

If these workers become the invisible “other” that we ignore, it is a tragedy not only for the workers and their families, but those standing by unwilling to act. It changes us as we sit by, accommodating this inhumanity. We become numb to those around us as we distance ourselves from the connection that binds us to other human beings. We close off the caring and compassionate parts of ourselves. It is our loss.

If we want a society in which our citizens participate, one that is supportive of families, one with healthy and productive people, one with safe and thriving communities, and one in which every individual can reach his or her fullest potential, we must act to change these low-wage conditions, which our society has helped to create. Yet as we look to make improvements, we must not allow common myths to blur our vision and prevent us from seeing clearly.

CHAPTER 6

An Apology for Indifference

Myths can supply simple answers to complex problems. They can also be used in a more pernicious way to undermine our determination to act and avoid the truth. Four myths have dominated the debate over low-wage work. The first is that low-wage jobs are merely a short-lived step on a ladder to a better job. The second is that improving skills is the primary solution to the problems of low-wage work. The third is that because our companies compete in the global market, we are unable to act domestically to improve the lives of these workers. And the fourth is that volunteerism is a substitute for social policy. These myths blind us to other forces that underlie many of the problems of lower-wage work and function less as explanations than as excuses not to act.

THE MOBILITY MYTH

One reason why many people are not more sympathetic to the plight of low-wage workers is the belief that enduring the

harshness of these jobs is temporary, that mobility will take care of the problem. These workers will either move up to a better position in their current jobs or move on to better jobs. The Horatio Alger myth is a centerpiece of American culture. If someone fails to rise, it must be his or her own fault. It must be a product of lack of will or diligence, just as success is the result of individual hard work and perseverance.

But this belief belies the reality. Mobility will not bring significant advancement to most low-wage workers. At a time of rising income inequality, mobility is declining or, at best, staying the same. Boston College economist Peter Gottschalk examined mobility between 1974 and 1991 and found that of those workers in the lowest 20 percent of income earners in 1974, almost 70 percent were in the same group the next year and fully 91 percent were in the bottom 40 percent.² A similar study conducted by Gottschalk and University of Michigan professor Sheldon Danziger found that even after twenty-five years, close to 50 percent of those in the bottom 20 percent of income had not moved beyond that income group. Of those who had moved, half had only moved to the next highest wage group, still below the median wage.³

Low-wage jobs, historically, have had few career ladders. Today they offer even fewer.⁴ In many industries as diverse as insurance, retail trade, restaurants, information technology, financial services, airlines, and health care, there is a segmentation of the labor force between those who serve the lower- and higher-income markets.⁵ The result of that segmentation is a stratification of service jobs associated with each submarket and fewer job ladders for lower-wage workers to move into higher-paying

jobs.⁶ At the same time, small wage increases coupled with job instability provide few opportunities for low-wage workers to improve their current jobs.⁷ It is no wonder that it is harder today for young workers to move into the middle class.⁸

In fact, contrary to the American assumption that the United States has greater mobility than other industrialized countries, an OECD study found that the United States economy had less mobility for low-earners than France, Italy, or the United Kingdom.⁹ Even compared to countries with more centralized wage-setting institutions like Germany, Denmark, Finland, and Sweden, the United States still had less mobility for low-earners.¹⁰

It is true that a small number of workers move on to better positions, generally outside the low-wage sectors.¹¹ These better-paying jobs, however, are mostly in manufacturing, a sector with a declining job base. Still others use these jobs as a means to finance their college tuition. But for the vast majority of workers, their situation is permanent.¹² Mobility is blocked, not because these workers lack motivation or diligence, but because there are few paths to better jobs.

SKILLS WILL SOLVE THE PROBLEM

How do we solve the problems facing low-wage workers in this country? "Reskilling" is a nearly universal response. In this economy, the argument goes, workers cannot make a livable income because they lack the requisite skills needed for the new technological jobs. The changing skill requirements of the economy have created a "skills mismatch."¹³ It is the uncon-

tested "truth" of our day. Former Secretary of Labor Robert Reich reflected this widespread belief early in the Clinton administration.

Like comparable periods before, our current era of rapid economic change opens new opportunities. Every American can develop the skills to make it in the new economy. . . . The payoff to skills is surging. Technological evolution is spawning a profusion of good new jobs. Integrated, expanding global markets create many more opportunities than they close off. And the skills needed for many of these high-skill, high-wage jobs can be learned. . . .¹⁴

This belief translates into a bipartisan cry for better education of future workers and reskilling those already in the workplace for our economy's "high-tech," "high skill" jobs.

