

## WHY AMERICA MUST ACT TO EXPAND THE SUPPLY OF SECURE, BETTER-PAYING JOBS WITH GOOD PROSPECTS

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Over the past three decades, the United States has experienced the rapid growth of jobs paying low wages, offering few benefits, and with virtually no long-term security or opportunities for advancement. Long gone are many of the secure, well-paying industrial jobs that enabled millions of American workers to join the middle class in the middle of the twentieth century. Today, only the most skilled prosper, while most workers must settle for jobs with paltry compensation and poor prospects.

African American and Hispanic workers are especially likely to be stuck in bad jobs – which are not highly valued by employers or customers and leave many who hold them living below the poverty line even in periods of high employment. Opportunities for low-wage workers to advance to better paying jobs have become sparse. And by making all workers less secure, the widespread unemployment of the late 2000s magnified the ills of the U.S. labor market. Americans of all generations are anxious about labor market prospects, so it essential that our country reverse the trend toward precarious employment and deteriorating job quality for most.

### What Caused the Growth of Precarious Work?

Precarious jobs have existed since the beginning of paid employment, but in the current era, more than temporary market fluctuations are at work. Globalization and technological changes, the rise of the service sector, and the removal of institutional protections for workers have shifted the balance of power toward employers and big investors – and nowhere have these trends come together more forcefully than in the United States since the 1970s.

- Spurred on by financial and capital markets, U.S. employers have gained relatively free rein to implement workplace practices designed to cut labor costs and maximize short-term profits and shareholder value.
- American workers have been especially vulnerable because political shifts have made it harder for unions to organize or hold their own, even as minimum wage laws and government regulation of basic labor standards have been steadily watered down.
- In the larger culture, norms of social solidarity have given way to a strongly individualistic ethos, discouraging worker cooperation to gain leverage in the labor market.
- The composition of the U.S. labor force also changed significantly; the number of dual-earner families has increased, along with the presence in the workforce of women, non-whites, and immigrants.

- Job ladders have broken down for the less skilled and formal higher education has become virtually the only route to earning the highest wages and claiming positions with the greatest levels of security, autonomy, and control over work activities and schedules.

### Breaking the Trend toward Ever-More Precarious Work

The growth of precarious work will continue apace in the U.S. job market unless a new political and social contract is forged to counter the conditions that transformed employment relations in the first place. Three steps are crucial to improving work along with economic efficiency:

- **Basic economic security for all.** Consistent with the practice in many developed countries, the highest priority should be given to ensuring that all Americans have health insurance benefits not tied to any particular job, along with more generous and secure retirement benefits and expanded wage supports during periods of unemployment or extra needs for family caregiving. These types of social insurance programs help workers navigate increasingly treacherous transitions between jobs and employers and, just as importantly, give them confidence to invest in improving their skills and education or to grasp entrepreneurial opportunities.
- **Stronger worker representation.** Employers are more likely to create good jobs if prodded by strong unions or other forms of employee organization that encourage collaboration between managers and labor and make it costly to abuse or exploit workers. The new forms of worker representation we need cannot simply replicate traditional industrial unions that bargained with particular employers (or industries) over wages and job security. Today, effective workplaces place a premium on cooperation and flexibility, and labor market intermediaries create channels for workers to move among firms. New forms of worker association and representation in workplace decisions must complement the current organization of work.
- **Changes to enhance education and skills.** Workers now face the prospect of frequent job changes, and to be prepared, they need access to continuing education and vocational training. The importance of knowledge for economic growth and the explosive growth of information technology place an escalating premium on worker skills and education, not only to allow people to obtain and excel at good jobs, but also to let workers land on their feet when old jobs disappear. Life-long learning also matters for the U.S. economy as a whole. To meet global competition, firms and sectors must be able to foster innovation by maximizing the skills and knowledge of American workers. Simply reducing U.S. wages and benefits will not suffice.

Furthering these essential improvements in a deteriorating U.S. labor market will ultimately require much greater cooperation among government, business, and labor; and both top-down and bottom-up efforts will be required. Given the current national political impasse, immediate steps may seem most feasible at local, state, and industry levels. Washington DC will eventually have to improve the legislative and regulatory environment, but local progress can happen in the meantime – as, for example, in the worker training efforts ongoing in North Carolina and various other states through public-private partnerships between community colleges and biotechnology firms. Collaborations of this sort send an important larger message, because they show in practice that upgrading preparation and opportunities for workers is not only good for the individuals who escape the bad jobs trap, but also propitious for entire sectors and regions in the U.S. economy. American workers and high-road U.S. based businesses can advance together.

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Read more in Arne L. Kalleberg, *Good Jobs, Bad Jobs: The Rise of Polarized and Precarious Employment Systems in the United States, 1970s-2000s* (Russell Sage Foundation, 2011).