

than Obamacare. Because insurance plans on the new Federal marketplace are affordable and portable, folks now have the power and peace of mind to switch jobs or start a new business or make a living in the on-demand economy without worrying about whether they're going to get sick.

So we're going to continue to do everything in our power to help working families get ahead. And we're going to still have to worry about short-term politics even as we try to shift long-term perspectives here. Congress has to do its job right now and pass a budget that strengthens protections for America's workers and invests in the education and job training that prepares our workforce for the future. And they need to strengthen paid leave and expanded childcare and raise the minimum wage for Americans across this country. They should pass the WAGE Act, a bill that cracks down on employers who violate labor laws and that makes it easier for workers to organize.

And—but—and I'll end on this point. You can't wait for Congress. [Laughter] I'm just—no, no, I'm just saying. The—we've got incredible champions like Nancy Pelosi and the Members of Congress who are here, but this is a fight on the ground. We've got to change an attitude and mindset that says there's nothing we can do, or giving workers more voice means inefficiency and we won't be competitive, or suggests that there's a contradiction between economic growth and decent wages, or suggests that we should have a race to the bottom with other countries, or suggests that somehow the current arrangements in which a growing amount of what we produce in this country go-

ing to the top .001 percent is in the natural order of things and is somehow fair and just.

And we—those are attitudes that we have to change. And that's going to happen on the ground. And that will then reflect itself in politics, and that will reflect itself in new laws being passed.

But we've got to give people examples and models and work where we can to make a difference where we can. And that will give people confidence and hope and can start triggering the kind of broader movement that channels people's anxieties and frustrations in ways that are good for our future.

So I want to hear from you about the challenges you're facing right now, the successes you've earned, the ideas you have to strengthen workers' voices across the country. I will come back later this afternoon. I don't expect you to come up with all the answers today—[laughter]—but I do want to make sure, we're asking the right questions and that we produce a set of relationships and workstreams to really get this going.

If we do that, then we're going to be able to keep America a place where, when you work hard, you can get ahead, and more importantly, you can see your kids and your grandkids get ahead.

All right? Thanks, everybody. I'll see you this afternoon. Thank you. See you guys there.

NOTE: The President spoke at 12:47 p.m. in the East Room at the White House. In his remarks, he referred to Kansas City, MO, resident Terrence Wise, who introduced the President, and his mother Joann Wise; and Lee Saunders, president, American Federation of State, County and Municipal Employees (AFSCME).

## Remarks in a Question-and-Answer Session at the White House Summit on Worker Voice October 7, 2015

*Coworker.org* Cofounder and Codirector Michelle Miller. Thank you, Mr. President. It's an honor to be here at the White House Summit for Worker Voice. And we're really excited to share with you what we've learned today from everybody.

*The President.* Well, first of all, I hope everybody has had a good time, and I hope the conversations have been useful. I know that my team that has participated has been incredibly excited and inspired by all the energy and insight and stories that people have told throughout the day.

So my goal is to learn from you. But I'm also happy to give you my perspective in terms of where we can take this. My hope is, at the end of this session, that we can agree to put together some sort of plans for follow-up. Because the goal here was not to end a conversation, the goal was to begin a conversation, widen it, broaden it, solicit additional ideas from folks who weren't able to participate here today, and then see whether, as a consequence of this ongoing collaboration, we start building a much bigger conversation across the country.

So, Michelle, why don't you kick us off?

### *On-Demand Economy*

*Ms. Miller.* Sure. So I'll tell you a little about coworker.org. We're a platform where people can just join together to improve their working conditions and have a voice in their workplace. And we see worker voice not just as a voice to your boss, but also a voice to each other so people can communicate together to improve things.

And this week, we were a platform for a voice to you. So we got thousands of submissions from our community about what people were wrestling with around changing things in their workplaces and improving their conditions. And the number-one theme that we heard from folks was that their jobs are changing; the economy is at a moment of restructuring, and everybody from freelancers to restaurant workers to manufacturing workers are seeing these changes in the workplace. And they know that we have an opportunity to make those jobs awesome, but we're only going to do that if we have a voice in how they're shaped.

So I can bring up our first question. It is from Rochelle in Los Angeles. She is a gig coder, so she gets coding jobs from an online platform. And she represents a lot of the questions that we got from folks working in the emerging on-demand economy and then the digital economy. And she wants to know, how can America better support workers who are working in a digital space and face difficulties, such as a lack of in-person contact, a lack of support

from online platforms themselves, and a lack of tools with which to improve their jobs?

*The President.* Well, it's a great question. And I think it's important to recognize that the on-demand economy or the share economy is still a fraction of the overall economy and the overwhelming majority of people still work for employers and go to offices and go to factories. And so we have to not get too distracted as if suddenly everything has been transformed.

But what is absolutely true is, there's this underlying trend where companies, because they have a lot of data that they can process, because of bottom-line pressures, because of the quarterly report shareholder pressures that they're under and interests in cost-cutting are, across the economy, juggling schedules, pay and benefit systems, promotion systems—all of which are really disruptive.

And so somebody in the digital space, or somebody in the online—or on-demand economy is really just one end of this broader spectrum of changes that is—are taking place across the board. And what that means is, number one, we have to make sure that workers across sectors understand that their fates are connected; that you can't think, okay, I'm a—I'm in a union in a factory with a traditional contract and pension, and so I don't have to worry about what's happening to that worker over there. Because the same problems they're dealing with eventually you may be dealing with. So that's point number one.