The "skills mismatch" theory is a significant overstatement of the demand for high-skilled workers. Skill requirements are growing at only a modest rate and are expected to continue to do so in the future.¹⁵ In 1996, 53.5 million workers—40 percent of the total workforce—worked in jobs requiring only short-term on-the-job training.¹⁶ The overwhelming majority of occupations require only a high school education or less. Occupations generally requiring postsecondary training accounted for only 3 out of 10 workers employed in 1996.¹⁷

Certain high-tech jobs, especially in the manufacturing sector, go unfilled because employees lack the requisite technical skills. The number of those jobs, however, is quite small when compared to the lower-wage service sector and the manufactur-

ing jobs for which improved "skills" may have little impact in overall working conditions. And providing training for high-tech jobs does not create jobs requiring those skills.¹⁸

This new economy has, ironically, increased the share of lower-wage employment, not lowered it. While there has been an increase in managerial and professional jobs, there is also more demand for lower-wage jobs today than two decades ago. From 1965 to 1998, the two lowest-paying sectors, retail and service, increased their share of employment from 30 percent to 48 percent of all production and nonsupervisory employment.¹⁹ The middle-paying sectors of our economy have lost shares. In 1963, 37 percent of all production and nonsupervisory workers were employed in the three middle-paying sectors of the economy. During the same time, the bottom three sectors employed 35 percent of the workforce. By 1998, however, the share of the three middle-paying sectors of the economy had dropped to only 16 percent of the workforce, while the bottom three sectors rose to 63 percent of the workforce.²⁰

And lower-wage service jobs are expected to have the largest growth. Put another way, in the next ten years, half of all new jobs will require only short- or moderate-term on-the-job training. This includes: nearly one and a half million new jobs in the food preparation and food service occupations; one million in retail sales and cashier occupations; another million in health-care support occupations; and nearly one million in cleaning and maintenance occupations.

So why has the skills solution gained such preeminence? Talk of our "new economy," even in the wake of the bursting dot-com bubble, creates the impression that high-tech jobs are the

largest occupational group. The media and experts focus on the new computer-based jobs. It is not news to speak about jobs that have been in the labor market for a long time, such as nurse's aides, child-care workers, hotel workers, and janitors. Confusion between the percentage of job growth of some new jobs and the actual number of jobs in these occupations adds to the belief that high-tech jobs have taken over our economy.

The number of computer software engineers and computer-support specialists will double between 2000 and 2010 while cashiers will increase their share of employment only 14 percent.²¹ But new positions in these computer-service occupations generate large growth rates because they are relatively new fields with smaller numbers of employees. By 2010, there will be less than 1.8 million of these software engineers and computer-support specialists, while there will be nearly 3.8 million cashiers.²² Low-wage job growth will dwarf these high-tech jobs.

The low end of the job market will account for more than 30 percent of the American workforce.²³ Employers will hire nearly twice as many food-service workers as software engineers, hire as many cashiers as they do computer-support specialists, and hire more than twice the number of customer-service representatives as they do computer-systems analysts.²⁴ The jobs that have substantial contact with people and are less immediately affected by technological change will have substantial job growth.²⁵

The labeling of these jobs and the workers in these jobs as *low-skilled* has given further credence to the skills solution.

Skills have been defined in terms of educational level or technical expertise, generally related to the ability to use computers. But this notion overlooks the types of skills possessed by child-care workers, nursing home workers, or hotel workers—skills of patience, caring, conscientiousness, and communication.

If our concept of skills is redefined to include activities such as the attention to detail that a maid must have in order to clean a hotel room properly, the psychological and emotional support that a nursing home worker or home health-care worker gives to our parents, the educational and social enrichment that a child-care worker or educational assistant provides our children, the knowledge and courtesy that a call-center worker gives us when we order products or ask questions regarding our accounts, and the conscientiousness and dedication of a security guard ensuring our protection in our workplace, then the contributions of these workers can be fully valued.

On a more fundamental level, the skills solution has gained such widespread support because it provides an easy answer to a much more complex set of questions. According to the reskilling thesis, the problem is the fault of the workers themselves. Individuals need to improve themselves through skills development. It asks little of employers, politicians, or our society. Employers escape scrutiny about why these jobs are so poorly rewarded. Politicians avoid dealing with the more politically thorny issue of how these employers share their profits with their employees, and it gives them cover for lowering government supports or not having to create any new ones in the future.²⁶ Once workers are educated or reskilled, the argument goes, they will be able to

fend for themselves.²⁷ And we as a society are freed from having to look at the ground rules that make it so difficult for these workers to succeed.

