

A FUTURE OF GOOD JOBS: AMERICA'S CHALLENGE IN THE GLOBAL ECONOMY

Edited by **Timothy J. Bartik** and **Susan N. Houseman**

Kalamazoo, MI: W.E. Upjohn Institute for Employment Research

2008 / 325pp. / \$40.00 cloth, \$20 paper

Reviewed by **Erik R. Pages**

EntreWorks Consulting

What is the real story with the American economy? Even in the midst of current economic doldrums, the U.S. is regularly listed at the top of world competitiveness rankings, and U.S. firms are lauded as the world's most competitive and innovative. Yet, at the same time, millions of Americans struggle to make ends meet and to create prosperous and rewarding careers. The result is what some observers call "the barbell economy," where the extremely rich and the working poor may come to outnumber a diminishing middle class.

Is the emergence of the barbell economy pre-ordained, or can we respond in a way that creates better opportunities for working Americans? That is the challenge posed in *A Future of Good Jobs: America's Challenge in the Global Economy*, a new edited volume from the W.E. Upjohn Institute for Employment Research. Edited by Upjohn's Timothy Bartik and Susan Houseman, the volume was commissioned to honor the Upjohn Institute's 75th anniversary. The papers, which were first presented at a 2007 conference, address some of the thorniest workforce and E.D. issues challenging the U.S. today. How to respond to growing income inequality? How to improve job security? How to create and sustain good jobs with benefits and stable career paths? Like other Upjohn-sponsored studies, the volume combines intellectual rigor with recognition of the complex everyday realities that face policy makers and program managers.

The volume contains lots of compelling data that tell the grim story facing lower and middle class workers over the past decades. Inequality is rising, job security is eroding, and job quality is declining. This discussion is helpful but can also be regularly found in academic journals, daily news reports, and books such as Jacob Hacker's *The Great Risk Shift*, Frank Levy's *The New Dollars and Dreams*, and more popular accounts such as Barbara Ehrenreich's *Nickled and Dimed* and Louis Uchitelle's *The Disposable American*. *A Future of Good Jobs?* moves beyond these other treatments by combining both diagnosis and prescription. The chapters' authors assess causal factors behind the "barbell economy," but, more importantly, present detailed policy recommendations for how to address these problems.

Four big labor market issues dominate the debates in *A Future of Good Jobs?*:

- An education and training system that fails to provide workers with needed skills
- An employment system that fails to provide workers with needed benefits and pay
- A labor market that fails to create clear career paths for lower skilled workers
- An employment system that fails to provide opportunities for dislocated and older workers.

While each of these challenges has multiple causes, the chapters' authors point to a couple of big-picture trends of greatest import. Lower and middle class workers are

basically being squeezed from both ends. The forces of globalization and technological change have led to major corporate downsizings and a restructuring of the contract between management and labor. Meanwhile, support institutions, in government, unions, and in non-profit agencies, have been weakened through decades of budget cuts and neglect.

The contributors to *A Future of Good Jobs?* do not simply bemoan these patterns. This volume's strength lies in its detailed analysis of potential solutions. In fact, the Presidential candidates—or at least their staff—would be well-advised to review this volume for good ideas.

So what do the authors propose? In one of the book's best chapters, American University's Robert Lerner presents an agenda for reforming the U.S. skill development system. At the broadest level, the current system, in Lerner's words, does not "respond effectively to the diversity of learning styles, talents, and interests of students" (p. 69). By pushing all students into academic tracks with college graduation as the end goal, current rules devalue work-based learning and actually contribute to higher dropout rates as students leave school out of boredom and disconnection. Lerner recommends that schools embrace work-based learning through expanded vocational schooling and through the expansion of apprenticeship programs. He also recommends that new accounting procedures be revised, so that private firms can better recognize the asset value of human capital. This minor shift could help encourage significant new investments in employer-sponsored training programs.

