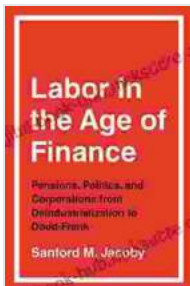


Labor In The Age Of Finance: Pensions Politics And Corporations From Deindustrialization To Dodd Frank

The collapse of the American manufacturing sector, commonly known as deindustrialization, has had a profound impact on the lives of millions of Americans. The loss of well-paying jobs has led to widespread economic hardship, social dislocation, and a decline in the overall quality of life for many communities. In addition, deindustrialization has had a significant impact on the nation's pension system.

The Impact of Deindustrialization on Pensions

Prior to the 1970s, most American workers were employed in manufacturing jobs that offered generous pensions. These pensions were often defined benefit plans, which guaranteed a certain level of income in retirement. However, as the manufacturing sector declined, so too did the number of jobs that offered defined benefit pensions.



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by Sanford M. Jacoby

★★★★★ 5 out of 5

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In the 1980s and 1990s, many corporations began to shift away from defined benefit plans to defined contribution plans, such as 401(k) plans. Defined contribution plans are less generous than defined benefit plans, and they place more of the investment risk on the employee.

The shift to defined contribution plans has had a significant impact on the retirement security of American workers. Many workers who have defined contribution plans are not saving enough for retirement, and they are likely to face financial hardship in their later years.

The Role of Politics in the Pension Crisis

The decline of the American manufacturing sector was not simply a matter of economic forces. Government policies also played a role. In the 1970s and 1980s, the federal government pursued a series of policies that made it more difficult for American manufacturers to compete with foreign competitors. These policies included free trade agreements, tax breaks for corporations, and deregulation.

These policies led to a decline in the competitiveness of American manufacturing, and they resulted in the loss of millions of jobs. The loss of these jobs had a devastating impact on the pension system, as many of the workers who lost their jobs were unable to find new employment that offered a comparable pension.

The Role of Corporations in the Pension Crisis

Corporations have also played a role in the pension crisis. Many corporations have taken advantage of the shift to defined contribution plans to reduce their pension obligations. In some cases, corporations have even terminated their pension plans, leaving workers with nothing.

The termination of pension plans is a serious problem, as it can leave workers with no retirement income. In some cases, workers who lose their pension benefits may be forced to rely on government assistance in their later years.

The Dodd-Frank Wall Street Reform and Consumer Protection Act

In response to the financial crisis of 2008, Congress passed the Dodd-Frank Wall Street Reform and Consumer Protection Act. This law includes a number of provisions that are designed to protect the retirement security of American workers.

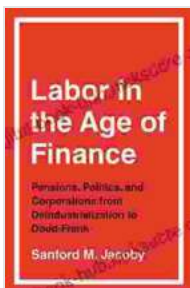
One of the most important provisions of Dodd-Frank is the creation of the Pension Benefit Guaranty Corporation (PBGC). The PBGC is a federal agency that insures the pensions of workers in defined benefit plans. If a defined benefit plan terminates, the PBGC guarantees that workers will receive a portion of their promised benefits.

Dodd-Frank also includes a number of provisions that are designed to make it more difficult for corporations to terminate their pension plans. These provisions include requiring corporations to give workers more notice before terminating a pension plan, and requiring corporations to provide workers with more information about their pension benefits.

The decline of the American manufacturing sector has had a profound impact on the nation's pension system. The loss of well-paying jobs has led to a decline in the number of workers who have defined benefit pensions. In addition, the shift to defined contribution plans has placed more of the investment risk on the employee. As a result, many workers are not saving enough for retirement, and they are likely to face financial hardship in their later years.

Government policies and corporate actions have also contributed to the pension crisis. Government policies that made it more difficult for American manufacturers to compete with foreign competitors led to the loss of millions of jobs. In addition, many corporations have taken advantage of the shift to defined contribution plans to reduce their pension obligations.

The Dodd-Frank Wall Street Reform and Consumer Protection Act includes a number of provisions that are designed to protect the retirement security of American workers. However, it remains to be seen whether these provisions will be effective in addressing the pension crisis.



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