

RETHINKING THE AMERICAN SOCIAL CONTRACT

The International Labor Organization's Decent Work Agenda in the United States

LAUREN DAMME, NEW AMERICA FOUNDATION

VALUABLE RESEARCH ASSISTANCE PROVIDED BY AMANDA HUFFMAN AND KRISTEN JOHNSON

JULY 2011

The evolution of certain aspects of the American social contract has lagged behind that of other developed countries for decades, but the insecurity resulting from our lack of social protections has traditionally been offset by high employment levels, a stable middle class and widespread perceived opportunity for upward mobility. The value of this trade-off has been undermined, though, by several trends. First, wage growth for all but the highest earners began to stagnate, starting in the 1970s. Second, even as income gains accrued to the wealthiest Americans, employers began to step back from responsibility for the retirement security and healthcare of workers. Third, the American labor market is polarizing into low and high income jobs, with a decline of middle income jobs and the retirement and health benefits that accompanied them.

The American social contract – our system of economic and social arrangements that supports Americans – embodies American reverence for hard work while discouraging public welfare benefits. While this construct encourages work, it also obscures the important role workers play in helping each other, with government acting as the facilitator through policy and regulation.

One bottleneck to the advancement of American thinking and advocacy in this area is the lack of a common foundation from which researchers and policymakers can quantify the social contract. To address this gap, the New America Foundation's Next Social Contract Initiative has adapted the International Labor Organization's (ILO) Decent Work Agenda to the U.S. context. The Decent Work Agenda recognizes the central role of work to the well-being of all people, and focuses on policies and dialogue that support decent jobs. Using the concept of 'decent work' enables government, employers, and workers to focus upon the key issues that must be addressed in order to restore a social contract that fulfills the promise of opportunity and prosperity for Americans.

This paper examines how the concept of decent work applies to the United States, and how it can be used to reexamine our social contract. Using the ILO's work as a starting point, we establish a set of indicators that allows us to analyze, benchmark, and track the state of the American social contract, with the hope that this analysis can set the foundations for evaluating the role that our social contract *should* play in creating decent work for Americans. First, we outline what the social contract and 'decent

work’ mean in the U.S. context. Then, we use the decent work concept to establish indicators to evaluate the state of our social contract. Lastly, we put forth a brief overview of policy recommendations based upon the social contract indicators.

How can Decent Work Help Us Modernize our Social Contract?

In a seminal Next Social Contract Initiative monograph, Michael Lind and David McNamee argue that the social contract can be envisaged as an economic constitution that complements our political constitution.¹ Indeed, the Next Social Contract Initiative identifies the American social contract not as the implicit social and political agreements proposed by Hobbes, Locke and Rousseau, but rather as an ever-changing system of economic and social arrangements that increase the well-being of citizens. As outlined by Lind and McNamee, these arrangements fall into five areas:

- 1) **Economic access:** access to prosperity that is promoted by policies that encourage diffusion, rather than concentration of wealth among hard-working Americans, such as access to property, credit, etc.
- 2) **Economic ability:** education and training provides skills and knowledge essential to workers.
- 3) **Economic security:** requires policies that support working Americans during economic downturns or periods of disability, including beginning and end of life.
- 4) **Economic liberty:** the right of free labor, as opposed to slavery, serfdom, or indentured servitude.
- 5) **Economic adequacy:** wages for workers should be adequate to support a minimally decent lifestyle without the need for reliance on public support or welfare.

The stability of our political constitution is in many ways dependent upon the success of its implicit economic counterpart. The social contract encompasses all of the economic and social policy underpinnings of our economy, which intimately impact the American workforce. A government’s legitimacy depends upon its citizens’ willingness to accept that the system benefits them, and that support is most easily measured by the extent to which economic prosperity is broadly-shared.

The Great Recession highlighted the frail state of our social contract for many Americans as they saw their current economic security (jobs) and retirement security (home values) swept away in one short period. However, the weaknesses of our social contract are not the result of our recent downturn, but stem from longer-term structural problems. These structural problems – weak social safety nets, inadequate retirement security, a tax system that disproportionately benefits the wealthy,² an education system that is failing to adequately prepare our workforce,³ and incomes below a living wage – have undermined the American Dream: opportunity and the promise of a better future.

Some scholars point toward the disconnect between wage and productivity growth to argue that the social contract has been “systematically dismantled” as a result of weakened union presence and deregulation of the financial sector.⁴ Others believe that the evolving nature of the social contract, in which layers are added or subtracted over time, has led to an “awkward and outdated” contract that merely needs renovation in light of technological advancements, demographic shifts – especially aging – and the pressures of globalization.⁵ Whatever the cause, changes are needed to adapt to current labor conditions in order to meet the needs of the modern American workforce.

The Decent Work Agenda

The International Labor Organization’s Decent Work Agenda can help us begin the process of renewal, revising our understanding of the role our social contract *should* play in our society and helping us evaluate the current state of our social

contract. Government, employers, and workers can use decent work to focus upon the core issues that must be addressed in order for our social contract to work for Americans, fulfilling the promise of opportunity and prosperity for all.

The Decent Work Agenda was introduced by ILO Director-General Juan Somavia in 1999 to solidify and refocus the goals of the International Labor Organization around global needs. Indeed, Somavia stated that decent work “is the most widespread need, shared by people, families and communities in every society, at all levels of development.”⁶ With the understanding that markets do not operate in a vacuum independent of social and political influences, the concept of decent work encompasses four objectives: creating employment opportunities, fundamental rights at work, social protection, and social dialogue.

These four areas can form positive, virtuous circles if built together. *Fundamental rights* and regulations at work provide the foundation for employment as well as economic and social development. *Employment opportunities* provide income, dignity and self-fulfillment, a decent standard of living, and generate demand for goods and services. *Social protections*, such as retirement security, unemployment insurance and access to healthcare, promote human security and civic inclusion, which in turn enable institutional reform. Lastly, *social dialogue*, or consultation among government, employers, and workers, connects work (production) with compensation (income distribution) and gives all a voice in paths of economic development.

The Decent Work Agenda highlights the ways decent work is central to well-being. Indeed, creating decent work will fulfill the ILO’s core, or fundamental conventions for rights at work (*Table 1*). Based on respect for these eight fundamental conventions, decent work is the foundation upon which all hardworking Americans can pursue individual success. The economic, social, and political success of our country is, at its core, dependent upon the widespread accessibility of employment opportunities, fundamental rights, social protections, and social dialogue. Without broad access to *decent* work, America will be the land of opportunity for only a lucky few.

Table 1. ILO Fundamental Conventions from the 1998 Declaration of Fundamental Principles and Rights at Work
<ul style="list-style-type: none">• Convention No. 29 on Forced Labor• Convention No. 87 on Freedom of Association and Protection of the Right to Organize• Convention No. 98 on the Right to Organize and Collective Bargaining• Convention No. 100 on Equal Remuneration• Convention No. 105 on the Abolition of Forced Labor• Convention No. 111 on Discrimination (Employment and Occupation)• Convention No. 138 on the Minimum Age for Admission to Employment• Convention No. 182 on the Worst Forms of Child Labor

The Integration of the Decent Work Agenda and the American Social Contract

Although the Great Recession and the jobless recovery have highlighted longstanding weaknesses within our social contract, the Decent Work Agenda can help us structure our thinking about changes that can be made to strengthen our economic constitution in both the short- and long-term (summarized in *Table 2*).

First and foremost, Americans need more jobs and better jobs. An economy that creates jobs requires a policy environment that supports innovation and entrepreneurship, primarily through the widespread availability of quality education and training. A highly educated workforce must also have access to property, credit, savings instruments and other policies that create broad access to the building blocks of economic prosperity.

Second, Americans must work in environments that respect their basic rights. This includes rights to choose their work (as opposed to forced or coerced labor), to work in physically safe work environments, and to organize to voice their needs and bargain collectively. There are two sides to guaranteeing fundamental rights: creating the legal framework and enforcing the laws. Enforcement of labor protections – extensive, ongoing, and effective enforcement – is key to guaranteeing workers’ rights.

Third, all Americans should have access to, or be able to afford, basic social protections. We currently have a multiple-tier labor market in which only some workers have access to social safety nets like unemployment insurance, or other basics like healthcare, paid leave or retirement security (which are largely employer-sponsored benefits in the U.S.). This is detrimental to basic human security, social inclusion, and the American value of equality of opportunity.

Fourth, social dialogue – dialogue between workers, employers, and governments – establishes connections between work, legislation affecting workers, and workers’ compensation, and is therefore integral to the creation and implementation of workers’ rights. Freedom of association and collective bargaining are necessary but insufficient steps toward creating this feedback loop; social dialogue means governments and employers come together to support an environment responsive to the needs of workers. Through education of the workforce, collective bargaining, and lobbying, social dialogue can drive policies that promote labor rights, living wages and basic benefits for all workers.

Table 2. The Integration of the Decent Work Agenda and the American Social Contract		
ILO Decent Work Agenda	American Social Contract	Decent work in America: Joint values, joint goals in the modern American social contract
Creating jobs: an economy that generates opportunities for investment, entrepreneurship, skills development, job creation and sustainable livelihoods.	<p>Economic access: access to prosperity that is promoted by policies that encourage distribution, rather than concentration of wealth among hard-working Americans, such as access to property, credit, etc.</p> <p>Economic ability: education provides skills and knowledge essential to workers.</p>	An economy that creates jobs requires a policy environment that supports innovation and entrepreneurship, and supports skills development through access to education and training.
Guaranteeing rights at work: laws that recognize and respect rights of workers, including representation and participation.	Economic liberty: the right of free labor, as opposed to slavery, serfdom, or indentured servitude.	Rights of labor include safe work environments, enforcement of labor protections, and the ability to organize and bargain collectively.
Extending social protection: to promote both inclusion and productivity by ensuring that women and men enjoy working conditions that are safe, allow adequate free time and rest, take into account family and social values, provide for adequate compensation in case of lost or reduced income and permit access to adequate healthcare.	Economic security: requires policies that support working Americans during economic downturns or periods of disability, including beginning and end of life.	Social protections and economic security must support all citizens, especially during temporary periods of hardship, and promote societal values of right to life, liberty, and the pursuit of happiness. This includes social security, unemployment insurance, access to healthcare, and effective enforcement of labor protections and standards.
Promoting social dialogue: involving strong and independent workers' and employers' organizations is central to increasing productivity, avoiding disputes at work, and building cohesive societies.	<p>Economic adequacy: wages for workers should be adequate to support a minimally decent lifestyle without the need for reliance on public support or welfare.</p> <p>Economic access: access to prosperity that is promoted by policies that encourage distribution, rather than concentration of wealth among hard-working Americans.</p>	Social dialogue promotes economic adequacy (ensure living wages and basic benefits) and can drive policies that promote economic access for all workers through collective bargaining with employers and government.
Sources: International Labor Organization; Lind & McNamee, 2008; Author's analysis.		

Evaluating our Social Contract: Social Contract Indicators

An American social contract informed by the Decent Work Agenda will help policymakers focus on issues critical to supporting a prosperous economy and society: job creation, labor rights, social protections, and social dialogue. This paper uses the decent work framework to establish key indicators against which we may evaluate the state of our social contract. What follows is an analysis of U.S. performance along these four issue areas, building upon decent work indicators developed by the International Labor Organization over the past decade.⁷ The indicators, drawn from a variety of data sources, could be benchmarked from 1980s levels or simply tracked and used as indicators of the strength of the American social contract. A list of these indicators is available in *Appendix B*, and all graphs are available in *Appendix C*.

1. Creating Jobs

The U.S. economy has traditionally been a strong engine of job creation, but our jobs machine may be broken. In the wake of the Great Recession and jobless recovery, the U.S. economy has been unable to create enough jobs to keep up with regular growth in the workforce, much less recover from the 8.66 million jobs lost during 2008 and 2009.⁸ The U.S. jobs deficit, or the difference between the effectively unemployed and job openings, is currently 20.9 million jobs (*Figure 1*).⁹ That is, even if all job openings were filled, there would still be almost 21 million unemployed workers.

Social Contract Indicators: Creating Jobs

- 1) Jobs deficit
- 2) Unemployment by demographic group
- 3) International comparison of unemployment rates
- 4) College degree worker demand versus supply
- 5) Occupational employment shares by skill, U.S.-only and international comparison
- 6) U.S. occupational growth projections by skill level

Certain groups have historically had high unemployment rates even during periods of growth, and the Great Recession has exacerbated this situation. African Americans and those of Hispanic descent have respective unemployment rates 7.1 and 2.8 percentage points higher than the U.S. average unemployment rate of 9.1 percent: a difference not wholly explained by differences in skill or education levels (*Figure 2*).¹⁰ While those with a college degree or higher enjoy what is considered by economists to be full employment (around 4 percent unemployment), 14.7 percent of those with less than a high school education are unemployed. So many Americans are doing poorly that U.S. unemployment rates – traditionally lower than those of many European countries – are now higher than those of almost all other wealthy countries (*Figure 3*).¹¹

In the longer term, the supply of workers with college degrees has not kept pace with demand (*Figure 4*), leading to sharp increases in wages of the highly educated.¹² The Great Recession may have altered this trend for some workers with bachelor degrees: one in five college-educated workers is in a job that does not require a college degree.¹³ These two trends – increasing returns to education and widespread job-skill mismatch – may seem contradictory at first, but are simply a result of examining average outcomes. When examined more closely, the benefits of a college degree in terms of wage increases and employment are greater for specific majors: petroleum engineering majors enjoy a median income of \$120,000 per year – 3.4 times the median U.S. annual salary of \$35,285 in 2010 – while, at \$29,000, counseling psychology majors earn \$6,000 less than U.S. median annual wages.¹⁴ In terms of employment, geological engineering majors enjoy a 100 percent employment rate, while social psychology majors suffer a 16 percent unemployment rate – well above the 4.5 percent average unemployment rate for workers with college degrees and higher than that of high school dropouts.¹⁵

Even more worrisome for the long-term health of the American economy is the trend of declining middle skill, middle wage jobs in the U.S., or the trend of polarization (*Figure 5*).¹⁶ This fall out of middle wage jobs, at least since the early 1990s, has occurred across virtually all wealthy OECD countries (*Figure 6*).¹⁷ In the United States, the trend of declining middle skill jobs – defined as jobs requiring an associate degree or postsecondary vocational award¹⁸ – seems likely to persist in the near future. Projected 2008 – 2018 job growth is concentrated in low and high skill occupations: 53 percent of projected growth will be in low skill jobs, 31 percent in high skill jobs, and only 15 percent in middle skill jobs (*Figure 7*).¹⁹

2. Guaranteeing Rights at Work

Surprisingly, the U.S. performs poorly on guaranteeing rights at work. There are two sides to guaranteeing fundamental rights: creating the legal framework and enforcing the laws. The U.S. could perform better on both indicators.