Point number two is that there are going to be certain benefits that traditionally we got through employers that we're going to have to make sure are available to people who are not in a traditional workplace or are not going to be working for 30 years at a single place.

And to some degree, the Affordable Care Act was designed to fill the gaps. Eighty-five percent of the people in the country get their health insurance through their employers. But if they lost their job, if they wanted to start a business, if they're young and they're entering into the on-demand economy, they had no place to go.

So some of our job here is to make sure that for somebody like Rochelle, she's got other

ways of accessing benefits that traditionally she was getting through the job. And that means that, whether it's at the Federal level or at the local level, thinking about how do we get paid leave, unemployment insurance, childcare help—how do we get some of these goods packaged so that—primarily they're—we're getting them through employers, and we continue to put pressure on employers through unions and through organizing to give a better deal to workers, but also, if people are falling through those cracks, how can we fill those cracks effectively. So that's point number two.

Point number three is, for us to—I understand that in some of the sessions, people pointed out that consumers have power. And typically, if you are in one of these digital spaces, a lot of those companies are pretty sensitive to PR and the barriers to entry are not that high. And if I have a choice between choosing a company that is providing me some sort of IT help, and they've got a reputation for being really good to the people who are working for them, and another company that has a reputation for being really bad to the people that are working for them, I'm going to choose the people who are doing the right thing.

So I think part of this is going to be making sure that we help link folks like Rochelle to the people in this room and to unions and others so that there is a workers' movement across the economy. Number two, figuring out where are there gaps in benefits and security that was traditionally provided through employers, and we can fill those gaps through national policy or State and local policy. And number three, enlisting consumers to help put pressure on companies to do the right thing by their workers.

And all that requires organizing, and that is always an important piece of business in whatever it is that we're going to be trying to accomplish.

*Ms. Miller.* Yes. Absolutely. And I know that folks in the room also have some stories about organizing around lifting up workers in these economies. I—earlier today Ai-jen was speaking on a panel and talked about the “Good Work Code” that just got launched yesterday. And I wonder if you'd like to share that with us.

*National Domestic Workers Alliance Director Ai-jen Poo.* Sure.

#### *Domestic Workers*

*The President.* We've got a mike? We want to be able to hear you. [Laughter]

*Ms. Poo.* Thank you. Thank you for the opportunity. At the National Domestic Workers Alliance, we represent nannies, caregivers, and housekeepers around the country. And as we started to talk to more workers in the on-demand economy, we realize that they face many of the same challenges: lack of stability, lack of predictability of hours and of work and of access to a safety net. And so we worked with a lot of those workers and our members to develop what we call the “Good Work Code,” which is a set of eight simple values for how to make the on-demand economy a really good place for the people who are working there.

And we want to work together with companies and the workers and all of the people in the workers' movement to actually move towards those shared values, because we think that there's a lot of promise that the on-demand economy can hold if we actually make sure that it's a great place for the people who work there. So the “Good Work Code.”

And I would also say to Rochelle that I hope she joins in our organization, because we need people to be organized and build this movement. Join a union or an organization.

*The President.* Can I ask a follow-up question? And that is, the “Good Work Code” that you develop—obviously, that only works if you've got a couple of key industry leaders who sign up and then you've got customers who are willing to put some pressure on others in the space and in the industry. And give me a sense of how that worked initially with nannies and daycare workers and so forth, and how—what were some of the biggest barriers to getting started and getting moving on that?

*Ms. Poo.* Well, one, we really needed to tap into networks and get the word out that we were organizing. And now, technology actually enables—like through organizations like [coworker.org](http://coworker.org)—there's a real, enormous opportunity to scale our ability to get the word out.

And with employers, what we found was, a lot of employers wanted to do the right thing, and it just wasn't clear what that was. There were no standards, no guidelines. Many parts of the economy are like a Wild West, where there really isn't—there aren't clear standards and guidelines.

And so one of the things we all need to do is actually promote good standards, really be clear about what those are—which is part of what the “Good Work Code” is about—and then spread the word among our networks, leverage platforms like this one to talk about opportunities to work together and come together to move forward.

In the work with domestic workers, we actually found a lot of employers did support—their caregivers and their nannies are part of the backbone of how their households function every day. It's the work that makes all other work possible. And we also found that legislators taking action, passing a Domestic Worker Bill of Rights, and really supporting legislation that makes clear what the standards are and should be, that this is real work that deserves dignity like all work, right, that that sent a really important message to everyone, employers, families, and workers alike.

So I think it's an all-hands-on-deck situation where we need consumers, we need families, we need legislators to take action, to set standards. We need all of us to help enforce those standards and really carry out the kind of culture change that will support worker voice in the 21st century.

### *Labor Unions*

*The President.* Well, I am persuaded. [Laughter] So the—so you're doing great work.

I—Michelle, I hope you don't mind, I'm going to hijack the format here just for a second, because I want to have a follow-up that I think is particularly relevant to this group, and this is an undercurrent, as we were organizing this.

I am a big believer, as you heard me say at the opening, of collective bargaining and unions as a tool to empower workers. And I think that the work that you just described in terms of good conduct is something that is pro-

foundly needed. But then, I'm interested in how do we prevent that from being a watered-down version of the protections and rights that a union provides?

