



Wage Insurance Not the Answer

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Employment Experts to Testify Before U.S. Congress Joint Economic Committee Hearing on Income Insecurity of U.S. Workers

“Today’s Economy Leaves Families Vulnerable – But Wage Insurance is Not the Answer,” says NELP

New York –Tomorrow, the Joint Economic Committee of the U.S. Senate and U.S. House of Representatives will hold a hearing to address growing economic instability and income polarization – a serious American problem. Maurice Emsellem, Policy Director for The National Employment Law Project (NELP), the leading national advocacy and research organization on government programs affecting under and unemployed Americans, will testify at the hearing about ways to bolster families by rebuilding the nation’s economic security programs and will raise major concerns about “wage insurance.”

At Tomorrow’s JEC Hearing, economists will debate the nuances of disturbing economic trends but a comprehensive response is long over due, and wage insurance is a response not up to the challenge. Wage insurance has been proposed to combat the growing toll globalization is taking on the American economy—if enacted, it would partially compensate workers who take lesser paying jobs after losing their jobs due to globalization and trade policies. NELP’s testimony will raise timely questions about wage insurance, which is a topic of possible federal legislation.

“Wage insurance would establish a national policy that drives middle class workers into those jobs in our economy that have inferior pay and benefits” argued Bruce Herman, Executive Director of the National Employment Law Project. “We commend the Joint Economic Committee for investigating the shifting fortunes of the nation’s hard hit working families, but hope the new Congress will invest in innovative economic security programs that protect and empower workers in the search for good jobs.”

NELP believes that wage insurance, by definition, compensates workers who take lower paying jobs and is thus a subsidy for downward mobility. This limited vision sells workers short since it is not a long-term strategy for workers’ economic success, and is a neutered response to the lack of good jobs. Additionally, there are currently far too many questions about wage insurance than there are good answers. In studies conducted on a pilot wage insurance program in Canada, nearly every measure evaluated fell short of expectations.

What is NELP proposing instead of wage insurance? “Congress should instead focus on what’s needed to make American families, not Wall Street, our top economic priority—effective retraining programs, an enhanced economic security system, strengthened employment laws and fair trade policies,” says Herman.

NELP’s testimony outlines positive changes such as reform of trade adjustment assistance and federal incentive funding to states who improve their unemployment insurance programs. Our existing system has the potential to give workers income support when they are out of work, cost-effective job search assistance to find a new job, and education and training opportunities to adjust their skills to a changing economy. Congress’s top priority should be rebuilding these programs, and making changes so more Americans can access them.

To interview Bruce Herman or Maurice Emsellem of NELP about the dangers of wage insurance and the opportunities the government should pursue, please email or call Jennifer Simon at jSimon@pro-mediacomunications.com or 212-245-0510.

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