Consumer News & Views

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Why the Job Market Has Changed Forever. By Steven Butler

Remember when you could graduate from a decent college with a degree in English or economics, and get an offer for an entry-level job at an ad agency or a bank, or maybe even a manufacturing company? No skills? No problem. They'd train you and get you started up the corporate ladder.

OK. Maybe it wasn't *quite* that easy — especially if you were a woman or your skin wasn't white (or both). But in our heads, that's the job market we miss and hope will come back someday. Dream on.

Five years after the trough of the Great Recession, a few facts:

Source: Corbis

The Part-Time Picture: Part-time employment: In 1968, when the Labor Department started measuring part-time labor (fewer than 35 hours per week), it amounted to 13.5 percent of the workforce. Since then it's been on a slow climb before spiking to 20.1 percent after the Great Recession in January 2010 and falling back to only 19.2 percent in June 2014. That's a huge jump that points to a major structural change in the economy. The period of stable employment … and steady growth that the U.S. enjoyed after WWII was a historical anomaly.

So while it's heartening to see the unemployment rate fall from a peak of 9.9 percent in March 2010 to 6.1 percent in June this year, millions are not working as much as they'd like or earning as much as their skills once demanded. Will more part-timers find full-time work as the economy continues to recover? Probably, but the long-term trend suggests that the steep rise in part-time employment could be a persistent or even permanent feature of the economy. And many of the full-time jobs added since the recession have tended to be low-wage positions — flipping burgers and the like.

The Housing Market: The housing market's recovery has been slow and uneven partly because so many young people can't find jobs or earn too little, so they decide to bunk with Mom and Dad. That saps demand and puts the brakes on the construction industry, which otherwise would employ many more people.

Are we looking for too much too soon? Five years seems like plenty of time to recover from a downturn, but as Kenneth Rogoff and Carmen Reinhardt argue in their seminal book *This Time Is Different*, economic downturns caused by financial crises take many years to work themselves out. Still, while we patiently wait for the long-term picture to take shape, it's hard not to conclude that the future, even a blurry snapshot, looks troubling.

History Lesson: Evidence is accumulating that the period of stable employment, relative equality of income and steady growth that the United States enjoyed after World War II was a historical anomaly.

Here's the argument as outlined by Thomas Piketty in his bestselling *Capital in the Twenty-First Century*: The Great Depression and World War II were great levelers, destroying fortunes, bringing in wage and price controls, and launching a generation of educated young men through the GI Bill. These developments suppressed powerful underlying forces of market capitalism which, by themselves, lead to rising inequality of wages and ownership of capital (everything from land and houses to stocks and bonds and patents — just about anything that can be bought or sold). The distribution of wage income in the U.S. is probably more unequal today than at any other time in history, anywhere in the world.

Rising Inequality: The postwar equilibrium gave out around 1980, when conservatives Margaret Thatcher (the British prime minister) and President Ronald Reagan came to office. Since then, income inequality has exploded. In the U.S., 60 percent of the total increase in income has gone to the richest 1 percent of the population, while the bottom 90 percent made do with an annual increase of 0.5 percent.

Where exactly has it gone? To superstar corporate managers, who rake in tens of millions of dollars — per year, Piketty says that the distribution of wage income in the U.S. is more unequal today than at any other time in history, anywhere in the world.

ACC's Financial Wellness Series Ready for October 20th Launch. The American Consumer Council will launch its Financial Wellness series with several programs starting on October 20th. As part of ACC's commitment to help its members better manage their finances and make better financial decisions, ACC has developed a series of eight programs that will be offered free to members.

The programs series include the following topics:

- Exploring your Retirement Decisions.
- How to Save and Pay for College.
- Smart Budgeting for Twenty-Somethings.
- A Crash Course on Cash and Credit Cards: How not to Over-spend.
- To Buy or Rent: That is the Question!
- Where to Bank and Where to Invest: How to Get the Best ROI on Your Money.
- How to Get Health Insurance and stay Insured
- Managing Your Credit and Pay-off Your Debt

A complete schedule of programs and podcasts will be published next month. ACC is partnering with the National Endowment for Financial Education (NEFE) to provide these programs. NEFE is a leading private nonprofit 501(C)(3) foundation dedicated to inspiring empowered financial decision-making for individuals and families through every stage of life.

Green C℠ Certification Accepting Applications for 2014 Fall Cycle:

If your company or organization would like to increase its credibility with consumers, you should consider applying for the **Green C℠ Certification**. Applications for the 2014 Fall cycle are now being accepted through December 15, 2014.

It's a proven fact that consumers want to do business with companies that are eco-friendly and practice Corporate Social Responsibility (CSR). The process is straight-forward and all applicants are recognized by ACC and the Green USA Institute.

All applicants complete the criteria and submit their responses to ACC's Green Consumer Council for review, assessment and feedback. Program details and the **Green C℠ Certification** criteria can be viewed at ACC's website located at: http://americanconsumercouncil.org/greenc.asp