And so, since Mary Kay is sitting right here—[laughter]—and SEIU not only organizes similar cohorts, but also has been really supportive of creative partnerships, even with folks who are nonunion, I thought it would be a great time for maybe Mary Kay just to talk about how we should think about supporting traditional union efforts and strengthening laws where we can, and at the same time, reaching into these new areas where, for whatever reason—because of geography, because of industry—we may not right away be able to get a collective bargaining unit, but we don't want those folks to feel as if they're not being served at all and nobody is hearing them.

So why don't you tell us about that.

*Service Employees International Union President Mary Kay Henry.* Thank you so much, Mr. President. If I—the Terrence Wise story that you told and that Terrence told this morning is the first thought I have as you pose the question, which is, the way fast-food workers work is for a franchise owner that—where the decisions are made at the corporate level. And in our country, the current labor law doesn't promote the ability to think in the way that Terrence has done, which is, 4 million fast-food workers have the same conditions. He considers himself a global movement leader. And can we imagine the principles that you outlined—work that you can raise a family on, retirement security, and health benefits that you can count on; the ability to form a union without retaliation—Terrence has been fired, returned to work. He experiences retaliation every day for standing up.

But could we imagine with the employers in this room—that was a question I wanted to pose—when you think about the incredible employer work, imagine if the 10 percent of the employers who had—respect those guidelines were able to make an appeal to employers across the economy, because 4 million fast-food workers being able to have a national agreement with the multinational corporations

in the U.S. like they do in countries around the globe—which is outside of our current system—but these workers are creating through their guts and fearlessness and courage, and you're helping to frame by these principles, as a standard that 64 million workers across the service and care sector should be able to expect.

Just like Lou Berry, who is a UPMC worker in Pittsburgh, trying to form a union for 4 years, I believe has been fired twice, returned by the NLRB to his job because of retaliation, and because you help appoint people to the NLRB and helped change the rules. But still his employer won't behave like Kaiser Permanente, who's decided that workers having a voice can actually reduce cost of health care and improve quality for patients.

So I think you're right that we have to think about, how do we make the law that can work for hospital workers who formed unions, but how do we invent through the support of workers, and then calling—getting good employers in this room to call on the rest of the employers to respect work?

And there's two other people—Pavone Scott said to me as we left today, she goes: "I'm a childcare provider in Florida. There's 2 million of us. I've got to figure out how to create an employer, because I'm subsidized, for my children, through the State. There isn't really a direct employer relationship—2 million women work like that. She cares deeply about the children she serves, but no paid time off, no vacation, no sick leave, no Social Security. There's just what Ai-jen was talking about, like how do we think about who she cares for and loves but apply your principles in a way that she could imagine for the tens of thousands of women that do that work in Florida. But really what you want—you've told me, Pavone—is 2 million women who care for children ought to be respected as much as people that build and make things in this country. And that's what we'd like to pose today.

And I just want to say that it's—I think Secretary Perez told us we will be inspired and challenged. And I've been really provoked by the collection, the cross-section of us, and that

we can imagine how 4 million people could have a collective agreement in fast-food, 2 million women in childcare. But we have to think on a scale that you've challenged us to consider. And I'm grateful to be here. Thank you.

*The President.* All right.

#### *Labor Unions/Restaurant Workers/Minimum Wage*

*Ms. Miller.* So this leads us actually really nicely into our next question, which is from a campaign creator on our own site. Alia, she works in North Carolina. She's a restaurant worker. And on her own, she's brought business owners, local electeds, customers, and workers to the table to raise standards in North Carolina—in Asheville, North Carolina, for restaurant workers and to get local businesses to agree to be committed to actually brand restaurants and other places as, this is a great place to work, so it should be a great place to buy.

And she asks, how—what more can be done at a Federal level to help people like her raise standards in her industry?

*The President.* Well, you know what's interesting is that—and this all connects with what's been said previously. Traditionally, there were two tools for workers to have a voice. One was employers need good employees, and particularly if you had a tight labor market, then employers felt compelled to hire good people and try to keep good people. And that continues to be important.

But the other was, unions were there to make sure that not only at the workplace, and wages and health benefits, that there were some direct negotiations and the workers were at the table in thinking about what was fair for them and that they weren't treated arbitrarily, but also, they provided enormous muscle and lift for us to then get Federal, State, and local legislation passed.

And—but there have always been gaps. And I think the restaurant industry is an example where a lot of Federal law did not reach into restaurants the way they should, which is why, for example, waiters and waitresses and how tips were treated was oftentimes substandard.

And it's not likely—I'm going to be honest—that during the remainder of my Presidency Congress passes laws to raise standards—[laughter]—among—for restaurant workers. So I think the work that Alia is doing—Asheville, by the way, is a great town, so those of you who have not been there—and great restaurants. But the kind of work that Alia is doing and some of you describe of creating new norms and social pressures at the local level with employers and with customers is a really powerful tool.

And I emphasize the customer side of this because I think most of us are price sensitive and we're not looking to overpay. On the other hand, I'll bet a lot of folks here, if they go to a restaurant and they know that the people working there are making a living wage, the fact that they might be paying an extra dollar for a burger would feel okay. Not—some people might not be able to afford it, but a lot of people could. It's just you're not thinking about it. And when you make people conscious that there's a connection between how employers [employees]<sup>o</sup> are treated and the purchases you're making, I think that can have an impact.

