



Economic Recovery Starts With Good Jobs

Mike Fishman and Paul Sonn | May 11, 2010

With 15 million people unemployed and fears of a jobless recovery spreading, getting Americans back to work is a national priority. Yet, as we invest millions of tax dollars to stimulate the economy through job creation, we may not be paying close enough attention to the quality of these jobs. Creating jobs that pay poverty-like wages might feel like a quick fix to some, but if it doesn't get working families back on their feet, it won't do much for our economy.

Tired of seeing its residents struggle to get by with low wage work and frustrated by the lackluster impact of other remedies to get the economy moving, Pittsburgh has stepped up with a new approach for creating good jobs. Rather than hoping the tax breaks and subsidies the city uses to help jump-start economic development will trickle down to the community, the city council passed a law to ensure the jobs created with these tax dollars will pay family-sustaining wages. In doing so, the new city-wide measure will help boost consumer spending in the local economy and move workers and their families off of public assistance for food, housing and health care.

The innovative Pittsburgh policy is a start at addressing a disturbing trend that undermines our economy and plagues our society – the growth of the working poor. Six percent of the country's workforce – more than 8.9 million men and women – are living in poverty despite having a job. And millions more Americans are living in near-poverty because of low paying jobs. In Pittsburgh and cities across the country, families are increasingly being supported by breadwinners who are working as security guards, retail clerks and home health aides – the very low-wage service jobs that are the jobs of the future.

This alarming growth in low wage jobs is not just making it hard on working families, it's making it hard on our economic recovery. As Paul Krugman warns, "falling wages are a symptom of a sick economy, and they're a symptom that can make the economy even sicker." His concerns echo those of Henry Ford from a century ago to Costco's Jim Sinegal today who know our economy is driven by strong consumer spending. Unless we can reverse this trend towards low wage jobs, we will find it harder and harder to rebuild a middle class that can purchase the goods and services that keep businesses thriving and our economy growing.

The wage protections in the new Pittsburgh law help rebuild the city's middle class and reinforce local business standards. Known locally as the prevailing wage law, the

Pittsburgh measure requires these new jobs pay the going rate that is already established by the market. The law does not require developers to pay a set minimum wage, but instead ensures that new subsidized development does not undercut the wage rates already being paid by local businesses.

While opponents claim that projects will stall if developers seeking tax breaks and subsidies are asked to guarantee good jobs, the actual experiences of cities using this approach show just the opposite. In New York and Los Angeles, where wage standards have been set on individual projects, developers have not stopped moving forward on large, promising projects like Coney Island and the Staples Center.

Pittsburgh's new law taps the city's power over economic development to reshape individual projects into a model for smart economic development for the entire city. The Pittsburgh City Council, which unanimously approved the legislation, has shown that a comprehensive, worker-friendly development policy is not just feasible, but politically popular. Other cities and states, including New York City and Maryland, are considering similar legislation.

Leveraging public spending to promote a recovery that delivers quality jobs is exactly the sort of smart economic development that we need at the national level. Congress and the Administration should look to Pittsburgh's local innovation – especially since federal spending creates millions of jobs across our economy. Years ago, the steel Pittsburgh produced made our country strong and built our middle class; today the steel city's innovative approach to development is working to rebuild America's middle class and restore our economy.

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