

Mitchell's Musings

Various items cross my electronic desk on a regular basis. (Fortunately, my electronic desk is more orderly than my actual desk.) Here are a few recent items:

Workplace Data on Employment Relations:

Stephen Wood of the University of Leicester has provided an overview of an ongoing British survey on employment relations. A summary is reproduced below. In the U.S., we regularly collect data on employment through the Current Population Survey and related surveys. We capture the basics of employment status, pay, and other variables. However, we do not regularly survey the climate or institutions of employment relations, other than to identify union membership and union coverage. It is left to individual researchers to gather information on employment relations on a one-off, and therefore costly, basis. Perhaps the U.S. needs a version of the British approach.

The Sixth Workplace Employee Survey

Fieldwork for the Sixth Workplace Employee Survey (WERS) begins at the end of January. This flagship study of employment relations in Britain will continue to collect data from employers, employee representatives and employees in a representative sample of workplaces. Its core design is well-established and the majority of questions in the survey of 2004 will remain.

The main objectives of WERS are:

- 1. To map workplace employment relations in Britain and changes over time.*
- 2. To inform policy development and stimulate and inform debate and practice.*
- 3. To provide a comprehensive and statistically reliable dataset on British workplace employment relations, which is made publicly available and easily accessible.*

The structure of the 2011 survey is:

- A face-to-face structured survey interviews are conducted with the most senior manager at the workplace who is responsible for employment relations and personnel issues will be conducted in a sample of 2,700 workplaces. The sample will combine 1,800 workplaces that are new to the study and repeat interviews at 900 workplaces which were first surveyed in 2004.*
- In each of the 2,700 workplace a self-completion questionnaire is distributed before the interview to collate information on the basic characteristics of the workforce, and a second questionnaire is left at the end of the interview to assess the financial performance of the workplace.*

- *Survey interviews are undertaken in the same workplaces, with one trade union employee representative and one non-trade union representative where present (approximately 1,000 interviews are anticipated).*
- *A self-completion survey with a representative group of up to 25 employees, randomly selected from each workplace participating in the survey (approximately 25,000 completed surveys are expected).*

These elements provide a three-way linked dataset and a two-wave panel.

Changes from the 2004 WERS include:

- *A reduction in the size of the management questionnaire to increase response rates and reduce costs.*
- *The introduction of the two-wave panel which contains the same questions as the main study through administering the cross sectional instruments in a sample of workplaces first interviewed in 2004.*
- *A major revision of the interview schedule for the worker representative survey.*

Low-Wage Workers

One of the major anti-poverty programs in the U.S. is the Earned Income Tax Credit (EITC). Some states have their own versions of the federal program. My home state of California does not. But, of course, California employees are eligible for the federal program. Essentially, low-wage workers under EITC can receive tax “refunds” that can be larger than what they owe. EITC is a kind of negative income tax, but it is conditional on being employed, unlike other versions of the negative income tax. A recent study for California finds a positive impact on the state’s economy from payments to those who claim EITC payments. But it also finds that a considerable number of eligible workers do not claim their payments.

See “The Economic Impact of the Earned Income Tax Credit (EITC) in California”

Antonio Avalos, California State University, Fresno

Sean Alley, California State University, Fresno

The California Journal of Politics & Policy

<http://www.bepress.com/cjpp/vol2/iss1/17/>

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Not everything that crosses my electronic desk is brand new. I recently received a working paper on self-employment of low-skilled workers by Magnus Lofstrom of the Public Policy Institute of California. It finds that low-skilled males seem to benefit from self-employment. But the

opposite is the case for women who seem better off in conventional wage jobs. Yet low-skilled women do enter self-employment, despite the disadvantage, an outcome that the author suggests may be due to lack of affordable child care.

See “Does Self-Employment Increase the Economic Well-Being of Low-Skilled Workers?”

IZA Discussion Paper 4539, October 2009

<http://ftp.iza.org/dp4539.pdf>

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Income Support for the Elderly

Social Security is the major income support for roughly the bottom third of the income distribution of recipients. With defined benefit plans rapidly disappearing in the private sector, and with public defined benefit pensions under attack, Social Security is becoming the main stable source of elderly income, i.e., a source not dependent on the stock market, interest rates on savings, etc. Social Security benefits are indexed for inflation as measured by the Consumer Price Index. Particularly during the 1990s, there were complaints that the CPI overstated inflation and therefore was artificially raising Social Security costs.

Various changes were made in the CPI as a result to deal with quality improvements and substitution effects. Reducing the rate of CPI inflation – regardless of the merit of those complaints – clearly cuts into Social Security benefits over a retirement lifetime. The longer the life, the bigger the cut. An interesting question is whether the CPI’s market basket adequately reflects consumption of the elderly, as opposed to the average worker. A recent NBER working paper suggests that the significance of medical care expenses of the elderly causes the CPI to understate what a elderly-customized CPI would measure as relevant inflation. Thus, elderly purchasing power is reduced as elderly recipients age.

See “How Well Are Social Security Recipients Protected from Inflation?”

By Gopi Shah Goda, John B. Shoven, Sita Nataraj Slavov

NBER Working Paper No. 16212

<http://www.nber.org/papers/w16212>

And finally, a note without comment from the San Francisco Chronicle, Dec. 9, 2010

Number of the day \$1

That's how much less Wal-Mart will be paying in hourly wages to new employees working on Sunday, under a policy change announced this week. Until now, Wal-Mart has offered a Sunday premium of a buck an hour to reward workers for coming in that day. But being open on

Sundays is no longer a novelty, and offering extra pay is a declining practice, says Craig Rowley, who works for the retail consulting firm Hay Group. "Today, working retail requires that you work weekends - it's part of the job," he says. A silver lining for current workers: The change will only apply to employees hired after Jan. 1.

Source: <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2010/12/08/BUQT1GNQL9.DTL#ixzz17cwe0nY2>