

Declining Job Quality: Here To Stay?

LABOR DAY 2004 • AFL-CIO

Almost three years after the official end of the 2001 recession, Americans remain profoundly concerned about the economy. Two-thirds of respondents in an early August **Pew Research Center** poll described economic conditions as poor or only fair. And *Time* magazine reported the economy remained the top concern of likely voters it polled during the first week of August—even *after* a week of elevated terror alerts and *before* a dismal Labor Department jobs report showed employers had added only 32,000 new jobs in July.

Americans' concern results, in part, from the nation's continued anemic job growth. **But even those with jobs are deeply worried: They are working hard but falling further and further behind.**

- Wages have dropped almost every month this year and, in real terms, are lower now than in November 2001.
- The majority of employees who are working again after losing long-tenure jobs during the past three years earn less today than before.
- The share of Americans with employer-provided health insurance fell four percentage points

between 2001 and 2003, while workers who still have job-based insurance have seen the costs of family coverage climb almost 50 percent.

- Fewer than one in four workers today has a guaranteed pension.

The cause of this economic unraveling is *not* America's workers: In fact, their productivity is up. Brookings Institution Vice President Bruce Katz says one reason so many are falling behind is **"the structure of the economy that is creating jobs that don't pay enough to make ends meet."**

The economic setbacks many are experiencing are symptoms of a job quality problem—we are losing good jobs, and those we are gaining are not as good. Several recent analyses, described in this report, document that **the share of jobs with higher pay and better benefits is shrinking, while jobs in industries that are expanding their employment share pay less and provide inferior benefits.** Nor does this trend appear to be a momentary blip: According to Morgan Stanley Chief Economist Stephen Roach, there is a "distinct possibility that subpar job creation in the U.S. could well be here to stay for the foreseeable future..."

Deteriorating job quality is neither inevitable nor irreversible. Failed policies of the Bush administration—huge and inefficient tax cuts, reckless trade practices, the overtime pay take-away, neglect of the health care crisis, the refusal to raise the minimum wage—have exacerbated and accelerated the loss of good jobs and declining job quality.

The good news is we can take steps to reverse this disastrous trend—to save good jobs and improve job quality. Reforming our tax and trade policies, reining in health care costs, raising the wage floor and restoring workers' freedom to form unions will all help to preserve and create good American jobs.

Slip-Sliding Away: America Is Losing Good Jobs

Until recently, America was mired in a jobless recovery. Employers began shedding jobs in the spring of 2001 and did not begin adding new ones consistently until last fall. Even since then, we have had only a few good months, and most recently job growth has stalled. Unless things change, George W. Bush will be the first president since Herbert Hoover to end his term with fewer jobs than when he started.

As a result of anemic job growth, the number of unemployed and underemployed workers has barely budged this year. In January, 14.7 million individuals wanted jobs but could not find them or were working part time because they could not get full-time work. By July, that number had dipped only slightly, to 14.2 million.

Lagging job growth is a serious problem, but America's jobs crisis is not just a problem of job *quantity*. **It is a crisis of job *quality*, too. Simply put, America is losing good jobs and replacing them with jobs that pay less and provide inferior benefits.**

Since January 2001, U.S. manufacturers have lopped 2.7 million positions from their payrolls, more than in the entire preceding 22 years. On top of these losses, 850,000 professional services and information jobs—the prized 21st-century positions

held out only a few years ago as the offsets for trade-related manufacturing losses—have disappeared.

The jobs we have lost were good jobs that typically paid well and provided family-supporting benefits. In July, average hourly wages for manufacturing workers exceeded \$16. Hourly wages for information workers averaged more than \$21 and for professional and business services workers, they averaged more than \$17.

