rectify these imbalances:

1. Talk to organizations and programs that are succeeding in achieving gender parity and diversity. This doesn’t have to be limited to television shows. After annual VIDA counts highlighted deplorable gender gaps at their organizations both the Paris Review and the New York Times Book Review implemented substantive changes. They are examples of how awareness moves to concerted effort and quickly effects change. Or, talk to producers at the ‘Melissa Harris-Perry Show,’ which single-handedly has more diversity that all other Sunday morning talk shows combined...” (read more)

Salon, March 20, 2014: “White guys still don’t get it: This is the real reason they dominate TV," by Soraya Chemaly

TVO's The Agenda, March 16, 2014: "Where, Oh Where, Are All the Female Guests?," by Steve Paikin

The 2013 Vida Count

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The Color Bind: Talking (And Not Talking) About Race at Work

“Since the 1960s, the dominant model for fostering diversity and inclusion in the United States has been the ‘color blind’ approach, which emphasizes similarity and assimilation and insists that people should be understood as individuals, not as members of racial or cultural groups. This approach is especially prevalent in the workplace, where discussions about race and ethnicity are considered taboo. Yet, as widespread as ‘color blindness’ has become, many studies show that the practice has damaging repercussions, including reinforcing the existing racial hierarchy by ignoring the significance of racism and discrimination In The Color Bind, workplace experts Erica Foldy and Tamara Buckley investigate race relations in office settings, looking at how both color blindness and what they call ‘color cognizance’ have profound effects on the ways coworkers think and interact with each other.”

“Based on an intensive two-and-a-half-year study of employees at a child welfare agency, The Color Bind shows how color cognizance -- the practice of recognizing the profound impact of race and ethnicity on life experiences while affirming the importance of racial diversity -- can help workers move beyond silence on the issue of race toward more inclusive workplace practices.”

Click here to purchase a copy and here to download a free study guide.

The Hustle: Economics of the Underground Commercial Sex Industry

"Prostitution is said to be the world’s oldest profession, but understanding the size and scope of this economy, and the methods and actors involved in this trade, is still a murky endeavour. Outside the sex sold legally in Nevada, prostitution in the United States transpires in the shadows of an underground economy. There are no accounting records to trace, no receipts to scrutinize, and no legal records to analyze. Simply, it is difficult to grasp the size of this economy."

Employee Management is a pimp’s prerogative (including performance incentives):

"The business models pimps use don’t conform to those we see in the legitimate commercial world. The biggest challenge, most said, is controlling employee behaviors and actions. And the first order of business is typically to collect all the money. “These girls, they don’t get no cut or anything, but they do get anything they want or need,” one pimp said. “The reason you don’t give them their own money, they would be like ‘I can just keep this.’”

"Indeed, many pimps say they use deprivation to create dependency and motivate their employees by either compensating them with material goods or denying them these rewards."

"Pimps also set up a host of rules, quotas, and performance incentives. Rules related to drugs and alcohol are common. Many pimps said that employees using hard drugs are typically unreliable and a danger to themselves. Others prefer that their employees not smoke marijuana or drink, but still tolerate it."

The Urban Institute, March 12, 2014: “The Hustle: Economics of the Underground Commercial Sex Industry,” by Matthew Johnson

Click here to download the feature in PDF format (16 pages).

The Urban Institute, March 2014: “Estimating the Size and Structure of the Underground Commercial Sex Economy in Eight Major US Cities,” by Meredith Dank et al. (384 pages, PDF)

"A street prostitute in Dallas may make as little as $5 per sex act. But pimps can take in $33,000 a week in Atlanta, where the sex business brings in an estimated $290 million per year. It is not nearly as lucrative in Denver, where prostitution and other elements of an underground trade are worth about $40 million."

"Those are some of the findings of a landmark government-sponsored report on the size and structure of the sex economy, including massage parlors, brothels and expensive escort services."


How to Succeed Professionally by Helping Others

"[R]esearch shows that in restaurants, the more often employees help, the higher their revenue, operating efficiency, cleanliness, and customer satisfaction. This evidence holds up in a wide range of industries, from banking and manufacturing to healthcare and retail: helping behaviors play an important role in organizational effectiveness."

"Unfortunately, when people... step up to help, they seem to make their organizations better at their own expense. In professional settings, it’s all too easy to take generosity for granted, especially when it comes from women. In a series of studies, NYU psychologists Madeline Heilman and Julie Chen found that volunteering to help colleagues boosted performance evaluations and rewards for men, but not women."

"New evidence [also] supports the notion that giving facilitates learning. In a study of employees at a large consulting firm led by Rutgers professor Neha Shah, the highest performers were those who provided the most help to colleagues in solving task-related problems. Why? As the consultants shared knowledge about the challenges that colleagues confronted, they
gained specific insights about their own work and became better problem-solvers in general.

*The Atlantic, March 17, 2014:* “How to Succeed Professionally by Helping Others,” by Adam Grant

“Together with the results of a 3rd study demonstrating that work-related altruism is thought to be less optional for women than for men, these results suggest that gender-stereotypic prescriptions regarding how men and women should behave could result in different evaluative reactions to the same altruistic behavior, depending on the performer’s sex.”

