

== Chapter 1 ==

Job Quality in the United States

WORK IN America has undergone marked transformations in the past four decades. Globalization and deregulation have increased the amount of competition faced by American companies, provided greater opportunities for them to outsource work to lower-wage countries, and opened up new sources of workers through immigration. The growth of a “new economy” characterized by more knowledge-intensive work has been accompanied by the accelerated pace of technological innovation and the continued expansion of service industries as the principal sources of jobs. Political policies such as the replacement of welfare by workfare programs in the 1990s have made it essential for people to participate in paid employment at the same time that jobs have become more precarious. The labor force has become more diverse, with marked increases in the number of women, non-white, older, and immigrant workers, and growing divides between people with different amounts of education. Ideological changes have supported these structural changes, with shifts toward greater individualism and personal accountability for work and life replacing notions of collective responsibility.

These social, political, and economic forces have radically transformed the nature of employment relations and work in America.¹ They have led to pervasive job insecurity, the growth of dual-earner families, and 24/7 work schedules for many workers. More opportunities for entrepreneurship and good jobs have arisen for some, while others still only have access to low-wage and often dead-end jobs. These changes in work have, in turn, magnified social problems such as poverty, work-family conflicts, political polarization, and disparities by race, ethnicity, and gender. The growing gap between “good” and “bad” jobs represents a dark side to the booming American economy of the 1980s and 1990s; it has contributed to a crisis for the middle class in the United States in the past decade.

Changes in work and the workforce in the United States since the 1970s have made the quality of employment problematic. The notion of job quality communicates that it is the nature of work that is important to

workers, not just whether they have any job at all. Creating good jobs and avoiding bad jobs are major priorities because work is central to human welfare and the functioning of organizations and societies. Jobs are the main way by which individuals are linked to the economy and are slotted into places within the system of social stratification. In the United States, a job is the primary source of one's ability to obtain essential things such as food, housing, and education; a job also has profound consequences for one's social, psychological, and economic well-being. Good jobs provide a foundation for a high quality of life, healthier workers, and stronger families and communities. Workers who have job security and who have reasonable expectations regarding future job opportunities are more likely to be able to put down roots in a community, conceive and raise children, buy a house, and invest in family lives and futures. The amount of control that a person is able to exercise in the workplace has far-reaching effects on one's psychological functioning and non-work life.

This book examines changes in job quality in the United States since the mid-1970s, a period when there were broad transformations in work organization and employment relations in the United States. Beginning in the late 1970s, changes in the contexts of work—the work structures, the institutions, and the rules and norms governing the employment relationship—led to changes in work and job quality. Changes in the demographics of the labor force, such as gender, education, immigration status, race, and age, affected the types of jobs that people valued as well as the kinds of jobs they were able to obtain. The result of these changes has been a polarization of jobs and employment relations with regard to aspects of job quality, such as security and stability, economic compensation, control over work activities, and time spent on the job. Studying changes in job quality provides insights into theories of work organization and social stratification, and how economic and social changes affect the working lives of individuals, their life chances, and their families.

There is an enormous literature written by social scientists about changes in work and employment relations and how they have affected the quality of jobs. However, there have been relatively few attempts to examine the diverse components of job quality in the United States.² Social scientists have tended to focus on discrete dimensions of job quality. Economists have studied primarily wages and fringe benefits; psychologists evaluate jobs in relation to a wider array of individual needs and values, focusing on job satisfaction; and sociologists and institutional economists have emphasized changes that have occurred in the organization of work. These piecemeal approaches have hampered a comprehensive understanding of how the transformation of work and the labor force have affected job quality overall.

This book adopts an integrated perspective on job quality that combines insights from economics and psychology, as well as from the sociological study of social stratification, organizations, occupations, industries, and work, to describe how variations in macro-level institutional, organizational, and cultural contexts of work in the United States have generated differences in jobs and workers' responses to these differences during the latter part of the twentieth century. I draw upon the results of others' research as well as primary analyses of survey data to evaluate the evidence that social scientists have accumulated on the topic of job quality in the United States since the 1970s, and I point to some of the main implications of this research for policies to improve the quality of jobs.

In this chapter, I first discuss the often problematic nature of job quality. I then identify some basic dimensions of job quality and indicate what differentiates "good" and "bad" jobs. Next, I provide an overview of my argument that there has been a growing polarization in both economic and noneconomic dimensions of job quality in the United States. This polarization is structural, not cyclical, and is due primarily to a growing mismatch between social and economic institutions and the changing nature of work and the labor force.