Technological change and greater productivity explain some of the loss of these good jobs, and, of course, some were lost to the recession and its aftermath. In addition, the explosive increase in health care costs and the attendant negative impact on companies' revenues and ability to compete have encouraged some businesses to shed workers and deterred others from hiring. **But there's another—and significant—culprit in the loss of good jobs: Many have been shipped overseas, as companies take advantage of national policies that give them incentives to boost skyrocketing profits by dumping America's workers and replacing them abroad with workers paid far less.**

According to the Economic Policy Institute (EPI), between 2000 and 2003, our rising trade deficit accounted for almost 1 million (935,000) lost manufacturing jobs. Goldman Sachs reports that as many as 600,000 of the professional services and information jobs lost in the past few years were shipped overseas. In software-related work, for example, employers cut as many as 154,000 positions from their payrolls between 2000 and 2002. While U.S. jobs were being cut, India added 150,000 jobs in its software export sector (between 1999 and 2003). An estimated two-thirds of this growth—100,000 new jobs—was in export production destined for the United States. Another analysis puts the number of jobs overall sent to India in 2003 alone at 140,000.

Even occupations touted as the next generation of good American jobs are up for grabs. Biotechnology is a prime example. In a June 17, 2004, Ask the White House online interview, Labor Secretary

Elaine Chao included biotechnology in a short list of job sectors that would be “the hottest in the future.” But only two months later, India’s biotechnology trade association announced that revenues in the country’s biotech industry had grown 39 percent over the past year and the number of biotech companies had jumped 57 percent. India’s biotech industry is on track to reap \$1 billion in revenues this year, an amount it aims to increase five-fold by 2010. According to Good Jobs First, “a key source of the growth [in India’s biotech sector] is outsourcing work from U.S. pharmaceutical companies.”

In short, there is little reason to believe the hemorrhaging of good jobs from America will stop of its own accord.

The Jobs We Are Gaining Are Not as Good as Those We Are Losing

Losing good jobs is part of America’s job quality problem; the other half of the problem is the jobs we are adding are not as good as those we have lost—a painful truth backed up by hard evidence. As Morgan Stanley’s Chief Economist Stephen Roach recently put it, “**The character and quality of American job creation is changing before our very eyes.**”

Workers who are the direct victims of the longest sustained jobs downturn since the Great Depression know firsthand the new jobs they are finding are not as good as those they lost. According to the Labor Department, more than half (57 percent) of long-tenured workers who lost their jobs between January 2001 and December 2003 and who found new full-time positions earn less now than before. Median weekly pay in the workers’ new jobs is \$572, compared with \$681 per week in their previous jobs, down 16 percent. For one-third (34 percent) of displaced workers with new full-time jobs, current earnings are at least 20 percent less than their previous earnings. Almost two-thirds (64 percent) of displaced full-time manufacturing workers earn less now than before, as do three-quarters (74 percent) of displaced information workers.

Lower pay for workers is partly a result of continuing slack in the labor market—more workers than jobs—but it also reflects the kinds of jobs the economy is creating. As shown by the following studies, the good jobs we are losing are being replaced with jobs of lesser quality.

Morgan Stanley. Based on analyses of Labor Department employment surveys of employers and of households, Morgan Stanley’s Chief Economist Stephen Roach has concluded the recent uptick in hiring reflects “a decidedly low quality improvement in the U.S. labor market.” His analysis of new jobs reported by employers revealed that **between February and June of this year, job growth in lower-end job categories was roughly 50 percent greater than in higher-paying categories.** Low-paying sectors (such as temporary help, restaurants, retail outlets and building services) that make up only 22 percent of nonfarm payrolls accounted for a disproportionate 44 percent of new jobs. In contrast, job growth in the higher-paying sectors, which accounted for 29 percent of jobs added, was roughly equal to those sectors’ overall share of employment (24 percent).

Roach also analyzed household members’ responses to questions about whether they were working between February and June 2004. His comparison of total and part-time employment levels reported by household members found a stunning 97 percent of the increase in employment during those months was in part-time work. In addition, Roach analyzed year-to-year changes in employment levels within occupations (that is, he compared employment within an occupation in a specific month in 2003 with the same month in 2004). This analysis showed 81 percent of the year-to-year job growth was in low-end occupations.

In short, recent job growth has been disproportionately concentrated in poorly paid and part-time positions.

