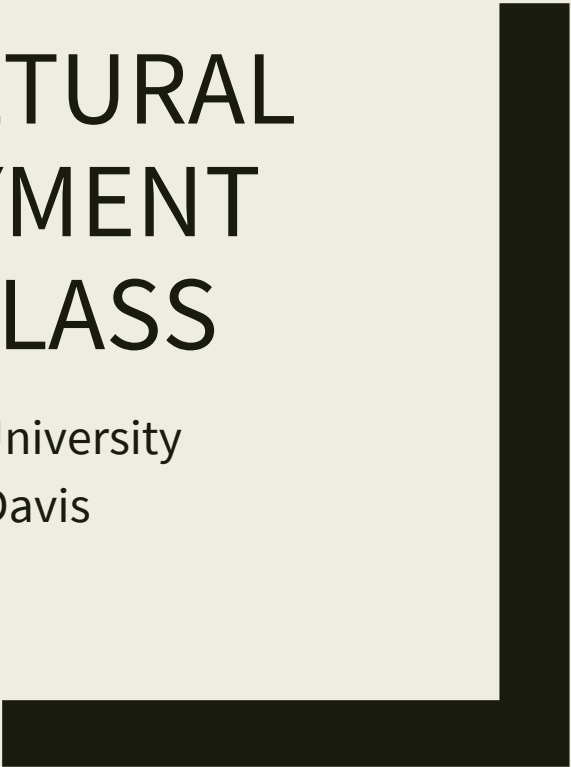




STRUCTURAL AND CULTURAL BARRIERS TO EMPLOYMENT FOR THE WORKING CLASS

Victor Tan Chen, Virginia Commonwealth University
Brian Halpin, University of California, Davis



Outline of our presentation

Unemployment and labor market participation

Working class (*high school degree or less, lower-income*)

Cultural reasons:

Decline of work ethic

Expansion of government programs

Structural reasons: fewer good jobs for the less educated

Globalization and automation

Decline of labor unions

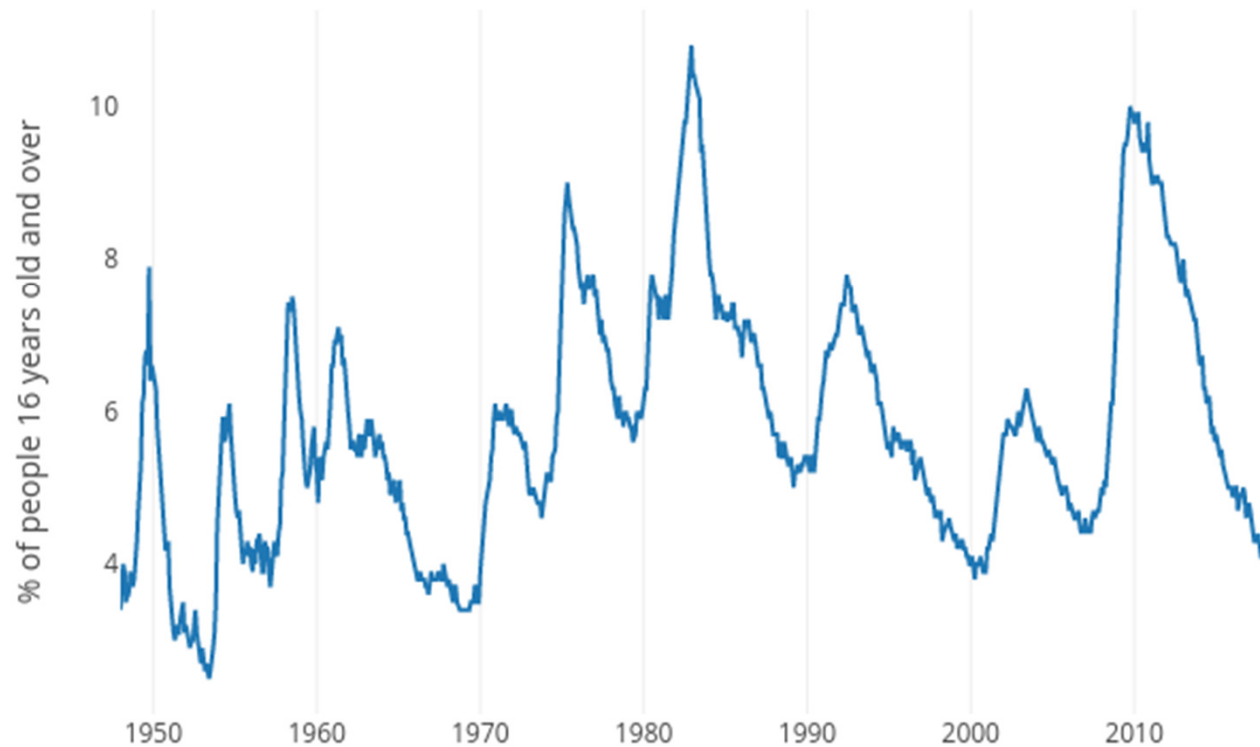
Precarious work and job insecurity

Policy solutions: laws and institutions to create good jobs

Unemployment has gone down considerably

Unemployment rate (1948-2018, seasonally adjusted)

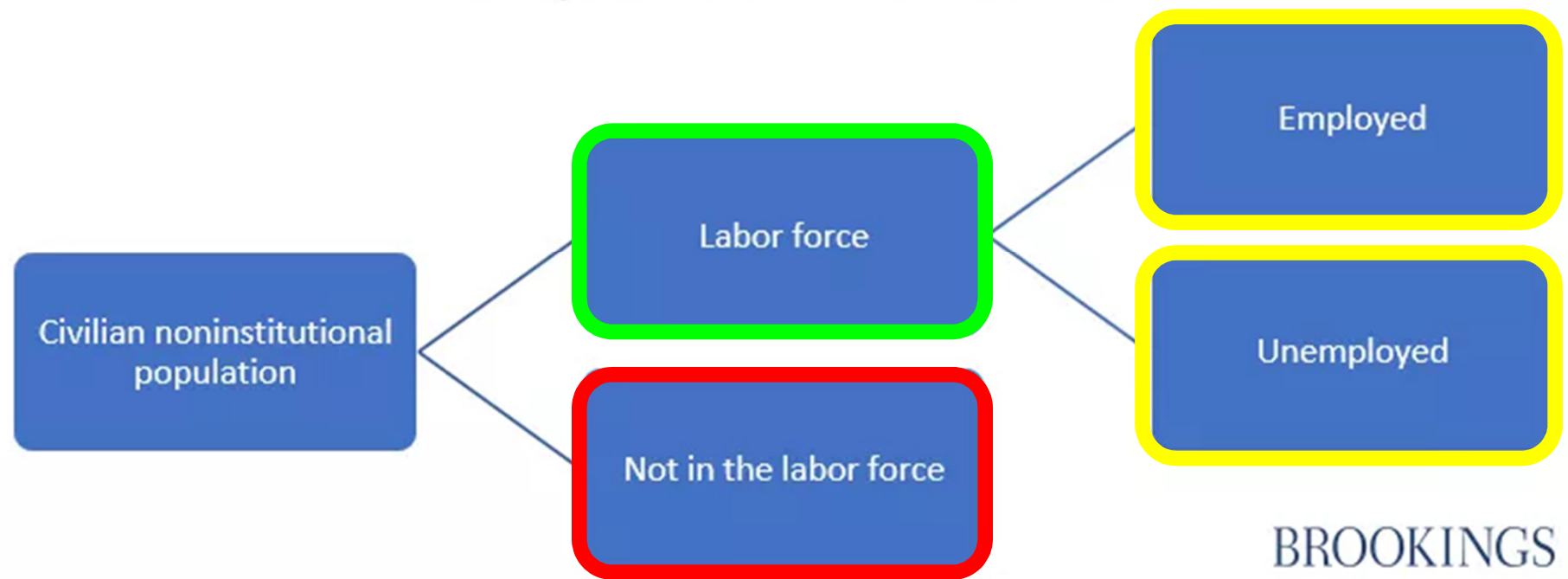
[Note: Charts and data can be found on Victor's site, victortanchen.com.]



May 2018:
3.8%

*Source: Current
Population Survey*

A helpful labor force flowchart



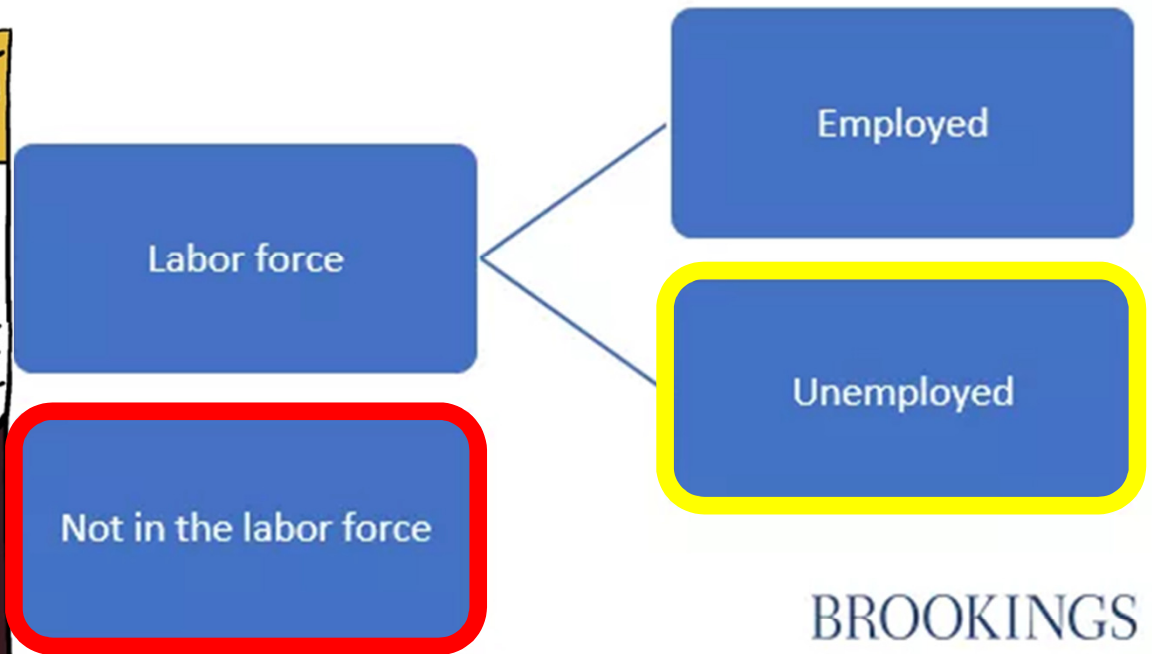
Labor force: adult population either employed or unemployed