The Problem of Job Quality

Concerns about the quality of jobs are nothing new. The prevalence of bad jobs, in particular, has long been a major problem in the United States and in many industrial societies. Marginal and irregular work was common among the laboring classes in industrial countries in the nineteenth century. Until the end of the Great Depression, most jobs were insecure, and most wages were unstable.³ Pensions and health insurance for workers were almost unheard of in the United States before the 1930s, and benefits were contingent on workers' docility rather than given as entitlements.⁴

Laws enacted during the 1930s dramatically increased the number of workers whose jobs provided a living wage, employment security, and fringe benefits.⁵ Workers' rights to bargain collectively, along with increased government control over working conditions and employment practices, restricted employers' power over the terms of employment. By the 1940s, the ratio of good jobs to bad jobs had increased sharply.⁶

During the postwar boom period in the United States, economic compensation generally increased for most people, leading to a growth in equality that has been described as the "Great Compression."⁷ Opportunities for advancement were generally plentiful, enabling many workers to construct orderly and satisfying career narratives. The attainment of a basic level of material satisfaction freed workers to emphasize other

concerns in evaluating whether their jobs were good, such as opportunities for challenge, meaning, and other intrinsic rewards.

Although regular full-time jobs were the norm by the 1950s, employers continued to rely on a peripheral workforce to contain labor costs and to act as a buffer to protect the jobs of their “permanent” employees.⁸ In fact, the growth of “good” jobs that were covered by collective bargaining and federal labor-protection laws made the “badness” of peripheral jobs even more striking. In the 1950s, concerns about work were symbolized by the conformity represented by the “organization man,”⁹ while the 1960s raised fears about the disappearance of work through automation and the challenges of the “leisure society.”

The late 1960s and early 1970s brought widespread anxiety concerning the quality of noneconomic aspects of jobs. This fueled debates about the human purpose and the meaning of work and the work environment. It was widely feared that job dissatisfaction was on the rise as workers, particularly young ones, developed high expectations for control over work and intrinsic rewards, which clashed with the reality of the routine, Taylorized, and Fordist jobs within mass production industries.¹⁰ In 1973, the Special Task Force to the Secretary of Health, Education, and Welfare issued a report in response to perceived widespread dissatisfaction, and terms such as “blue-collar blues,” “white-collar woes,” and “managerial discontent” filled the pages of academic writings and the popular media. This apprehension was exemplified by the large-scale worker unrest among the mostly younger workers at the General Motors plant in Lordstown, Ohio, in the late 1960s.

Nevertheless, there was considerable optimism in the early 1970s that the engine of economic growth in the United States would create a “tide that would raise all boats,” as President John F. Kennedy famously predicted in the early 1960s. In this optimistic scenario, it was believed that low-paid, unstable, dead-end jobs would be swept away by economic progress and replaced by well-paid, secure jobs that were connected to pathways of upward mobility.¹¹

Unfortunately, this optimism was misplaced. In the 1980s and 1990s, wages were stagnant for many people, and jobs became more pressured and demanding. Concerns about work were widespread, encompassing a large range of issues, including greater insecurity, work-family tensions, unemployment, stresses produced by too much or too little work, declining standards of living, inequalities in economic and noneconomic job rewards, and lack of health insurance and pension benefits, among many others. Low wages and job insecurity left many Americans at or below the poverty line, even in periods of high employment, such as the latter part of the 1990s.

The 2000s thus far have combined high uncertainty and insecurity with relatively low economic growth. The end of the twentieth century and the first decade of the twenty-first century saw a reawakening of fears, especially those about the economic aspects of job quality. Academic and media attention focused on peoples' anxieties about their inability to obtain jobs that paid a living wage, were relatively secure, and could provide opportunities for advancement. Political debates about the state of the economy paralleled discussions among social scientists about whether recent changes in the world of work resulted in gains or losses for different groups of workers.

While many of these concerns are not new, they created especially great disruptions in peoples' established patterns and expectations about their work lives since they came after three decades marked by sustained growth and prosperity following World War II. As a consequence, these changes present new and pressing challenges for individuals and their families, businesses, labor, governments, and society.