Economy.com. Research by prominent economist Mark Zandi of the economic analysis firm Economy.com similarly finds job growth has been concentrated in low-wage industries.

According to Zandi, “low-wage” industries, which for purposes of the Economy.com analysis are those that pay less than \$15.40 per hour, represent just slightly more than half (54 percent) of all jobs. However, **increases in employment levels in these low-wage industries accounted for two-thirds of job growth between August 2003 and May 2004.**

CIBC World Markets Inc. An analysis by CIBC World Markets Inc. (CIBCWM) takes a longer view, rating U.S. job changes between 2002 and the spring of 2004 on an Employment Quality Index that considers whether jobs are full time or part time, occupational tenure and compensation levels. CIBCWM found over the study period part-time employment growth substantially outpaced employment growth overall, and the new jobs were more likely to be in industries with lower median tenure than old jobs. While both indicators suggested lower job quality, changes in the third criterion—compensation level differences between the jobs lost and the jobs added—overwhelmed these factors as an indicator of deteriorating quality.

According to CIBCWM, between October 2001 (the last month of the recession) and May 2004, higher-paying sectors experienced net job loss, and new job growth was concentrated in lower-paying industries. Employment declined more than 2 percent in higher-paying sectors and rose more than 1 percent in lower-paying industries. Average wages for jobs in expanding industries were 30 percent less than for jobs in sectors that had shrunk.

Based on the changes it identified, CIBCWM concluded that **the U.S. Employment Quality Index, which ranged between 99 and 102 from 1994 to 2001, had dropped eight points since 2001.** “The message is clear,” the study’s authors said. “The vast majority of the jobs that evaporated during the job-loss recovery were high-quality jobs.” Equally clear is that new U.S. jobs were of lower quality.

The Economic Policy Institute. The Economic Policy Institute (EPI) has looked at the issue of job quality repeatedly over the past year, comparing

the wages and benefits of jobs in industries that are expanding their overall share of employment (“expanding” or “growing” industries) with wages and benefits of jobs in industries whose employment share has declined (“shrinking” or “contracting” industries). The most recent EPI analysis, prepared for the group’s upcoming biennial *State of Working America* report, compares *annual* pay and benefits (health care and pensions) in expanding and contracting industries over two periods: from March 2001, when the recession began, through June 2004, and from November 2001, when the recovery formally started, through June 2004. The analysis finds dramatic differences in job quality in expanding industries and contracting industries. Between March 2001 and June 2004, average annual wages in expanding industries (\$31,818) were almost 33 percent less than in contracting industries (\$47,403). The benefits difference was even greater: During this period, expanding industries paid 47 percent less in benefits than contracting sectors (\$5,234 compared with \$9,927). Differences in wages and benefits for jobs in expanding industries compared with jobs in contracting industries were even larger for the period that began in November 2001: **Average annual wages in expanding industries (\$30,368) were 41 percent less than in contracting industries (\$51,270), and benefit payments in growing industries (\$5,178) were 52 percent less than in shrinking industries (\$10,713).**

EPI’s recent job quality analysis builds on earlier work, which compared average *hourly* pay in expanding and contracting industries over the two-year period immediately preceding the quarter in which the 2001 recession began and the two years dating from the recession’s formal end. The study found during the late-1998 to late-2000 period, average hourly wages for jobs in expanding industries were 12 percent greater than average hourly wages for jobs in contracting industries. But the opposite was true for the post-recession period: Between late 2001 and late 2003, average hourly wages for jobs in expanding industries were 13 percent lower than average hourly wages for jobs in shrinking industries. The same pattern (with

variations in amounts of pay differences) prevailed in all but two states.

Similarly, EPI found that employers in expanding industries are less likely than their counterparts in contracting industries to provide health care to their workers. Nationwide, two-thirds (68 percent) of employers in shrinking industries provided health care to their workers, while only slightly more than half (55 percent) of those in expanding industries insured their workers. The pattern held in all but five states.

