

What is Government's Role in Business?

(Appendix 9)

The article below briefly explores inexhaustible questions of the role(s), responsibilities, and the priorities governments should have in the local, national, and global markets.

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Mid-Semester Exam (Question 1)

The roles of active government in markets play a large role in policy debate and issues concerning the markets. Entrusting a nation to the market and about the social, political, and economic lives of its citizens is a major issue in contemporary markets. In active government, its roles and functions when compared to the more conservative laissez-faire form of government, is a government that is liberal and extensive in market decisions and in public policy.

Active governments become a crucial factor in the local economy. Many roles and functions are played by this form of government as well. Like in active government's conservative competitor laissez-faire, active government plays an extensive role in the currency function. Along with this function, law enforcement of proper rights and contracts exist between the market and society. National defense of the country as a whole and the market is of great concern for both types of governments. Various taxation and education policies also affect the market in how well the government is funded to provide adequate education to members of society that participate in the market. These are just a few of the essential factors that government must play in the market to promote economic growth and social justice.

However, to provide the greatest market efficiency in growth and have equality at the same time, additional roles and functions of government must be added. The government must act as a stabilizer in the fiscal and monetary policies of the market. There needs to be an agent of compromise in the market or too many fluctuations will exist. Regulation of all businesses, especially infrastructure, needs a uniform set of rules and procedures to maintain market stability. Without stabilization in electricity, transportation, etc., the market would have consistent interruptions. In addition to regulating the businesses, the market place does not take into account the consumer's safety. It is impossible to have a separate business that just regulated safety procedures and precautions like pollution. An active government must regulate these items to provide the need of social justice and stability in the market. In the market, the active government will also provide a social insurance for injuries/diseases and benefits to the elderly and poor. This is a way to have everyone contributing to the market's growth and providing more social justice. Active government allows everyone that will and can be to be a part of the market. More education, as seen by active government supporters, informs society on how the market will work, how members of society can become a part of this market, and how their investment in the market will generate a profitable return for them. As a result, the government in return, will then invest socially. Social investments include resources for society's citizens in the areas of education, research, technology, and in infrastructure. The investments are provided in the means of financial grants to businesses for other means of investment that will benefit not only them, but everyone in society.

Promoting efficient economic growth and maintaining adequate social justice is provided by the active government form of markets. In reference to the text in class, a general strong argument for active government was exercised. Active government achieves a sense of balance between the government, the market itself, and businesses that participate in the market. Within this balance, active government can achieve economic growth and social justice equally together. Active government does not only promote efficiency but also prosperity. The government plays a vital role in contributing to the economic growth and prosperity through obtaining a high aggregate demand for goods and services. Demand falters for goods and services while consumers or businesses demand may lessen, however, an active government will step in and increase its spending to keep an inflated demand for the product.

The priorities within an active government enable this balance and equally of economic growth and social justice to exist in harmony. Economic security must exist in the market because of the basic, general

belief that markets are ruthless. Equality and social justice is just as important as individual freedoms, liberties, and morals. With having an active government, economic social inequalities are controlled by government through taxes. An example from class in obtaining the balance of stable economic growth is comparable to the environment. "Less sacrifices, less instability." For efficient economic growth, stability in the market must exist and that stability is provided by the government as a means to decrease inequalities.

Mid-Semester Exam (Question 2)

Labor and trade policies have declined the wages of non-college educated workers in the US. Many factors and ideas exist why the wage decrease has occurred over the previous 10 to 15 years. A developing economy on the global scale may have had its impact on the decline of wages. This is just one of the many factors that may have contributed to wage decrease. However, according to Paula Voos in Reclaiming Prosperity, US Labor Policy has been one of the main contributing factors to the decline in real wages.

Labor policy is all policy that affects the labor markets in the supply and demand of labor. For employees, unions and their relationship with management effect labor policy greatly. With unions, there is an underlying agreement with businesses employment policies to create jobs and provide adequate training. Government's role in labor policy comes in the area of wage reform, like minimum wage, and federal agencies that are used to control labor policy. Reasons for stagnation of living standards and the decline of wages come from women in the work place and the increase in family incomes with both spouses working. This was done to prevent the family's income from decreasing. In the 1990's, to keep increasing the family's wealth and income, no one is left in the home to work. An increase in the equality and family incomes has rose but only because of each family member working in the labor market. US Labor policy has many explanations as to why such actions are taken. The government in ways helps alter the balance of power by the process of dehumanization so that the employees have less power than the employer. Decline in the wages over the past 20 years deals with power relations. This is a struggle that is between the employer and employee. Included in the power relations becomes technology in utilization of computers and other well advanced technologies have increased the demand for skilled labors and have lessen the need for low skilled workers. In return, the low demand for low skilled workers has also decreased wages. Productivity ratings are much lower for non college educated laborers. These people are looked upon as being slower, having more mistakes, and production not to be exceeded by wages. If this would happen to take place, then inflation would greatly increase. However, the government has a play in the decline of wages. High taxation is responsible for squeezing the incomes of Americans. Income before taxes has been greatly decreasing. These policies of power, technology, productivity and high taxation have greatly affected the wages of non-college educated employees in the workforce.

According to Voos, the reason of slow labor policy is from slow productive growth in which the production gains are not distributed to the working population. Even though there are claims that technology impacts wage levels, there is no empirical evidence to prove that technology in the production process effects employees' wages. However, evidence does prove that the wage decline is to decrease the power of employees. Within this slow labor policy concerning production growth, there has been a shift in the balance of power to globalization. Unions have declined, workers are subjective to compete with wages in other areas where they are lower, and that moral capitalization has not helped in the increase of wages. Policy that is inadequate to market changes and shifting the power to globalization has greatly impact the labor force as a whole.

Voos describes the organization of the workplace to be one of a high performance production system. A mass production system is being phased out quickly a replaced by the higher performance system to have the same output but with greater efficiency. The system is to be more productive and to be updated by the global markets in which economic actions, especially efficiency, are organized on an internal scale and the increase of new technologies have become a goal for international relations. In organizing the high performance production system, western countries need to have a new system of knowledge intensive technologies. In this alternative to the traditional, conservative approach, two strategies that nations can compete in the international economy for higher production and the possibility to increase

wages are high quality products to have greater productivity and efficient. There is a need for lower prices for better competition through cost cutting measures other than wages.

High production is of a high quality and customized tailored products to the need of customers. In this system, the use of top leading technologies is a must. Extensive employee activity in helping management with decisions is beneficial. With the problems with non-college educated employees, a high productive system requires the employee to have more responsibility and high order thinking skills. High production may be in the need of unions. However, it is difficult for background support from the government against or for unions. Unions raise wages and benefits, but leaves non-unionized employees out. Unionization is for higher wages to block the low wage strategy and enforce the firms to a high production strategy. For this higher productivity, a guarantee assurance of security of their job availability in production is needed. Greater cooperation is needed among the employer and employee over wages, benefits, and working conditions. Poor communication in the previous years could have also lead to the decline of wages. This particular type of people is not very familiar with the company and does not understand how to petition management for changes.

As it has been seen in the past few years, keeping wages low (sweating labor) has it problems. Lower wages gives rise to the decline of the standards of living, more social inequality, and the influence on the social and political economies of the country. Low wages also undermines social stability and causes conflicts that eventually which weakens the democratic system. The effects of US Labor Policy is greatly affected by everyone, however, this one group, non-college educated employees, are greatly impacted in both negative and positive ways.