Legal Framework

An estimated 31 percent of the workforce is excluded from coverage of some basic labor standards: the U.S. legal framework excludes independent contractors and the self-employed (12 percent of the labor force) and has serious gaps in coverage for a further 19 percent of the workforce.²⁰ The

U.S. Fair Labor Standards Act, the Family and Medical Leave Act, and the Employee Retirement Income Security Act only cover those workers classified as “employees,” broadly defined as a worker being economically dependent upon the business the employee serves.²¹ Workers falling outside of this classification are contingent workers, or those without an implicit or explicit contract for ongoing employment.ⁱ Standard part-time workers are the largest segment of the contingent workforce (*Figure 8*). If the most recent (2005) estimate by the Bureau of Labor Statistics is still accurate, and contingent workers still represent 31 percent of the American workforce, 47.56 million workers are not covered by basic labor protections in 2011.²² A full time contingent worker earns, on average, 46 percent less per week than full time workers with traditional employment arrangements (*Figure 9*).²³

Almost one in three workers in the U.S. is inadequately covered by basic labor standards, not to mention their lack of access to social insurance or employer-sponsored health and retirement benefits. A full list of laws excluding contingent workers in the U.S. is available in *Appendix A*. Unfortunately, there are currently no internationally comparative data available estimating the percentage of a country’s workforce covered by basic labor legislation.ⁱⁱ

ⁱ The U.S. Government Accountability Office defines eight categories of contingent workers: agency temporary workers (temps), direct-hire temps, on-call workers, day laborers, contract company workers, independent contractors, self-employed workers, and standard part-time workers.

ⁱⁱ This is an area requiring further research, and the International Labor Organization or OECD would be well-placed to develop an indicator by which countries can easily compare their progress in this area so critical to workforce protection.

Social Contract Indicators: Guaranteeing Rights at Work

- 1) Percent of workforce covered by basic labor legislation (contingent workers)
- 2) Percent of workforce covered by basic labor legislation, international comparison (not available)
- 3) Contingent worker earnings versus those of traditional employees
- 4) Women as a percentage of labor force and percentage of low earners, international comparison
- 5) Workplace violation rates, international comparisons (not available)
- 6) Enforcement statistics, international comparison (not available)
- 7) Tracking capacity of U.S. Wage and Hour Division

Lower income workers are, in turn, more susceptible to rights violations. No comprehensive U.S. data is available regarding the percentage of workers experiencing labor violations, but a landmark study of urban low-income workers estimated that one in four experience wage violations in any given year, losing an average of 15 percent of their annual earnings as a result.²⁴

Enforcement

The U.S. Department of Labor's Wage and Hour Division (WHD) is responsible for enforcing much of our basic labor legislation, such as the Fair Labor Standards Act and the Family and Medical Leave Act.²⁵ The enforcement system primarily depends upon complaints, instead of audits, to trigger labor law enforcement: about 80 percent of WHD inspections are driven by complaints.²⁶ However, there is massive divergence between instances of worker complaints versus employer compliance with workplace legislation – especially in unskilled and low-wage sectors – and this is among employees covered by U.S. labor laws, which does not include many home care workers, illegal immigrants, and other vulnerable low-wage and contingent workers.²⁷

In addition to passive enforcement, the WHD faces declining capacity. The Government Accountability Office reports that from 1997-2007, enforcement actions decreased by more than a third, partially due to a decrease in staffing by more than 20 percent in the same period (*Figure 10*).²⁸ This is just the tail end of a several-decade decline in enforcement of basic labor rights in the U.S. The Brennan Center for Justice estimates that from 1975 to 2004, while the number of workers covered by basic legislation increased by 55 percent, the number of compliance actions decreased by 36 percent and the number of investigators decreased by 14 percent.²⁹

3. Extending Social Protection

Social protections include retirement security, access to healthcare, and safety nets such as unemployment insurance and paid leave. The U.S. currently has a multiple-tier labor market in which only some workers have access to these protections, depending upon their employer and socio-economic status, and social protection coverage is therefore uneven.

Social Contract Indicators: Extending Social Protection

- 1) Retirement security indicators: social security replacement rates by income level
- 2) International comparisons of pension replacement rates
- 3) Access to healthcare, international comparison
- 4) Health expenditure per capita, international comparison
- 5) Access to paid leave: family leave, sick leave, disability.
- 6) Unemployment Insurance coverage, U.S.-only and international comparison

Adding to these concerns are recent studies that find increasing instability in household incomes since the 1970s in the U.S., especially among low and middle income households, which increases the need for safety nets to stabilize not only individual incomes, but also consumer demand.³⁰

Retirement Security

In the U.S., 60 percent of low-income households and almost 50 percent of middle income households are at risk of having insufficient income in retirement.³¹ Only 34 percent of Americans over 65 have pension income from private pensions, such as 401(k)s, etc. Just over half have access to asset income (primarily through home ownership, which was depleted with the burst housing bubble). Almost all – 86 percent – of those over 65 have access to Social Security income.³² However, Social Security replaces only about 40 percent of pre-retirement income, compared to the recommended 70 to 80 percent replacement rate

needed to maintain pre-retirement standards of living (*Figure 11*).³³ In contrast, public benefits in OECD countries replace an average of about 60 percent of pre-retirement income (*Figure 12*).³⁴

Health Insurance

The U.S. is the only industrialized nation in the world without universal primary healthcare (*Figure 13*). In 2009, 50.7 million Americans – 16.7 percent of the population – did not have health insurance.³⁵ Americans also spend over two and a half times more than the OECD average on health services (per capita) due to higher costs, without guaranteed access to healthcare (*Figure 14*). In terms of government spending, OECD country governments spend 35 percent less per capita than the U.S. government and provide universal primary healthcare. In fact, the U.S. government spends \$1,126 more per capita on health care than the OECD average, only spending less than the governments of Norway and Luxembourg, both of which provide universal coverage.³⁶

Access to Paid Leave

The U.S. is the only developed country with no federally mandated paid leave for workers. The U.S. Family and Medical Leave Act (FMLA) of 1993 allows covered employees to take up to 12 weeks of unpaid, job-protected leave per year for pregnancy complications, caring for a new biological or adopted child, caring for a seriously ill immediate family member (including spouses, children, or parents), and as medical leave for themselves.³⁷ However, almost half of the American workforce is not covered, with even lower coverage rates for low-income workers.³⁸ In contrast, the Work, Family and Equity Index finds that 169 of 173 countries studied offer paid maternity leave, and 98 countries offer at least 14 weeks of paid leave (*Figure 15*).³⁹

Unemployment Insurance

Although gaps in U.S. Unemployment Insurance (UI) coverage exist at all times, the Great Recession has highlighted how critical this hole in the safety net is for unemployed workers and maintaining demand in the economy. The gaps are partly due to the exclusion of many part-time and low-income workers from the American UI system.⁴⁰ Currently, 16.25 million under- and unemployed American workers are not receiving UI benefits to help them smooth their consumption and incomes, contributing to defaults on mortgages and other debt during their unemployment (*Figure 16*).⁴¹ Indeed, the U.S. is on the low end of UI coverage when compared with other developed countries, with just over 40 percent of the unemployed population covered by Unemployment Insurance (*Figure 17*).⁴²

4. Promoting Social Dialogue

Social dialogue can boost wages and help ensure that the connection between productivity, economic trends, and worker compensation remains flexible and responsive to the needs of the labor force.⁴³ The presence of an advocate in the workplace, traditionally a union, can give a voice to the vulnerable, making low-skill and contingent workers more likely to exercise their rights.⁴⁴ One driver of social dialogue, unions, push wages up while decreasing wage dispersion (inequality), resulting in more equitable

Social Contract Indicators: Promoting Social Dialogue

- 1) Inequality in the U.S., international comparison
- 2) Wages and productivity relationship, U.S.
- 3) U.S. wage growth by education
- 4) Percentage of workers with private pensions, by type
- 5) Minimum wage relative to median wage, international comparison
- 6) Union membership coverage, international comparisons
- 7) Percentage of workforce covered by collective bargaining agreements, international comparison

growth.⁴⁵ However, given America's low unionization rates, we use a number of additional indicators to evaluate the state of social dialogue in the U.S.

The effectiveness of social dialogue and the bargaining power of workers can be roughly measured by trends in earnings inequality, as effective social dialogue will support policies that spread, rather than concentrate, gains from economic growth.⁴⁶ Inequality in the U.S. has trended upward since the 1970s (*Figure 18*). In 1970, the top ten percent of earners took home 32.6 percent of the total U.S. income share (including capital gains), but in 2008, this group took home nearly half – 48.2 percent – of all income. The top one percent of earners more than doubled their income share, from 9 percent in 1970 to 21 percent in 2008.⁴⁷ Indeed, the United States has the highest level of inequality among wealthy OECD countries (*Figure 19*).⁴⁸

Another way to evaluate the existence and effectiveness of social dialogue is to monitor the relationship between wages and productivity, with the assumption that strong social dialogue and adequate labor power will reinforce the relationship between wages and productivity.⁴⁹ Wages and productivity (measured as output per hour) in the U.S. have diverged since the 1980s (*Figure 20*).⁵⁰ Specifically, workers with less education have fallen behind: workers with high school degrees earned an average of \$50 less per week in 2009 than they did in 1970 (*Figure 21*).⁵¹

The divergence between wages and productivity in the 1980s coincided with the shift of retirement risk from employers to workers. The percentage of workers with stable defined benefit pensions – which guarantee a specific monthly payment in retirement – declined radically as employers moved towards defined contribution pensions (401(k)s), which do not provide a guaranteed income level in retirement (*Figure 22*).

The level of social protection provided by wage floors is another indicator of the strength of social dialogue. The U.S. federal wage floor (minimum wage) is at the very low end of wealthy countries: the U.S. minimum wage is 37 percent of the median U.S. wage, while the OECD average is 30 percent higher, at 47.8 percent of median wages (*Figure 23*).⁵² This is perhaps due to the fact that raising the U.S. federal minimum wage is dependent upon congressional approval, and therefore political whim, rather than an automatic indexation to productivity, inflation, or consumer prices.

Finally, social dialogue is dependent upon the capacity of workers to organize and speak with one voice. However, the U.S. has relatively low levels of trade union coverage (*Figure 24*) and extremely low levels of collective bargaining agreement coverage (*Figure 25*). While an average of 66 percent of workers in European countries are covered by some collective bargaining agreement (which does not necessarily mean that they belong to a union), in the U.S., only 13.7 percent of workers enjoy the benefits and protections of a collective bargaining agreement.⁵³

Using Decent Work to Evaluate Our Social Contract: Policy Priorities

Tracking these indicators and establishing concrete benchmarks for decent work is just a first step. A focus on decent work can strengthen the American social contract only if we pursue policies that create jobs, guarantee rights, provide social protections, and promote social dialogue. The indicators above allow us to highlight some policy recommendations that can help modernize our social contract. This is not intended as an exhaustive list, but rather as a brief survey of policy options that are first steps towards creating access to opportunity, and making work *work* for Americans.

Creating Jobs

With unacceptably high unemployment levels, 20 percent of college-educated workers in jobs that do not require a college degree, and a fall-out of middle wage jobs, the need for a comprehensive decent work agenda is clearer than ever. Investment in education and the American workforce – from pre-kindergarten to college preparation in STEM subjects (science, technology, engineering and math) to retraining programs for adult workers – is a vital component of longer-term job creation policies. Collaborations between employers and education institutions to produce qualified workers must be actively encouraged by federal, state and local governments.

In the shorter term, policymakers can utilize demand-side policies that create good jobs while supporting workforce transitions into growing industries. For example, service vouchers may be used to support demand for essential services, such as home health assistance for the elderly or child care for working parents.⁵⁴ In the same way that other wealthy countries manage the costs of public goods like healthcare through negotiation of prices, the U.S. could use price controls and negotiations in order to stem skyrocketing health costs, similar to the current regulation of utilities in the U.S.⁵⁵ Infrastructure investment will create jobs, and is a necessary but insufficient basis for a strong economy.⁵⁶ Lastly, based on the principle that all Americans have the right to work that enables them to be self-sufficient without dependence upon government welfare, we need a wage floor that ensures that all jobs provide something close to a minimum living wage, keeping workers above the poverty level.⁵⁷

Guaranteeing Rights at Work

Too many workers in the U.S. are not covered by our most basic labor legislation. We first need to modernize our legal framework to broaden coverage to the one in three workers who are not currently protected by the Fair Labor Standards Act and other basic legislation. At the same time, legislative reform is necessary to tackle the issue of illegal workers, who are vulnerable to exploitation. This includes both harsher penalties for employers of illegal workers and strict enforcement of these laws.⁵⁸ The decline in union representation and industry-level bargaining can also be addressed through legislation providing more expansive protections to workers who attempt to organize and bargain collectively, and the criminalization of employer attempts to undermine these basic rights.

Although improved legislation should in itself help to reduce workplace violation rates and differences in earnings for non-traditional employees, enforcement is critical. The Wage and Hour Division and other enforcement agencies must be encouraged to provide enforcement proactively, rather than reactively, which may require reversing the decline in their capacity and budget. The process by which investigations are initiated should specifically be proactive in targeting vulnerable workers in problem industries.⁵⁹

Extending Social Protection

If the above issues regarding broadening coverage of labor rights are resolved, social protection would still be uneven and inadequate in the U.S., largely because much of it is tied to individual employers. This is bad for both workers and our economy, as it results in inefficient labor allocation when workers stay in jobs for access to benefits despite skill mismatches. The social contract can be strengthened by separating social supports from specific employers or jobs and making them citizen-based and portable, like Social Security. This ensures coverage of workers without traditional employer-employee relationships. Paid leave (including paid sick leave and disability, caregiving, and parental leave,⁶⁰) unemployment insurance, and healthcare should all be delivered through federal social insurance systems whereby all contribute and all benefit. Social Security could be

strengthened by lifting the payroll cap and increasing benefits to bring replacement rates up to at least OECD averages, helping workers close the retirement security gap

Promoting Social Dialogue

The U.S. has seen a dramatic decline in union representation relative to other developed countries. Workers need a unified voice in order for tripartite (government-employers-workers) social dialogue to occur. Healthy social dialogue is critical to addressing issues like the disconnect between wages and productivity, wage stagnation in the face of soaring corporate profits, skill mismatches, labor protections and enforcement of labor rights, and the decline of employer-sponsored benefits, which has pushed risks onto workers. Along with unionization and sectoral- or industry-level negotiations, the concept of ‘shared capitalism’ may also help mend the relationship between compensation and productivity. Shared capitalism, which directly links employee earnings to actual firm performance through employee ownership, stock options, and profit-sharing, may improve firm performance, reduce turnover, and improve employment stability.⁶¹

Conclusion

We know that work is a central component of the American Dream of opportunity. Yet when examined more closely, we see that it is really *decent* work that is fundamental to making the American Dream accessible for all. The American social contract – our ever-changing economic constitution – forms the foundation upon which employment is built. Our social contract is outdated and ill-suited to the needs of much of the workforce, which lacks basic labor protections, social safety nets, representation, and, in the wake of the Great Recession, even jobs. As explored in this paper, the International Labor Organization’s decent work framework can help us establish a common foundation from which we may quantify and analyze the state of our social contract, rethink its role in providing access to opportunity, and evaluate our policy options. In order for our social contract to remain relevant for today’s workforce, we must revise and renew it, and the Decent Work Agenda can help in this endeavor.