Another recent analysis by EPI may lend additional support to the notion that job quality overall is declining. The study finds employment rates for college-educated workers are down 2.5 percentage points since the start of the 2001 recession, compared with only a 1.1 percentage-point decline for this group at the same point in the last recession and recovery (1993). On the other hand, employment rates today for workers with less than a high school diploma are less than half-a-percentage-point (0.4 percent) lower than at the start of the 2001 recession, compared with a decline in their employment rates of 2.8 percentage points at this point in 1993. One possible explanation for this difference from past experiences is that greater skills and higher educational attainment are no sure buffers against an economy undergoing disproportionate loss of good jobs and corresponding disproportionate growth of jobs that pay less and provide fewer benefits.

Good Jobs Renaissance Unlikely Anytime Soon

While some argue the shift to inferior jobs is only a short-term phenomenon, much available data suggest the opposite. In the words of Morgan Stanley's Stephen Roach, **there is a "distinct possibility that subpar job creation in the U.S. could well be here to stay for the foreseeable future."**

In November 2003, the Conference of Mayors published a report by Global Insight comparing

wages in industries that had lost jobs through 2003 with wages in industries expected to register job gains through 2005. Similar to the studies on current job growth described previously, the Global Insight analysis found **wages in the 10 sectors expected to grow the most through the end of 2005 are lower than wages in the 10 sectors that lost the most jobs between 2001 and 2003.** The average annual wage for jobs in growth sectors through 2005 will be almost 20 percent lower than the average annual wage for jobs in sectors that lost jobs between 2001 and 2003.

A University of California at Berkeley study estimates as many as 14 million jobs—11 percent of U.S. jobs—may be shipped overseas in coming years. The 2001 average salary in these jobs was \$39,631, more than \$5,000 greater than the average salary for all occupations that year.

White-Collar American Jobs Are at Risk

More than 14 million U.S. jobs are at risk of being exported.

U.S. Employment and Salaries in Occupations at Risk of Being Exported

Sector	Employment	Average Annual Salary
Office support	8,637,900	\$29,791
Business and financial support	2,153,480	\$52,559
Computer and math professionals	2,825,870	\$60,350
Paralegals and legal assistants	183,550	\$39,220
Diagnostic support services	168,240	\$38,860
Medical transcriptionists	94,090	\$27,020
TOTAL	14,063,130	\$39,631

Source: Ashok D. Bardhan and Cynthia Kroll, "The New Wave of Outsourcing." Fisher Center for Real Estate & Urban Economics, Institute of Business and Economic Research, University of California at Berkeley, paper 1103, Nov. 2, 2003. Available at <http://repositories.cdlib.org/iber/tcreue/reports/1103>.

More conservatively, Forrester Research Inc. puts the estimated shipment overseas of service-sector jobs at 3.4 million by 2015. Even at this level, the impact on jobs here will be huge: The number of U.S. service-sector jobs Forrester projects will be shipped overseas by 2007—1.1 million—is 2.1 percent of the total number of jobs in the affected categories. Gartner Inc. says by the end of 2004, jobs of one in 10 U.S. information technology vendors and service providers will have moved abroad. Economy.com's Mark Zandi expects the number of white-collar jobs sent offshore will double by the decade's end, rising to 600,000 annually. And McKinsey Global Institute, an economic think tank for the management consulting firm McKinsey & Co., predicts a 30 to 40 percent rate of increase in job exporting over the next five years.

Meanwhile, manufacturing jobs remain endangered: In June, our nation's trade deficit soared to an all-time high of \$55.8 billion, up 58 percent over the level reached just two years ago and putting us on track for a record-shattering trade deficit of \$575 billion this year. New trade deals with 43 countries have been concluded recently or are in the works. And the Boston Consulting Group says 15 to 20 percent of manufacturing jobs in the United States and other developed nations are at risk for shipment abroad over the next decade.