Unemployed: those available to work and actively looking for work

Unemployment rate: share of *labor force* that is unemployed

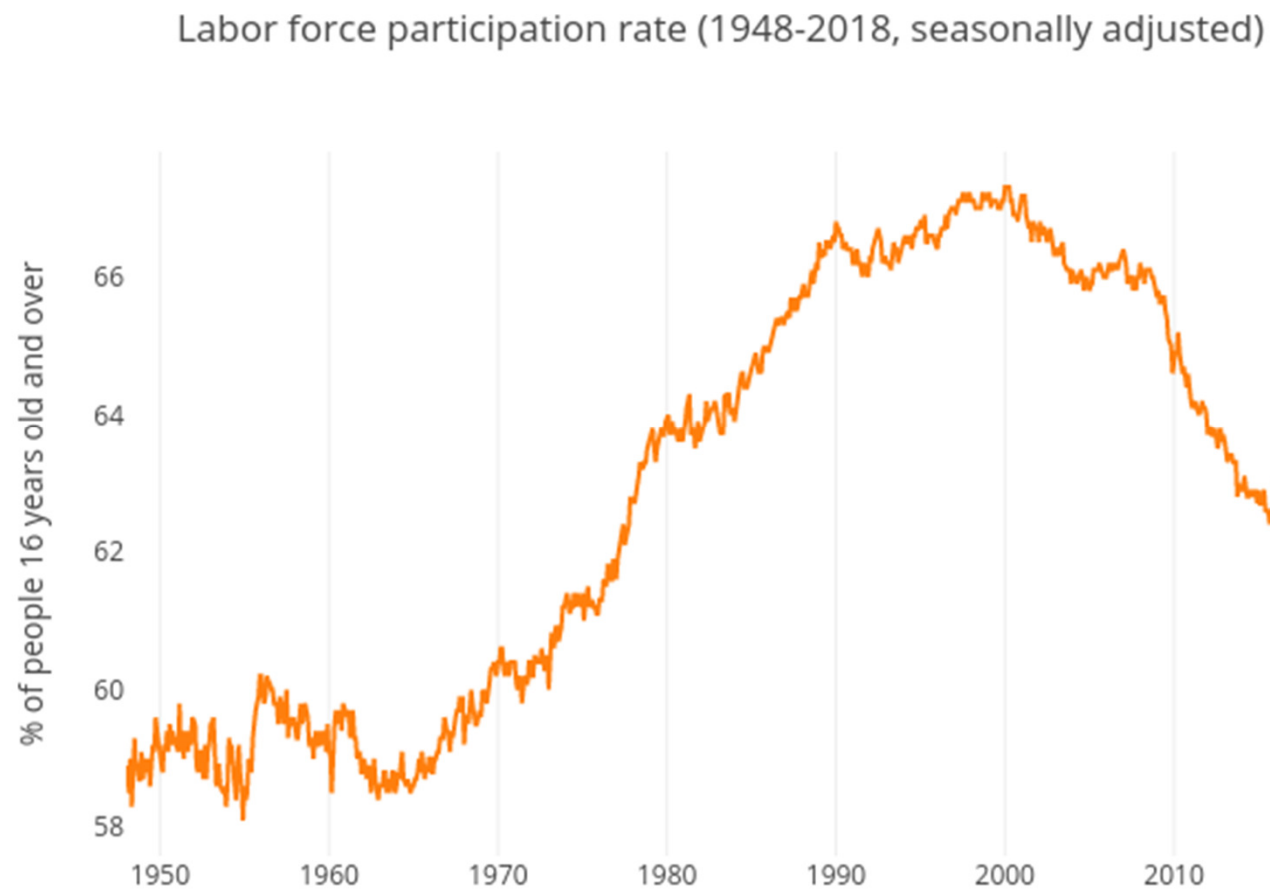
Not in the labor force: students, retirees, and **others who are not looking for work**

A helpful labor force flowchart



From Saturday Morning Breakfast Cereal

Labor force participation remains low



May 2018:
62.7%

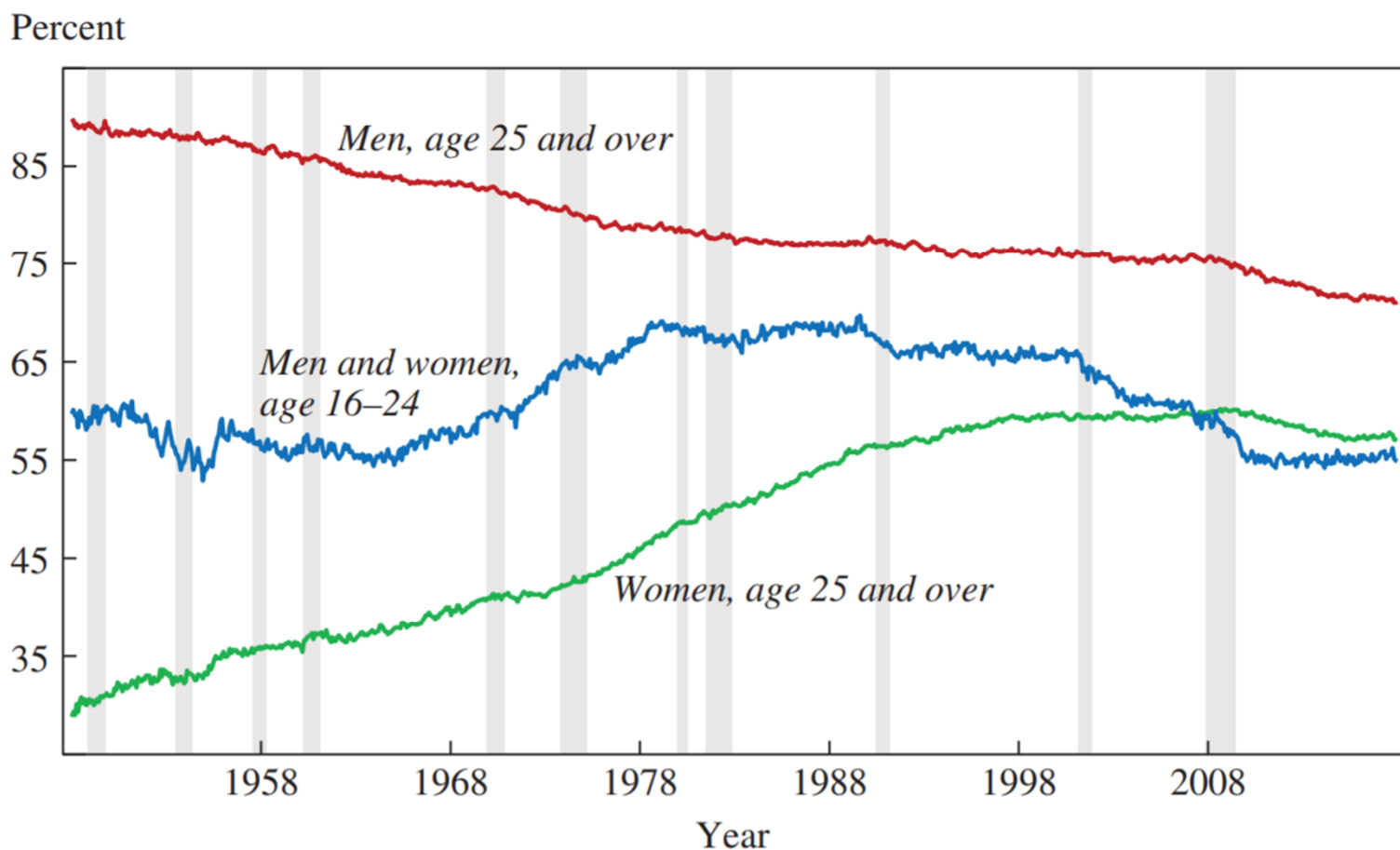
Labor force participation rate: Percentage of population that is working or (recently) looking for work

Source: Current Population Survey

Why are people dropping out? There are **more students** and **retirees**. Also, more people (**men, mostly**) have **stopped looking for work**.

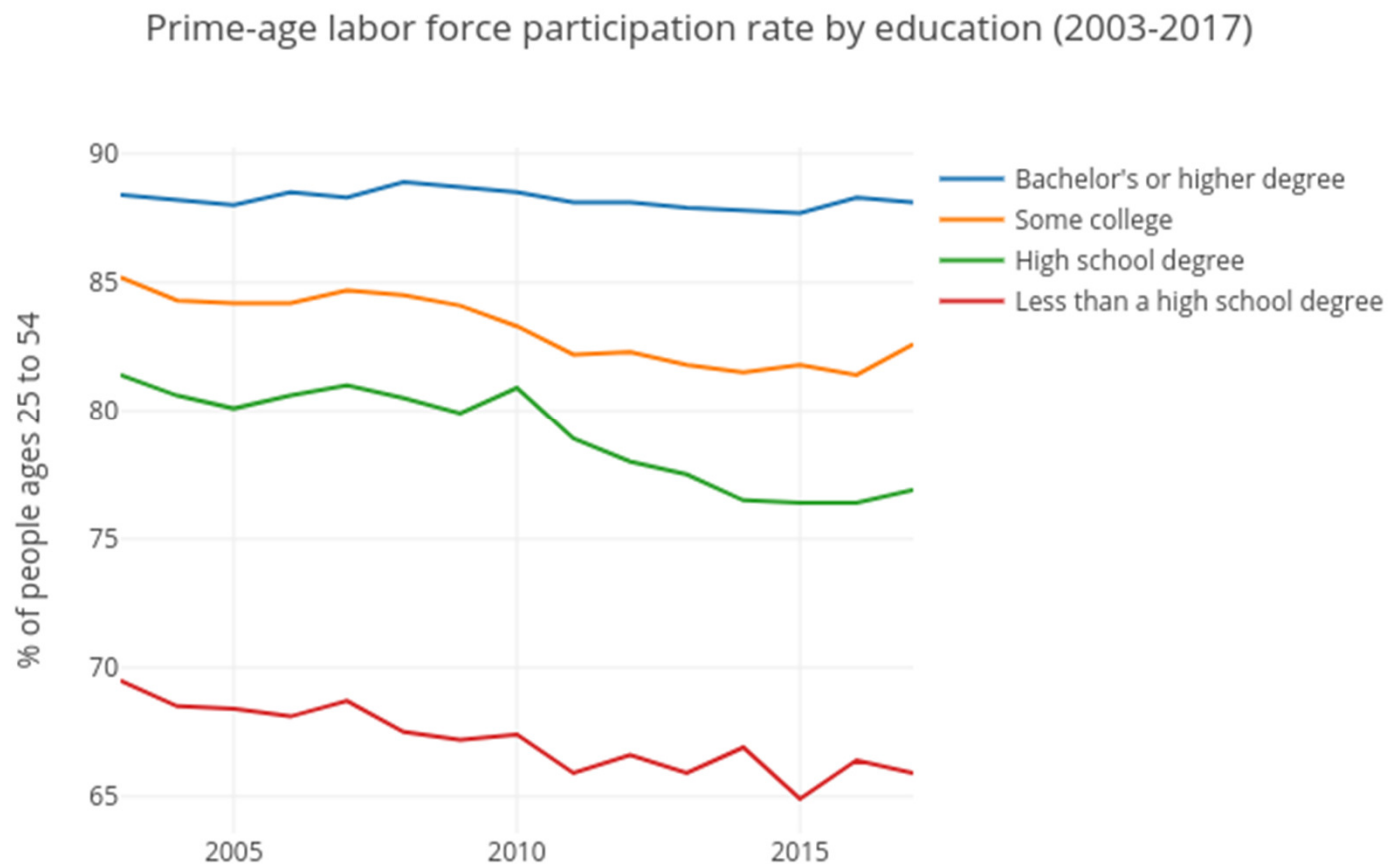
Source: Alan B. Krueger, "Where Have All the Workers Gone?" Brookings Papers on Economic Activity (2017)

Figure 2. Labor Force Participation Rates by Age and Gender, 1948–2017^a



Sources: U.S. Bureau of Labor Statistics; National Bureau of Economic Research.
a. Shading denotes recessions. The data are seasonally adjusted.

Less educated are increasingly likely to drop out



Among **prime-age Americans** (ages 25 to 54), the working class have seen the **steepest drops** in labor force participation

Source: Current Population Survey

Cultural and structural explanations

How do we explain these trends toward **fewer prime-age Americans** in the labor market?