Appendix A: Key federal and state agencies that may be affected by contingent labor		
Entity	Law	Areas potentially affected by employee misclassification
U.S. Department of Labor	Fair Labor Standards Act	Minimum wage, overtime, and child labor provisions
	Family and Medical Leave Act	Job-protected and unpaid sick leave
	Occupation Safety and Health Act	Safety and health protections
U.S. Department of Treasury - Internal Revenue Service	Federal tax law, including:	Federal income and employment taxes
	Federal Insurance Contributions Act	
	Federal Unemployment Tax Act	
	Self-Employment Contributions Act	
U.S. Department of Health and Human Services	Title XVIII of the Social Security Act (Medicare)	Medicare benefit payments
DOL/IRS/Pension benefit Guaranty Corporation	Employee Retirement Income Security Act	Pension, health, and other employee benefit plans
Equal Employment Opportunity Commission	Title VII of the Civil Rights Act	Prohibitions of employment discrimination based on race, color, religion, gender, and national origin
	Americans with Disabilities Act	Prohibitions of discrimination against individuals with disabilities
	Age Discrimination in Employment Act	Prohibitions of employment discrimination against any individual 40 years of age or older
National Labor Relations Board	National Labor Relations Act	The right to organize and bargain collectively
Social Security Administration	Social Security Act	Retirement and disability payments
DOL/State agencies	Unemployment insurance law	Unemployment insurance benefit payments
State agencies	State tax law	State income and employment taxes
	State workers' compensation law	Workers' compensation benefit payments
Source: GAO-06-656, 2006		

Appendix B: List of U.S. Decent Work/Social Contract Indicators

Creating Jobs

- 1) Jobs deficit
- 2) Unemployment by demographic group
- 3) International comparison of unemployment rates
- 4) College degree worker demand versus supply
- 5) Occupational employment shares by skill, U.S.-only and international comparison
- 6) U.S. occupational growth projections by skill level

Guaranteeing Rights at Work

- 1) Percent of workforce covered by basic labor legislation (contingent workers)
- 2) Percent of workforce covered by basic labor legislation, international comparison (not available)
- 3) Contingent worker earnings versus those of traditional employees
- 4) Women as a percentage of labor force and percentage of low earners, international comparison
- 5) Workplace violation rates, international comparisons (not available)
- 6) Enforcement statistics, international comparison (not available)
- 7) Tracking capacity of U.S. Wage and Hour Division

Extending Social Protection

- 1) Retirement security indicators: social security replacement rates by income level
- 2) International comparisons of pension replacement rates
- 3) Access to healthcare, international comparison
- 4) Health expenditure per capita, international comparison
- 5) Access to paid leave: family leave, sick leave, disability

Promoting Social Dialogue

- 1) Inequality in the U.S., international comparison
- 2) Wages and productivity relationship, U.S.
- 3) U.S. wage growth by education
- 4) Percentage of workers with private pensions, by type
- 5) Minimum wage relative to median wage, international comparison
- 6) Union membership coverage, international comparisons
- 7) Percentage of workforce covered by collective bargaining agreements, international comparison