This is not to downplay the importance of education reform and workplace training. Having a more educated populace in our dynamic global economy is obviously important. It makes our nation more productive and competitive. And for lower-wage workers and their children, it is essential to ensure an equal opportunity for them to compete. Workers with more education generally hold higher-paying jobs than those with less.²⁸ Even for many jobs that require only a high school education, one or more cognitive or social tasks such as reading, writing, and dealing with customers or computers are needed.²⁹ Today, some students, especially black and Latino males, are hampered in their job prospects because they lack these skills.³⁰

Similarly, workers must be given opportunities to continue the learning process once they have entered the workforce. Today, however, the probability that workers receive workplace education is directly proportional to their wage and education levels. This leaves lower-wage workers the least likely to receive any employer-sponsored training.³¹ Without workplace education, these workers lack the means to improve skills in their present jobs and to gain new education that would increase their chances of moving into higher-paying jobs.³² This must be changed.

Certainly, raising skills will lead some workers to higher wages. But this reskilling approach will do little to improve the lives of most workers in these low-wage jobs, jobs that will continue to grow as a proportion of our economy. What these work-

ers need is to be adequately rewarded for the skills they already possess.

GLOBALIZATION MAKES US DO IT

Global trade with both industrial and industrializing nations has had a profound impact on our economy and on American workers. Most dramatic has been the increase in trade with less-developed countries, rising from less than one-seventh (14 percent) of all U.S. trade in 1970 to almost triple that amount today.³³ During this same period, the growth of average wages in the U.S. slowed, and the wage levels of workers with less than a college education fell.³⁴ While economists and policy makers disagree as to the extent of globalization's impact on this decrease, most all agree it played some role.³⁵ Increased trade with less developed countries eliminated jobs in the manufacturing industries where the products compete globally, such as textiles, shoes, data input, cars, and steel.³⁶ Three million manufacturing jobs were lost between 1979 and 1999.³⁷

Globalization's impact on the manufacturing sector also has an indirect effect on the service sector. The combination of the depressed wages in the manufacturing sector, more competition for service jobs from displaced manufacturing workers, and new job entrants who are unable to find manufacturing jobs, puts downward pressures on wages and benefits for jobs in the service sector.³⁸

As profound as the impact of global trade has been on our economy, it does not, as some argue, preclude low-wage employers and our society from improving the wages and working con-

ditions for lower-wage workers.³⁹ Only a small portion of low-wage jobs are actually in industries that compete globally.⁴⁰ While globalization has had a large impact on the manufacturing sector, these manufacturing jobs account for only a minority of today and tomorrow's lower-wage workers.⁴¹

This is not to say that no service jobs compete globally. Transportable skills such as data input and information technologies have been filled abroad. There are call-center workers in English-speaking countries answering our questions and taking catalog orders. Just across the border, 45,000 Mexicans work in data-processing and other service jobs. One can also imagine lower-wage food-processing jobs being shipped overseas or across the border.

But most lower-wage jobs are and will continue to be in the non-tradable service and retail sectors.⁴² Checking out groceries, waiting on tables, servicing office equipment, protecting airline passengers, caring for children, tending the sick, and cleaning up for the rest of us must take place in a specific location where the child, patient, or customer is present. These jobs cannot be shipped overseas. While the poor wages of workers in China or Bangladesh depress the general world wage structure and have an indirect effect on U.S. workers, workers from less-developed countries are not in direct competition with nursing home, child-care, security, or hotel workers.

In spite of this reality, employers and politicians use globalization as an excuse for doing little or nothing for lower-wage workers. Many employers use the threat of global competition to justify decreasing their employees' wages and benefits and

cutting jobs. This includes employers who, in fact, are not competing globally. They scare their workers into accepting less.

Workers, continually bombarded with the globalization message, believe they are powerless to act, regardless of whether their job is in a non-tradable sector. If they push for higher wages, they fear they will lose their jobs. But if they do nothing, their wages continue to stagnate. Political conservatives invoke globalization as a reason for reducing social spending.⁴⁴ They argue that any employer obligations will make U.S. companies uncompetitive in world markets.⁴⁵

This globalization rhetoric also deflects our attention from the political and business choices that account for the plight of these workers, choices that have little to do with the global marketplace. It makes it appear that external forces beyond our control cause the problems of lower-wage workers. Nothing is further from the truth. Other industrialized countries competing in the same global markets as the United States have made political and business choices to ensure that all workers can rely on a safety net. As a result, workers in similar jobs in other industrialized countries have fared far better than American workers.⁴⁶ Low-income Americans have living standards that are 13 percent below that of low-income Germans, 17 percent below low-income Belgians, and 24 percent below the average income of the bottom 20 percent of Swedes. This is despite the fact that the median American enjoys a standard of living far above the median German, Belgian, or Swede.⁴⁷