Culture: behavior and outlooks from where you live or who you interact with

Structure: the arrangement of relevant institutions (like the economy, family, and labor market) and people's positions within those institutions

No simple division between them, as we'll see

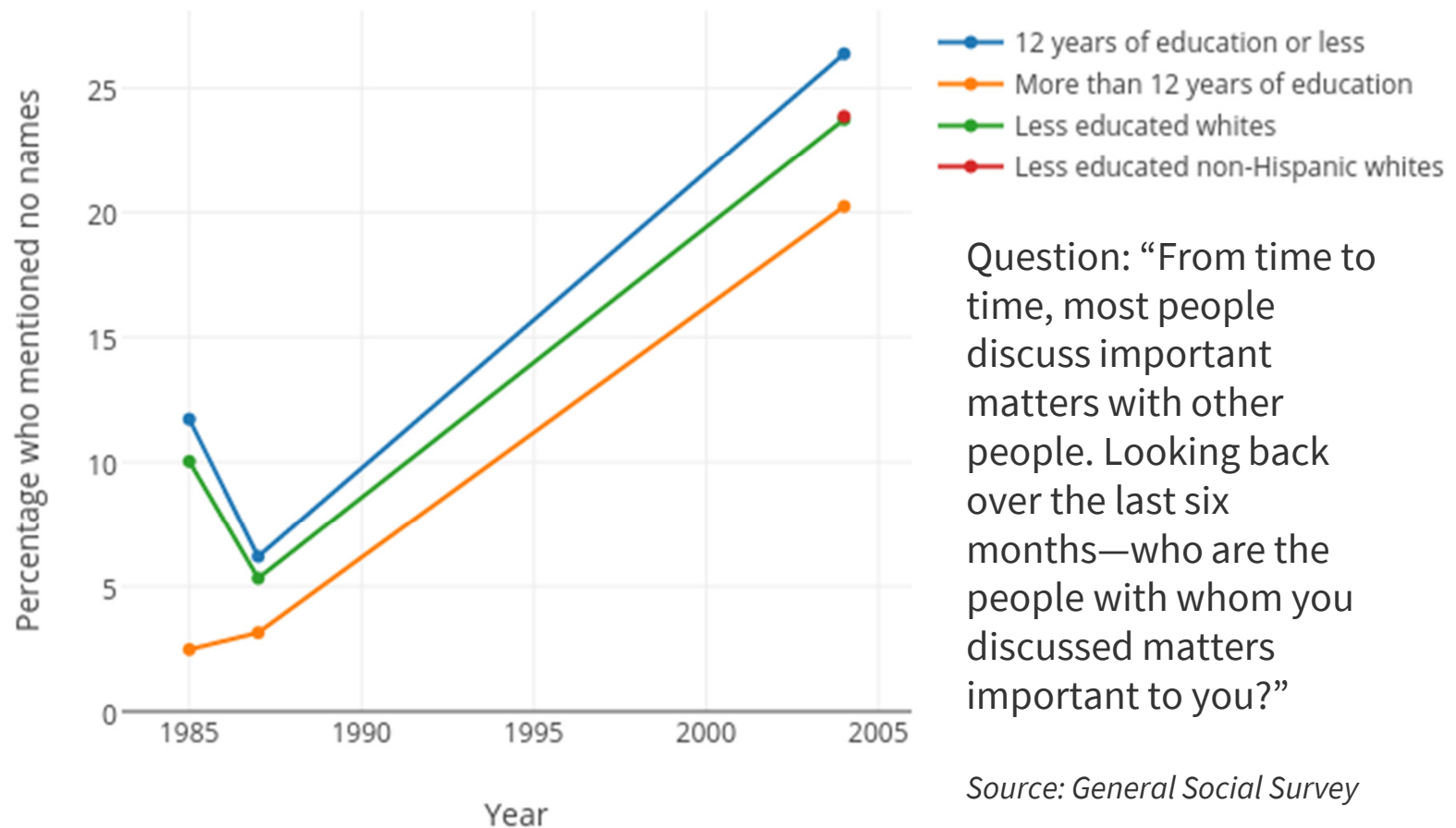
Do Americans **not value hard work** as much as they used to?

General Social Survey: *What would you most prefer in a job?**

	1973-1994	2006
Feeling of accomplishment	58%	43%
Short hours	4%	9%
No danger of being fired	6%	12%

*Sample: prime-age whites. *Source: Charles Murray, Coming Apart (2012)*

The **socially isolated** drop out of the labor market—and working class are **most isolated**



“As video games get better and job prospects worse, more **young men are dropping out of the job market** to spend their time in an alternate reality.... A part-time job might be all they are willing to do, so good are the worlds and characters waiting at home.”

—*The Economist*

Video games
ruined my life
good thing I have
2 extra lives



Prime-age men's reasons for being out of the labor force: **disability** and **pain**

Of all prime-age men (25-54) **not in the labor force**:

A third report having a disability

4 out of 10 say they take **pain medication on a daily basis**

*In 2/3 of these cases, they are taking **prescription pain** medications*

4 out of 10 say pain keeps them from working full-time

They experience **low levels of subjective well-being** (happiness) and say they derive **little meaning** from their daily activities

Source: Alan B. Krueger, "Where Have All the Workers Gone?: An Inquiry into the Decline of the U.S. Labor Force Participation Rate," Brookings Papers on Economic Activity (2017)

Do **government policies** discourage work?

Welfare benefits? **Program shrank** after welfare reform—during the time Americans were moving away from work

Little support in the research that the expansion of the following programs explain the decline in work: food stamps (SNAP), earned-income tax credit (EITC), Medicaid

More support: minimum wage increases, growth in disability rolls

Review of past research: Katharine G. Abraham and Melissa S. Kearney, “Explaining the Decline in the U.S. Employment-to-Population Ratio: A Review of the Evidence,” National Bureau of Economic Research (2018)

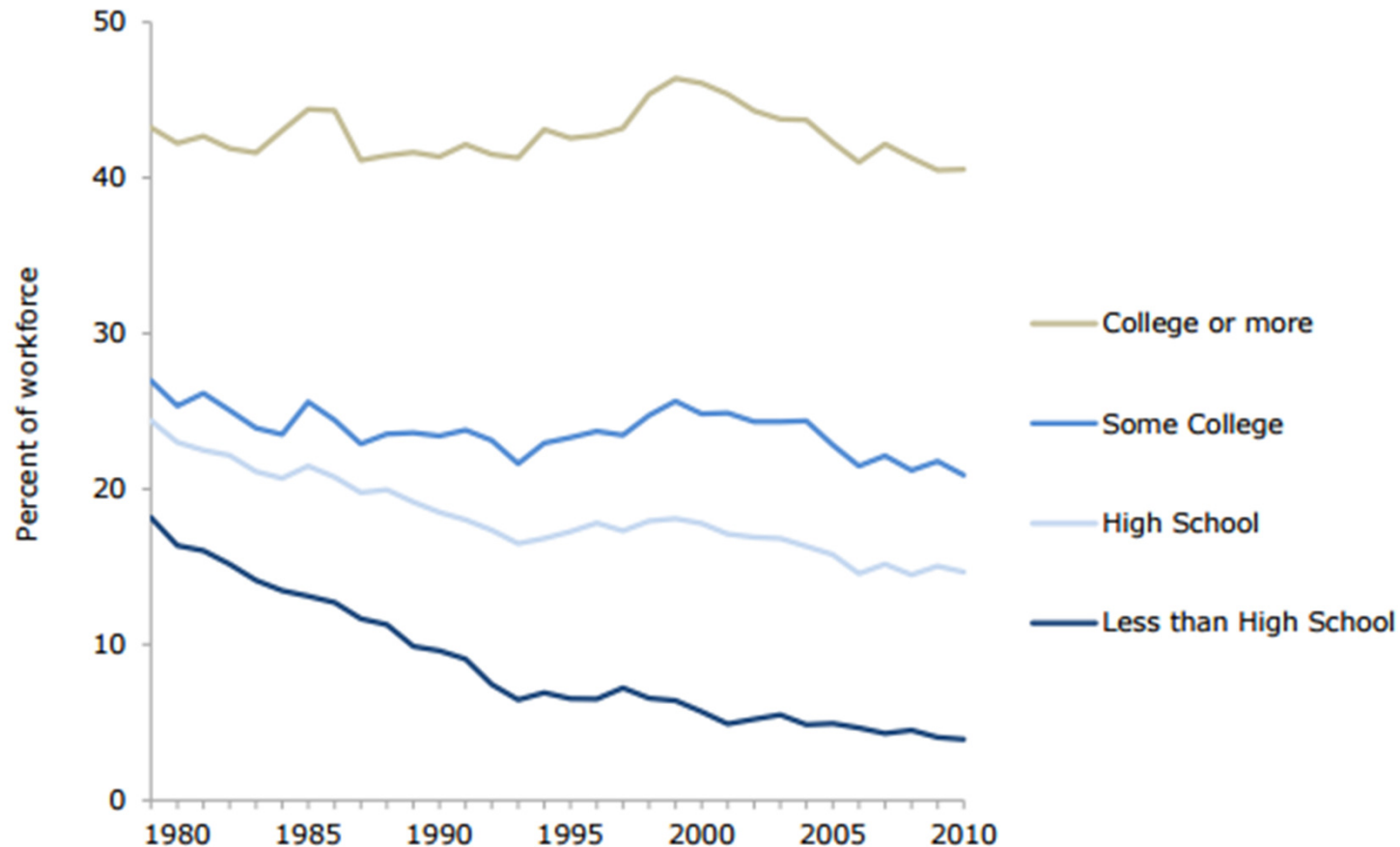
Is it **bad values**—or just a lack of **good jobs**?

Are these cultural factors causes, or **consequences**, of being unable to find a good job?

*Video games, disability benefits, even substance abuse: **ways to cope** with your failures in the job search*

There are fewer good jobs **for the less educated**

Good Jobs, by Education, 1979-2010



Notes: Authors' analysis of March Current Population Survey.

“Good jobs” have
Annual income of
\$37,000+ (equivalent
to the median male wage in
1979)

**Health insurance
and retirement
plan** of any kind

Source: John Schmitt and
Janelle Jones, “Where Have All
the Good Jobs Gone?” Center
for Economic and Policy
Research (2012)

Some trends driving the disappearance of good jobs for the less educated

Impact of globalization and automation

*Abraham & Kearney review: two most important factors; expanded **immigration** is an “insignificant factor”*

Decline of labor unions

Growing precarity and job insecurity

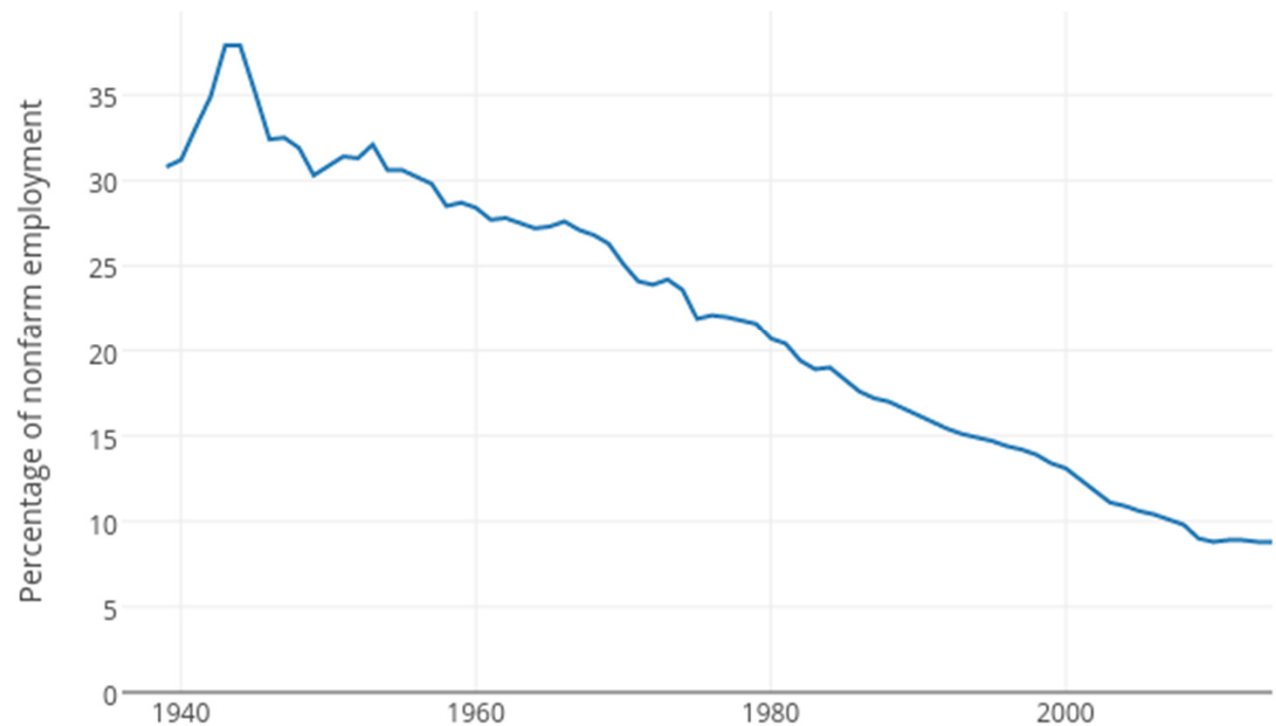
Globalization:

Newly industrialized countries (e.g., **China**) dominate lower-end manufacturing.