I think at the Federal level, the minimum wage law is hugely important for restaurant workers. And since we're not, so far, getting traction at the Federal level, the 30 cities and counties that are raising the minimum wage—and making sure that that minimum wage includes the tip provisions that have been introduced in the legislation that is stalled right now in Congress is really important—that's one of the most important immediate things that we can do to support folks in the restaurant industry, but also in large chunks of the service industry, generally.

And the last point I want to make, which Alia alludes to, in the same way that a lot of us as customers aren't always thinking about workers, but we're just thinking about what we're buying and the service we're getting, and we don't make that connection, there are a lot of employers who are actually really good peo-

ple—particularly small businesses—but they're operating on tight margins, and they're under pressure. And part of our goal has to be to work with companies and employers, starting with the folks who are industry leaders oftentimes because they're—oftentimes the most profitable—and to highlight the way that if you have good management, you can actually do right by your employees and still outperform and out-compete others.

And we always use as an example Costco, which the starting salary the last time I checked—and the last time I was in a Costco was, what, a year and a half ago, maybe 2 years ago—but the starting salary for a cashier was, like, \$11.50 or something. And there were tracks whereby somebody who started at the cash register was suddenly the manager of one of the sections of the store. They all had health benefits throughout. They were union friendly. And if you look at their stock, they've performed as well as some of their biggest competitors or better.

So what does that tell us? What it tells us is that this idea that in order for you to do good as a company you've got to squeeze your workers as hard as possible is a fallacy. But part of the problem in this conversation, and part of the reason we thought it was important to invite some of these employers with best practices, is that so often in the debate, this gets framed as a business-versus-labor thing, as opposed to business and labor who are doing the right thing versus business that are trapped in a bad relationship with their workers and are relying on outdated models of rapid turnover and low wages and no benefits. And the more we can shift to shine a spotlight on those good practices and those effective companies and to help those companies then work with other companies across industries—and that's where I think this good conduct and good employer standards comes in—that can make a really powerful difference over the long term.

And it sounds like Alia is doing that in her local level, and that's something that I think we all have to learn from.

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<sup>o</sup> White House correction.

Ms. Miller. Yes. Lola Smallwood Cuevas, from the Black Worker Justice Center, told a great story today about the ways in which they've been able to raise standards in Los Angeles. And I'd love for her to share that story, both with Alia, who is listening, and with you. She's right back there.

*The President.* Where's Lola? There you go.

### *Infrastructure/Underemployment*

*Los Angeles Black Worker Center Director Lola Smallwood Cuevas.* Thank you, and thank you for the opportunity and for convening this amazing and inspiring day. In L.A., what we're doing is community unionism. Black workers who are in horrific crisis are partnering with unions, we're partnering with other worker centers, community-based organizations to make a difference and to create pathways.

And we've had some success, thanks to the administration's special rule that helps us to have targeted hiring in our city and to make that an opportunity for workers who want to get into good construction careers. We're excited about the pilot, which is going to create even more opportunities for workers to get access to jobs, and we are hoping to see changes that will allow now for us to begin to really do—to modernize industry culture so that we can ensure that African American workers and women have an opportunity to make construction a career that can support them, their families, and communities.

We're doing that at a very small scale in Los Angeles, but the most—simplest—what we see as a simple rule update would go a long way to making a difference in the lives of workers. And so, as we're building this untraditional—new, sort of untraditional model of organizing and unionization in our communities. We'd love to see more support around how do we create new industries that are open to all and create more equitable workforce.

*The President.* Well, I think we're very proud of what Lola said. I—look, something Lola said that I suspect the economists in the room will heartily agree with, and that is that—remember what I said in terms of leverage with workers at the outset. One of the best

pieces of leverage is a tight labor market. So I don't want to ignore the fact that smart policies that, for example, finance the \$2 trillion worth of infrastructure repair that we need in this country would be a really powerful tool to give workers more of a voice, because now you've got a whole bunch of folks who are engaged in jobs that can't be exported.

Those transportation or public works projects that are taking place in your community, Lola, now provide a platform for apprenticeship programs and a pipeline for bringing in the unemployed into the job market. It makes it a lot easier for us to have discussions about fair pay and fairer wages and reduced turnover and sick leave.

So this conversation does not replace the need for us to have economic policies that are going to help grow the economy faster and put more people to work. And there's more that we can do.

I'm very proud—we came in at 10-percent unemployment, and we're down to 5.1. But what we also know is people are underemployed; people are fearful of job change. And typically, that's how you get a raise, is oftentimes going to a new job or at least having the option of going to a new job, so your employer says, hold on a second—[laughter]—what do you need to stay? And so there is still slack in the economy, and we could be doing more. Congress could be doing more in order to alleviate some of that.

But that's not the primary focus of our conversation. I just wanted to make sure we didn't lose that thread, because I don't want us to let our policymakers off the hook in terms of encouraging policies that will have businesses grow faster.

Part of the reason, when I talk to employers—and some of these are really big, successful employers—is they say, you know what, if the economy is only growing at 2 percent, 2½ percent per year, I can make a profit without ever hiring additional people. And if I start seeing some growing demand, I've probably saved enough, I've got enough money in the bank that I can automate it a little bit more and it's easier for me to control my costs.

So there's a big difference between, let's say, 2-percent growth and 3- or 3½-percent growth. And we could achieve 3- and 3½-percent growth even in this new economy if we weren't doing some counterproductive things, some of which are compounded by even more counterproductive things being proposed in some of these Presidential debates, but that's whole other piece of business. [Laughter] This is not a political event.