Dimensions of Job Quality

A job refers to the specific set of tasks that people do for a living. Jobs are embedded in broader aspects of working conditions that characterize the employment relationship, such as those classified as occupations and workplaces. Jobs are complex and can provide workers with many potential job rewards—benefits and utilities that individuals may potentially obtain from their work activities.¹² Jobs are made up of bundles of rewards, and the multidimensionality of job quality is reflected in definitions that recognize the diverse aspects of what constitutes a “good” job.¹³

While there are many aspects of work that might constitute potential rewards, most people would agree that job quality depends heavily on economic compensation such as earnings and fringe benefits like health insurance and pensions; the degree of job security and opportunities for advancement to better jobs; the degree to which people are able to exercise control over their work activities and to experience their jobs as interesting and meaningful; and the extent to which peoples' time at work and control over their work schedules permit them to spend time with their families and in other, non-work activities that they enjoy.

Some of these aspects of job quality are easier to evaluate and measure than others. There are relatively good data on the distribution of (and changes in) earnings and fringe benefits, for example. Others—such as job security and statistical probabilities of opportunities for advancement—are measurable in principle, but the data on them are not readily available. Still other dimensions of job quality are difficult to

measure even in principle—cooperation among coworkers, degree of personal autonomy, and intrinsic rewards—although a number of alternative measures of the latter two concepts have been proposed (see chapter 7, this volume).

In view of the complexity underlying job quality, I use a relatively simple classification that distinguishes between economic compensation, such as pay and fringe benefits (especially health insurance and retirement benefits, but also flexible work time options such as family leave), and noneconomic benefits, such as the degree of control that workers have over their work tasks, intrinsic rewards, and the time that they spend at work.

Economic Dimensions of Work

Economists often assume that job rewards reflect a person's skill and effort; hence, there might be good and bad workers, but not good and bad jobs.¹⁴ Others accept the idea that some jobs pay better than others, regardless of the skills of the incumbents of these jobs. Economists tend to equate job quality with the level and stability of economic compensation (especially wages), framing debates about good jobs versus bad jobs in terms of differences between jobs in their earnings: good jobs are high-wage jobs, while bad jobs are low-wage jobs.¹⁵ This assumption is not unreasonable, as earnings are a fairly reliable indicator of the differences between good and bad jobs.¹⁶

A large literature (mainly in economics, but increasingly in sociology) seeks to document and explain the changes that have occurred in wages and earnings in the United States in the past several decades. These studies have examined changes in levels of earnings, as well as in earnings inequality and earnings instability (see chapter 6, this volume).

Economic compensation also includes fringe benefits such as health insurance and retirement benefits. Some researchers have included the rate of employer-provided health insurance as part of their measure of job quality.¹⁷ Fringe benefits are an important form of job reward in the United States due to the employer-centered model in this country that underlies much of the distribution of health insurance, retirement pensions, and other economic benefits.

Control over Work

Some jobs may pay relatively modestly yet still be considered good jobs because they are challenging, meaningful, and allow people the flexibility to take care of their non-work activities. While economists often ignore nonwage attributes of jobs in the debate concerning good versus bad jobs, sociologists have long emphasized the importance of noneco-

conomic aspects of jobs.¹⁸ Marx underscored the desirability of workers' being able to conceptualize how to do their work as well as their ability to execute it.¹⁹ When conception is not separated from execution, workers can exercise discretion over their work and have real input into decisions that affect them. A large literature in sociology has underscored the importance of workers' autonomy and control—self-direction over what they do and how they do it—for their well-being.²⁰ Psychologists have also stressed the centrality of noneconomic dimensions of jobs, such as autonomy and control, for the quality of one's work experience and the ability of workers to achieve self-actualization.²¹

Workers who are able to control how and what they do at work are also more likely to obtain intrinsic rewards from their jobs. Intrinsic rewards are benefits and utilities that people obtain *from* task performance, as opposed to extrinsic rewards such as money or fringe benefits, which people obtain *for* performing their work. Intrinsic rewards reflect people's ability to utilize their skills, knowledge, and abilities in their jobs. Some people obtain satisfaction from their jobs primarily because they have the opportunity to develop their abilities and to have interesting, meaningful, and challenging work over which they can exercise responsibility, as opposed to being mere cogs in a machine.

A second aspect of control is the capacity to decide the pace and scheduling of work. Not having control over one's work pace is a disutility of jobs that detracts from the quality of work experience. Workers who have little control over how much effort they expend or the number and timing of hours that they work are likely to suffer from stress and other negative consequences.

