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Getting Better All the Time: Improving Job Quality in the United States

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Many Americans remember the economy of a generation ago as an era where most workers earned good wages that enabled them to provide for their families, had generous benefits, and enjoyed job security. Especially with the current economic weakness, they fear that such jobs are now disappearing. To many, the idea of a lifetime job with an employer-provided pension and health benefits seems a relic of the past.

These fears are unfounded. Opportunities rise and fall with the business cycle, and many good jobs have disappeared since the 1970s—but so too have many undesirable low-wage positions. The economy is constantly in flux, creating new jobs and destroying old ones. Last year employers created 58 million new jobs, but eliminated 55 million existing positions. On balance, however, the quality of jobs available to Americans has increased over the past generation.

Employers today need fewer workers doing mindlessly repetitive or physically demanding tasks. Computer programs and robots now do much of this work. Jobs such as machine operators, assemblers, and material handlers have decreased their share of total employment considerably since 1980.

But computers cannot think for or interact with people, and highly paid jobs that require greater mental skills are an increasingly large part of the economy. Executive and managerial, professional

specialty, and technical and sales jobs are the three most highly paid occupations in America. They have expanded their share of employment by 10 percent since 1980.

Employers need more educated workers in these jobs, and both the average education level and the return to education in the economy have grown dramatically. Americans work in an economy where skills and education provide a pathway to success. This shift benefits American workers. The increased need for highly skilled and educated workers means expanded opportunities for upward mobility. The average annual incomes of American-born workers rose 27 percent between 1980 and 2000.

Wages are only part of what workers earn. Benefits make up 30 percent of the typical worker's total compensation. Contrary to popular perceptions, jobs with benefits are not disappearing:

- Workers are just as likely to work in jobs with health benefits now as in the mid-1990s.
- More workers have paid sick leave today than in the past.

This paper, in its entirety, can be found at:
www.heritage.org/Research/Labor/wm1975.cfm

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- Pension coverage rates have remained stable.
- Pension benefits have changed toward greater employee control. Most workers today have defined-contribution pensions that provide higher returns and give them the flexibility to move between employers.

Concerns about decreased job security are also misplaced. Conventional wisdom holds that workers have less job security than in the past. This is not the case. Workers are somewhat more likely to change jobs than in the 1980s, but this is because workers are more likely to voluntarily decide to move between employers. Companies, however, are much less likely to fire or lay off workers than a generation ago. Workers jobs are more secure today than in the 1970s.

Jobs have also improved in non-monetary ways. Jobs are safer and more comfortable than a generation ago. Working on an assembly line is substantially less pleasant and more dangerous than working on documents in an office. On-the-job injuries have declined significantly in recent decades.

Projecting the future is difficult, but the best estimates indicate that despite the current weakness in the economy, long-term job growth will continue to occur in higher-paying occupations. Today, the typical American works in a better job than his or her parents did, and his or her children will probably work in a better job still.

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