### *Temporary Employees*

*Ms. Miller.* So you'll be glad to know that you and Jon from Lima, Ohio, have a lot in common. He also is very concerned about the growing use of perma-temps and would likely agree with you that he hates that word, like you said this morning. So he has been watching people he knows working at companies for up to 6 years as temporary workers, and he wants to know, frankly, is there anything that can be done at all?

*The President.* I think there is. But this is an area where we're probably going to need some changes in law in order to provide more levers to get companies who are not doing the right thing to do the right thing. And some of you probably heard Tom Perez talk about some of these issues earlier, maybe in some of the workshops, but the broader audience that may be watching at this point, since I assume this is being live-streamed somewhere, may want to hear it. So why don't we give Tom the mike, because he has been spending a lot of time thinking about this at Department of Labor.

There are a lot of issues around classification, overtime, temporary workers, independent contractors versus actual employees. And there are a lot of games being played to get around both collective bargaining, but also to get around overtime pay, getting around paying basic benefits. And that means we're going to have to, in some cases, redefine what we think of as employees. And that's going to be a tough lift, but—Tom.

*Secretary of Labor Thomas E. Perez.* Sure. Thank you, Mr. President. The first thing that comes to mind is a conversation we had this morning. We heard from Robert who is a per-

ma-temp at—Robert, you still here? Oh, here he is, right here.

*The President.* There's Robert.

*Secretary Perez.* And then, we talked about the issue of culture: What kind of culture do you want to have in your workplace? And we heard from Kaiser. We heard from Market Basket. You talk to New Belgium Brewery, you talk to Container Store, you talk to that Kartso-tis guy from Shinola, and you see they've created—

*The President.* Really good watches, by the way.

*Secretary Perez.* Yes, absolutely. And bicycles.

*The President.* Yes

*Secretary Perez.* And you see the culture they've created. It's a culture in which they understand that their most precious resource is their human capital. And I asked I think—it was Joe from Market Basket—how could you have a situation, Joe, where you had two Market Basket employees, both there for 6 years, and one was a temporary employee making a fraction of what the other person was making. And he said that's totally inconsistent with our culture. It wouldn't happen, I think were your exact words, Joe. And we heard that from so many other people.

So step number one, and it gets back to some of what Ai-jen was saying, is when we have this code of conduct, perma-temps are inconsistent with inclusive capitalism. And so I think we should start with that.

What we also have in terms of regulatory tools, as you referenced, and as Senator Obama, he was focused on this issue because what we have seen, regrettably, with some degree of frequency over recent years, is that employers at times will misclassify someone. Someone who acts like an employee is—should be an employee and they're called an independent contractor. When I was in Maryland working on this issue—it's called misclassification here in Washington. I don't like that word because that sounds like you put it in the wrong file. We called it in Maryland what I thought it was, which was workplace fraud, and where I grew up, it was called cheating. [Laughter]

And the victims of cheating are the employee who is called an independent contractor when he or she should be a worker. The victims are employers who play by the rules. And the most—one of the most frequent sets of complainants in our cases are employers: I'm paying my workers, I'm paying their worker's comp, I'm treating them like an employee, and I'm trying to bid on contracts, I can't get—I keep getting low-balled by that company who is paying everyone cash under the table. So you've got employer victims. And then, the tax collector is a victim.

And we hear a lot in the worker's comp context about worker's comp programs are starting to have trouble with their fiscal stability and it's because they've got a denominator problem. There's not enough people paying into the system. And that's because there's cheating going on. And so we spend a lot of time on this issue.

There's an appropriate place for independent contractors, there absolutely is, but we have seen with all too much frequency dishwashers called independent contractors; dry-wallers were employees on a Friday, and then they're independent contractors on a Monday. We see it across sectors.

And so these are some of the issues—and we have a pretty robust practice. And then-Senator Obama had a bill that dealt with this at a Federal level, and we do a lot of work at a State level because it's about leveling the playing field. And so, many people feel frustrated, and they don't want to speak up because—and I heard this last night, Mr. President, when we met with six or seven workers. The most frequent thing I heard is, I know I can do better, but I'm scared to come forward. That's why Robert today is a pretty heroic figure for being here, because they're scared. And Jon in Lima is seeing this firsthand, and we see it. We've got a pretty robust practice in this.

*The President.* Good.

#### *Communication Between Employees and Employers*

*Ms. Miller.* So, speaking of employer culture, I wanted to bring up the next question that we got from a young worker in Atlanta,

Georgia, named Kristie, who organized thousands of her coworkers mostly using social media. And young workers are—they're used to being able to talk about everything online and to having an open conversation about what's happening in their workplaces and in their lives and in their families. And she wants to know, how do we encourage employers to embrace worker voice? Because as we know, this new generation of workers are going to be speaking out more, using all of the platforms at their disposal, and she wants to make sure that they're able to do so without fear of retaliation.

*The President.* Well, look, every employer is going to have some sensitivities about the people who are working for them grumbling. I mean, that's just the nature of things, because they're worrying about their bottom lines and they're worrying about competitive pressures and they're trying to keep everything together. And there's a natural defensiveness, I think, that we all have. When I try to tell my daughters to do something—and they're not my employees, clearly—[laughter]—they, kind of, what are you talking about? But what you discover—as I said earlier—is, is that the best employers, the most effective employers are the ones who are actively soliciting worker input.