Skills are another important aspect of job quality. Some writers (for example, see Green 2006) regard skill as a separate dimension of job quality because skill utilization has intrinsic value and is an end in itself. My view is that skills are important for job quality mainly because the greater market power enjoyed by those with more skills results in certain job rewards such as greater earnings, fringe benefits, and control over one's work schedule. Moreover, skills are intimately related to the amount of autonomy and control that workers have over their tasks as well as to the intrinsic rewards they derive from their jobs. Thus, while I discuss skills in various places throughout the book, I do not consider skills to be a distinct aspect of job quality.

Good Jobs and Bad Jobs

People have differing opinions about what constitutes a "good" job since they seek to achieve a variety of goals from work.²² Some will define a good job as one that pays well or provides health insurance, is

secure, or leads to higher paying jobs in the future. Others will maintain that a good job is one that a person enjoys or finds interesting, challenging, and fulfilling. Still others believe that a good job is one that, alternatively, provides them with a convenient and easy commute; allows them to leave “work at work” and does not interfere with life on weekends or in the evenings; permits them to work in pleasant surroundings; does not (or does) require moving around from one place to another; is low (or moderate) on stress; is stable or provides opportunities for change; is flexible; provides access to friendly coworkers or supervisors; gives them the opportunity to “make a difference” by helping other people; and so on.

To some extent, then, the quality of jobs should be evaluated in terms of personal choice. Whether particular job characteristics constitute potential job rewards thus depends on individual differences and the importance that people place on various aspects of jobs, or their “conceptions of the desirable” with regard to their work activity.²³ Some people like to work with their hands as opposed to dealing with people or ideas. Some prefer to work full-time, while others would rather work part-time. Some people see work as a source of self-actualization, while others regard their job as simply a means to earn a living so that gratification can be sought in other ways.

Within a society, a person’s work values and expectations are related to his or her gender, race, and age, as well as education and work experience.²⁴ In the 1970s, younger workers appeared to emphasize the importance of intrinsic rewards—raising fears among the media, social scientists, and managers about possible widespread “alienation” from work—while older cohorts of workers remained concerned with obtaining extrinsic benefits like earnings and job security. Workers have economic and psychological needs that they try to satisfy via work, but not all of them can be fulfilled through employment relationships at any particular time.²⁵

There are also modal, cultural, and institutional understandings of what constitutes good and bad job characteristics in a particular society and time period.²⁶ Understandings of job quality differ in part according to the opportunities that are available for the attainment of various kinds of job rewards. Workers are likely to calibrate their standards of what constitutes a good or bad job based on economic conditions. During economic downturns, for example, workers are likely to be happy to have a job at all (even a “survival” job) as opposed to suffering through long-term spells of unemployment. During the Great Depression, for example, a good job was one that provided enough money to live on. Moreover, during the Great Recession of 2007 to 2009, standards for evaluating a job as good were also likely based on whether the job

provided decent wages and health insurance.²⁷ According to Jean Eisen, a person in Southern California who lost her job selling beauty salon equipment two years prior to being interviewed in 2010, “There are no bad jobs now. Any job is a good job.”²⁸ By contrast, in the relatively affluent decades of the 1960s and early 1970s, the standards for evaluating a job as good might have been raised to one that provided meaningful and interesting work that enabled persons to “self-actualize” or to “be all that they could be.”

Despite these individual and subjective differences, there are certain objective characteristics that most people would agree are necessary for a job to be considered a good job (or, at least, not a bad job). A basic requirement is that the job should pay a wage that is high enough to satisfy a person’s basic needs. Another requirement is fringe benefits to also accommodate those needs. In the United States, these benefits would include health insurance and, to some extent, retirement benefits, since these kinds of social supports are generally distributed (if at all) through the workplace and not through the societal welfare system. Of course, the relative value of wages and fringe benefits varies from person to person; if a person has an employed spouse or parent whose job provides health insurance coverage for the family, then the worker might place greater emphasis on wages and less on fringe benefits.

In general, then, a good job is one that

1. Pays relatively high earnings and—perhaps more importantly—provides opportunities for increases in earnings over time
2. Provides adequate fringe benefits, such as health insurance and retirement benefits
3. Enables the worker to have opportunities for autonomy and control over work activities
4. Gives the worker some flexibility and control over scheduling and terms of employment
5. Provides the worker with some control over the termination of the job

Some of these components may be positively related, at least for some people at certain times. Members of professional occupations in particular settings, for example, may have considerable control over their work and schedule while also being economically well compensated. On the other hand, the absence of a particular good job characteristic does not necessarily make a job bad. Conversely, not all of these components are necessary conditions for workers to consider a job to be good. Unionized

manufacturing jobs, such as welding or other semiskilled work in the auto or steel industries, for example, were generally regarded as good jobs in the three decades following World War II since they paid relatively high wages and supplied good benefits despite not providing workers with much opportunity to exercise autonomy and control.