Automation: We still make stuff, but with **fewer—more highly skilled—**workers.

We have moved to a **service-based** economy.

Manufacturing Employment as a Percentage of Nonfarm Employment

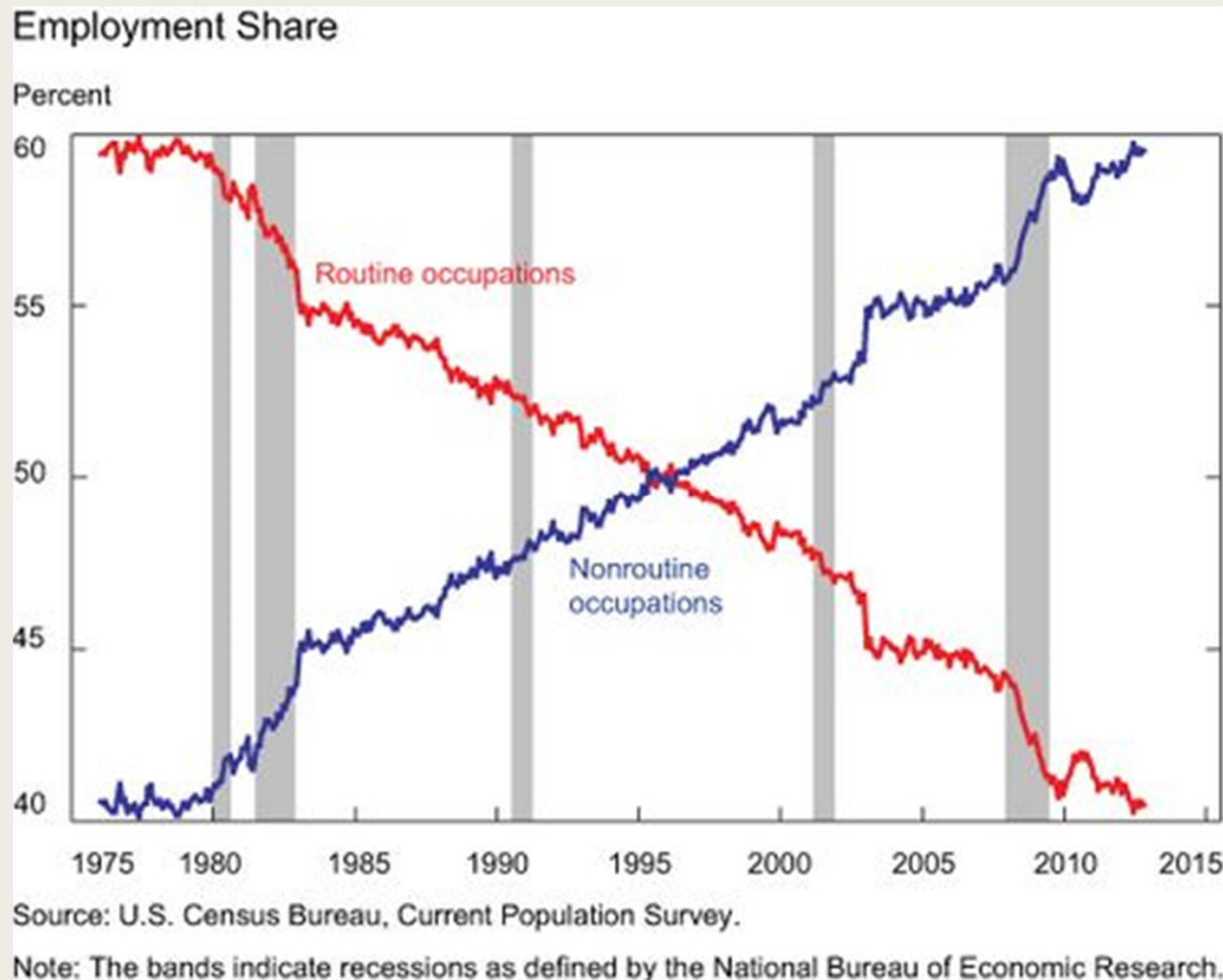


Since 2010 US has been the **world's second-largest** manufacturing nation.

Sources: BLS, MAPI

These trends have contributed to **job polarization**

Routine jobs are dwindling in number.

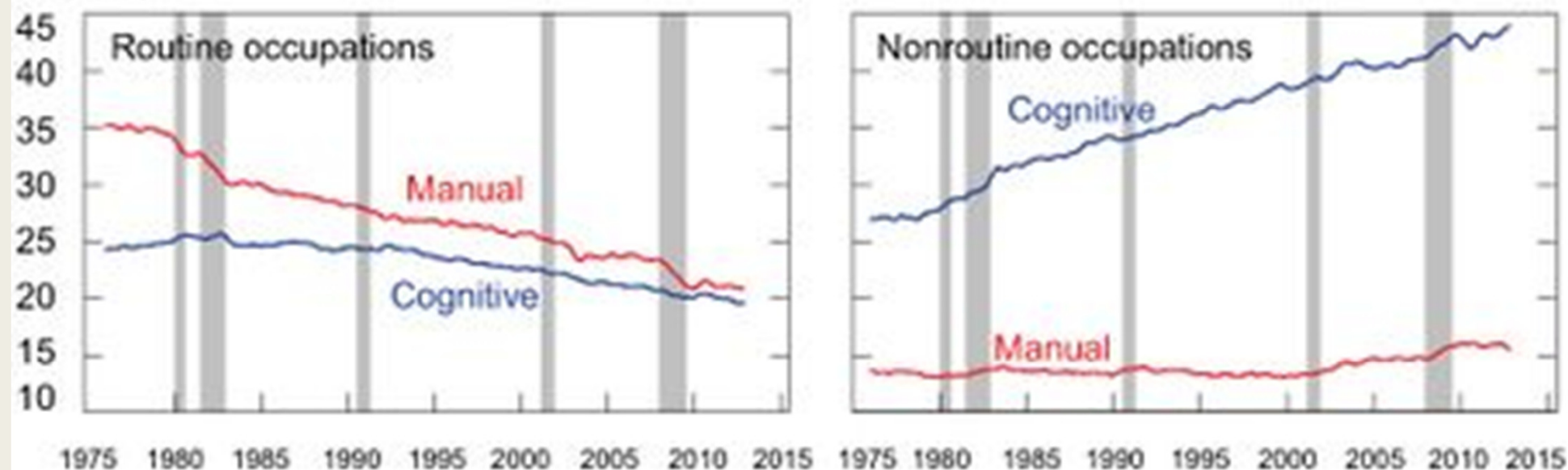


Source: Stefania Albanesi et al., "Is Job Polarization Holding Back the Labor Market?" Federal Reserve Bank of New York (2013)

The share of **cognitive nonroutine** jobs has grown greatly.

Breakdown of Employment Shares

Percent



Source: Stefania Albanesi et al., "Is Job Polarization Holding Back the Labor Market?" Federal Reserve Bank of New York (2013)

Source: U.S. Census Bureau, Current Population Survey.

Note: The bands indicate recessions as defined by the National Bureau of Economic Research.

Restaurant Hostess Loses Job To 'Please Seat Yourself' Sign



There are still lots of manual **nonroutine** jobs. But these jobs tend to be **stigmatized** and **pay very little**.

Source:
The Onion

Increasingly,
**nonroutine
jobs** are being
automated



Automation endangers the jobs of the **well-educated**, too



It looks like you're writing a letter.

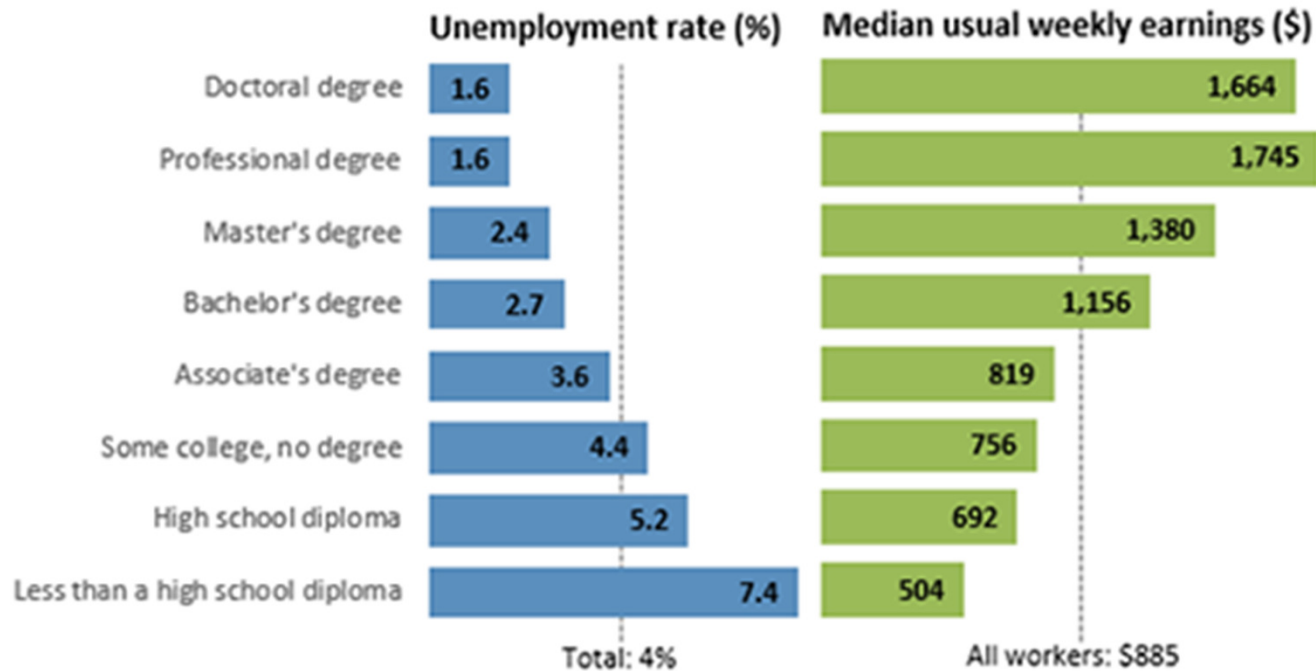
Would you like help?

