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# Good Jobs America: Making Work Better for Everyone

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## Good Jobs America: Making Work Better for Everyone

*Good Jobs America: Making Work Better for Everyone.* By Paul Osterman and Beth Shulman. New York: Russell Sage Foundation. 2011. 181 pp. ISBN 978-0-87154-663-0, \$24.95 (Paperback).

Although economic inequality has been growing in the United States for decades, it took blatant malfeasance by the financial sector and an unlikely group of protestors camping out in Wall Street to put the problem squarely on the front burner of public debate. Currently, most of the proposed solutions to rising income inequality focus on taxation policy, which clearly plays an important role. But to fully address the sources of inequality, the country will have to come to terms with the problem of job quality, and so the publication of *Good Jobs America*, by Paul Osterman and his late coauthor Beth Shulman, could not have come at a better time. Their study provides a strong, clear-headed analysis of America's low-wage jobs problem and the need for a comprehensive set of strategies—with all stakeholders at the table—to rebuild the stock of good jobs in our economy. The book is well structured, first laying out the scale of the problem and the myths that have blocked progress to date, and then giving readers a tour of the main sets of supply- and demand-side solutions, as well as the political challenges involved in pursuing them. Most important, it elaborates a framework for thinking about how to influence decision-making in firms. This is a particularly useful contribution, one rarely articulated in policy debates.

The authors begin by discussing how to define a good job. With their focus on wages, they use two measures to differentiate between low-wage jobs and good jobs: the poverty line for a family of four and two-thirds of the median wage. They estimate that between 22 and 27.8 million Americans fall into the low-wage worker category and acknowledge that this is a conservative estimate. On this point, it would have been useful to lay readers if the authors had offered a thorough treatment of alternative measures, which are more realistic about the actual income necessary to live in America and which typically result in even larger numbers of low-wage workers. Not surprisingly, the authors find that women, people of color, and less educated workers are overrepresented among low-wage workers; and that rates of employer-provided health care and pension coverage are abysmally low.

Given the sheer scale of the problem—and with polling data showing strong support among Americans for the concept of a living wage—why are we unable to make progress toward boosting the quality of jobs? Part of the answer, the authors argue, lies in a series of entrenched myths that have paralyzed public policy response. Two are easy to dispense with: that low-wage jobs are just temporary stepping stones to better jobs and that the problem will disappear once the economy improves and we get back to full employment. The authors spend additional time dismantling several other myths, for instance, summarizing the state of evidence on the role of immigration and examining whether or not labor market policies, such as the minimum wage, result in job loss.

A full chapter is devoted to what is probably the biggest obstacle to change in the United States: the idea that wages are ultimately determined by skill and that, as a result, we can educate and train our way out of the low-wage problem. The authors persuasively establish the central points in this long-standing debate, such as the consistent finding that skill-related worker characteristics explain only about a third of variation in wages. Somewhat less successful is their brief section responding to the argument that new technologies have eliminated middle-skill jobs, leaving behind a polarized distribution of low-skill and high-skill jobs that cannot be automated. Readers would have benefited if the authors had distinguished the empirical trend (the polarization of the wage structure) from the skills and technology explanation (alternative explanations focus on demand-side and institutional drivers).

But if skills and education do not alone explain wage outcomes, what else does? At this point Osterman and Shulman pivot to some of the most useful and original material in the book: an in-depth discussion of the role of firms in shaping labor market outcomes. Drawing on research in industrial relations and other disciplines, the authors motivate their discussion with the empirical data point that within any particular industry, there is considerable variation in the competitive strategies pursued by employers, and by extension, the wages they pay. Unfortunately, in low-wage industries, firms following the “low-road” model of competing on labor costs far outnumber those following the “high-road” model of competing on the basis of productivity and quality products and services. The book offers a solid treatment

of why this is the case (razor-thin margins, small firms that are price takers, path dependency in managerial decision making), and reviews the literature on the plethora of low-road practices that have come to dominate the bottom of the U.S. labor market: independent contractor misclassification; violation of employment and labor laws; subcontracting; and limiting training for front-line workers.

In my view, the authors may be overstating how little room to maneuver low-wage employers have. But their overall conclusion is very much on point: the market alone will not push enough employers towards a high-wage equilibrium, even though there are benefits to be gained in terms of lower turnover and higher productivity. Moreover, community groups and unions do not by themselves have enough leverage and resources to change prevailing business strategies in the private sector.

Osterman and Shulman make clear that we need public policy intervention in the form of sticks and carrots, and across a series of policy chapters, lay out the good jobs strategies being pursued by advocates at the federal, state, and local level. These include stronger and more strategic enforcement of employment standards; strengthening those standards, like raising the minimum wage; community benefits agreements and living wage laws that leverage public money; unionizing low-wage industries and other forms of organizing; and working with firms to upgrade work via career ladders and meaningful training. While many of these examples will be familiar to students of low-wage work, the authors' sober assessments of problems of scale and political viability are important contributions.

The policy section of the book ends with an in-depth and compelling chapter evaluating several examples of green jobs programs. Comparing weatherization initiatives in Boston, Portland, and Houston, the authors argue that the evidence is mixed (at least right now) on the ability of these programs to deliver the living wages jobs and local hiring and training that, on paper, make them so compelling. To anyone who has ever tried to implement this kind of program—which requires multiyear collaboration between coalitions of community groups, unions, employers, and workforce development agencies—the narrative of stalled programs and unmet targets that emerges in these pages will not be surprising. Osterman and Shulman's take-away is that changing employment practices on a large scale takes time, as does building trust among stakeholders with different interests and constituencies; most important, and often missing to date, is engaged and sustained political leadership.

*Good Jobs America* ends with a clarion call for the essential role of public policy in moving a viable good jobs agenda in America. Government needs to play a role at all levels: not just in providing the regulation, incentives, and resources to get high-road employment practices to scale, but also to help set the terms of debate and make the public case that addressing the problem of low-wage jobs is in everyone's interest. The only coda I would have liked to have seen at the end of the book is a discussion of the "competitiveness" debate in policy circles: how is the US going to compete globally in the twenty-first century and will it be able to create enough quality jobs for working families? These are questions about both the number of jobs (are we looking at a "new normal" of high unemployment) and the quality of jobs (how do we grow and support industries that pay good wages). There are likely multiple opportunities for integrating the good jobs policies set forth in this volume into that broader discussion. That said, Osterman and Shulman have written a comprehensive, timely, and very compelling book, which will prove invaluable in helping advocates, policymakers, and researchers make the case for winning better jobs for America's working families.

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