And when you create a culture in which the worker knows that their opinions are valued, that in turn means that they're more invested in the success of the company and seeing their ideas moving forward. And this was, by the way, the principle at the heart of how the Japanese automakers cleaned Detroit's clock for a long time until—even though we invented this idea of continuous improvement, a lot of it had to do with listening to what folks on the ground were saying. Because if you were up in the boardroom, you didn't know what was going to make the assembly line work better, you weren't going to figure out how are we going to reduce our error rates. The folks who were going to figure it out were the folks who, every day, were sitting staring at this stuff and saying, you know what, this is a stupid way of doing things—[laughter]—and we should do it this way. Right?

So, already—and represented here are employers who understand that, and they're actively soliciting input. The question, though, is when it comes to some more sensitive areas like wages, are employers, even good employers, as open? And I think that this is where the culture issue that Tom raised is important. And this is where consumer pressure is important. To the extent that employers recognize they'll have better employees by listening to employees, and the employees feel safe enough to then say, you know what, we're having problems because what you're paying us right now doesn't pay the rent and we know that a bunch of us are having to moonlight and we're dog tired when we come to work and if you gave us a little bit of paid sick leave, you'll get it back because people will feel so much more loyal to you—if they're open to hearing that, then—or if it's a safe space for them to be able to say that, then those companies will find ways of doing it and, in fact, ultimately be even more profitable.

But that's why it's important for us to lift up those companies that are doing exactly that. Look at best practices. And I'd be interested, maybe some of the companies who are here might have a comment on how they built that culture.

And we've got Kaiser Permanente represented, we've got Shinola represented, some great employers here. Anybody here, of the employers, want to talk about what allowed you to make that cultural shift? And here's the other question, though: Be honest about why even employers of good will might be hesitant to provide more voice to workers, and what are the ways in which we can break down some of those barriers and make employers less defensive or less worried about it.

Anybody? Tom, you want to try it out? Yes. Go ahead.

*Shinola Founder Tom Kartsois.* So I think what you're saying about consumers having a lot of power is really important. And I think in today's world, brands are really being born on the inside. So I have an example of when it really hit me. First of all, what we were trying to do, first of all, is a philanthropic thing. We

were going to create a company that had a hundred employees. We were going to make watches for other watch companies like Tiffany and Movado. And we had to make some watches to show our customers what we could make. And so we made 2,500 watches that we were going to ship in 3 or 4 months. And we were asking customers to pay \$550 in advance for a watch that we were barely sure we could make. Nobody had ever touched it before. And we had a picture of our workers as our marketing. And the demand came through the roof.

And it hit me at that moment that people are responding to what's going on inside the companies. People want to know where their food is being made. People want to know who is making their products. And that's really what we're focused on is making them happy. So, if people come to our factory and they see people making double minimum wage, and giving people hugs instead of other things that are going on, I think that it comes through in the product. And that's what we're trying to do.

*The President.* Good. The—anybody else? Kaiser?

*Kaiser Permanente Executive Vice President Gregory A. Adams.* Again, thank you for this great day. It's been great to participate. I feel really fortunate. As I said earlier, Kaiser has been on a long journey in terms of our labor-management partnership. And there are several things. One it's really hard work. So no one should assume that it's easy.

And part of the work has been to really educate and train our leaders and managers differently so that they understand that being able to engage and to share power, to share decision-making doesn't make them less in terms of leadership. It's also been a process of where we've had to really work with and educate our union partners. And we do that together, because they come to the table differently, because we come owning what is it that we're trying to solve, what is the organization's interest, what is labor's interest, and how do we own this and how do we work it through?

The other thing I would say is that I think in terms of people who haven't walked this path or haven't been there, I mean, there is this

sense of giving up power. There is this element of fear. I mentioned earlier that as we bring new leaders into the organization, sometimes, they struggle with what does it mean to kind of engage with a unit-based team? What does it mean to let the team own and do this work?

One of my colleagues here—an LVN from Colorado—is actually with us. I—one of the unit-based teams in Colorado that has been working on postacute discharge actually reduced the discharge—or the return admission rate for our Medicare patients by 50 percent and saved, like, \$6 million. And they did that because the physicians, the staff came together, they identified the indicators that were causing patients to come back into the hospital. They developed the tool. They focused the homecare—the visits on those indicators and actually improved care, improved service, and made us more affordable.

So we—our experience has been that while it's hard work—because we have to be focused on interests, we have to listen—we also have to free up people's ability to share with us. Because, I mean, culturally, when you're the CEO or you've got different roles, I mean, people have to become comfortable engaging with you as an equal. So we have to allow people to be present to us and be present to—with them.

### *Workplace Culture*

*The President.* Well, I think that's a great point. And on the other side—because you mentioned unions had to change some of their attitudes and thinking as well—one of the virtuous cycles that you want to get into is a situation where the workers feel valued and listened to, which means that when a company has a problem, a challenge, a change that has to be made, now because the workers remember, yes, I've got paid sick leave, and, yes, the employers always treated me fairly, so I'm going to come in with a mindset of how do we solve this problem, as opposed to, no to whatever changes.

And that, I think, is a lot of times what some businesses may fear, not that they're trying to

hurt workers, but they may not have flexibility to respond to a changing marketplace.