Appendix C: Graphs

Figure 1

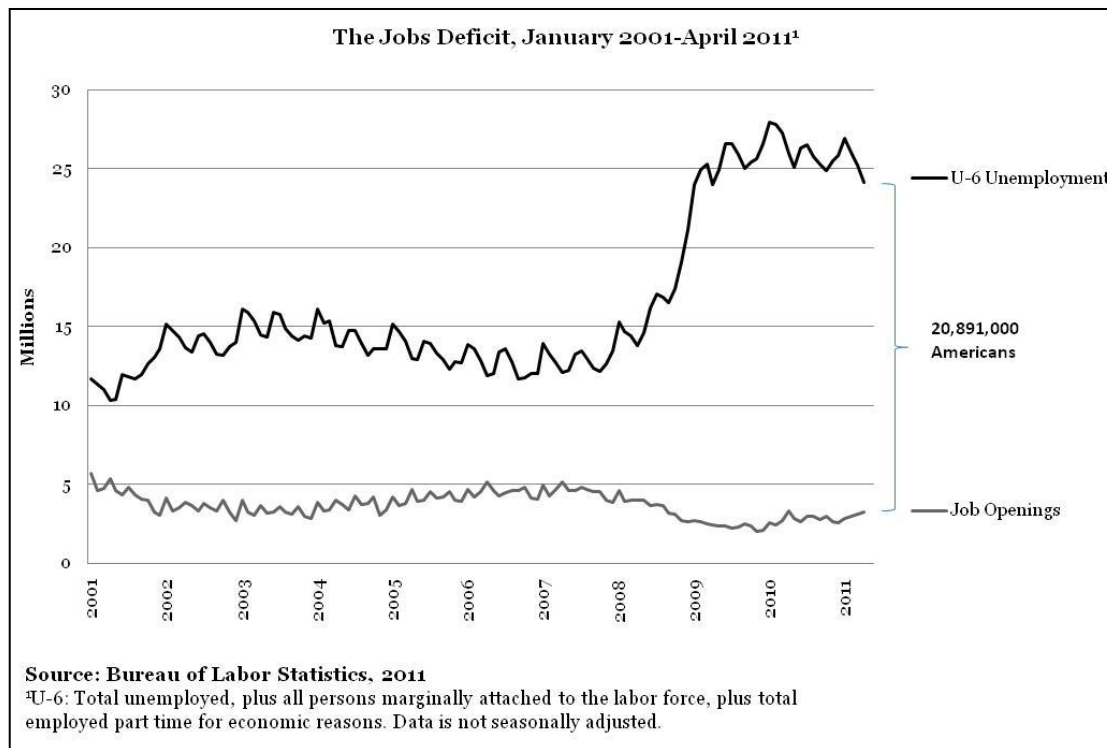


Figure 2

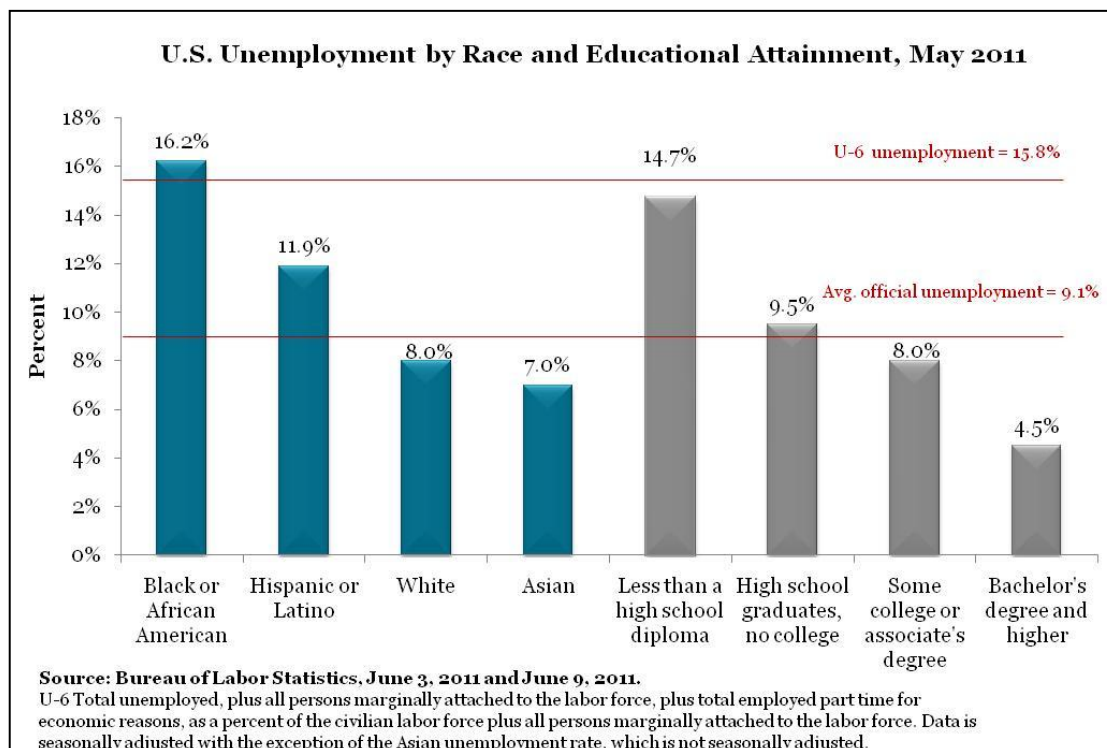


Figure 3

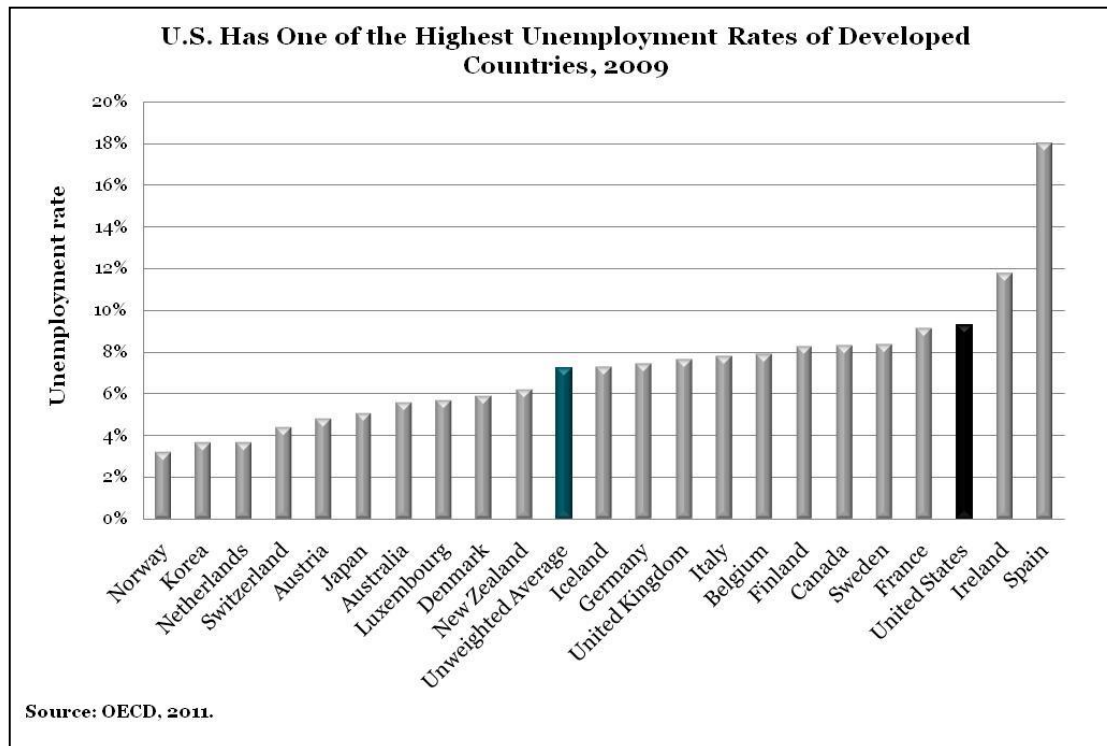


Figure 4

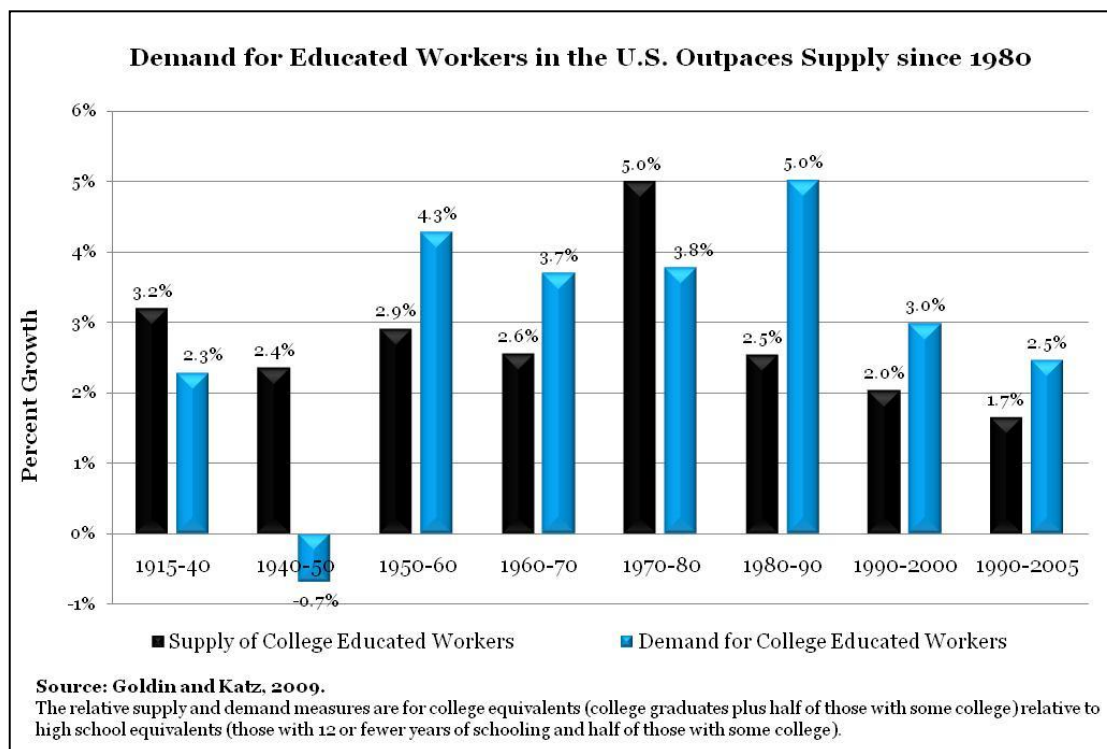


Figure 5

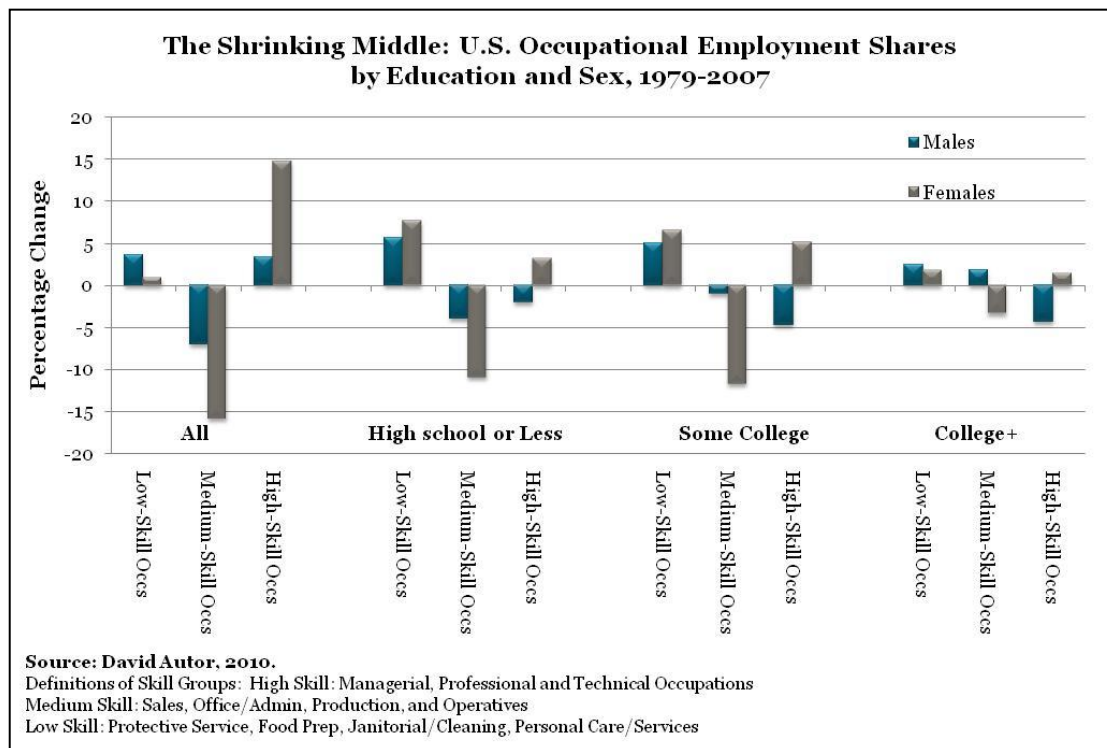


Figure 6

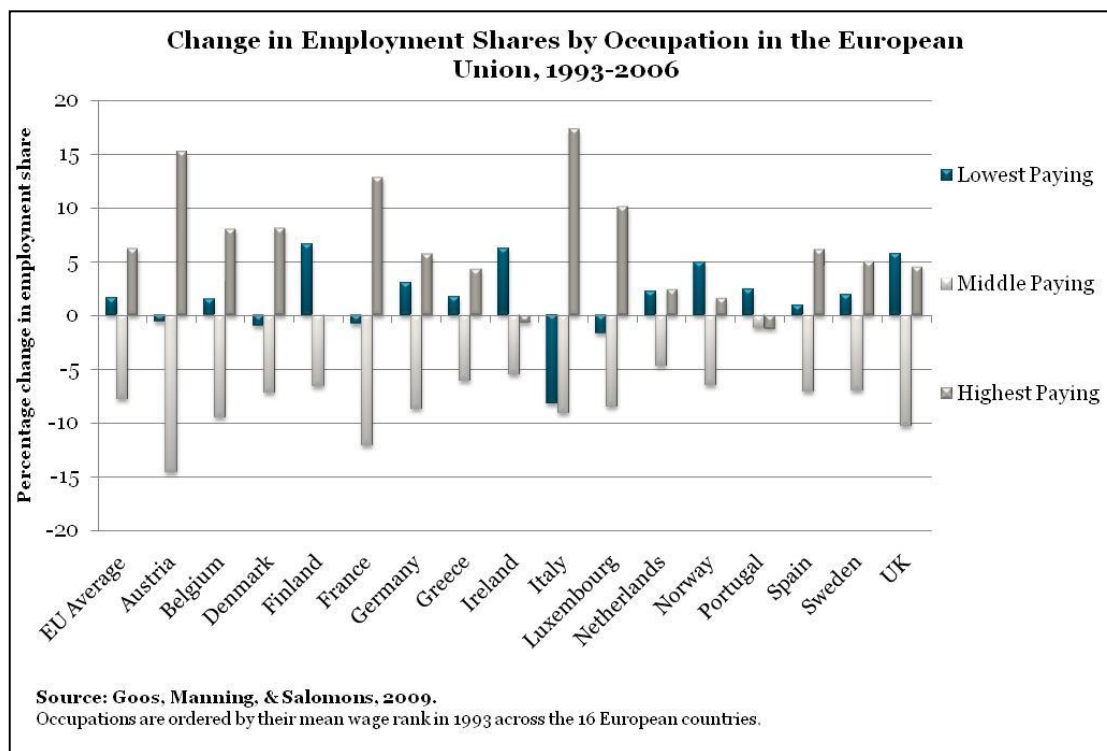


Figure 7

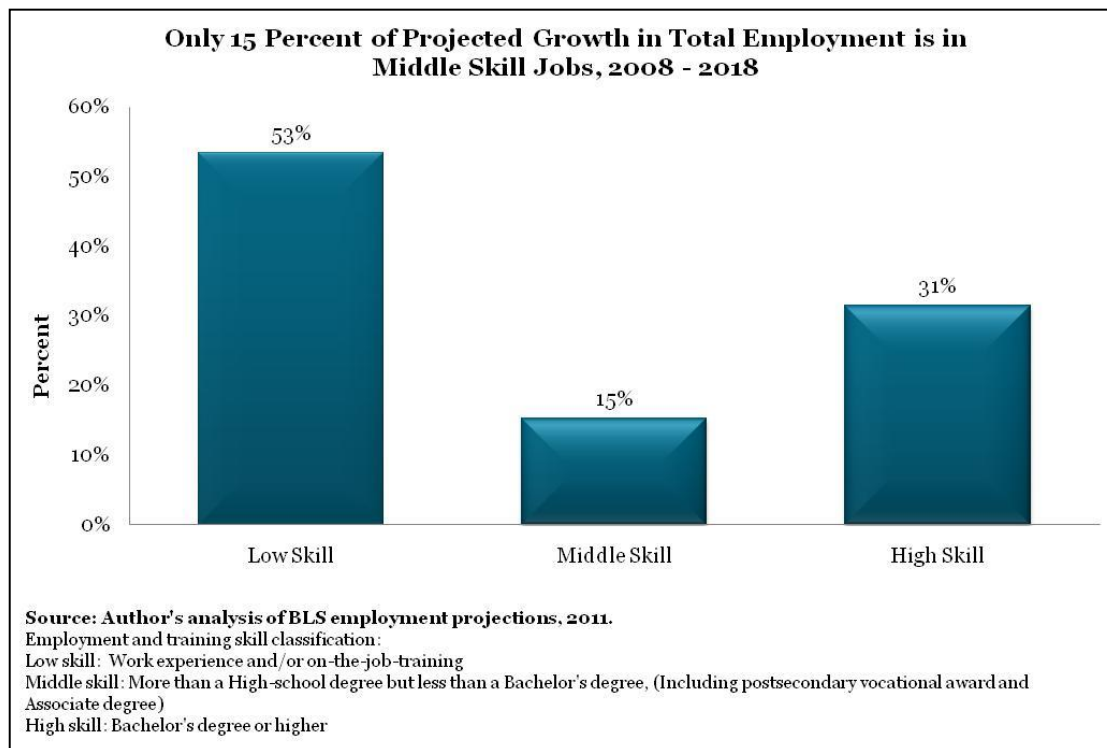


Figure 8

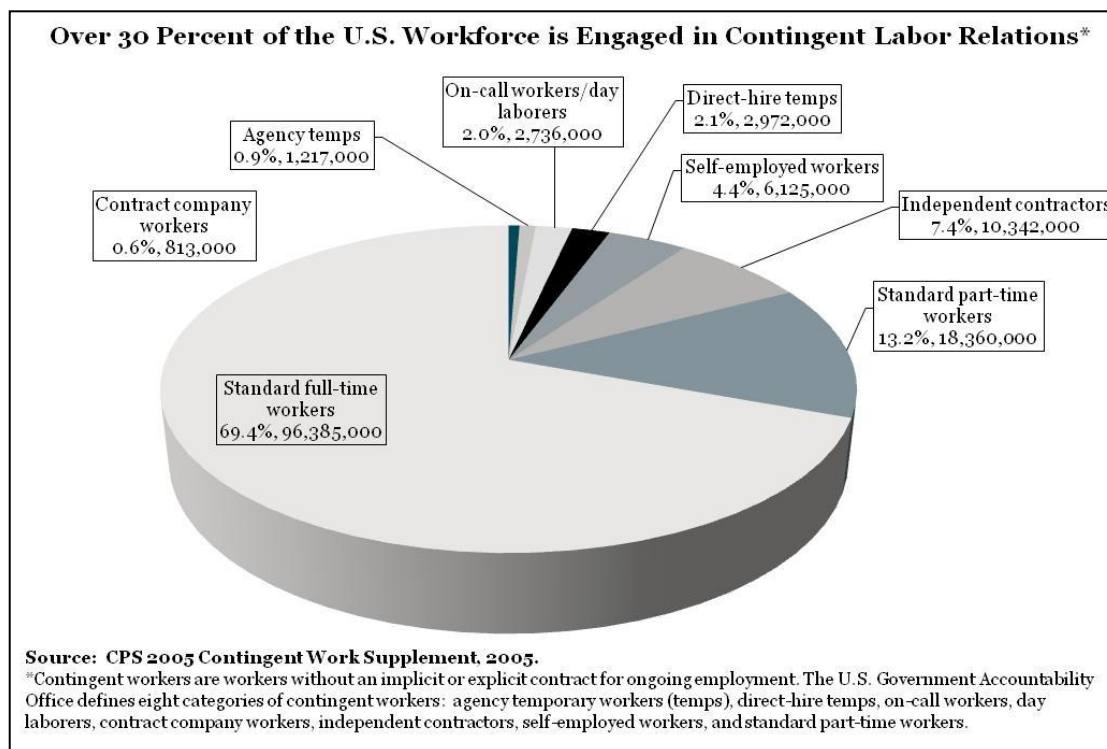


Figure 9

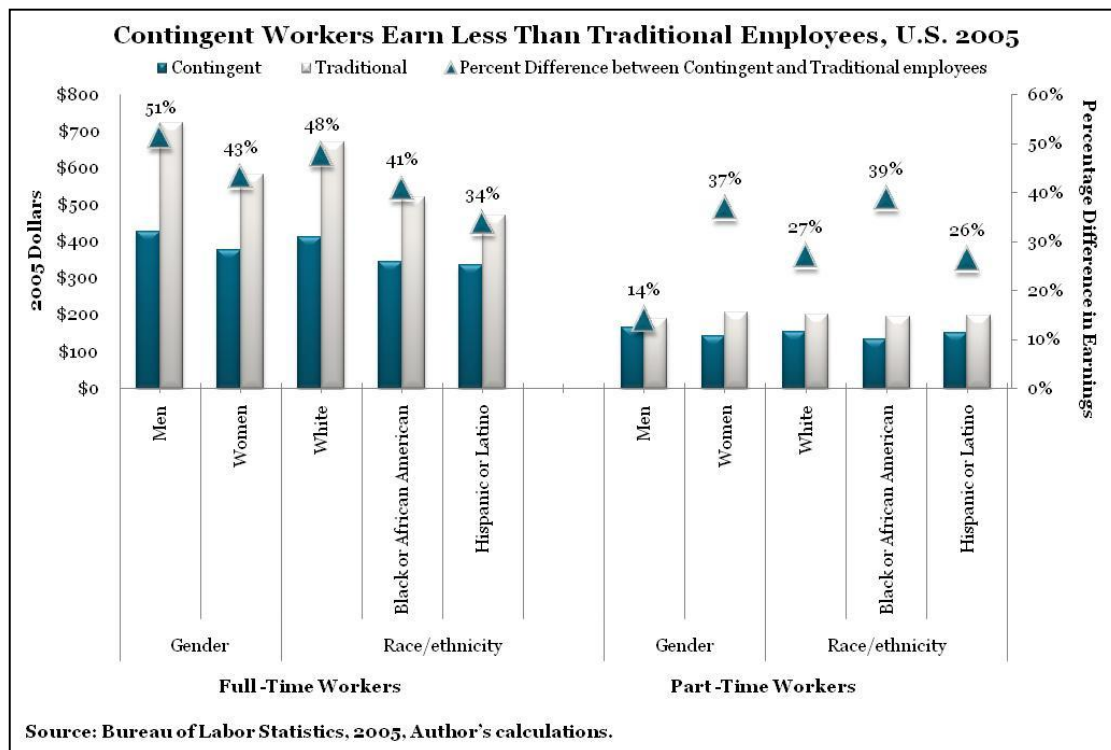


Figure 10

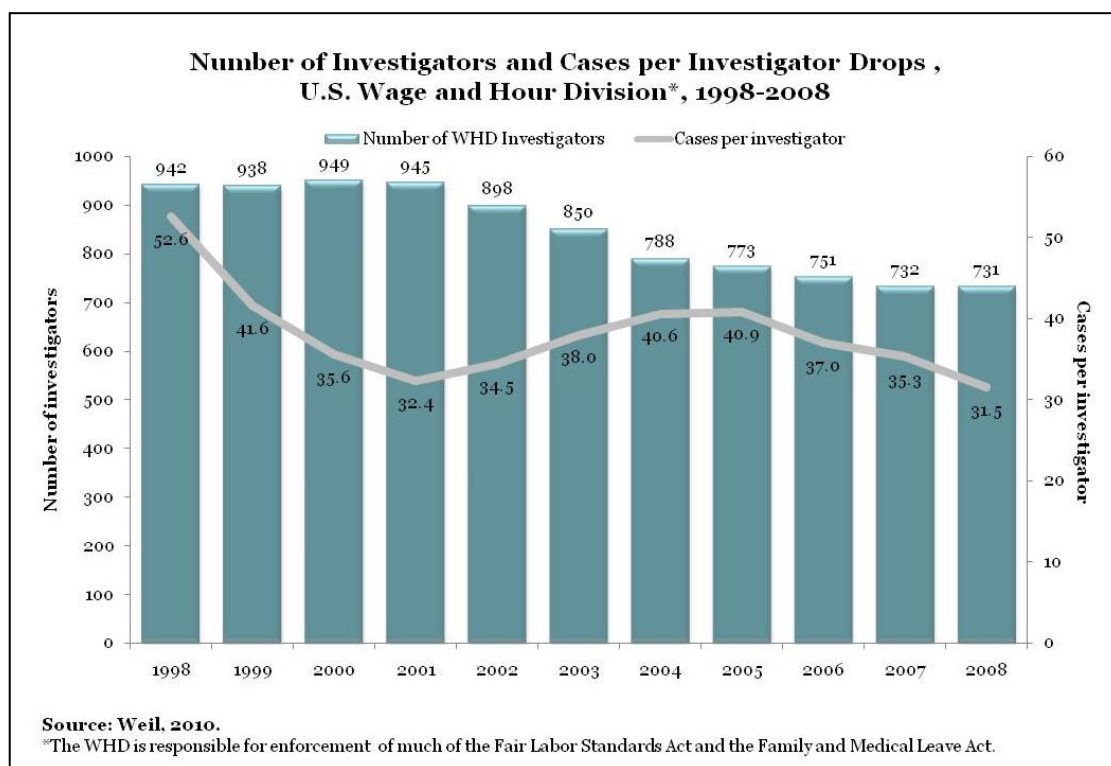


