

The Interfaith Vision for Work:
Background Discussion 2

**DECLINING MIDDLE:
THE POLARIZATION OF JOB
QUALITY**

Version 1.4 of

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1106 Clayton Lane, Suite 120w
Austin, Texas

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DECLINING MIDDLE: THE POLARIZATION OF JOB QUALITY

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I. INTRODUCTION

This background discussion provides the reader with a comprehensive analysis of changing job quality in the 1980s. What is the balance between "good" jobs and "bad" jobs? How good are "good" jobs, and how widespread are they? How bad are "bad" jobs and how prevalent are they? As family members seek new opportunities, they lack an overall picture of what kind of rewards (or lack of rewards) the labor market now offers. Are all the available jobs dead-end positions behind a checkout counter? Are there good jobs somewhere? Working people know too well the difficulties of their own positions. This discussion offers a broader view of whether recent changes have made their long-term opportunities better or worse.

These are important political questions, to which many researchers and observers have radically different answers. Some, such as the authors of the widely-discussed *Workforce 2000* report, argue that economic and technological changes are decreasing the demand for many low-skill jobs, and strengthening the demand for high-skill (and presumably highly-paid) workers.¹ For them, the future is rosy and society needs primarily to ensure that workers have adequate technical skills to meet the new demand. Others, such as researchers at the Economic Policy Institute, have argued that this "upskilling" is exaggerated and most new jobs are poor quality and low-paying. They argue strongly that the future will not be brighter unless society acts to improve the job quality as well as job training.²

"Declining Middle," based on a very careful analysis of changes in jobs, arrives at a conclusion somewhere in the middle, though inclined toward the less optimistic position. Texas Interfaith comes to the conclusion that

This background discussion is based primarily on a detailed analysis of labor market changes by economists Maury Gittleman and David Howell. We thank David Howell for his generosity with his research, time, and comments.

both positions are partially true: the last decade's changes have improved somewhat the quality of a substantial percentage of the labor market's offerings and have dramatically worsened most others. Based on the research presented here, the author judges that approximately 40 percent of the movement in the labor market represents a trend toward better jobs, and 60 percent toward worse jobs.

In addition to this judgment, "Declining Middle" raises a concern that goes beyond the "better/worse" debate. The labor market of the late 1970s was really divided into not just two tiers of "good" and "bad" jobs, but three tiers of best, worst, and middle-quality jobs, each comprising approximately one-third of the labor market. Perhaps the last decade's most serious impact on families' opportunities has been the dramatic erosion of "middle" quality jobs. Without this broad tier of middle quality jobs, the American Dream will be less and less attainable for ordinary working families. Rather than a society in which a broad middle class connects those with the highest and lowest rewards, American society will become one in which an increasingly large gulf separates them.

Furthermore, "Declining Middle" will open a discussion of how almost all jobs -- even poor quality jobs -- are demanding higher education credentials than the middle-quality jobs of the previous generation. The economic changes of the last decade thus pose a double challenge for American families with limited education credentials: not only do they encounter relatively fewer middle quality jobs demanding minimal education credentials, but they find they lack the necessary credentials for even poor quality jobs.³

In the following discussion, we first examine the declining share of jobs in the "middle" of the hierarchy of job quality. We then examine the changes in the jobs which are both better and worse. We discuss the increasing tendency for even poor quality jobs to demand higher education credentials than middle-quality jobs did previously. We look also at the impacts of the changes on the 1980s on the prospects of various ethnic/gender demographic groups. Finally, we discuss the implications of these developments for families and public policy.

II. THE DECLINING "MIDDLE" OF JOBS

The fundamental component of the American Dream for many working families has been the large numbers of semi-skilled jobs in factories and offices, such as assembly line work in leading industries, machine repair, bookkeeping, drafting, lower level supervisory work, secretarial work in certain industries, and so on. These jobs offered people with little formal education incomes sufficient to raise families, a certain amount of

stability, opportunities for advancement, health insurance, pensions, and (frequently) access to jobs for their children.