And one of my favorite stories—and I talked about this in Osawatomie when I made a speech about economic fairness and inequality—was a story of a company that, during the depths of the recession in 2008, 2009, 2010—and I forget what kind of—it was a manufacturer, but it was a family-owned company, and because they felt that their workers were family, and because they felt that there was a community behind them, they said, we won't take a salary until we get us out of this hole. The workers then said, rather than lay off a bunch of people, we'll all engage in a workshare and reduce pro rata how much we're taking in, but that way, nobody is bearing the full burden of this thing.

And in a couple of years, they had come out of it stronger than ever. But the point was that they had already established this culture. And it wasn't just the employers, it was also the employees. But the employees had to see that the employer was setting an example of caring about them.

And I do think that—as President, I meet with a lot of CEOs. And a lot of them are really smart people, and they're producing really good things and highly philanthropic. But part of the reason issues of CEO compensation are sensitive to folks is not because workers are jealous and they want “Lifestyles of the Rich and Famous,” it's the sense that if in fact there are greater competitive pressures out there, how much is everybody willing to give up to meet those competitive pressures as opposed to putting it all on the backs of workers. And that, I think, is—that's a mindset that has to change.

And that also, by the way, is fed by, in public companies, this quarterly-report mentality, which is challenging to change. Because that's—our economy is designed right now—bonuses, incentives, whether a CEO keeps his job—so much of it is just based on short-term profits, and it makes it much more difficult. The company I just described was not a public company, so they could make a decision without a bunch of shareholder pressure.

And one of the things I've been wrestling with and talking to our teams about is, are there ways to nudge the economy in a direction where companies can make longer-term investments, invest in their workers, understanding that it may not pay off this quarter, but we're going to be a stronger company 5 years down the road or 10 years down the road?

But this is really deeply embedded right now in how our economy—how so many of our public companies think, even when a lot of the CEOs will express privately that they'd like to be thinking more long term.

*Ms. Miller.* Well, so it seems like we only have time for one more question.

*The President.* We'll take two.

#### *Small Businesses/Freelance Employees*

*Ms. Miller.* All right, fair enough. So the next question came to us from Sunday, a freelancer in New York. And she reflected a lot of the questions that we got not just from freelancers, but a lot of folks who were struggling with pay. And her particular question was the—about the fact that sometimes freelancers aren't even paid for their work, and there are no mechanisms available to them right now to actually insist on being paid aside from Small Claims Court. And so her question is, what will you do to help both small-business owners and freelancers actually get paid for their work?

*The President.* This is a great question, and I don't have an immediate answer. When it comes to Federal contracts, one of the things that smart people like Jason Furman, my current Chair of the Council for Economic Advisers, and Gene Sperling, former head of our National Economic Council, thought of while we were still trying to find ways to boost business and aggregate demand—they figured out, you know what, a bunch of our small businesses who are subcontractors or down the supply chain to the Federal Government, they're not getting paid long enough—or fast enough.

And it doesn't matter when—well, I won't say it doesn't matter—but Boeing may be able to survive it taking a little bit longer to get paid, but some of their smaller suppliers cannot. And we actually changed how our payment sys-

tems worked to accelerate it, and it really helped a lot of small businesses. I mean, we loosened up a bunch of money into the economy. Those are the kinds of tricks you work on, particularly when Congress isn't passing the laws that you need for them to pass to boost the economy.

But I haven't actually spent a lot of time thinking about, are there best practices that we could institute? But what I do know is, the Federal Government, State governments, city governments, they're big employers, and they're big consumers—obviously, the Federal Government is the largest consumer in the world—and so setting up best practices for them then can encourage best practices to be adopted throughout a particular industry.

But, I don't know—Jason, anything else you want to add on that? Any other ideas that we've had? Because I'm sure this is something that has come up with SBA and others either—oh, wait, we've got a volunteer. Good.

*Ms. Miller.* Actually, Sara Horowitz has been leading the way—

*The President.* Good.

*Ms. Miller.* —on these questions.

*Freelancers Union Founder and Executive Director Sara Horowitz.* Well, I like to say help is on the way.

*The President.* There you go.

*Ms. Horowitz.* So thank you so much and thank you, Mr. President, for this really exceptional time to really be breaking ground and thinking about the next frontier, and to the great Michelle Miller and Coworker for their great work.

So, in New York City right now, we have Freelancers Union—it's a national organization, 300,000 members of freelancers—who have not been misclassified—who really do the great work of the country and really contribute in so many ways. And one of their biggest challenges is that they don't get paid. The average freelancer has been stiffed \$6,000 a year; 70 percent of all freelancers have experienced nonpayment at some point in their life. And that's why we are launching the freelance—“Freelancing Isn't Free” campaign. [Laughter] Which is—

[At this point, Ms. Horowitz displayed a “Freelancing Isn’t Free” poster.]

*The President.* There you go.

*Ms. Horowitz.* Here we go.

*The President.* There you go, right there—“Freelancing Isn’t Free.”

*Ms. Horowitz.* And right now the New York City Council—

*The President.* I will say, though, next time you need a bigger poster. [Laughter] So that—

*Ms. Miller.* I surprised her. She didn’t know.

*The President.* Because for those of us over 50, it becomes harder to read. Anyway, go ahead. [Laughter] I’m teasing.

*Ms. Horowitz.* And while the press is taking pictures, let me say that’s the hashtag, because at the city council, we are now having legislation that will make it that you—a company has to hire a freelancer with a contract, and we are hoping that they will have double damages, attorneys’ fees, so that freelancers can get paid.