Figure 11

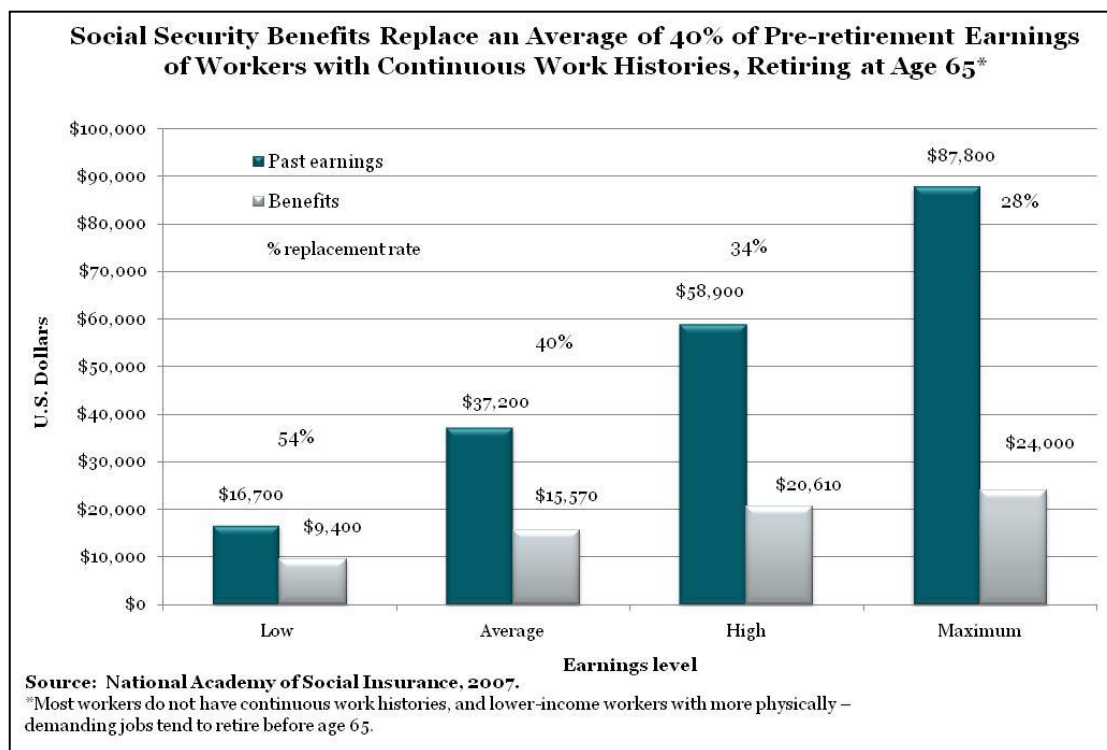


Figure 12

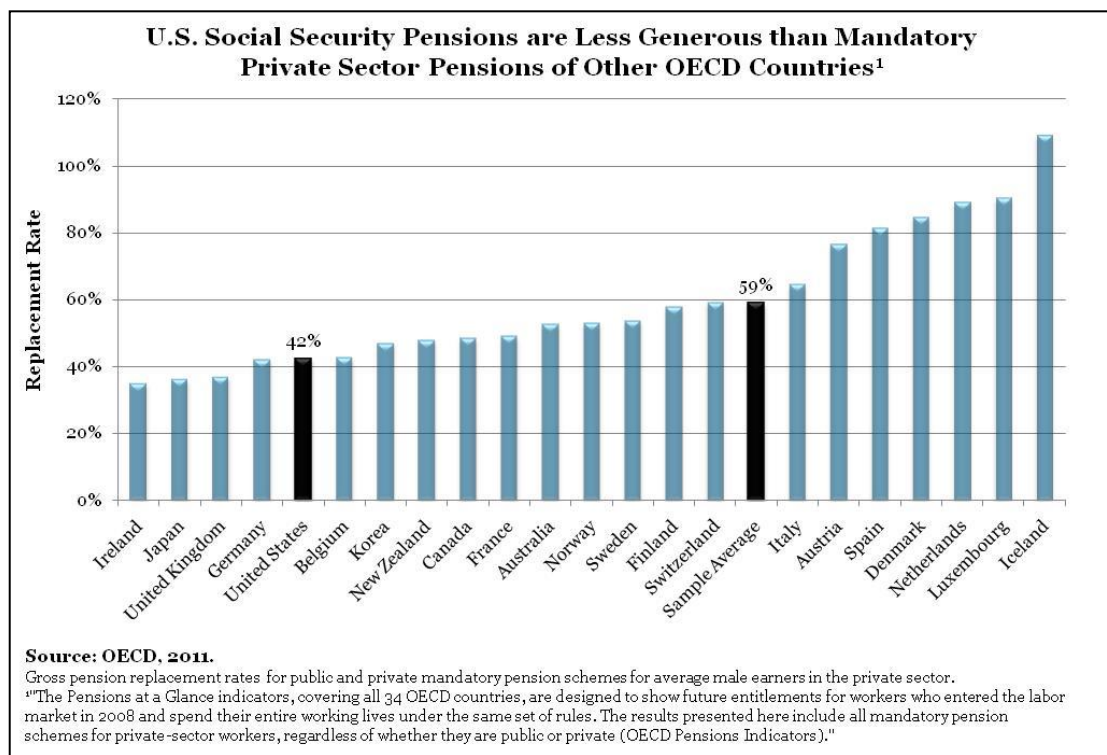


Figure 13

OECD Country Healthcare System Classification		
Universal Coverage		Private
Australia	Republic of Korea	United States
Austria	Luxembourg	
Belgium	Mexico (in progress)	
Canada	Netherlands	
Czech Republic	New Zealand	
Denmark	Norway	
Finland	Poland	
France	Portugal	
Germany	Slovakia	
Greece	Spain	
Hungary	Sweden	
Iceland	Switzerland	
Ireland	Turkey (in progress)	
Italy	United Kingdom	
Japan		