On the other hand, a job is generally regarded as bad if it

1. Pays low wages and does not lead to higher wages over time
2. Does not provide fringe benefits, such as health insurance and pension benefits, especially if one's family has no other source of such benefits
3. Does not enable the worker to exert control over the work activities
4. Does not provide the worker with flexibility to deal with non-work issues
5. Does not give the worker some control over the termination of the job

Likewise, the absence of particular bad job characteristics does not necessarily make a job good; for example, a job that pays slightly above the minimum wage is not necessarily a good one, and some workers who are given a lot of autonomy (such as nursing assistants, who are often not closely supervised) may also receive low wages and no fringe benefits.²⁹

Jobs also differ in their degree of security and opportunities for advancement to better jobs. All jobs have become increasingly precarious in the past four decades (see chapter 5, this volume), though some jobs and persons are more vulnerable than others to both the risk and consequences of job loss. Since both good jobs (for example, well-paid consultants) and bad jobs are generally insecure, it has become increasingly difficult to distinguish good and bad jobs on the basis of their degree of security.

Jobs that do not provide any real opportunities for advancement to better jobs (or to increased wages in the current job) might also be regarded as bad jobs. Such "dead-end" jobs do not offer the promise of more noneconomic and economic rewards in the future. Lack of advancement opportunities is especially problematic for people who have completed their formal education and have families to support.

Overall Job Quality?

There are good theoretical reasons to expect that the dimensions of job quality are, in general, positively interrelated, and so one can speak of

the overall “goodness” or “badness” of jobs. Labor market segmentation theories, for example, assume that various aspects of job quality covary such that “only certain configurations of [governing] rules tend to fit together” (Tilly 1997, 269).

For example, the dual labor market theory proposed by institutional economists in the 1960s and 1970s posited that various dimensions of job rewards cohere together into clusters of good jobs and bad jobs. The primary labor market segment was made up of good jobs (that is, well-paying, relatively secure jobs that were associated with job ladders in large firms), and a secondary segment consisted of bad jobs (that is, relatively insecure jobs associated with low-wage employment and the absence of job ladders and opportunities for advancement to better jobs).³⁰

Economic and noneconomic rewards may also be positively related due to their common dependence on skills. High-skilled workers are generally in high demand, which tends to bring them greater earnings. Workers with more skills usually have higher market power, especially due to the growing marketization of employment relations (see chapter 2, this volume), a trend that has led to employers’ assessing an employee’s value as being proportionate to his or her value to other employers. Therefore, more highly skilled workers are apt to have more autonomy and control over their work activities and schedule, as well as greater job security and earnings. Since high-skill jobs require more extensive training, employers are more likely to set up job ladders to facilitate the acquisition of skills, which leads to career advancement over time within occupational internal labor markets, if not firm internal labor markets (or FILMs).

An alternative view is that interrelations among job rewards are relatively weak. Workers who have jobs that are intrinsically interesting or convenient (in terms of flexibility) may not necessarily be well paid or have opportunities for advancement with an employer. In addition, some relatively low-skill jobs in the primary labor market (unlike those in the secondary market) were often unionized, so they still tended to be relatively secure, middle-class jobs that provided good fringe benefits in addition to relatively high wages. This is consistent with the “summative” view of job quality held by neoclassical economists, who assume that employers can vary job rewards at will (within certain limits); a job can be good on some dimensions but not on others. This leads to the possibility of compensating differentials, or employers’ utilizing one kind of benefit to compensate for another;³¹ workers can trade off the attainment of some types of job rewards to obtain other job rewards. Employers may have to pay workers more, for example, to get them to work in insecure conditions where there may not be much chance of

advancement, as is the case in many consulting arrangements. Increases in job insecurity may also be somewhat compensated by greater autonomy, at least for some people, such as highly skilled independent contractors.

It is likely that interrelations among dimensions of job rewards have loosened over time. For example, all jobs have become more insecure, as I discuss in chapter 5. Thus, job security has become more weakly or even negatively related to income and other job rewards. Changes in the various kinds of job rewards over the past three decades may also have offset one another to some extent: organizational restructuring may have had negative consequences for security and earnings while increasing opportunities for control over work tasks and intrinsic rewards.