*Journal of Applied Psychology, 2005:* “Same Behavior, Different Consequences: Reactions to Men’s and Women’s Altruistic Citizenship Behavior,” by Madeline E. Heilman and Julie J. Chen (10 pages, PDF)

"[T]he purpose of this study is to provide a meta-analytic examination of the relationships between OCBs (organizational citizenship behaviors) and a variety of individual- and organizational-level outcomes.”


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**Is Unplugging Really Worth It?**

“The fifth annual National Day of Unplugging took place earlier this month. The aim of the event, organized by the nonprofit Reboot, is ‘to help hyperconnected people of all backgrounds to embrace the ancient ritual of a day of rest.’ From sundown on Friday, March 7th, until sundown on Saturday, March 8th, participants abstained from using technology, unplugging themselves from their phones and tablets, computers and televisions.”

"[But u]nplugging from devices doesn’t stop us from experiencing our lives through their lenses, frames, and formats. We are only ever tourists in the land of no technology, our visas valid for a day or a week or a year, and we travel there with the same eyes and ears that we use in our digital homeland."

"This is why it's strange to think of these unplugging events as anything like detox: the goal isn’t really abstinence but a return to these technologies with a renewed appreciation of how to use them. Few who unplug really want to surrender their citizenship in the land of technology; they simply want to travel outside it on temporary visas."

"That is why, I think, the Day of Unplugging is such a strange thing. Those who unplug have every intention of plugging back in. This sort of stunt presents an experiment, with its results determined beforehand; one finds exactly what one expects to find: never more, often less. It’s one of the reasons that the unplugging movement has attracted such vocal criticism from the likes of Nathan Jurgenson, Alexis Madrigal, and Evgeny Morozov. If it takes unplugging to learn how better to live plugged in, so be it. But let’s not mistake such experiments in asceticism for a sustainable way of life. For most of us, the modern world is full of gadgets and electronics, and we’d do better to reflect on how we can live there than to pretend we can live elsewhere."


The National Day of Unplugging website

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**Fiscal Policy and Income Inequality**

“The International Monetary Fund warned [March 13, 2014] that wide income inequality can slow economic growth and is proposing ways to reduce it.”

“[T]he purpose of this study is to provide a meta-analytic examination of the relationships between OCBs (organizational citizenship behaviors) and a variety of individual- and organizational-level outcomes.”

government retirement programs."

"Such proposals have typically encountered stiff opposition from policymakers. IMF officials say it is up to individual countries to decide whether and how to try to reduce income disparities. But if they do, its report highlights ways it says governments can use tax and spending policies to reduce inequality without inhibiting growth."

The report states that "[f]iscal policy is the primary tool for governments to affect income distribution... Both tax and expenditure policies need to be carefully designed to balance distributional and efficiency objectives, including during fiscal consolidation."


*International Monetary Fund, January 2014*: “Fiscal Policy and Income Inequality” (68 pages, PDF)

More of IMF’s work on income inequality.

**The United Nations 2013 World Youth Report: Youth & Migration**

“The United Nations 2013 World Youth Report offers a broad understanding of the situation of young migrants from the perspective of young migrants themselves. The report highlights some of the concerns, challenges and successes experienced by young migrants based on their own lives and told in their own voices. The report focuses largely on the phenomena of international migration which increasingly has a significant impact on the origin, transit and destination countries and communities. The consequences are complex, context-specific and subject to change over time. The Report has been drafted in an interactive manner, allowing you to navigate chapters individually.”


**Society at a Glance 2014**

“The financial upheaval of 2007-08 created not just an economic and fiscal crisis but also a social crisis. Countries that experienced the deepest and longest downturns are seeing profound knock-on effects on people’s job prospects, incomes and living arrangements. Some 48 million people in OECD countries are looking for a job -- 15 million more than in September 2007 -- and millions more are in financial distress. The numbers living in households without any income from work have doubled in Greece, Ireland and Spain. Low-income groups have been hit hardest as have young people and families with children.”

*OECD, March 18, 2014*: “Urgent action needed to tackle rising inequality and social divisions, says OECD”


**Book of the Week**


From the publisher: "For most of history, being female defined the limits of a woman’s achievements. But now women can be successful careerists equal to men. In Norway, women legally must constitute a third of all boards; in the U.S.A., women have gone from
being 3 percent of practising lawyers in 1970 to 40 percent today, and over half of all law students are female. Currently, more than seventy million educated women throughout the world work alongside men. Many delay marriage and children, and some forego them entirely. Yet professional women remain a minority. These changes are revolutionary but not universal -- the 'sisterhood' of working women is deeply divided. Young, educated, full-time professional women, who have put children on hold, are making enormous strides in the workplace. But for a second group of women, this is unattainable; instead, they work part-time, earn less, are concentrated in heavily feminized occupations such as cleaning, and gain income and self-worth from having children at a young age. Sisterhood is gone.

The new female elite, the top 10 percent, lead lives completely different from all previous women in history or from other women today. As these two groups move ever further apart, shared gender no longer automatically means shared interests. Rather, for the first group, their working lives -- and priorities -- increasingly resemble those of the successful men they work with. One of the most profound changes in all human history is taking place before our eyes. Patterns are changing far faster in the developing world than they ever did in the West, yet we seem curiously blind to this remaking of our social landscape. A groundbreaking look at modern women, The XX Factor lifts the curtain on the social, cultural, and economic schisms behind the phenomenal rise of women in the workplace."

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