Figure 14

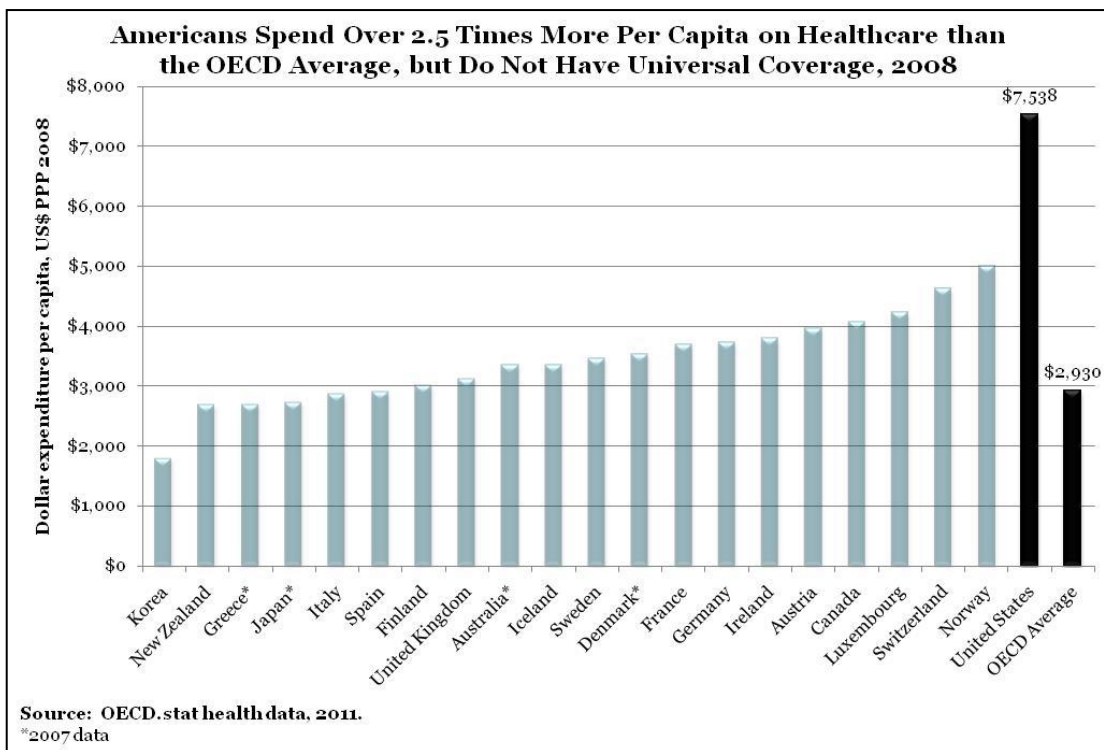


Figure 15

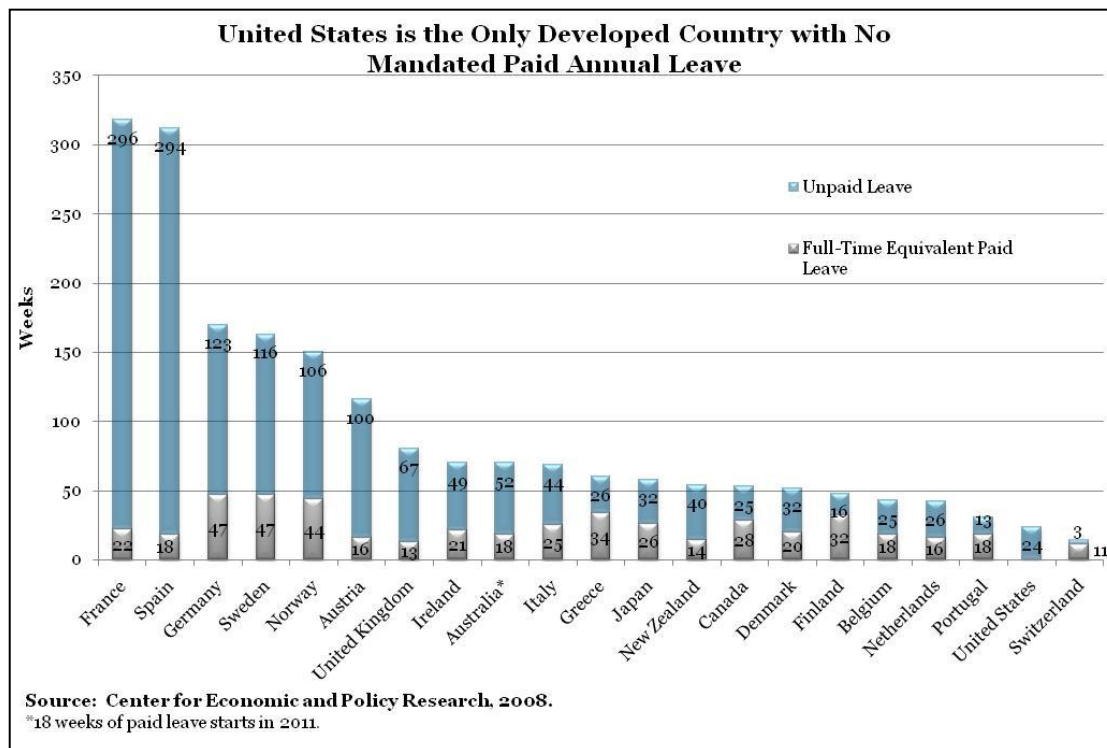


Figure 16

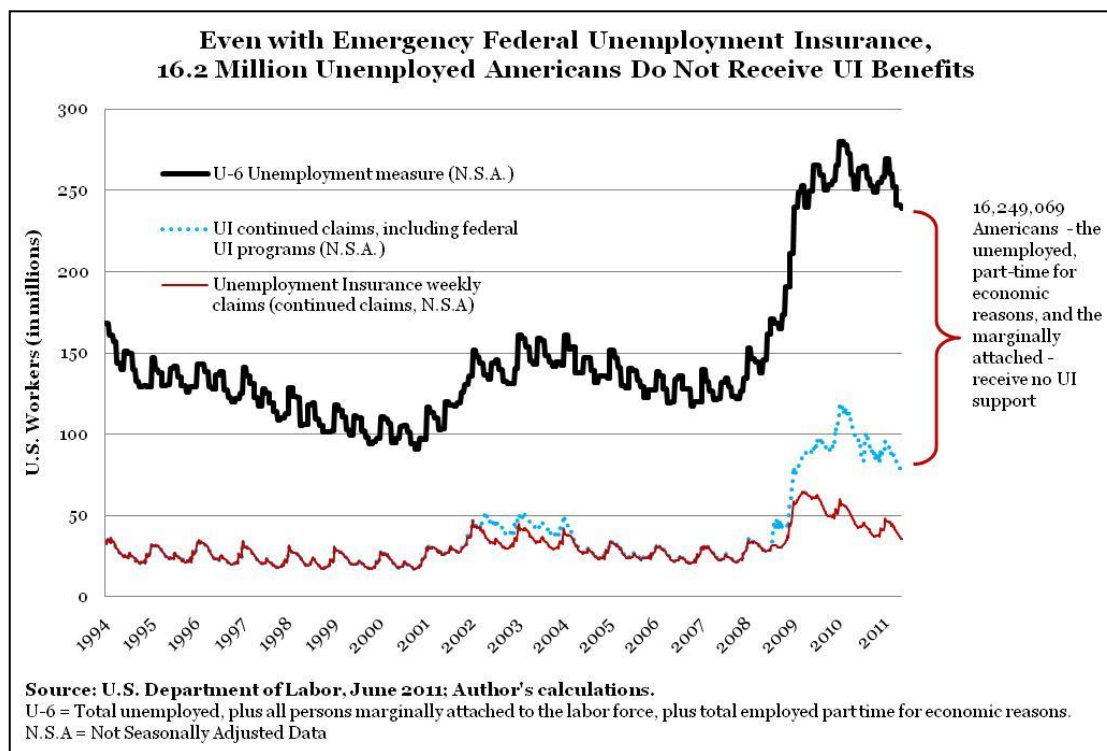


Figure 17

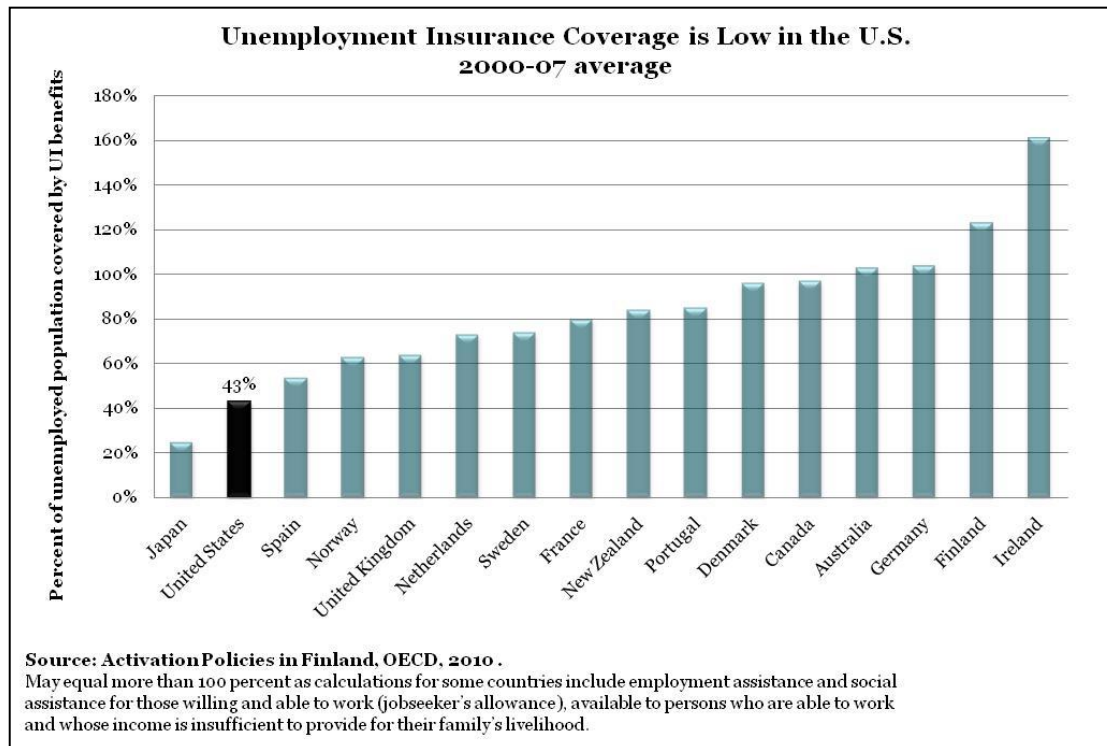


Figure 18

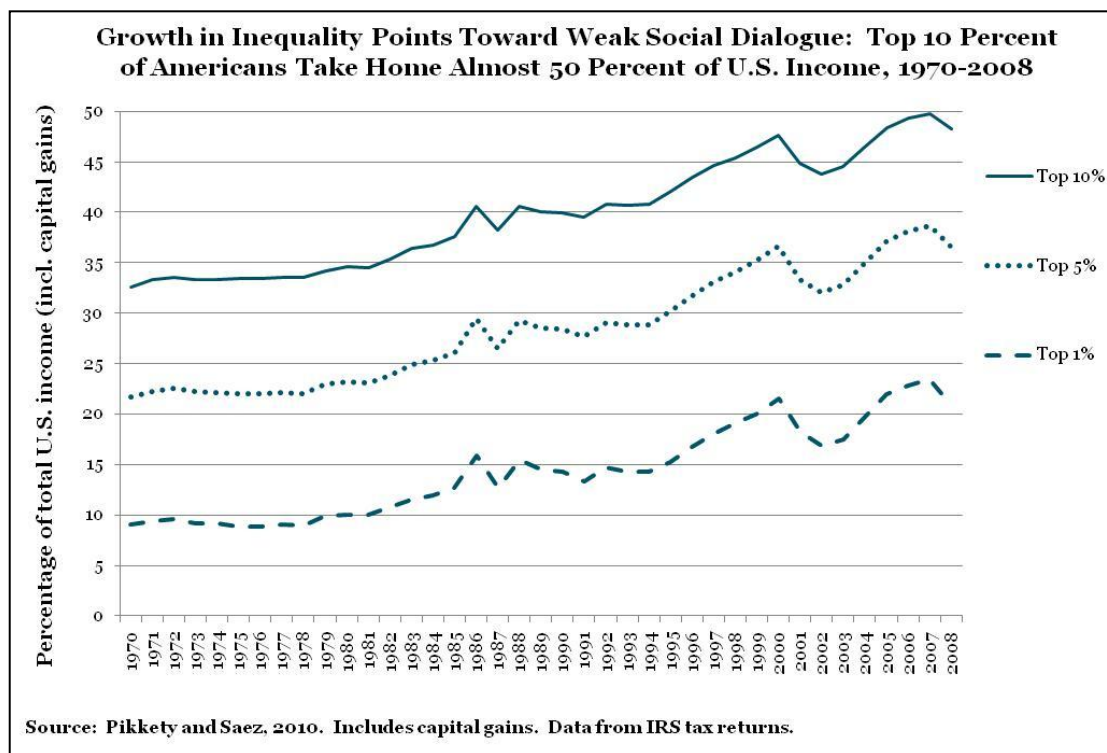


Figure 19

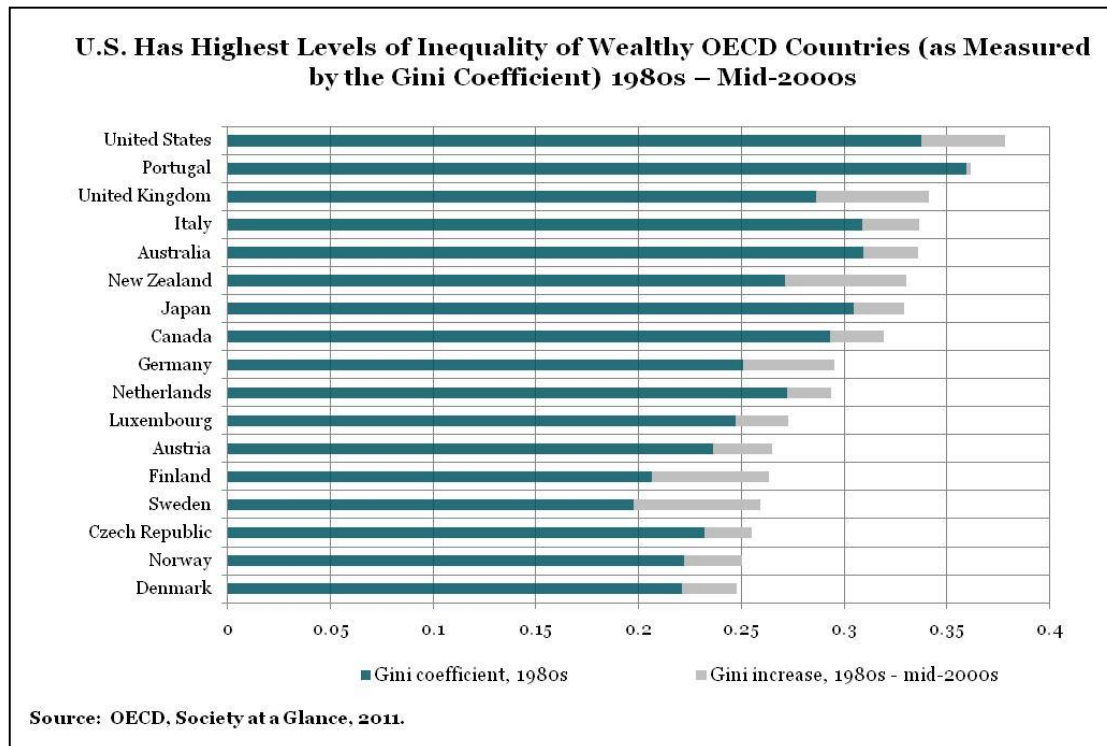


Figure 20

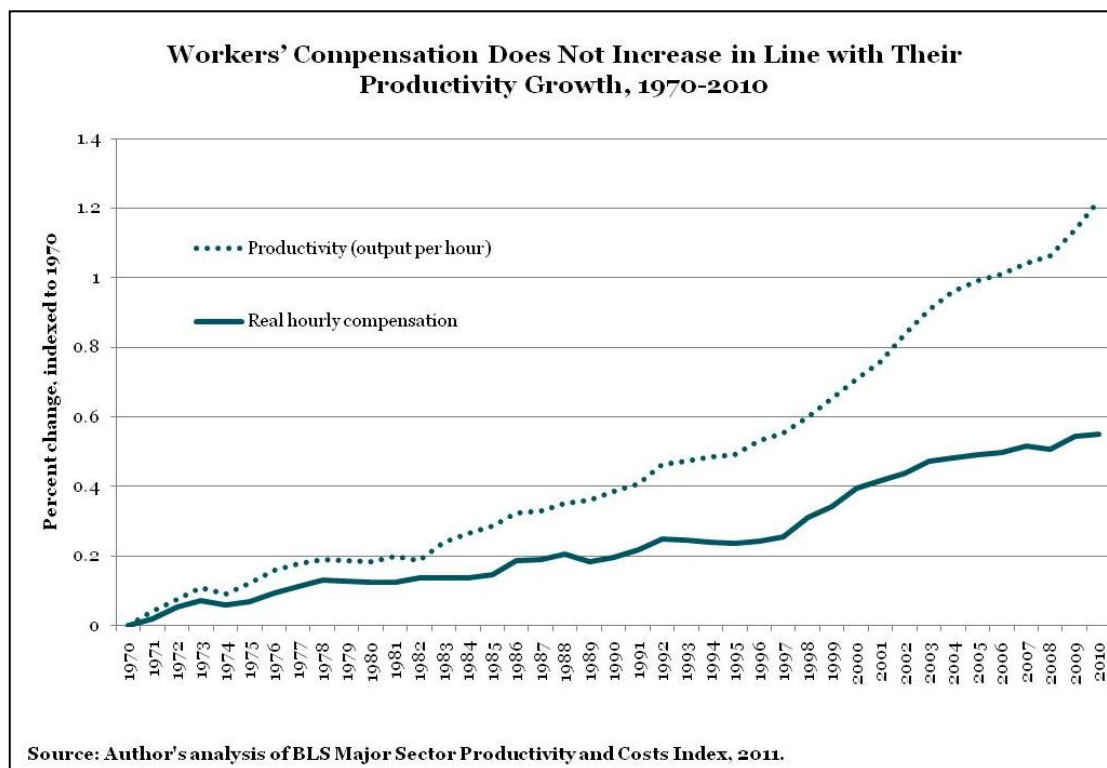


Figure 21

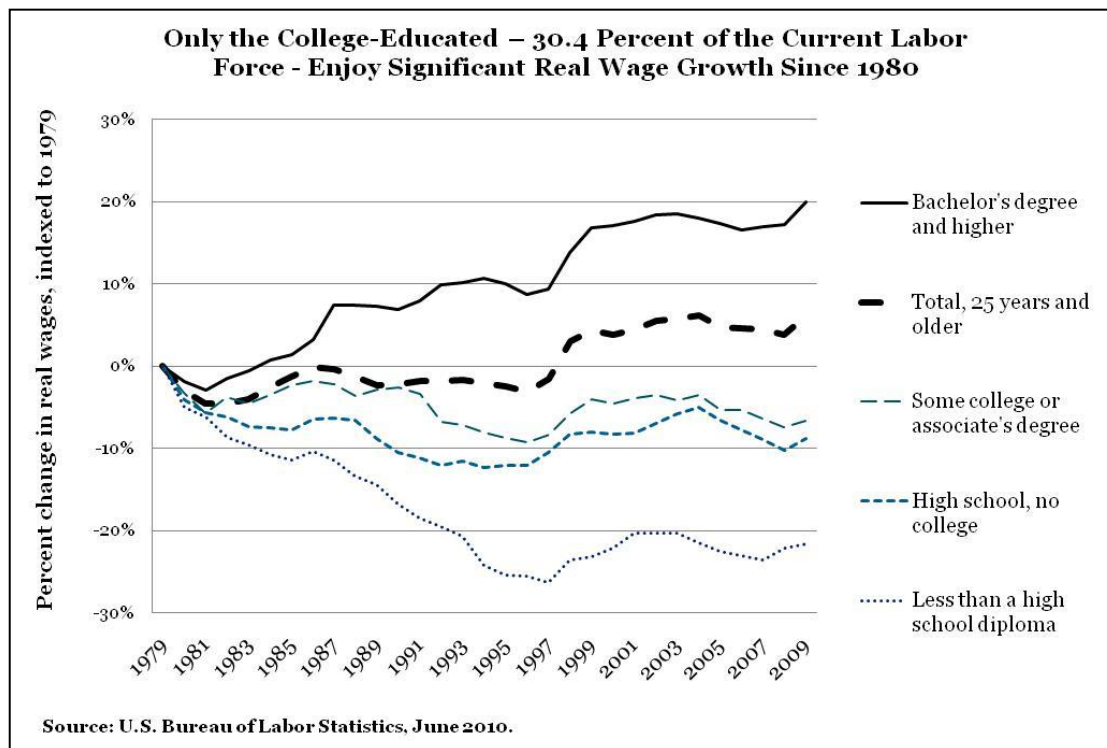


Figure 22

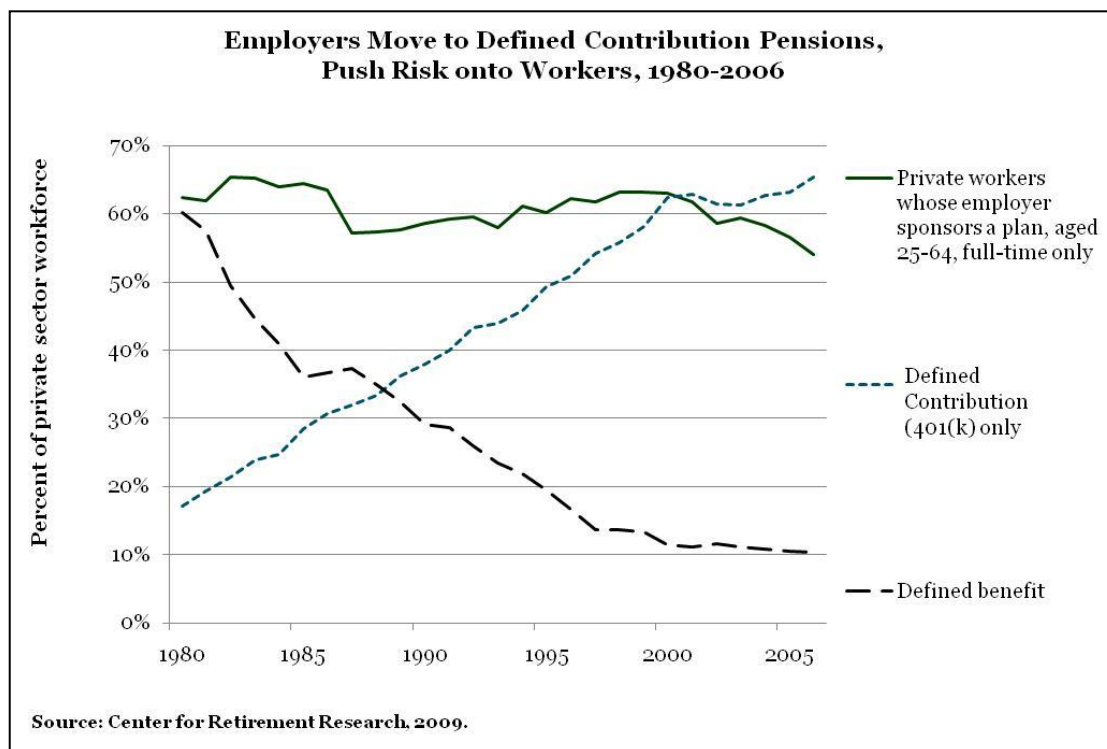


Figure 23

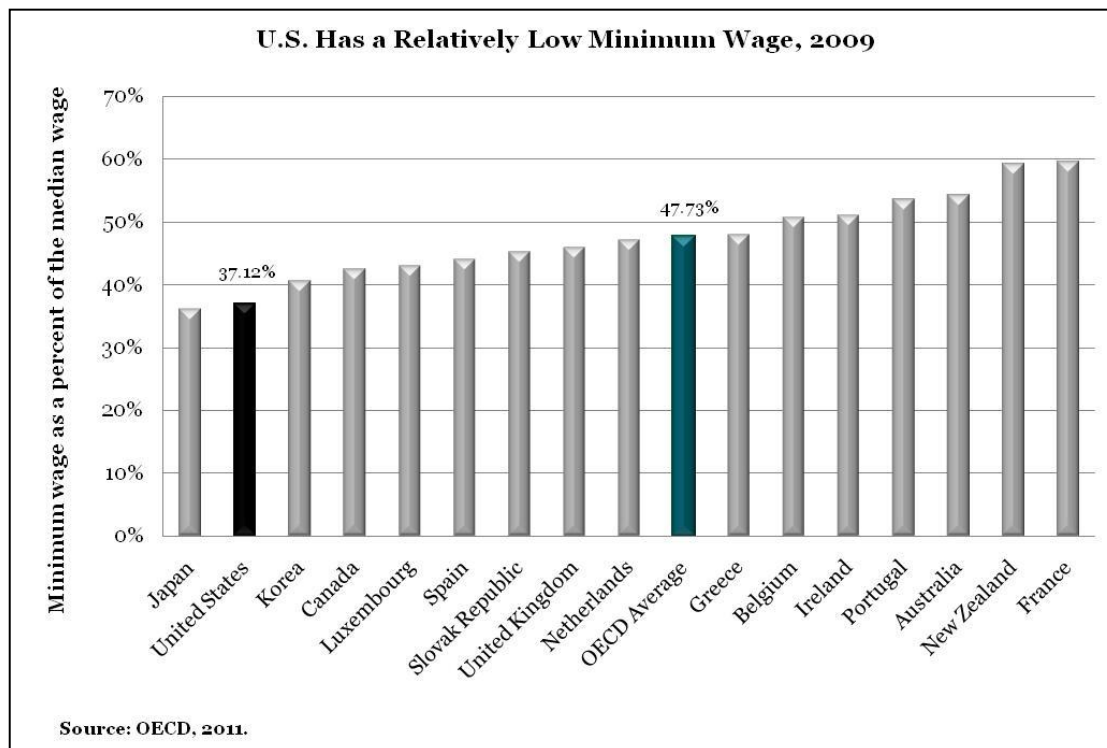


Figure 24

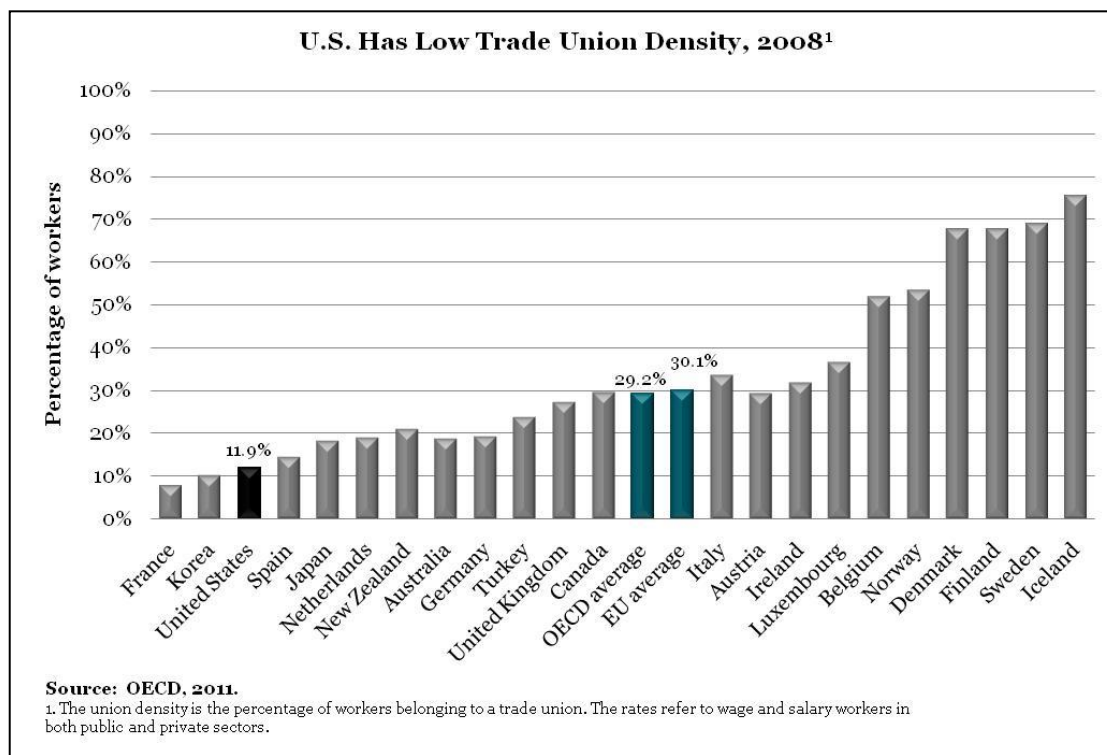
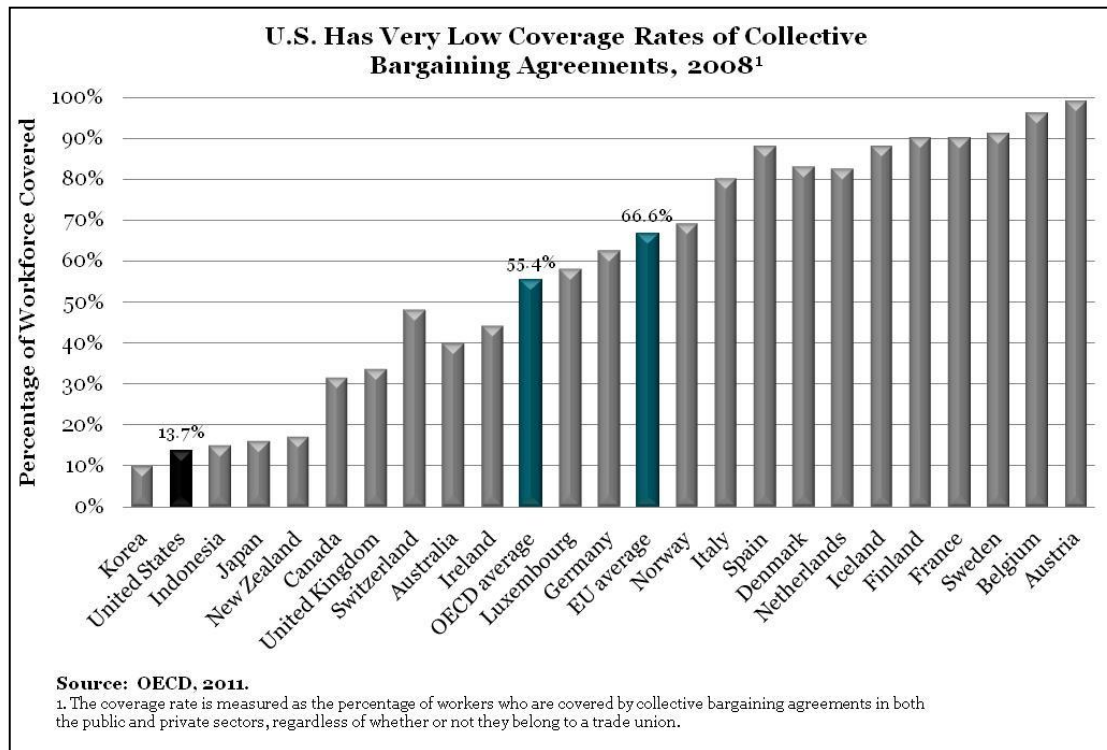


Figure 25



Endnotes

¹ Lind, Michael, and David McNamee. *The American Social Contract: A promise to fulfill*. The Next Social Contract Initiative, New America Foundation. 2008.

² For more on this topic, see: Damme, Lauren. *The Great Recession Strains the American Social Contract Series*. New America Foundation. November 2010. Available at:

<http://newamerica.net/publications/policy/the_great_recession_strains_the_american_social_contract>

³ Compare U.S. educational outcomes in reading, math, and science to those of other countries using the OECD's Program for International Student Assessment (PISA), most recent version: *PISA at a Glance 2009*, January 2011.

⁴ Levy, Frank, and Thomas Kochan. *Addressing the problem of stagnant wages*. Employment Policy Research Network. 2011.

⁵ Lind, Michael, and David McNamee. *The American Social Contract: A promise to fulfill*. The Next Social Contract Initiative, New America Foundation. 2008.

⁶ Somavia, Juan. *Report of the Director-General: Decent Work*. International Labour Conference. 87th Session. International Labor Organization. Geneva. June 1999.

⁷ International Labor Organization. *Revised Office proposal for the measurement of decent work*. Policy Integration Department. 14 October 2009. Available at: <http://www.ilo.org/integration/resources/mtgdocs/lang-en/docName--WCMS_115402/index.htm>

⁸ From December 2007 to May 2011, U.S. has a cumulative net job loss of 6.85 million jobs; during 2008 and 2009, the two worst years for job creation, the U.S. lost 8.66 million jobs. Bureau of Labor Statistics. Current Employment Statistics (CES) Survey. CES0000000001. Retrieved 24 June 2011.

⁹ U-6 measure of the Bureau of Labor Statistics includes: Total unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force.

U.S. Bureau of Labor Statistics. *Job Openings and Labor Turnover Survey Total Nonfarm Job Openings*. Apr. 2011. Web. 27 June 2011. Available at: <<http://data.bls.gov/timeseries/JTU00000000JOL>>.

U.S. Bureau of Labor Statistics. *Labor Force Statistics from the Current Population Survey*. Web. 29 June 2011. Available at: <<http://data.bls.gov/cgi-bin/surveymost?ln>>

U.S. Bureau of Labor Statistics. *Table A-15. Alternative Measures of Labor Underutilization*. Web. 29 June 2011. Available at: <<http://www.bls.gov/news.release/empst.t15.htm>>

¹⁰ U.S. Bureau of Labor Statistics. *Employment Situation Summary*. 6 May 2011. Web. 26 May 2011. Available at: <<http://www.bls.gov/news.release/empst.nro.htm>>

U.S. Bureau of Labor Statistics. *Current Population Survey, Table 15*. Web. 9 June 2011.

¹¹ Organization for Economic Co-operation and Development. *Economic Policy Reforms: Going for Growth 2011*. Rep. 7 Apr. 2011. Web. 26 May 2011. Available at:

<http://www.oecd.org/document/15/0,3746,en_21571361_44315115_47448207_1_1_1_1,00.html>

¹² Goldin, Claudia and Lawrence F. Katz. *The Evolution of U.S. Educational Wage Differentials, 1890 to 2005*. The Race between Education and Technology. Harvard UP, 2008. Harvard University and National Bureau of Economic Research, May 2009. Web. 8 June 2011. Available at: <http://www.economics.harvard.edu/faculty/katz/files/Chapter8_NBER_1.pdf>

¹³ Sum, Andrew, and Paul Harrington. *The nation's recent college graduates face significant labor market problems*. Huffington Post. Center for Labor Market Studies at Northeastern University. October 2010. Available at: <http://www.huffingtonpost.com/andrew-sum/the-labor-market-problems_b_768617.html>