In any event, the current state of data collection in the United States and elsewhere is such that there is no single measure or index of job quality that enables us to examine changes in job quality over time and includes both economic and noneconomic factors.³² Hence, I concur with the following conclusion reached by the European Commission:

Given its relative and multidimensional nature, there can be no one single measure or index of employment quality . . . There is no standard or agreed definition of quality in work in the academic and expert literature. Given the lack of a single composite measure, most studies adopt and suggest various key dimensions of job quality. (Commission of the European Communities 2001, 7)

Therefore, I examine economic and noneconomic job rewards separately.

Explaining Changes in Job Quality

Changes in job quality result from the interplay between two main sets of factors. First, economic, political, and sociological forces shape the structural and institutional contexts of work³³ and help to explain how and why employers make various decisions, how industries grow and decline, how occupations expand and contract, and how workers are able to exercise, in varying degrees, individual and collective power in relation to their employers.³⁴ Second, changes in the composition of the labor force and in the needs and preferences of workers affect the fit between job characteristics and workers' values, needs, and expectations, thus influencing what features of work are salient for defining a good (or bad) job.

This book elaborates on the interplay between institutional structures and the composition of the labor force in generating polarization in job

quality in the United States since the mid-1970s. Chapter 2 provides an overview of the transformations in social and economic institutions that have led to changes in the economic and noneconomic dimensions of job quality since the mid-1970s, the time period when it is generally agreed that the most recent era of polarization and precarious work in the United States began. The increasingly market-driven approach that came to be known as neoliberalism intensified economic integration and price competition. Technological advances both forced companies to become more competitive globally and made it possible for them to do so. Changes in capital markets that rewarded managers for short-term profits encouraged them to treat labor as a variable rather than a fixed cost, leading to outsourcing and the growth of temporary and other forms of nonstandard work.

The neoliberal revolution spread globally, emphasizing the centrality of markets and market-driven solutions, privatization of government resources, and removal of government protections. Changes in legal and other institutions mediated the effects of globalization and technology on work and employment relations.³⁵ Government regulations that set minimum acceptable standards in labor, product, and capital markets eroded. Ideological changes toward greater individualism and personal responsibility for work and family life supported these structural changes; the slogan “you’re on your own” replaced the notion of “we’re all in this together.”³⁶ Beginning in the era of the Reagan administration, the lack of enforcement of labor standards, along with coordinated anti-union business strategies, contributed to a continuing decline of unions, thereby weakening a traditional source of institutional protections for workers and severing the postwar business-labor social contract in the United States. Union decline and labor market deregulation reduced the countervailing forces that had previously enabled workers to share in the productivity gains that were made. The balance of power shifted heavily away from workers and toward employers.

Neoliberalism at the societal level was mirrored within the workplace as employers sought greater flexibility in their relations with workers. The standard employment relationship, in which workers were assumed to work full-time for a particular employer at the employer’s place of work, began to erode. Managements’ attempts to achieve flexibility led to various types of corporate restructuring and transformations in the nature of the employment relationship. The work process also changed during this period as increases in knowledge-intensive work accompanied the accelerated pace of technological innovation. Service industries increasingly became the principal source of work as the economy shifted from manufacturing-based mass production to an information-based economy organized around flexible production.

These institutional transformations were accompanied by important changes in the composition of the labor force that played a central part in the story about changes in job quality, as discussed in chapter 3. The labor force became more diverse, with marked increases in the number of women, nonwhite and immigrant workers, and older workers. The growth of dual-earner families made it more important for workers to have control over their work schedules and the flexibility to attend to non-work, familial activities. The growth in immigration due to globalization and the reduction of barriers to the movement of people across national borders produced a greater surplus of low-skilled labor, encouraging employers to create more low-wage jobs. The expansion of educational attainment within the labor force enhanced the importance that workers placed on challenging work and led to growing gaps in earnings and other indicators of labor market success between people with different amounts of education.

Polarization in Job Quality

These macro-level transformations in economic and work structures that began taking place in the middle of the 1970s—along with changes in the composition of the labor force—led to a polarization in specific dimensions of job quality and the spread of precarious work. There has been an expansion in both good and bad jobs, reflected in an increase in high-skill, good jobs and low-skill, bad jobs, along with a decline in semiskilled, well-paying jobs that has shrunk the size of the middle class. Moreover, education has become a key factor for differentiating those who have good jobs from those with bad jobs (see chapter 3, this volume). The growth of polarized work during the past four decades, which I will discuss in chapter 4, represents a departure from the three decades following World War II marked by sustained growth and relatively shared prosperity.