As good jobs continue to flee and lower-quality jobs proliferate, there is reason to worry we are in for more of the same. In February, the Labor Department estimated the economy will add a net 21.3 million new jobs between 2002 and 2012. The 10 occupations

Occupations Projected to Grow the Most

Occupation	Employment (in thousands)		Change		Most Significant Source of Education or Training	2003 Compensation		
	2002	2012	Number	Percent		Median Hourly Pay	Mean Hourly Pay	Mean Annual Pay
Registered nurses	2,284	2,908	623	27	Associate degree	23.82	24.63	51,230
Postsecondary teachers	1,581	2,184	603	38	Doctoral degree			*
Retail salespersons	4,076	4,672	596	15	Short-term on-the-job training	8.70	10.70	22,260
Customer service representatives	1,894	2,354	460	24	Moderate-term on-the-job training	12.74	13.73	28,560
Combined food preparation and serving workers, including fast food	1,990	2,444	454	23	Short-term on-the-job training	7.00	7.34	15,260
Cashiers, except gaming	3,432	3,886	454	13	Short-term on-the-job training	7.58	8.14	16,940
Janitors and cleaners, except maids and housekeeping cleaners	2,267	2,681	414	18	Short-term on-the-job training	8.85	9.77	20,320
General and operations managers	2,049	2,425	376	18	Bachelor's or higher degree, plus work experience	35.00	42.64	88,700
Waiters and waitresses	2,097	2,464	367	18	Short-term on-the-job training	6.78	7.58	15,780
Nursing aides, orderlies, and attendants	1,375	1,718	343	25	Short-term on-the-job training	9.85	10.12	21,050
All occupations						13.53	17.41	36,210

*Mean annual pay for postsecondary teachers in 2003 ranged between \$49,180 and \$91,400, depending on the fields.

(of 700-plus analyzed) expected to grow the most (that is, the 10 occupations that will add the largest number of new jobs) will add 4.7 million new positions (net) by 2012. Seven of the 10, which together will account for 3.1 million net new positions, require only short- or moderate-term on-the-job training. The median and average hourly wages for these seven jobs are less than the overall median and average wage for all occupations combined. Six of the seven have median hourly wages (in 2003) of less than \$10, while median pay for the seventh is only \$12.74. Average annual earnings in the seven range between \$15,260 and \$28,560—all low wages.

To be sure, there will be *some* good jobs in the future. The Labor Department's report says net employment between 2002 and 2012 will grow slightly more and slightly faster in "professional and related occupations" than in "service" occupations. But according to EPI, even under the department's optimistic scenario, the occupational mix of jobs in 2012 would require only a miniscule 1 percentage-point increase in the share of college-educated workers, compared with their representation in today's workforce. And the department's hopeful predictions may not materialize. Many jobs in the "professional and related occupations" category—computer-related positions and work involving X-ray and other diagnostic procedures, for example—already are being shipped overseas. And as the discussion on pages 2-3 reflects, there are no guarantees that jobs in projected growth fields, such as biotechnology, will be protected.

In sum, unless we take steps to preserve and create good jobs in America, the trends we have experienced over the past few years could persist.

The Bush Administration: Failing The Test on High-Quality Jobs

Declining job quality is a real crisis for America's families and one that could become an enduring legacy of the Bush administration. Yet faced with this crisis, President Bush not only has failed to act effectively to save good jobs and improve those we are creating, he actually has made matters worse.

The president's principle "solution" to the jobs crisis has been billions of dollars in tax cuts that disproportionately favor the wealthiest Americans. But three years of massive and unaffordable federal tax breaks have not produced the jobs we need. Even with last fall's resumption in job growth, we have 2.6 million fewer jobs now than the White House predicted in pushing through the 2003 tax cut.

We would be far better off today if, instead of pushing for huge and irresponsible tax cuts, President Bush had allocated resources in fiscal year 2002 to a program of direct and targeted economic stimulus. According to Economy.com's Zandi, a \$300 billion investment that year in a package of emergency unemployment benefits, family tax breaks, business investment write-offs, a six-month payroll tax holiday and substantial state fiscal relief would have produced faster gross domestic product growth and lower unemployment rates than we have experienced. Job growth would have resumed in 2002, and we would have at least 2 million more jobs today. Instead, under the Bush tax cut approach, job growth was delayed until September 2003, the president will likely end his term with fewer jobs than when he started and the nation has rolled up its largest budget deficit ever.