-
- ¹⁴ Carnevale, Anthony P.; Strohl, Jeff; & Michelle Melton. *What's it worth? The economic value of college majors*. Georgetown University Center on Education and the Workforce. May 2011.
- Current Population Survey. *Annual Social and Economic (ASEC) Supplement 2010*. PINC-03. Educational Attainment--People 25 Years Old and Over, by Total Money Earnings in 2009, Work Experience in 2009, Age, Race, Hispanic Origin, and Sex
- ¹⁵ Bureau of Labor Statistics. Seasonally adjusted unemployment rate, bachelor's degree or higher, 25 years and over. LNS14027662. May 2011. Retrieved June 2011.
- Carnevale, Anthony P.; Strohl, Jeff; & Michelle Melton. *What's it worth? The economic value of college majors*. Georgetown University Center on Education and the Workforce. May 2011.
- ¹⁶ Autor, David, and David Dorn. *The growth of low skill service jobs and the polarization of the U.S. labor market*. August 2010. Available at: <<http://www.cemfi.es/~dorn/Autor-Dorn-LowSkillServices-Polarization.pdf>>
- See also as NBER Working Paper Series, No. w15150. July 2009.
- Autor, David. *The polarization of job opportunities in the U.S. labor market: Implications for employment and earnings*. Center for American Progress, The Hamilton Project. April 2010.
- Autor, David. *U.S. Labor Market Challenges over the Longer Term*. MIT Department of Economics and NBER, 5 Oct. 2010. Web. 30 June 2011. Available at: <<http://econ-www.mit.edu/files/6341>>
- ¹⁷ Goos, Maarten; Manning, Alan and Anna Solomons. *Job Polarization of the European labor market*. American Economic Review Papers and Proceedings, 22(22). 2009.
- Kolev, Alexandre and Catherine Saget. *Are middle-paid jobs in OECD countries disappearing? An overview*. Working Paper No. 96. International Labor Organization. 2010.
- ¹⁸ Author's application of David Autor's definition of "moderate education" to Bureau of Labor Statistics 2008-2018 occupational employment and worker characteristic projections.
- Autor, David. *The Polarization of Job Opportunities in the U.S. Labor Market*. MIT Department of Economics and National Bureau of Economic Research, April 2010. Web. 23 June 2011. Available at: <http://www.americanprogress.org/issues/2010/04/job_polarization_report.html>
- Holzer, Harry J., and Robert I. Lerman. *America's Forgotten Middle-Skill Jobs*. The Urban Institute, Feb. 2007. Web. 23 June 2011. Available at: <<http://www.urban.org/publications/411633.html>>
- ¹⁹ Damme, Lauren. *A future of low-paying, low-skill jobs?* Policy Brief. New America Foundation. 23 May 2011.
- ²⁰ The most recent estimates of the contingent workforce are from 2005. Government Accountability Office. *Employment Arrangements: improved outreach could help ensure proper work classification*. July 2006. GAO-06-656.
- See Damme, Lauren. *The Vulnerable American Worker*. Policy Paper. New America Foundation. 27 August 2010.
- ²¹ Fair Labor Standards Act available at Cornell University Law School Legal Information Institute: Available at: <http://www.law.cornell.edu/uscode/29/usc_sup_01_29_10_8.html>
- Government Accountability Office. *Employment Arrangements: improved outreach could help ensure proper work classification*. July 2006. GAO-06-656.
- ²² *Ibid*.
- In April 2011 there were 153.42 million people in the workforce. Bureau of Labor Statistics. Labor Force Statistics from the Current Population Survey. Series number: LNS11000000. June 2011.
- ²³ Full time contingent workers 16 and over earned \$405 per week in 2005, while full-time workers with traditional arrangements earned \$651 per week. Based on author's analysis of Bureau of Labor Statistics, Current Population Survey. Median usual weekly earnings, current dollars. 2005 Annual data. Data Extracted 26 May 11;
-

And U.S. Bureau of Labor Statistics, *Contingent and Alternative Employment Arrangements*. USDL 05-1433. 27 July 2005.