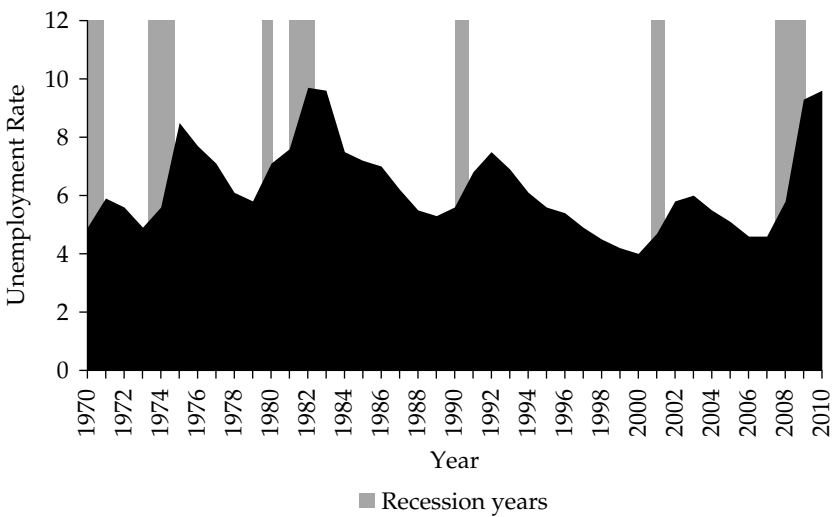
This polarization is not new, but the duality between the primary and secondary labor markets has increased along with the disappearance of relatively low-skill, traditional, middle-class jobs with good pay and benefits, job stability, and steady promotions. The decline of the middle class has reversed the predictions of the theory of *embourgeoisement*, which predicted that the working class would be integrated into the middle class. Due to their greater reliance on increasingly uncertain jobs, the American middle class has come to resemble the classic proletariat.³⁷ In particular, “subordinate primary labor market” jobs are among those most threatened by corporate restructuring and downsizing, and no longer enjoy the institutional protections once provided by unions.

Along with the growth of polarization was the general increase in precarious work and job insecurity for all workers, as I discuss in chapter 5. All jobs—blue-collar occupations as well as previously privileged white-collar occupations—are now more insecure and associated with higher levels of risk for workers.³⁸ The ties between employers and employees have become more tenuous, layoffs have increased and have become relatively permanent, and nonstandard work arrangements have proliferated. Job insecurity has led to economic insecurity, which “isn’t just a problem of the poor and uneducated . . . Increasingly, it affects . . . educated, upper-middle-class Americans” (Hacker 2006, 6). While all jobs have become more precarious, some workers have been less vulnerable than others, and the labor force has become increasingly polarized into those with more education and marketable skills and those without these human capital attributes.

The growing gap between good- and bad-quality jobs is a long-term structural feature of the changing labor market. Polarized and precarious employment systems result from the economic restructuring and removal of institutional protections that have been occurring since the 1970s; they are not merely temporary features of the business cycle that will self-correct once economic conditions improve. In particular, bad jobs are no longer vestigial but, rather, are a central—and in some cases growing—portion of employment in the United States.

At the same time, economic fluctuations in business cycles need to be taken into account when examining the evidence regarding changes in job quality during various periods since the 1970s. *Ceteris paribus*, we would expect good economic times to be associated with better jobs. High economic growth (characterized by tight labor markets and falling unemployment) generally provides workers with greater employment security and gives them more power in relation to their employers. In economic conditions that are favorable for workers, employers tend to try to do what they can to retain valued workers; thus job quality is likely to improve. By contrast, when unemployment is high, companies have fewer incentives to provide high earnings and benefits to their employees, who now generally have fewer alternative job opportunities. Downturns in the economy may also lead employers to require some employees to work longer hours and work more intensely and also to cuts in hours for other employees. Figure 1.1 summarizes the changes in business conditions that have occurred from the 1970s to 2010, as represented by the unemployment rate³⁹ and by recessionary periods.⁴⁰

Polarization in work is but one aspect of large-scale changes in American society. The decline in the middle class and expansion of the very rich and very poor has resulted in the creation and maintenance of

Figure 1.1 Unemployment Rates and Recessions, 1970 to 2010

Sources: Author's compilation based on data from the following: Unemployment rates from U.S. Department of Labor (2011); recessions from National Bureau of Economic Research (2010).