President Bush's acts of omission, however—choosing costly, unfair and inefficient tax cuts over more useful and more affordable approaches—pale in comparison with the harm done by his policies that actually have cost jobs and reduced job quality.

Record losses in the manufacturing, information and professional and business service sectors attest to the fact that existing trade policies are destroying good American jobs and have failed to produce comparable replacement positions. Yet, undaunted, the president and his representatives are negotiating or have concluded new trade deals with 43 nations. Moreover, as detailed in a recent AFL-CIO report, *The Bush Record on Shipping Jobs Overseas*, the president routinely refuses to take steps that will protect American jobs and just as regularly urges policies that encourage American companies to move jobs and work overseas. Among other things, President Bush and his appointees have:

- Refused to enforce our domestic trade laws against unfair trade practices and import surges that hurt America's workers and corporations.
- Refused to use our trade laws to address the systematic and brutal repression of workers' rights in China and that country's currency manipulation, despite the disastrous impact of these practices on America's workers and businesses. Violations of workers' rights alone create unfair cost advantages for China that have caused the loss of an estimated 727,000 American jobs.
- Supported tax policies that reward American companies more for production abroad than for creating jobs at home. Tax breaks making it cheaper for American businesses to operate overseas than at home cost the U.S. Treasury \$7 billion each year, but Bush refused to support efforts to end them. Instead, his 2004 and 2005 budget proposals included even more tax incentives for U.S. companies to ship work overseas rather than keep good jobs here.
- Regularly waived Buy American laws and pushed to weaken them.
- Urged state governments to relinquish their power to require work funded under government contracts to be performed by U.S. workers.

Just last month, President Bush presided over the biggest take-away of overtime pay protections in the nation's history when regulations he pushed that will strip overtime protections from as many as 6 million workers took effect. The president and

his appointees have diluted or eliminated collective bargaining protections for hundreds of thousands of public employees and intervened in private-sector labor-management affairs in ways that tilt the balance in favor of employers and against workers. President Bush has done nothing effective to reduce soaring health care costs for working families or for American businesses, despite the bottom-line strain these skyrocketing costs impose on workers and employers alike. And he has refused to support a minimum wage increase, even though the rate has been frozen at a poverty-level wage for seven years.

In other words, instead of easing the crisis of declining job quality, the president's policies have worsened it.

Creating and Keeping Good Jobs in America

The character and quality of American job creation is changing before our very eyes. Which poses the most important question of all: What are we going to do about it?

—*Morgan Stanley Chief Economist
Stephen Roach, July 2004*

Declining job quality is not a bump in the road on the way to otherwise robust growth of high-quality jobs. Increasingly, good jobs are evaporating, replaced with jobs that pay less and provide fewer benefits. Unless we act to reverse the trend, all of us will pay the price in lower wages and benefits, reduced living standards, dwindling public resources and overextended working families. Here are some of the steps we should take to save and create good jobs and boost the nation's overall economic health.

First, we must revamp our tax and procurement policies to ensure that taxpayer dollars are used to create and keep good jobs in America. We should limit favorable treatment under our tax code to companies that create good jobs at home and repeal tax breaks that reward companies for moving work overseas. In addition, except in extremely rare

circumstances, jobs paid for through government contracts should be jobs in America. And our government must strengthen and vigorously enforce rather than ignore or waive Buy American requirements governing U.S. defense procurement.

Second, we must include enforceable provisions protecting workers' rights and the environment in our trade agreements. The agreements must allow countries to implement legitimate policies that support domestic job creation and protect the rights of countries to implement safeguards and other remedies in response to import surges and unfair trade practices. And our government must vigorously enforce those safeguards.

Third, we must strengthen protections and benefits for *all* of America's workers harmed by trade and related policies that result in shipping jobs or work overseas. In addition to improving and fully funding the trade adjustment assistance program, we should extend its income support and training benefits to service-sector workers who lose their jobs because of globalization. We should also beef up existing notice requirements governing companies that discontinue operations or lay off U.S. workers to send work overseas.

