



## The Good Jobs Deficit

### Remarks to the Hudson Valley Coalition for a Fair Economy

March 13, 2012

Amy Traub

Senior Policy Analyst, Economic Opportunity Program, Demos

We have heard a great deal this evening about the [very urgent need for jobs in this country and for public investment](#) that can both create those jobs and address public needs and get our economy moving again with a strong trajectory for the future. We need it! And it will ultimately help to address that other deficit too, the budget deficit, because when you have strong growth, tax revenue increases.

But we don't only have a jobs deficit in this country: we have a deficit of good jobs. I think we all know, intuitively, what good jobs are: jobs that enable working people to support their families, have health coverage, and look forward to retiring someday. But also jobs where you're not afraid to take a day off if you get sick, or have a sick child, and where the [work schedule doesn't change unpredictably](#) day-to-day and week-to-week – so you can actually plan a life and be involved in your community and your children's education. Maybe you even get a paid vacation. That's a good job.

And that's why recognizing that 12.8 million people are out of work and millions more are underemployed or have given up looking is still only part of the problem. A quarter of adults who are working full-time are [not earning enough money to meet their family's basic economic needs](#). This is a trend that's become worse with the latest recession. But this is also part of a longer term problem: in the thirty years from 1979 to 2009, [median hourly wages only grew 10.1%](#) in real dollars even though productivity grew 80% over that time period. That's really a story of wage stagnation over the long term, thirty years of nearly frozen wages. At the same time, we see declining job security, falling rates of employer provided health coverage, a shift away from guaranteed pensions or any retirement plan at all.

I think this jobs story sometimes gets lost when we're thinking about inequality in America. We think about bank bailouts, tax cuts for the rich, and the rising cost of a college education, all of

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#### MEDIA CONTACT

Communications Department

Lauren Strayer

[lstrayer@demos.org](mailto:lstrayer@demos.org)

(212) 389-1413

which are very relevant, but the public conversation can tend to miss the policy choices that led to the decline of good jobs.

Then, we begin to believe that the kinds of jobs we have, and the quality of jobs, is simply a result of the inexorable workings of the free market. We have more international trade, more competition, technological change, and viola, we've lost good jobs and the only policy option is to educate our workforce so they can compete for the few decent jobs that still exist. Education is great – it's important, but it's not enough. And that very common story about our economy leaves out the critical role of public policy in getting us where we are today.

Our economy is shaped by public policy decisions. It always has been. We built a strong middle class in this country in the years after World War II on the basis of some good policy choices: rules that allowed working people to organize unions and demand fair wages, laws that guaranteed a minimum wage and overtime pay, opportunities to go to college on the GI Bill and get better jobs as a result, and a host of other policies that structured the way our economy worked and helped to produce good jobs. We know there were also a lot of bad policy choices at the time: decisions that largely excluded women and people of color from good job opportunities, for example. But the point is, these were policy decisions and we should look at the choices we've made over the last 30 years, as job quality declined for so many people.

We've deregulated industries, allowing more companies to [treat their workers as independent contractors](#), among many other consequences. We've privatized public services, turning over work that used to be done by middle-class public sector workers to whatever contractor offers the lowest bid. We've let the value of the minimum wage fall, and have undermined the rights of working people to join unions. And we've failed to invest sufficiently in an educated workforce. All of those policy decisions weaken the ability of working people to get a fair deal in the labor market. That's a big part of the story behind growing inequality. In a recent study, Harvard professors Bruce Western and Jake Rosenfeld provide evidence that the [decline of union representation alone accounts for as much as third to the growth of income inequality](#) among working men since 1973. That's a decline that was aided and abetted by our policy choices.

I really want to end on a positive note and there are really a lot of good things to say about where the country could go from here, but first I have to say a few words about the forces pushing us in the wrong direction. In Congress, Republicans are trying to [defund and restrict the National Labor Relations Board](#), which protects the right to join unions. We see efforts to strip

public sector employees of their rights to bargain over basic working conditions in Wisconsin, Ohio and New Hampshire. In Indiana, the governor and state legislature passed a law decimating the ability of private sector unions to sustain themselves by collecting dues. The restaurant industry in Florida is pushing a proposal to lower the state minimum wage for restaurant workers. Newt Gingrich has campaigned on rolling back child labor laws, and we've seen efforts to do it in Maine and Missouri. Of course, very few people will come out and say, we want to lower wages for Americans, but in the name of lower costs for employers and for the government, that's exactly what we're doing. These are great ways to make the deficit in good jobs bigger.

So how do we shrink it? What policies will help us get to a country where everyone who wants to work can get a decent job? We do need job creation. I think [President Obama's proposed American Jobs Act](#) would be a step in the right direction. But at the federal level, we can also be thinking a lot bigger. In a paper for Demos, economist Philip Harvey made the case [for a direct and immediate public jobs program](#). A \$100 billion, two-year public jobs program would create more than 1.5 million new jobs at peak employment. According to Harvey's plan, the program would create jobs for the unemployed addressing unmet needs in their own communities. Federally funded jobs could include improving public buildings and parks, building affordable housing, providing child care and elder care, and staffing after-school and tutoring programs. There would be safeguards to ensure that the new public jobs are not used in ways that replace existing workers.

But as I've tried to argue, just having more jobs won't be sufficient to reverse the decline in job quality. To do that, we need to start by ensuring that [all American jobs meet basic standards](#) of decent employment. I'm delighted that Assembly Speaker Silver wants to [raise New York's minimum wage](#) and index to inflation, and we should do that nationally too. The research is now very clearly that minimum wage increases do not cause job loss. We should also guarantee paid sick days to all working people, as the state of Connecticut has done. And we can ensure that worker protections are effective and apply to everyone in the labor market. In New York State we had two great victories on this front last year: [domestic workers have more rights on the job](#) and all [working people have more recourse against wage theft](#). Both of those New York laws should be models for the country.

Federal contracting is another opportunity for good policy. Companies that have contracts with the federal government employ 22 percent of the entire American workforce. And yet, an estimated [80 percent of the 5.4 million federally contracted service workers earn low wages](#). In

2010 President Obama proposed using the federal government's tremendous buying power to leverage better wages and working conditions at the private sector companies that it buys goods and services from. That's a proposal we should revive.

The last point I want to make is about unions, because I think they remain the best force for people to get a fair deal at work. Unions not only bargain collectively for better wages and benefits for their members, they also raise compensation for workers they don't represent, mostly by scaring non-union employers into raising wages to avoid unionization. High unionization boosts the share of economic growth going to working people rather than to corporate profits or the very highest earners. And public policies that enabled employers to violate the spirit of labor laws by harassing and threatening workers who tried to form a union at work have a lot to do with the decline of organized labor. So strengthening Americans' ability to exercise their right to join unions is key, not for the narrow interests of union members, but for our job quality as a whole.

I will conclude there, and I'd love to take your questions and discuss!