"two Americas" that differ widely in their life chances and political attitudes and preferences. The economist Richard Freeman (1997, 3) warned of an emerging apartheid economy in the late 1990s:

Left unattended, the new inequality threatens us with a two-tiered society . . . in which the successful upper and upper-middle classes live fundamentally different from the working classes and the poor. Such an economy will function well for substantial numbers, but will not meet our nation's democratic idea of advancing the well-being of the average citizen. For many it promises the loss of the "American dream."

Chapters 6 through 8 summarize the consequences of polarized employment systems on several key components of job quality: economic aspects of jobs, such as wages and fringe benefits (chapter 6); noneconomic benefits, such as the control people have over their work activities and the extent to which they are able to obtain intrinsic rewards (chapter 7); and how hard people work and their control over work schedules (chapter 8). Chapter 9 summarizes some of the evidence on changes in overall job quality as represented by the concept of job satisfaction, the most commonly studied indicator of the overall quality of jobs.

American Exceptionalism?

All high-income industrial countries face similar pressures due to the social and economic forces associated with more intense globalization, technological advances (especially in information and communication technologies), greater mobility of capital and labor, new forms of organizational interdependence, and weakened unions. In important ways, these pressures affect the institutional frameworks governing employment relations in all high-income countries.⁴¹

The adoption of particular work practices are conditioned by institutional structures, however, and changes in the distribution of job quality are not an inevitable outcome of market forces. The emergence of polarized and precarious employment systems in the United States was shaped primarily by the responses of employers to pressures for more flexibility. Employers' actions were facilitated by an institutional environment that was characterized by a weak labor movement and relative lack of government regulation and interference. The absence of strong labor market institutions encouraged the growth of polarized and precarious employment systems, as employers in the United States had relatively free rein to create bad jobs as well as good jobs.

Focusing on one country makes it difficult to assess the role of institutions in transforming employment systems since there is relatively little variation in labor market institutions in the United States. While there may be regional or local differences in union power or labor market regulations, these variations are relatively minor compared with the range of possibilities. Thus, while this book is about the changing nature of labor market institutions and employment practices in the United States, it will be useful to compare the responses of American employers, governments, and workers with the responses of other countries facing similar macrostructural forces, such as globalization, technological change, and so on. Throughout the book, I attempt to briefly highlight the responses of several Western European countries that share some similarities with the United States with regard to political, economic, and social institutions.

The response by employers in the United States represents an Anglo-Saxon model that is characteristic of liberal market economies (such as the ones in this country, Britain, and Australia) that do not have very "inclusive" labor market institutions, like centralized and solidaristic collective bargaining and strong minimum wage laws. I further develop this argument later in the book. Inclusive labor market institutions extend the gains made by workers with relatively high power to those with relatively little power, as is the case in countries like Denmark and

France.⁴² On the other hand, in non-inclusive countries such as the United States,

labor market institutions have been inadequate to protect workers' interests. . . . The result has been a deterioration in the quality of jobs that do not require a university degree, an increase in the incidence of low-wage work, and a widening of the earnings gap between high- and low-paid workers. (Appelbaum 2010, 186)

In liberal-market, non-inclusive countries, there has also been a growing polarization in noneconomic aspects of job quality, such as work intensity and control over work, as will be seen in chapters 7 and 8.

Toward a New Social Contract

The arguments and evidence presented in this book about the polarization of job quality and the growth of precarious jobs point to the need for a new social contract to address a range of problems created by the changes in employment relations and the growth of bad jobs. Chapter 10 sketches the components of such a new social contract, drawing inspiration from the experiences of other countries with policies related to "flexicurity" as well as from the lessons learned from the New Deal. These historical and comparative models underscore the necessity of integrating employment and social policies in order to protect people from the negative consequences of market forces and to provide them with opportunities to succeed in unstable and uncertain labor market environments.

The final chapter discusses some of the issues related to the realization of this new social contract. Implementing the needed strategies requires the coordinated efforts of government (at federal, state, and local levels), business, and labor. This constitutes major challenges for social and economic policies in the United States in light of this country's relatively passive labor market policies, comparatively small public sector employment (achieved in part through privatizing government jobs), and history of only moderate support for the disadvantaged. The final chapter discusses some of the obstacles we face in achieving the new social contract and concludes by suggesting some strategies that may overcome these obstacles.