As a group of prominent economists from the Brookings Institution and the Progressive Policy Institute note, "The bottom

line is that while trade may amplify the total losses and gains, societies still face the fundamental decision of whether or not to grant the social protection: if it makes sense to offer the protection in a closed economy, it will also make sense in an open economy."⁴⁸

This is not to take lightly the injustices of unrestrained trade. As a nation, we must determine under what circumstances trade should continue. Will it benefit only business and the wealthy, or will it also benefit working Americans? What are the rules in which world trade should take place? As the International Labour Organization Director-General Juan Somavia argued before the World Trade Organization in Seattle: "I don't believe you can shut off globalization. It is a reality. But there are ways to make it much better for people than it is now."⁴⁹

Today's unrestrained global trade must be addressed, yet globalization should not be used as an excuse for failing to rectify the problems of lower-wage workers.⁵⁰ If we refuse, it will not be because of outside forces. In the words of long-time-MIT, now-Princeton economist Paul Krugman, "We cannot evade responsibility for our actions by claiming that global markets made us do it."⁵¹

VOLUNTEERISM AS SOCIAL POLICY

With the advent of the George W. Bush administration, a new myth in old clothing has arisen—faith-based voluntary solutions. It is the belief that volunteerism, particularly through faith-based organizations rather than social policy, is the answer to these problems.⁵² The United States has a long and well-

recognized history of volunteerism, and it will always have an important place in our society. Voluntary organizations provide many essential services and resources to people in need, many of whom are in dire circumstances. But volunteerism cannot be a substitute for social policy.

It is commendable that overburdened food banks and homeless shelters try to provide food to the hungry and a place to stay to families who have nowhere to sleep. If jobs paid a living wage, however, these families would have a greatly reduced need to use these services. If working Americans and their children had access to health insurance coverage, there would be less need for free clinics. If low-wage parents had the resources to provide quality child care and after-school care and jobs that provided the needed flexibility to properly supervise their children, less teen delinquency and school dropouts would result. If jobs provided adequate rewards, there would be less hopelessness that drives many to drugs and alcohol.

This is not to say that there are not individuals who make poor choices or those who cannot take care of themselves for reasons beyond their control. This is not a call to eliminate individual responsibility or volunteer organizations. But if working Americans had the resources and time to properly care for themselves and their children, many of the problems charities deal with today would be less severe.

Focusing on the effects of the problem rather than the problem itself once again deflects attention from the societal structures we have chosen. It serves as a way of deflecting attention from the failure of our society to provide good jobs and a basic safety net to all Americans. In so doing, it shifts responsibility

from the private and public sectors to the individual to find a way to cope with the social ills caused by these deprivations.

But when millions of Americans cannot properly feed, clothe, shelter, and provide their children with the basic amenities of a healthy childhood, it is not merely the problem of the individual. When more than forty million Americans lack health insurance, it is not just an individual problem. At a time of historically low unemployment, the demand for charitable services increased dramatically—not decreased. The U.S. Conference of Mayors found that emergency food assistance alone grew 18 percent between 1998 and 2000, fueled by working people.⁵³ This is not a situation in which a few people cannot take care of their basic necessities. It is a problem with the system.

Volunteerism as a policy is flawed for another important reason. Americans who work hard should not have to rely on handouts for their basic necessities. They should not have to rely on the goodwill of individuals and organizations to make up for the deficits of their jobs. By forcing people to rely on voluntary organizations, their plight is continually uncertain. The voluntary sector is small in comparison to the need, and many are set up to provide emergency assistance, not ongoing services.⁵⁴ But more importantly, if work does not provide the means to care for oneself and one's family, hard workers are put in the unseemly and degrading position of having to beg for help from a homeless shelter, the Salvation Army, or a food bank.

Volunteerism is also bad social policy. Failing to address the problems that cause many of these social issues is costly to our society. It is more difficult to solve the problems that result from inadequate income, lack of parental time to supervise one's chil-

dren, poor-quality child care, and lack of health insurance than to deal with the deficits of low-wage jobs. Dealing with drug abuse is more difficult and intractable than dealing with improving lower-wage childrens' access to quality child care. Failing to address the issues up front, society pays the larger costs in increased crime, drug addiction, and poorly performing children.⁵⁵ This is not to say that these problems will vanish if we ensure that working families have the basics to thrive. But attacking the structural deficits underlying many of these problems would be far more productive than merely trying to deal with the fallout.

. . .

We must move beyond these myths. These workers face a world in which they have little power to change their conditions. Their inability to improve their conditions is a result of our creation, not natural law. It is this world that we need to enter.