- Get help with writing the letter
- Just type the letter without help
- ☐ Don't show me this tip again



Skill-biased technological change: Education pays off

Unemployment rates and earnings by educational attainment, 2016



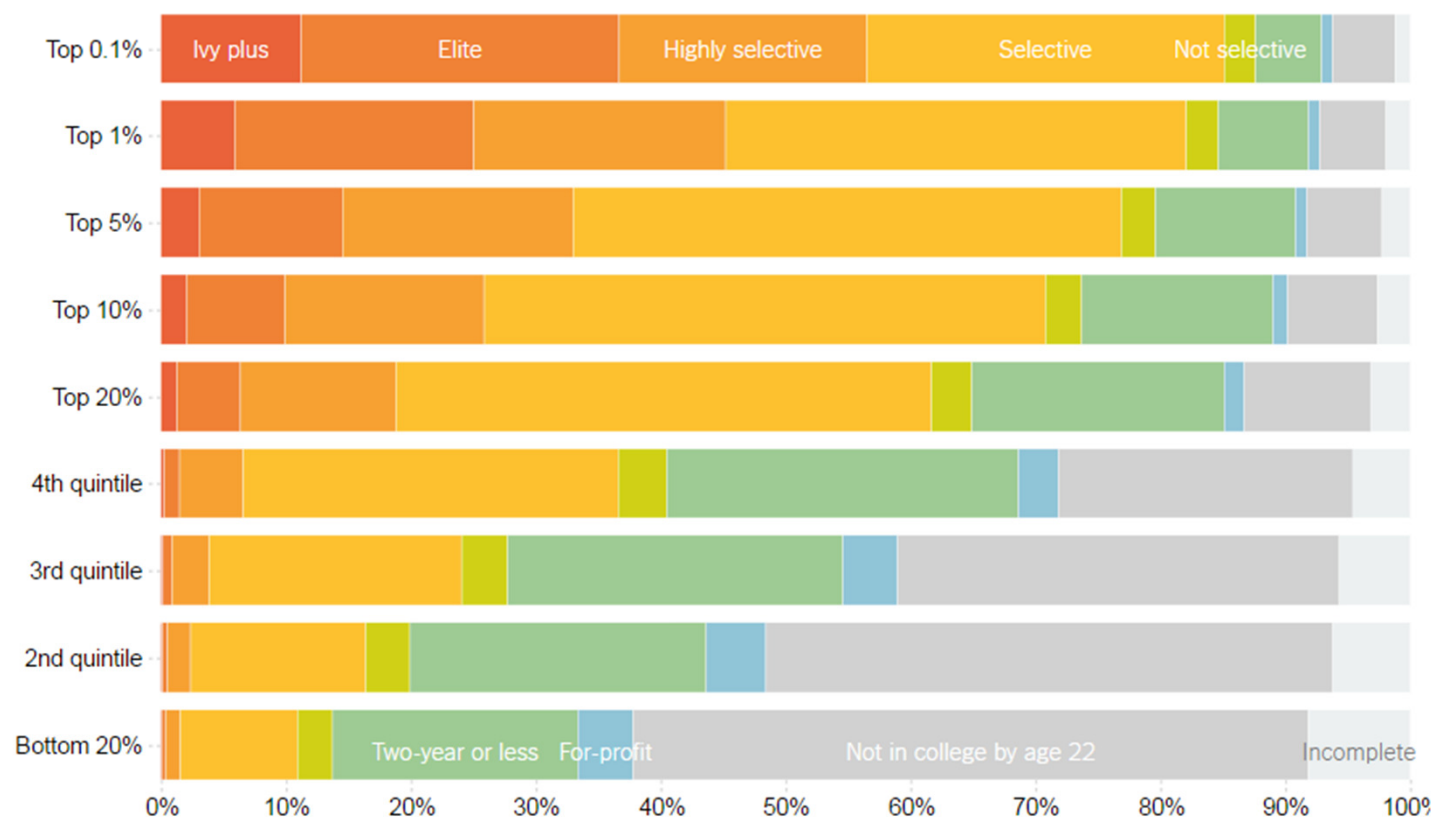
Note: Data are for persons age 25 and over. Earnings are for full-time wage and salary workers.
Source: U.S. Bureau of Labor Statistics, Current Population Survey.

95% of the good jobs created since 2010 have gone to those with bachelor's degrees.

Source: Carnevale et al., "The Good Jobs Are Back," Georgetown Center on Education and the Workforce (2015); BLS

Where today's 25-year-olds went to college, grouped by their parents' income

About four in 10 students from the top 0.1 percent attend an Ivy League or elite university, roughly equivalent to the share of students from poor families who attend any two- or four-year college.



Many working-class kids **don't go on to college.**

Note: Household income range of the **"Bottom 20%"** is **\$25,000 or less.** (For the "Top 0.1%," it is \$2.2 million or more.)

Source: Raj Chetty et al., "Mobility Report Cards: The Role of Colleges in Intergenerational Mobility," *The Equality of Opportunity Project* (2017) [NYT chart]

A college degree indicates you have the **cultural capital** (polish, etiquette, cultural fit, etc.) to succeed in the service economy, which demands **emotional labor** (customer service, etc.). The **working class** tends to lack these skills.



Racial and ethnic minorities are **hit the hardest** by these trends of **globalization, automation**

What role has race played in these recent outcomes?

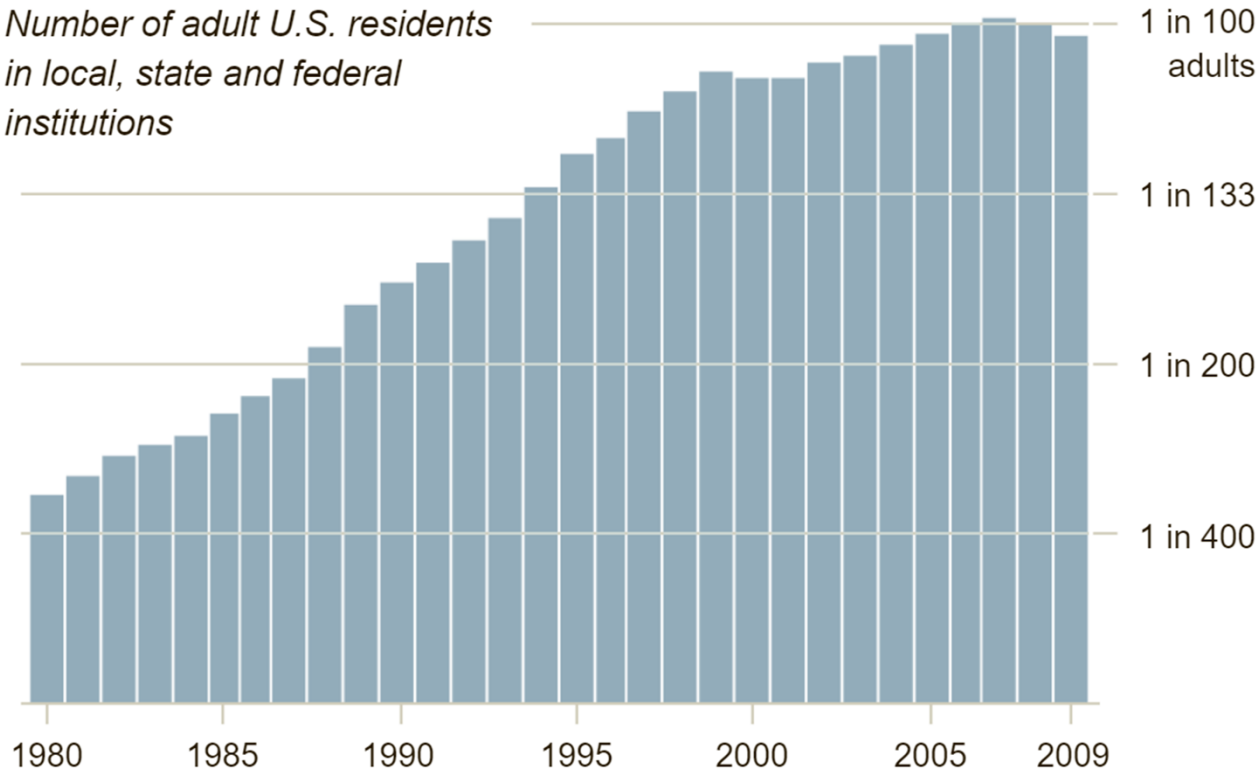
*William Julius Wilson: Racism put African Americans “**in their economic place,**” but changes in the modern economy **keep them there***

Legacy of **historical discrimination**: fewer assets, less work and managerial experience, less education, segregated and under-resourced neighborhoods

*Worsened by recent trends toward rising **income inequality**, growing difficulty in **affording college**, less **social mobility***

Rate of incarceration in jails and prisons

Number of adult U.S. residents
in local, state and federal
institutions



Huge increase in incarceration rates in recent decades has hit **working-class men** particularly hard.

*Of men ages 20 to 34 who **dropped out of high school**:*

White **1 in 8**

Black **1 in 3**

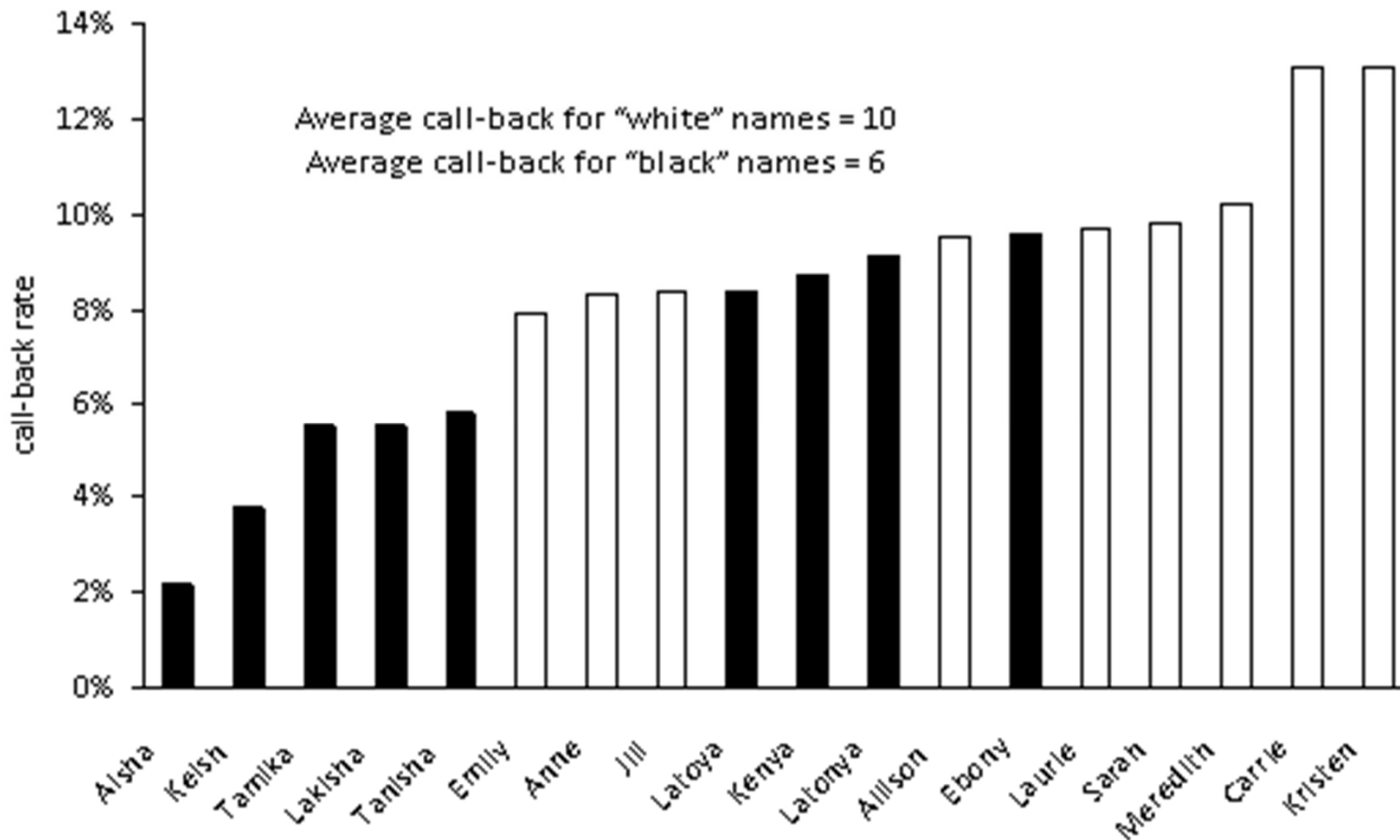
Hispanic **1 in 14**

Source: New York Times

Rates of incarceration for working-age men, 18 to 64 ...

