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Blog 13

Aldiama Anthony reflects on the article, "Institutional Economics and Chock-Full Employment" by Charles J. Whalen



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Introduction: The “Right to Work” movement is a well-known guiding concept in the United States that affirms every American’s right to work for a living without being compelled to belong to a union and pay fees. However, the term, the right to work, originally referred to a progressive call for the right to employment. A recent study conducted by Charles J. Whalen, Baldy Center Research Fellow, examines the calls for a job guarantee and then explains the need to reclaim the “right to work” as a cornerstone of progressive capitalism. This blog contains the critical takeaway points from Whelan's article, “Institutional Economics and Chock-Full Employment: Reclaiming the “Right to Work” as a Cornerstone of Progressive Capitalism.”

Reflections on the article, "Institutional Economics and Chock-Full Employment", by Charles J. Whalen, Baldy Center Research Fellow

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Keywords: Economy, Economics, Employment, Right to work, Progressive Capitalism, Unemployment, Government, Economic insecurity, Poverty, Financializations, COVID19, Economic recession, Discrimination, Advocacy

The “Right to Work” movement is a well-known guiding concept in the United States that affirms every American’s right to work for a living without being compelled to belong to a union and pay fees. However, the term, the right to work, originally referred to a progressive call for the right to employment. “For example, from the perspective of John R. Commons, the right to work included the right of the unemployed to have work furnished by the government.” For Commons, the right to work was a “logical outgrowth of Americans’ constitutional rights to life and liberty.” (Whalen, 2019). (In 1899, Commons was fired from Syracuse University for his pro-worker stance; he later joined the faculty at the University of Wisconsin, where he and his students were instrumental in shaping pro-worker legislation for the state and the nation).

A study conducted by Baldy Center research fellow, Charles J. Whalen, “Institutional Economics and Chock-Full Employment: Reclaiming the “Right to Work” as a Cornerstone of Progressive Capitalism,” examines the calls for a job guarantee and then explains the need to reclaim the “right to work” as a cornerstone of progressive capitalism. Here are the critical takeaway points from Whelan's article:

America’s Economic Insecurity.

Despite the positive statistical figures of the United States economy in 2009, including having a 2.3 percent real gross domestic product (GDP) rate, everyday Americans have a different view on America’s economy. In fact, Whalen notes that this view results from an “anxiety that stems from years of increasing economic insecurity.” Whalen’s study reveals that “[i]n the United States, about 40 million people—more than one in ten—live in poverty, 18.5 million in extreme poverty, and 5.3 million in “Third World conditions” of absolute poverty.” (Whalen, 2019).

Financialization.

According to Gerald Epstein, financialization involves “the increasing role of financial motives, financial markets, financial actors, and financial institutions in the operation of the domestic and international economies.” Despite signs of a strong economy prior to the COVID-19 pandemic, as noted above, America’s economic insecurity is owed to financialization processes that have shaped the economy and have pressured businesses to maximize shareholder value at workers’ expense since the early 1980s. (Whalen and his mentor Hyman Minsky have been closely studying financialization—which they call “money manager capitalism”—and its link to worker insecurity since the 1990s.)

The Problem of Unemployment.

According to Whalen's study, the concept of unemployment is assessed in at least six complicated varieties. These varieties include:

- Frictional: First-time job seekers who seek employment with the assumption that jobs are available to meet their qualifications;
- Seasonal: Workers in fields with regular sluggish periods such as agriculture, construction, or tourism;
- Casual: Irregular employment and contingent employment experienced by freelancers and independent contractors;
- Cyclical: Periods of economic recession and overall decrease in business demand;
- Structural: Changes in occupational and skill requirements associated with developments such as technological innovation, the globalization of production, and the decline of obsolete industries.
- Discrimination: Unemployment owing to discrimination, on the basis of sex, race, and age, etc.

The Right to Work and The Promise of America.

According to Whalen, the right to work must be reclaimed as a progressive cause, synonymous to movements ending slavery, securing workers' right to organize and bargain collectively, recognizing women's right to vote, and ensuring civil rights for all.

However, and rightfully noted, advocating for the right to work is only one element in what needs to be a broader, comprehensive plan for policy reform. Whalen's research goes even further by assessing specific steps that can be taken to promote the right to work. These include "expanding Social Security and Disability benefits; enacting paid family leave legislation; establishing a public healthcare option; introducing subsidiarity into macroeconomic policy; strengthening the right of workers to organize and bargain collectively; giving workers and other non-financial interests a voice in Federal Reserve policy making; discouraging corporate asset stripping by institutional investors; and encouraging companies to compete by treating their employees as a source of competitive advantage, not as a cost to be minimized."