These better-trained workers will need access to jobs that pay well and provide good benefits. Two other chapters take on these challenges. Harvard's Kathryn Swartz examines new ways to finance health care, while MIT's Paul Osterman uncovers methods to improve job quality for low and middle-income workers. Swartz contends

that a massive new single payer health care system is not required. Her preferred approach, based on existing programs in the Netherlands and Switzerland, would allow people to choose between private health insurance providers but place some limits on consumer choice. She argues that policy makers must act soon, as employers are growing increasingly disenchanted with the high costs and competitive disadvantages generated by the current system of employer-provided health insurance.

Osterman takes on the task of how policy makers can help create "good jobs at good wages." He begins his analysis by making the important but often neglected point that many low quality, low wage jobs result from the decisions that employers make about organizing their work. Poor jobs aren't solely the result of poor education or training; labor markets also drive these trends. For example, most poor-paying jobs are clustered among smaller firms, with a third of all low wage workers concentrated in three sectors: retail, food and drinking, and accommodation. Many firms in these sectors "are not prepared to invest in the careers and skills of their employees" (p. 210).

Osterman's preferred solutions revolve around two generic strategies. First, policy makers can help "make bad jobs good" by raising the minimum wage, developing career ladders in key sectors, and supporting unionization efforts. At the same time, they can "create more good jobs" by specialized sector and cluster strategies, and the use of tax incentives to stimulate good job creation.

While the Lerner, Swartz, and Osterman chapters examine ways to create a new "New Deal" for American workers, these reforms will not occur in a vacuum. Like most developed economies, America faces future demographic challenges due to an aging workforce. While the U.S. economy will be hard-pressed to generate good jobs and career opportunities, it may also be pressed to find a workforce to fill these

positions. Two chapters present interesting responses to this dilemma. Katherine Abraham and Susan Houseman present a series of initiatives to engage older workers in active work. Meanwhile, Steven Raphael examines how to entice more low income workers into the active labor force.

Abraham and Houseman note that, while pundits regularly claim that Americans will work longer than in the past, economic data show that many older Americans have trouble finding employment. The problem is especially pronounced among older men, where labor force participation rates among men over the age of 50 are rapidly declining. If policy makers are serious about engaging the older workforce, they will need to introduce new initiatives that provide new skills to older workers and remove barriers (especially high health care costs) that deter employers from hiring older workers. The authors specifically recommend major changes in current Federal workforce programs to expand service to older workers.

Raphael's chapter examines another part of the workforce: low skilled workers. He recommends a host of steps, such as an expanded Earned Income Tax Credit, to provide a leg up to these employees. \But, his real emphasis is on ex-offenders who make up a growing part of low wage workforce. While more general programs to assist low wage workers are needed, policy makers could ease career pathways for ex-offenders through some relatively straightforward steps such as allowing ex-offenders to qualify for public assistance and for educational benefits. Under present policies, ex-offenders are permanently stigmatized and, thus, often unable to re-

enter the workforce and build a stable career and employment pattern.

All of the contributions to *A Future of Good Jobs?* are chock full of interesting policy proposals and deep looks into pressing workforce development challenges. The overall strength of this volume results from its effective marshaling of data and analysis to drive policy making decisions. When faced with pressing long-term challenges such as "creating good jobs at good wages," policy makers often throw up their hands with the magnitude of the problems. These chapters offer a clear way out of these dilemmas by showing how targeted interventions to support ex-offenders (Raphael) or to build career ladders in low-paying sectors (Osterman) can have wider ripple effects. The challenge ahead is to ensure that policy makers embrace these sensible and politically feasible solutions.

The reviewer

Erik R. Pages is President of EntreWorks Consulting, an E.D. consulting firm based in Arlington, VA. He previously served as Policy Director for the National Commission on Entrepreneurship (NCOE). Dr. Pages has also held senior positions at the U.S. Department of Commerce's Economic Development Administration (EDA), where he helped lead efforts to assist communities affected by military base closings and defense plant shutdowns. He received his Ph.D. from Georgetown University.

- 703 237 2506
- epages@entreworks.net