WHITE	87	BLACK	12	HISPANIC	36
1 in		1 in		1 in	

“Historical” discrimination? Audit studies find persistent discrimination against **African American** and **Hispanic job applicants**.



Sources: Marianne Bertrand and Sendhil Mullainathan, "Are Emily and Greg More Employable than Lakisha and Jamal?" National Bureau of Economic Research (2003) [chart]; Lincoln Quillian et al., "Hiring Discrimination Against Black Americans Hasn't Declined in 25 Years," Harvard Business Review (2017)

Some trends driving the disappearance of good jobs for the less educated

Impact of globalization and automation

Decline of labor unions

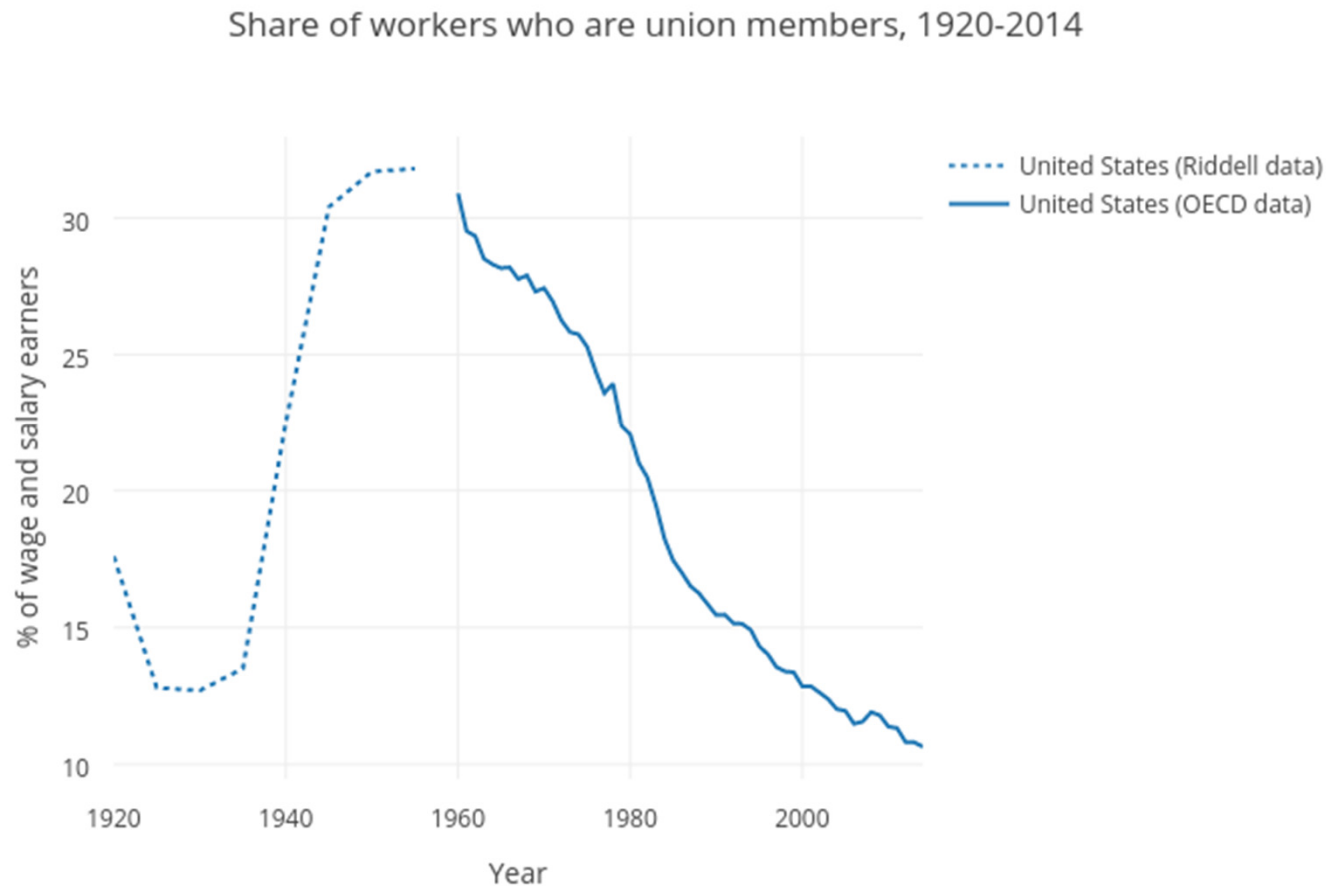
Growing precarity and job insecurity

Overview:

- Unionization peak: the New Deal era
- The Labor-Management Accord and its decline
- The 1970s and deunionization
- Barriers to unionization
- Labor movement revitalization: the public sector and experimentation



Union membership has declined dramatically

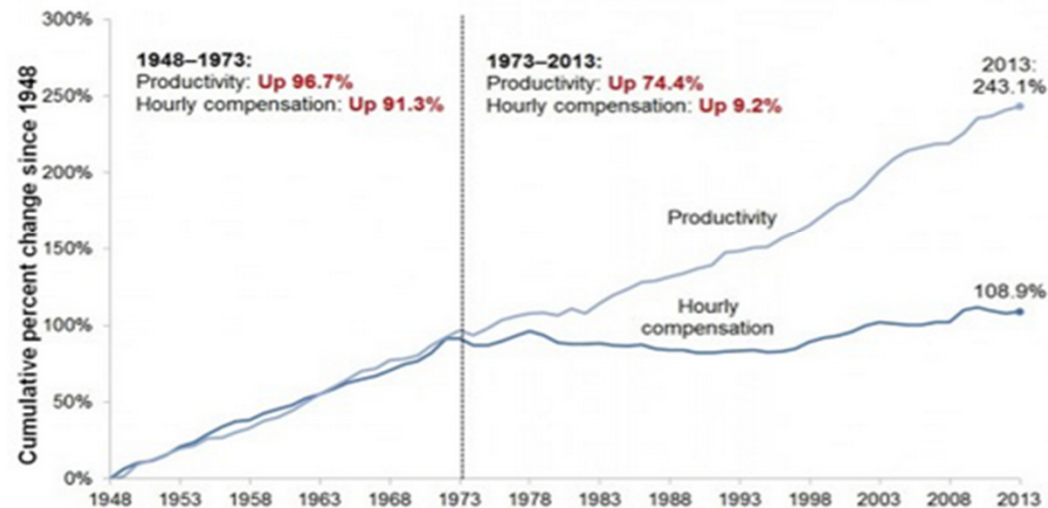


Source: OECD (1960-2014); W. Craig Riddell, "Unionization in Canada and the United States" (1993)

The New Deal era

Workers produced much more, but typical workers' pay lagged far behind

Disconnect between productivity and typical worker's compensation, 1948–2013



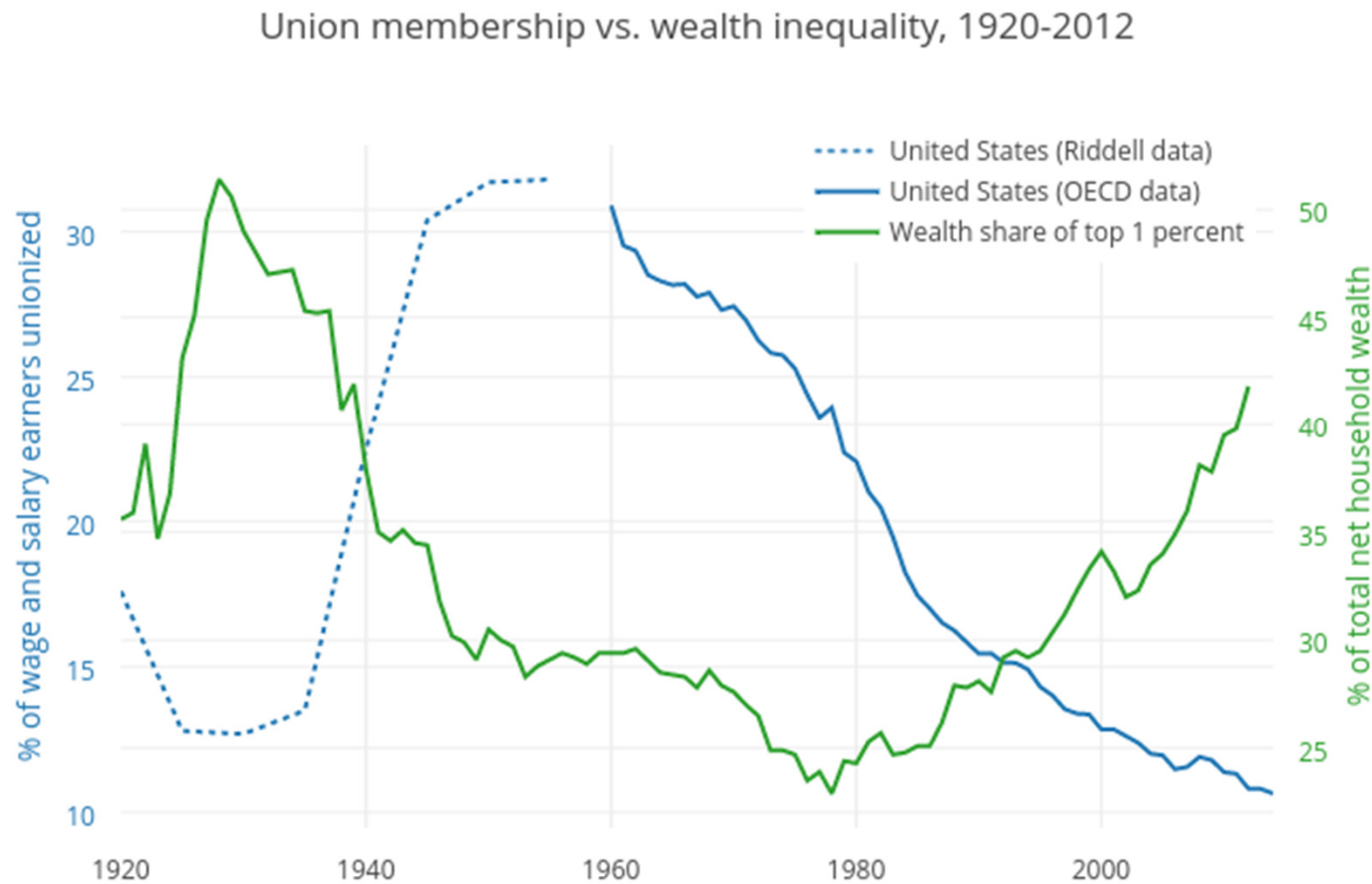
Note: Data are for compensation (wages and benefits) of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services less depreciation per hour worked.