The second problem is, freelancing now, as I think you were alluding to, is on a 30-, 60-, 90-day invoicing system. Imagine if you did work and you didn’t get paid for 3 months. It’s just really unconscionable, and some of the biggest companies are doing this. And so this is a national campaign joined by great unions like the teachers’ union, 32BJ SEIU, the Domestic Workers, so many others to really say this getting paid is one of the most important things. So help is on the way—

*The President.* There you go.

*Ms. Horowitz.* —as we like to say.

*Ms. Miller.* Thanks, Sarah.

*The President.* Okay. Good. One more?

### *Worker Co-ops*

*Ms. Miller.* Yes, one more. So this is a short one. Michael from DC wants to know how the White House can help to raise awareness about worker co-ops as a source of good jobs, which I think—baked into the structure of worker co-ops is worker voice. So let me hear from you.

*The President.* We had someone applaud right here, and this is one of our great partners and pastors in working on a whole range of issues, so go ahead, please.

*CASA Executive Director Gustavo Torres.* Thank you very much, Mr. President. Yes. I think that is a very, very important—

*The President.* Introduce yourself, first of all, to everybody.

*Mr. Torres.* My name is Gustavo Torres from CASA. Thank you very much. This is a very, very important issue, and we believe that that is the way how we can bring voice to the workers because—not only voice, but also power. Because we believe that in addition to have the voice, they are going to be able to share the wealth. And that is the reason why it is so important that the White House and your administration really review that opportunity to be able to facilitate proceeds and make sure that the co-ops are treated like more businesses, because that is exactly what they are. So thank you very much.

*The President.* Good. The—well, look, worker co-ops, employee ownership—the more we get people invested in business models in a whole range of ways, the more we align workers’ interests with the business interests, I think the stronger our economy is going to be. And it points to some of the ways in which we can make sure we’ve got broad-based growth.

Let me just wrap up, Michelle, by saying this—and I want to repeat what I said on the front end. The genesis of this meeting was conversations that I had with Rich Trumka and Mary Kay and some of the folks who were working in the new on-demand economy and our folks in house, and the belief that for all the successes that we’ve made in recovering the economy, if we don’t solve this problem, then it will have an adverse effect on our long-term competitiveness and it will have an adverse effect on our democracy. Because America works when we are building a broad-based middle class and there are ladders of opportunity that everybody can reach. And historically, it doesn’t work and not only does our economy, but our politics also turn in a bad direction when you start seeing huge separations between how folks at the top are doing and everybody else is doing.

And what I said to my team was, how can we foster a conversation to start getting more

creative? Because we've looked very narrowly at what can we get through Congress, what can the NLRB do, but we haven't come up with as many new models as we need to.

And I used as an example a single mom who is working in an office park somewhere who maybe has been misclassified or cheating—is getting cheated, knows that she doesn't have sick leave, doesn't have overtime pay, but frankly, feels isolated, doesn't have recourse immediately to a union someplace, isn't—doesn't have the time—because she's got to take care of her kids—doesn't have time to go to a town hall or a union meeting, but would be very interested if she thought that there was a way for her to join up with others in order to promote her interests. And so that was how this thing got started.

I—the reason I wanted to share that with you is to say that this is the beginning of a conversation that I want to push for the next 15 months, through the end of my Presidency. And the ideas that have been generated from these groups, we're going to try to collate, we will then distribute. And then I'll make sure that my team is working with the various organizations and individuals that are represented here to think about how do we then follow up in concrete ways around these issues, whether that means doing some regional summits or more localized summits to talk about very particular issues; whether it's identifying three or four ideas that have enough traction that we want to start pushing them real hard; whether

it is attaching more publicity to a particular organizing drive that's taking place right now; or taking an idea that involves branding good practices and starting to lift that up more.

I don't know yet what you guys will determine are the best ideas, but we're going to be seeking your input. And that's how we're going to make sure to follow up.

I guess what I'm saying is, is that we provided the platform, but you own this thing. And so this is not one of those situations where you had a nice time, you took some pictures—[laughter]—and then, 6 months from now, you're all like, well, what did Obama do? That's not the deal here. [Laughter]

All right, the deal is I will work with you around the ideas that you identify. And we'll work together. And, hopefully, this will be the start of reversing some trends, both economic and cultural, that have been around way too long.

All right? Thank you, everybody. Good job.

Ms. Miller. Thank you.

NOTE: The President spoke at 4:55 p.m. in the East Room at the White House. In his remarks, he referred Richard L. Trumka, president, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO). Ms. Henry referred to Kansas City, MO, resident Terrance Wise, who introduced the President for his earlier remarks to summit participants.

## Statement on the Sinking of the *El Faro* Cargo Ship October 7, 2015

The captain and crew of the *El Faro* were Americans and Poles, men and women, experienced mariners and young seamen. They were beloved sons and daughters and loving husbands and fathers. They were dedicated engineers, technicians, and a cook. And these 33 sailors were united by a bond that has linked our merchant mariners for more than two centuries: a love of the sea. As their ship battled the storm, they were no doubt working as they lived: together, as one crew. This tragedy also

reminds us that most of the goods and products we rely on every day still move by sea. As Americans, our economic prosperity and quality of life depend upon men and women who serve aboard ships like the *El Faro*.

I thank everyone across our Government and in the private sector who worked so tirelessly, on the sea and in the air, day after day, in the massive search for survivors. The investigation now underway will have the full support of the U.S. Government, because the grieving