U.S. Bureau of Labor Statistics. *Economic News Release: Table 13. Median usual weekly earnings of full- and part-time contingent wage and salary workers and those with alternative work arrangements by sex, race, and Hispanic or Latino ethnicity*. February 2005. Web. 26 May 2011. Available at: <<http://www.bls.gov/news.release/conemp.t13.htm>>.

²⁴ Bernhardt, Annette, Ruth Milkman, Nik Theodore, Douglas Heckathorn, Mirabai Auer, James DeFilippis, Ana Luz Gonzalez, Victor Narro, Jason Perelshteyn, Diana Polson, and Michael Spiller. *Broken Laws, Unprotected Workers: Violations of Employment and Labor Laws in America's Cities*. Rep. 2009. Web. 31 May 2011. Available at: <http://www.unprotectedworkers.org/index.php/broken_laws/index>.

²⁵ The WHD enforces the federal minimum wage, overtime pay, recordkeeping, and child labor requirements of the Fair Labor Standards Act. WHD also enforces the Migrant and Seasonal Agricultural Worker Protection Act, the Employee Polygraph Protection Act, the Family and Medical Leave Act, wage garnishment provisions of the Consumer Credit Protection Act, and a number of employment standards and worker protections as provided in several immigration related statutes. Additionally, WHD administers and enforces the prevailing wage requirements of the Davis Bacon Act and the Service Contract Act and other statutes applicable to Federal contracts for construction and for the provision of goods and services.

Wage and Hour Division. Retrieved July 2011. Available at: <<http://www.dol.gov/whd/about/mission/whdmiss.htm>>

The Occupational Safety and Health Administration is responsible for enforcing the Occupational Safety and Health Act, while the National Labor Relations Board protects the rights of private sector workers to join unions.

²⁶ Weil, D. and A. Pyles. *Why complain? Complaints, compliance, and the problem of enforcement in the U.S. workplace*. Comparative Labor Law and Policy Journal. Vol. 27. 2005. Pp. 59-92.

²⁷ *Ibid.*

Bernhardt, Annette, and Siobhn McGrath. *Issue brief No. 3*. Brennan Center for Justice. Sept. 2005. Web. 29 June 2011.

²⁸ Government Accountability Office. *Fair Labor Standards Act: Better use of available resources and consistent reporting could improve compliance*. GAO-08-962T. Testimony before the Committee on Education and Labor, House of Representatives. 15 July, 2008.

David, Weil. *Improving Workplace Conditions through Strategic Enforcement: A Report to the Wage and Hour Division*. Rep. Boston University, May 2010. Web. 29 June 2011. Available at: <www.dol.gov/whd/resources/strategicEnforcement.pdf>.

²⁹ Brennan Center for Justice. *Trends in wage and hour enforcement by the U.S. Department of Labor, 1975-2004*. Economic Policy Brief No. 3. September 2005.

³⁰ Hacker, Jacob S. *The Great Risk Shift: The assault on American jobs, families, health care, and retirement – and how you can fight back*. Oxford University Press. 2006.

Dynan, Karen E.; Elmendorf, Douglas W., and Daniel E. Sichel. *The evolution of household income volatility*. Finance and Economics Discussion Series. Divisions of Research & Statistics and Monetary Affairs. Federal Reserve Board. Washington, D.C. October 2007.

Hacker, Jacob S. and Elizabeth Jacobs. *The rising instability of American family incomes. 1969 – 2004: Evidence from the Panel Study of Income Dynamics*. EPI Briefing Paper No. 213. Economic Policy Institute. May 29, 2008.

Gottschalk, Peter and Robert Moffitt. *The rising instability of U.S. earnings*. Journal of Economic Perspectives, 23(4). Pages 3-24. Fall 2009.

Hertz, Tom. *Understanding Mobility in America*. Center for American Progress. April 2006.

³¹ Munnell, A, Webb, A. and F. Golub-Sass. *The National Retirement Risk Index: After the Crash*. Center for Retirement Research at Boston College. No. 9-22. Oct. 2009.

-
- ³² Purcell, P. *Income of Americans aged 65 and over, 1968-2008*. Congressional Research Service. November 2009.
- ³³ 70-80 percent replacement rate: Alford, S., Farnen, B., and M. Schachet. *Affordable Retirement: light at the end of the tunnel*. Benefits Quarterly. Fourth Quarter. 2004.
- ³⁴ Organization for Economic Co-operation and Development. *Pensions at a Glance 2011: Retirement-Income Systems in OECD and G20 Countries*. 2011. Web. 26 May 2011. Available at: <http://www.oecd.org/document/49/0,3746,en_2649_34757_42992113_1_1_1_1,00.html>
- ³⁵ U.S. Census Bureau. *Income, Poverty and Health Insurance Coverage in the United States: 2009*. 16 Sept 2010.
- ³⁶ Organization for Economic Co-operation and Development. OECD.stat health data, 2009.
- ³⁷ In addition, the National Defense Authorization Act (NDAA) of 2008 provides 12 weeks of unpaid leave to FMLA-covered employees dealing with issues arising from family members in the National Guard or Reserves being called into duty, and 26 weeks of unpaid leave to FMLA-covered employees and their next of kin who are caring for a seriously injured or ill service member of the Armed Forces, Guard, or Reserves.
- U.S. Department of Labor. Wage and Hour Division. The Family and Medical Leave Act of 1993. Public Law 103-3 enacted February 5, 1993.
- In reference to child parental leave and care, the FMLA definitions of ‘son’ or ‘daughter’ has been clarified to include same-sex couples and parents. See: United States Department of Labor. *US Department of Labor clarifies FMLA definition of ‘son and daughter’*. News Release. Available at: <<http://www.dol.gov/opa/media/press/WH/WH20100877.htm>>
- ³⁸ U.S. Department of Labor. *Family and Medical Leave Act Regulations: A Report on the Department of Labor’s Request for Information 2007 Update*. P. 128. Available at: <<http://www.dol.gov/whd/FMLA2007Report/Chapter11.pdf>>
- Westat. *Balancing the Needs of Families and Employers: Family and Medical Leave Surveys, 2001*. Funded by the Department of Labor. Available at: <<http://www.dol.gov/whd/fmla/toc.htm>>
- ³⁹ Heymann, J.; Earle, A. and J. Hayes. *How does the United States Measure Up? The Work, Family, and Equity Index*. Institutes for Health and Social Policy. The Project on Global Working Families. 2007. Available at: <<http://www.mcgill.ca/files/ihsp/WFEIFinal2007.pdf>>
- ⁴⁰ For more on this topic, see: Damme, Lauren. *America’s Weak Unemployment Insurance Safety Net*. The Great Recession Strains the American Social Contract Series. New America Foundation. November 2010. Available at: <http://newamerica.net/publications/policy/the_great_recession_strains_the_american_social_contract>
- ⁴¹ This calculation uses unemployment measure U-6, which is total officially unemployed, plus all persons marginally attached to the labor force, plus total employed part time for economic reasons, as a percent of the civilian labor force plus all persons marginally attached to the labor force.
- U.S. Bureau of Labor Statistics. *Table A-15. Alternative Measures of Labor Underutilization*. Web. 29 June 2011. Available at: <<http://www.bls.gov/webapps/legacy/cpsatab15.htm>>
- U.S. Bureau of Labor Statistics. *Unemployment Insurance Weekly Claims Data*. Web. 28 June 2011. Available at: <<http://www.ows.doleta.gov/unemploy/claims.asp>>
- U.S. Bureau of Labor Statistics. *Table A-16. Persons not in the labor force and multiple jobholders by sex, not seasonally adjusted*. Web. 29 June 2011. Available at: <<http://www.bls.gov/webapps/legacy/cpsatab16.htm>>
- U.S. Bureau of Labor Statistics. *Table A-8. Employed persons by class of worker and part-time status*. Web. 29 June 2011. Available at: <<http://www.bls.gov/webapps/legacy/cpsatab8.htm>>
- U.S. Department of Labor. *Persons Claiming UI Benefits in Federal Programs (Expanded)*. Web. 28 June 2011. Available at: <<http://workforcesecurity.doleta.gov/unemploy/finance.asp>>
-

-
- ⁴² Duell, Nicola, David Grubb, and Shruti Singh. *Activation Policies in Finland*. Working paper no. 98. OECD Social, Employment and Migration Working Papers, 23 Nov. 2009. Web. 30 June 2011. Available at: <<http://www.oecd-ilibrary.org/docserver/download/fulltext/5ks6wdz7jhvj.pdf?expires=1309288287>>
- ⁴³ Doucouliagos, Chris (Hristos) and Laroche, Patrice. *What do Unions do to Productivity? A Meta-Analysis*. Industrial Relations, Vol. 42, pp. 650-691, October 2003. Available at: <<http://ssrn.com/abstract=447340>>
- ⁴⁴ Weil, D. *Individual rights and collective agents: The role of old and new workplace institutions in the regulation of labor markets*. In: "Emerging Labor Market Institutions for the Twenty-First Century". 13. Ed. R. Freeman. 2005.
- ⁴⁵ DiNardo, John; Fortin, Nicole M.; and Thomas Lemieux. *Labor market institutions and the distribution of wages, 1973-1992: A semiparametric approach*. Econometrica, Vol. 64, No. 5 (September 1996), 1001-1044.
- Freeman, Richard. B. *What do labor organizations do to equitable and inclusive growth?* United States Department of Labor Seminar on Labor Organizations, Collective Bargaining, and Dispute Resolution. March 11, 2011.
- ⁴⁶ Kumhof, Michael, and Romain Ranciere. *Inequality, Leverage, and Crises*. International Monetary Fund. November 24, 2010.
- Gosling, Amanda, and Thomas Lemieux. *Labor market reforms and changes in wage inequality in the United Kingdom and the United States*. In "Seeking a Premier Economy: The Economic Effects of British Economic Reforms, 1980 – 2000." Eds., David Card, Richard Blundell and Richard B. Freeman. June 2004.
- ⁴⁷ These numbers likely underestimate the income shares of the wealthy; as we ease out of the Great Recession, the stock market has recovered while housing prices – where the middle and lower classes have most of their savings – continue to drop. Piketty, Thomas; Saez, Emmanuel. *Income Inequality in the United States, 1913-1998*. Quarterly Journal of Economics, 118(1), 2003, 1-39. Updated July 2010.
- ⁴⁸ Organization for Economic Co-operation and Development. Stat.extracts. June 2011.
- ⁴⁹ Gosling, Amanda, and Thomas Lemieux. *Labor market reforms and changes in wage inequality in the United Kingdom and the United States*. In "Seeking a Premier Economy: The Economic Effects of British Economic Reforms, 1980 – 2000." Eds., David Card, Richard Blundell and Richard B. Freeman. June 2004.
- ⁵⁰ U.S. Bureau of Labor Statistics. *Major Sector Productivity and Costs Index*. Apr. 2011. Web. 27 June 2011. Available at: <http://data.bls.gov/pdq/SurveyOutputServlet;jsessionid=B3BADE0A327EEC1D6DE6A9E03909EF99.tc_instance4>
- ⁵¹ *Ibid*.
- U.S. Bureau of Labor Statistics. *Highlights of Women's Earnings in 2009*. Rep. no. 1025. June 2010. Web. 30 June 2011. Available at: <<http://www.bls.gov/cps/cpswom2009.pdf>>
- ⁵² Organization for Economic Co-operation and Development. Stat.extracts. June 2011.
- OECD. *Economic Policy Reforms: Going for Growth*. 2011, Web. 26 May 2011. <<http://dx.doi.org/10.1787/growth-2011-en>>
- ⁵³ *Ibid*.
- ⁵⁴ Lind, Michael; Lauren Damme. *The Dignity Voucher Program*. New America Foundation. July 2010.
- ⁵⁵ For a brief look at the way in which healthcare prices are negotiated in Australia, Germany, U.K., Denmark, and others, see: Waters, Hugh and Peter Hussey. *Pricing Health Services for Purchasers: A Review of Methods and Experiences*. Health, Nutrition and Population Discussion Paper. World Bank. September 2004.
- ⁵⁶ Tyson, Laura. *The Case for a Multi-Year Infrastructure Investment Plan*. New America Foundation. Sept. 2010. Available at: <http://www.newamerica.net/publications/policy/the_case_for_a_multi_year_infrastructure_investment_plan>
- Also see the June 2011 New America Foundation event on the case for an infrastructure bank at: <http://growth.newamerica.net/events/2011/a_bank_to_rebuild_america>
-

⁵⁷ Card, David and Alan B. Krueger. *Myth and Measurement: The New Economics of the Minimum Wage*. Princeton University Press, New Jersey. 1995.

Freeman, Richard B. *The Minimum Wage as a Redistributive Tool*. The Economic Journal. 106. May 1996. Pp. 639-649.

⁵⁸ Bernhardt, Annette, and Siobhn McGrath. *Brennan Center for Justice*. Issue brief no. 3. Sept. 2005. Web. 29 June 2011. <http://www.brennancenter.org/content/resource/trends_in_wage_and_hour_enforcement_by_the_us_department_of_labor_1975_2004/>

⁵⁹ For a comprehensive evaluation of the WHD, see:

Weil, David. *Improving workplace conditions through strategic enforcement*. A report to the Wage and Hour Division. May 2010.

⁶⁰ For one proposal, see: *Family Security Insurance: A new foundation for economic security*. Workplace Flexibility 2010, Georgetown University Law Center, and Berkeley Center on Health, Economic and Family Security, UC Berkeley School of Law. Available at: <http://scholarship.law.georgetown.edu/pub_rep/3/>

⁶¹ Levy, Frank, and Thomas Kochan. *Addressing the problem of stagnant wages*. Employment Policy Research Network. 2011. Kruse, Douglas, Freeman, Richard, and Joseph Blasi (eds.) *Shared capitalism at work: Employee ownership, profit and gain sharing, and broad-based stock options*. Chicago. University of Chicago Press, 2010.



© 2011 New America Foundation

This report carries a Creative Commons license, which permits re-use of New America content when proper attribution is provided. This means you are free to copy, display and distribute New America’s work, or include our content in derivative works, under the following conditions:

- Attribution.** You must clearly attribute the work to the New America Foundation, and provide a link back to www.Newamerica.net.
- Noncommercial.** You may not use this work for commercial purposes without explicit prior permission from New America.
- Share Alike.** If you alter, transform, or build upon this work, you may distribute the resulting work only under a license identical to this one.

For the full legal code of this Creative Commons license, please visit www.creativecommons.org. If you have any questions about citing or reusing New America content, please contact us.

		 NEW AMERICA FOUNDATION WWW.NEWAMERICA.NET
MAIN OFFICE 1899 L Street, NW Suite 400 Washington, DC 20036 Phone 202 986 2700 Fax 202 986 3696	CALIFORNIA OFFICE 921 11 th Street Suite 901 Sacramento, CA 95814 Phone 916 448 5189	