Source: EPI analysis of Bureau of Labor Statistics and Bureau of Economic Analysis data

Updated from Figure A in *Raising America's Pay: Why It's Our Central Economic Policy Challenge*

Economic Policy Institute

... and **wealth** inequality tracks this trend ...

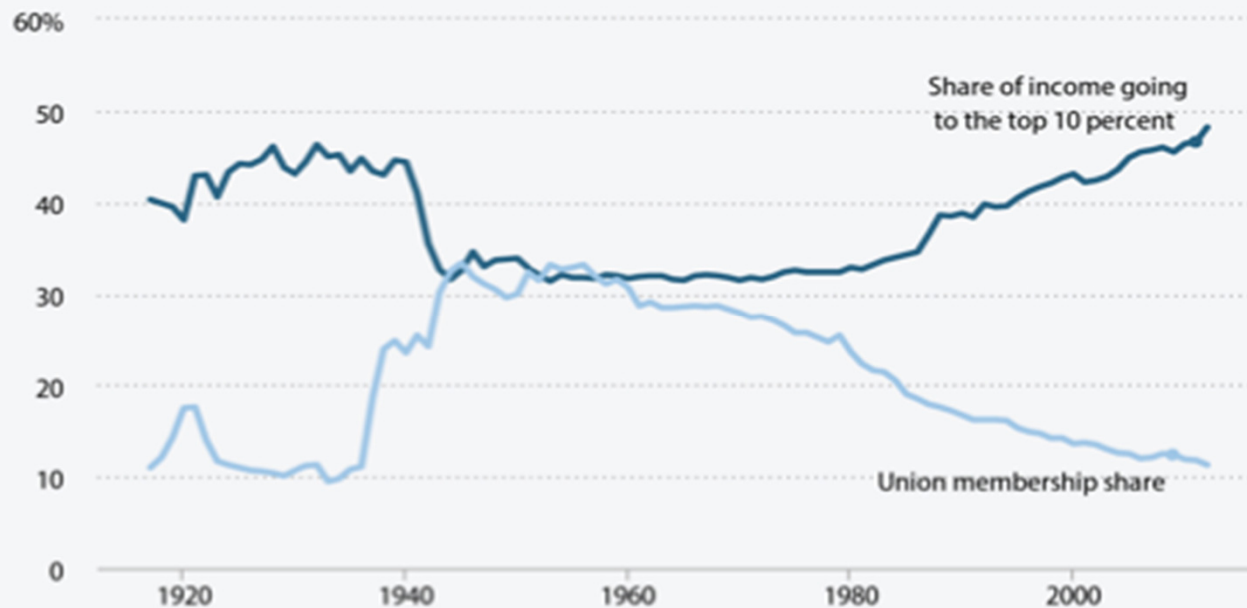


Source: Emmanuel Saez and Gabriel Zucman, "Wealth Inequality in the United States since 1913," Quarterly Journal of Economics (2016)

... as well as **income** inequality.

Decline in union membership mirrors income gains of top 10%

Union membership and share of income going to the top 10%, 1917–2012



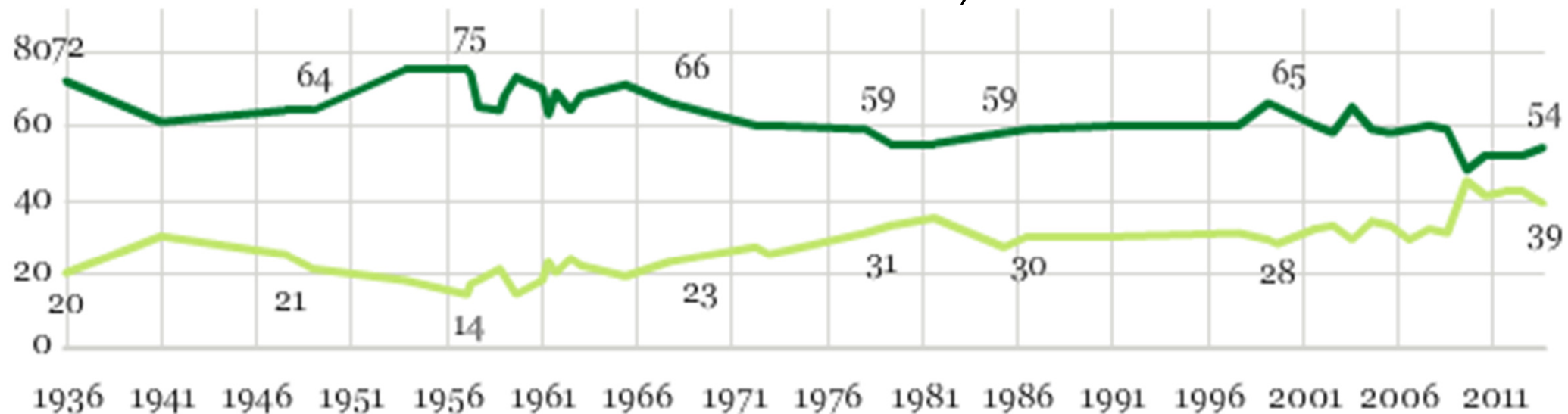
Source: Data on union density follow the composite series found in *Historical Statistics of the United States*, updated to 2012 from unionstats.com. Income inequality (share of income to top 10%) from Piketty and Saez, "Income Inequality in the United States, 1913-1998," *Quarterly Journal of Economics*, 118(1), 2003, 1-39. Updated and downloadable data, for this series and other countries, are available at [The World's Top Income Database](#). Updated September 2013.

Union approval was once as high as 75%

Approval of Labor Unions, 1936-2013

Do you approve or disapprove of labor unions?

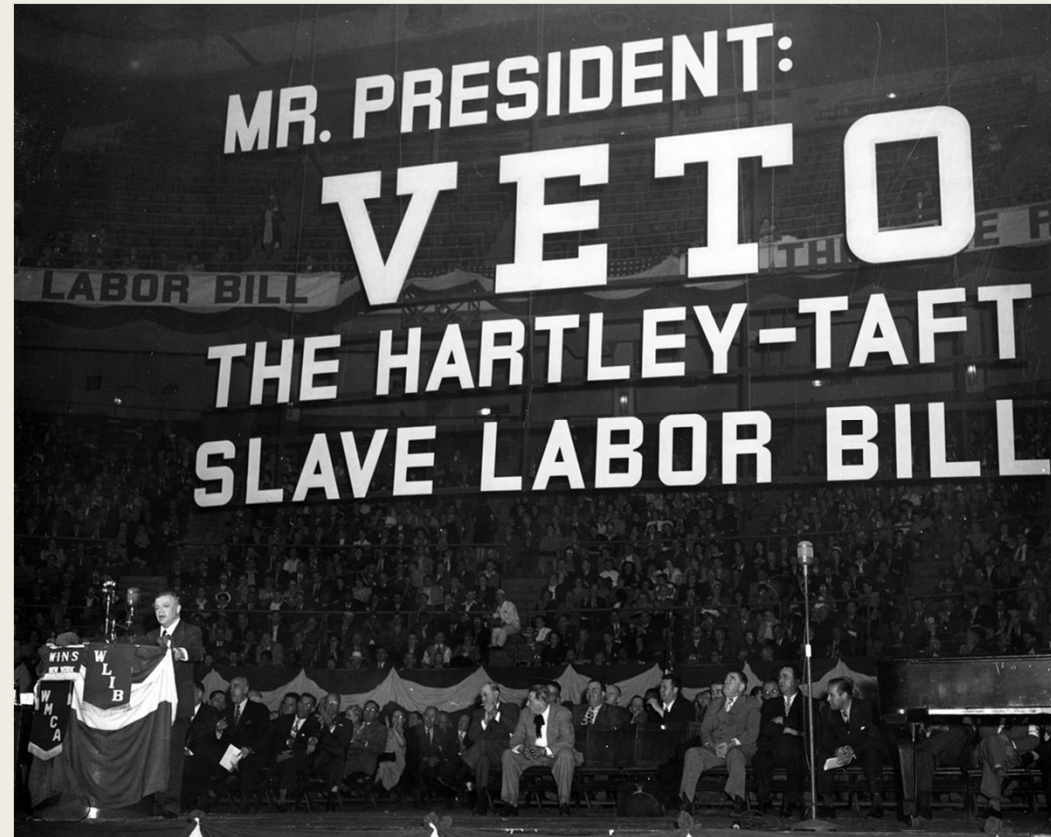
■ % Approve ■ % Disapprove



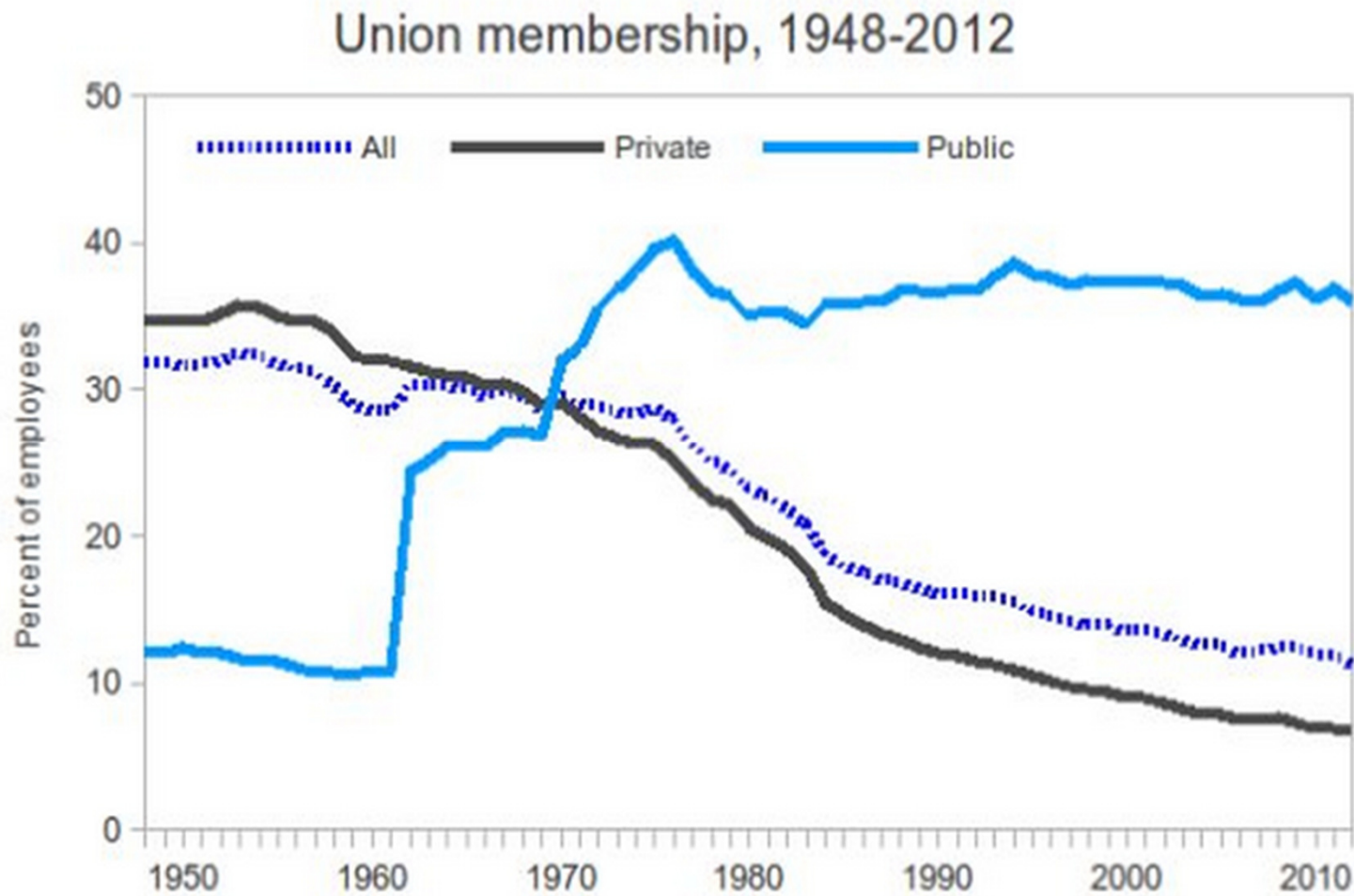
“Labor unions are woven into our economic pattern of American life, and collective bargaining is a part of the democratic process.”
—Eric Johnston, president of the US Chamber of Commerce, 1946