Fourth, we must address our national health care crisis. Roughly 82 million Americans—most in working families—were uninsured at some point in 2002 and 2003, employer-provided coverage declined four percentage points between 2001 and 2003 and workers' costs to maintain family coverage rose almost 50 percent between 2000 and 2003. Skyrocketing costs threaten the coverage of millions more and are placing extraordinary burdens on American companies, which report that health care costs are rising faster than any other costs. The health care crisis is a comprehensive problem that ultimately demands a comprehensive solution: We must move toward universal coverage that ensures accessible, affordable and high-quality health care for all Americans. Meanwhile, federal and state health care programs should be expanded to cover more uninsured and underinsured individuals and families. We should provide partial reimbursement for catastrophic health care costs. And

federal policy should give employers incentives to maintain retiree health coverage rather than encouraging them to dump it, as the federal Medicare prescription drug law signed by President Bush does.

Fifth, we should invest in improving and rebuilding infrastructure—roads, bridges, highways and schools, for example—and strengthening homeland security. These investments pay off: They create jobs, meet broadly shared needs and make us all safer.

Sixth, we must increase the minimum wage, which has not risen in seven years and is hovering around a 50-year low. Solid evidence regarding the effects of the last several increases shows that minimum wage hikes benefit most the families that most need help and that modest increases have no adverse effects on employment levels.

Seventh, we must roll back the take-away of overtime pay protections. Overtime earnings are a critical source of income for millions of working families: For workers who received overtime pay in 2000, overtime wages accounted for nearly one-fourth of their total weekly earnings. Moreover, the substantial financial penalty the overtime pay requirement imposes on employers is the only protection most U.S. workers have against forced overtime and excessively long work hours.

Eighth, we should renew and extend the federal emergency unemployment insurance program. Job growth is still not strong enough to create enough new jobs for first-time workforce entrants as well as unemployed workers. Moreover, the rate of long-term unemployment remains exceptionally and unacceptably high. Extending the emergency program not only will help long-term unemployed workers who have run out of all benefits but also provide a powerful economic boost to help spur more job creation. Every dollar the nation spends on unemployment benefits pumps \$1.73 back into the economy.

Finally, we must change our labor laws to restore workers' rights to form unions and bargain collectively. These rights constitute the single most

important and effective vehicle for improving wages and benefits, enhancing job security and giving workers a voice on the job. And it's not just union members who benefit when these rights are respected and enforced. Protecting workers' freedom to form unions and negotiate contracts raises the floor for *all* workers. Yet these basic rights have been all but eliminated through employer coercion and interference and widespread refusal to bargain contracts, abetted by inadequate enforcement of the nation's labor laws. We will not restore economic security for America's working families unless we restore workers' freedom to form unions.

Conclusion

The jobless recovery that prevailed until late last year has given way to a new crisis: an alarming decline in job quality. The millions of good jobs we have lost are being replaced by jobs that pay less and provide fewer benefits. And the future threatens more of the same.

Inferior jobs will not support families, nor will they create or sustain a healthy economy with widely shared benefits. We have a job quality problem—but it is not a problem we cannot solve. There are ways to create and keep good jobs in America. For the sake of America's working families, we must find the will to do so.

Sources: Association of Biotechnology-led Enterprises; Boston Consulting Group; Center for Studying Health System Change; CIBC World Markets Inc.; Council on Foreign Relations; Economic Policy Institute; Economy.com; Families USA; Forrester Research Inc.; Gartner Inc.; Global Insight; Goldman, Sachs & Co.; Good Jobs First; HoustonChronicle.com; Kaiser Family Foundation; Morgan Stanley/Global Economic Forum; New Jersey Policy Perspective; Pew Research Center; *The New York Times*; Time.com; University of California–Berkeley; U.S Department of Labor; *Wall Street Journal*; White House; U.S. Department of the Treasury; Section 301 petition for the AFL-CIO (Bahrenberg).