The decline of organized labor

- Automation and technological change
- Globalization: trade, goods, and services
- Increased demand for skilled and college-educated workers
- Employer pushback and union busting efforts
 - Taft Hartley 1947*
 - Eroded distributional norms*
 - Union threat effect declined*
 - Good jobs made bad*



Public-sector growth



Source: John Schmitt, "Public-Sector Union Numbers, 2012," Center for Economic and Policy Research (2013)

Structural (**political**) barriers to forming a union in the United States

United States: *must get 30% of employees to sign petition; then wait 38 days for election; then need majority vote*

Employee Free Choice Act: *the legislation (to introduce card check) failed in 2009*

*Widespread card check has helped **public-sector unions** grow*

Janus vs. AFSCME: *Would eliminate fair-share fees for Public Sector Unions (right-to-work) -- several weaken organized labor*

Structural (**political**) barriers: It's hard to form a union in the United States

Weak enforcement of US labor law

- Illegal for employers to retaliate** against workers who organize
- But an increasing number do so: according to government filings, firms **illegally threatened to close** plants in **6 out of 10 elections** (in 1 out of 7 cases, the plant was actually closed)
- Union supporters were **illegally fired in 1 out of 3 elections**
- “In all the cases in our sample the worst penalty an employer had to pay was **back pay**, averaging a **few thousand dollars per employee.**”
—Kate Bronfenbrenner, “No Holds Barred: The Intensification of Employer Opposition to Organizing” (2009)

Revitalization and experimentation

Labor as a **social movement** (rather than business unionism): **Justice for Janitors** (1990s)

Alt-Labor groups: community groups, worker centers, and organization-led campaigns

- Fight for 15** (*fast-food workers*)
- New York Taxi Workers Alliance** (1998)
- Restaurant Opportunities Center (ROC)**: *established in 2001, now in 32 cities; file lawsuits and do training and research for restaurant workers*



But how do you build **strong, enduring organizations with broad memberships?**

Revival of the strike (teachers in West Virginia, Oklahoma, Arizona, Colorado, North Carolina)

42
--

Some trends driving the disappearance of good jobs for the less educated

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Growing precarity and job insecurity

Precarious work and employment

Work and employment that is **uncertain, unstable, and insecure**

Workers **bear the risk of work** and receive limited social benefits and statutory protections

Driven largely by the trends that we have identified in this webinar

A return to the old labor market

Work pre-New Deal era

Associated with **nonstandard work arrangements**

- Contingent work*
- On-call*** and ***just-in-time*** employment
- Hours and ***scheduling uncertainty*** and instability
- Decline in ***job tenure*** (variations by gender and race/ethnicity)

The bad jobs sector

Most of the new jobs added to the U.S. economy in the last decade are nonstandard

Independent contractors, on-call workers, temp-help-agency workers, and workers provided by contract firms

There has been **no net increase in full-time employment**

Rapid decline in full-time, well-paying, good and decent jobs

Precarious scheduling

Employer-driven **flexibility**

Disadvantages employees and advantages employers

Earnings **instability**

Difficulty with **long-term budgeting** (making ends meet)

Decline of **mental and emotional well-being**

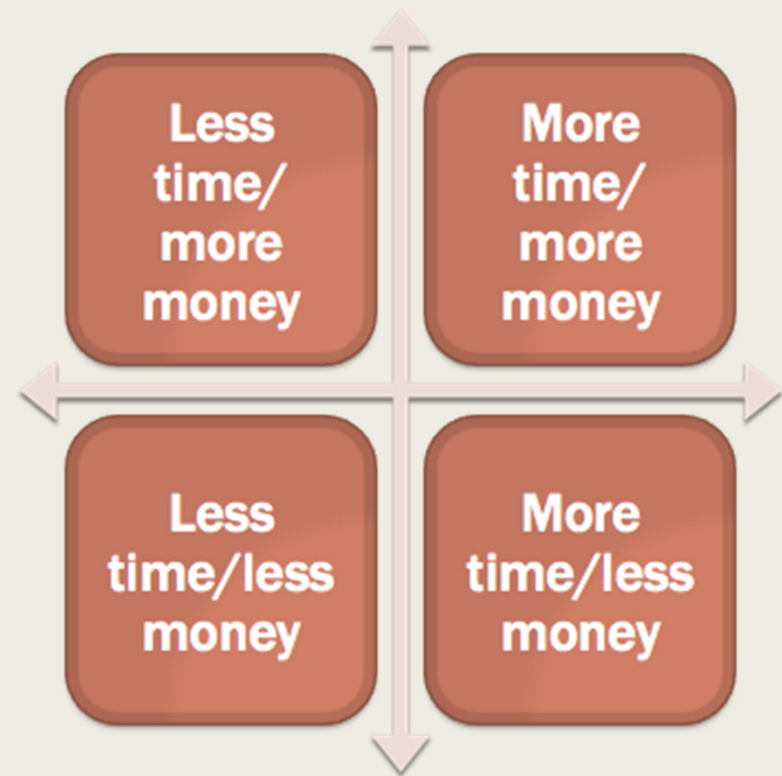
Employment uncertainty

Structural barriers

- Time spent **looking for better work**
- Time **taking classes** or enhancing one's skill set (building human capital)

The structure of low-wage precarious jobs **limits workers' chances** for economic and social mobility

Time and money tradeoffs:
maximizing hours and income



Laws and institutions to create good jobs

- Increases in the **minimum wage** ([UCB Labor Center Inventory](#))
- Support for **labor unions** and coalitions
 - Workers centers
 - Fight for \$15
- Fair-scheduling** legislation
- Workers **Bills of Rights**
- Alternatives: federal jobs guarantees, workforce development efforts



Wrapping up

Low unemployment rate, but fewer people in labor force: What explains the **trend toward less work**?

Culture? Jobs are available, yet working class won't take them because **they do not value work** (and have other options thanks to **government programs**)

OR, structure? They are dropping out because there are fewer good jobs available, thanks to **globalization, automation**, growing **precarity** and **job insecurity**, and the **decline of unions**

OR, both?

Why do Americans want “short hours” and no “danger of being fired”?

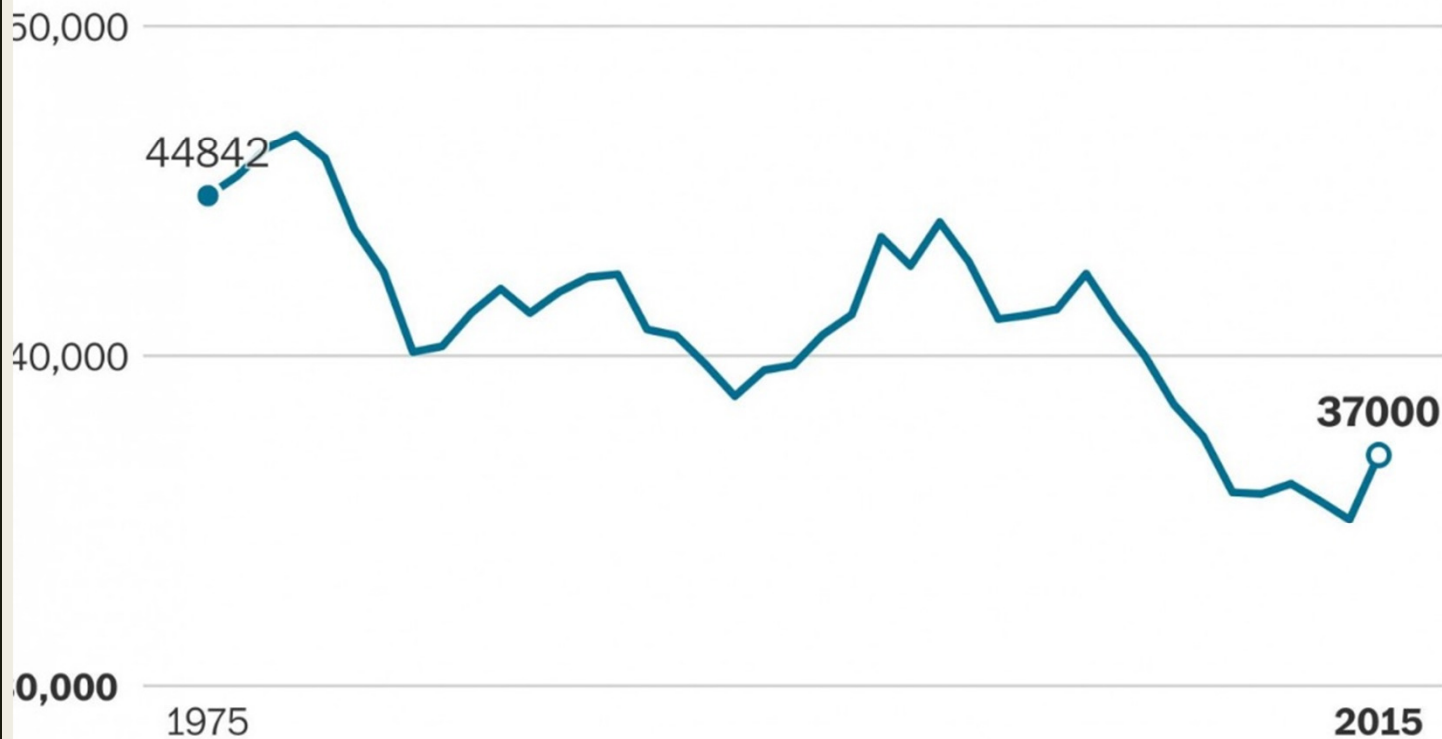
General Social Survey: *What would you most prefer in a job?**

	1973-1994	2006
Feeling of accomplishment	58%	43%
Short hours	4%	9%
No danger of being fired	6%	12%

*Sample: prime-age whites. *Source: Charles Murray, Coming Apart (2012)*

Real median yearly incomes, white men with no college degree

Non-Hispanic white men saw their best income growth in more than a decade in 2015 - but they're still way down from 1975 levels, after adjusting for inflation



Source: CBPP analysis of Census Bureau data

WAP0.ST/WONKBLOG

Growing pessimism about economic prospects leads whites (and the white working class in particular) to **cultural backlash?**

Source: Washington Post

Thank you

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<http://victortanchen.com>

(Links to these charts and articles in the *Atlantic*)

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Social Problems, 2015, 62, 419–438
doi: 10.1093/socpro/spv008
Article

OXFORD

Subject to Change Without Notice: Mock Schedules and Flexible Employment in the United States

Brian W. Halpin