Jobs such as these lay in the broad "middle" of the continuum of jobs stretching from the least skilled and least-rewarded, such as janitorial work, general office help, unskilled construction, and assembly work in small firms, to the most skilled and most rewarded, such as professional, technical, and executive positions. There was a widely-understood assumption that each step of this implicit hierarchy of jobs demanded incrementally higher skills and education credentials, generally compensating their occupants with incrementally higher rewards of income, benefits, security, and status. Oftentimes mid-level jobs, such as craft, supervisory and mid-management positions, created paths of promotion from lower levels of the hierarchy to higher levels.

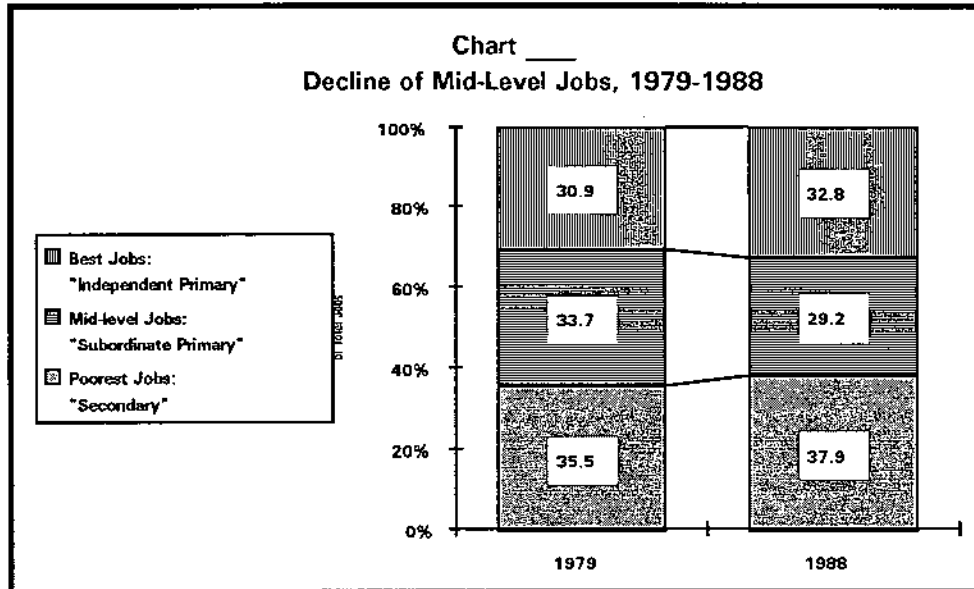
This "middle" portion of jobs is now declining. Job quality is becoming more polarized, as jobs on average in the contemporary economy tend to offer either slightly higher or much lower rewards than 10 years ago. The jobs which traditionally offered mid-level rewards are becoming an increasingly smaller percentage of the total number of jobs; in addition, the remaining mid-level jobs offer lower rewards than they did 10 years ago.

In a comprehensive analysis of the changes in jobs over the 1980s, economists Maury Gittleman and David Howell found that jobs tend to sort out into three tiers distinguished job quality.⁴ Their analysis confirmed an important economic theory that the labor market is "segmented" into three distinct sub-markets, each of which offers very different types of jobs.

- The poorest jobs are found in a "secondary" labor market and are often low-paying, unstable, and dead-end (though not necessarily unskilled). These include jobs for janitors, unskilled construction workers, retail sales clerks, nursery school teachers, child care workers, and restaurants workers. Employers make minimal commitments to employees.
- The best jobs are found in an "independent primary" labor market. They include the jobs of lawyers, engineers, top-level management, doctors, and top-level sales. These jobs offer not only substantial rewards in terms of income, benefits, and security, but substantial discretion, autonomy, and status.
- Mid-level jobs are found in a "subordinate primary" labor market, and include manufacturing jobs in unionized industries and much mid-level office work in larger companies. These

jobs offer substantial incomes, benefits, and stability, but little autonomy on the job.

In their analysis of changes in the distribution of jobs, Gittleman and Howell found a substantial decline in the share of middle-level jobs from 1979-1988. The share of middle-quality jobs shrank from over one-third to less than 30 percent of the jobs market in under a decade.

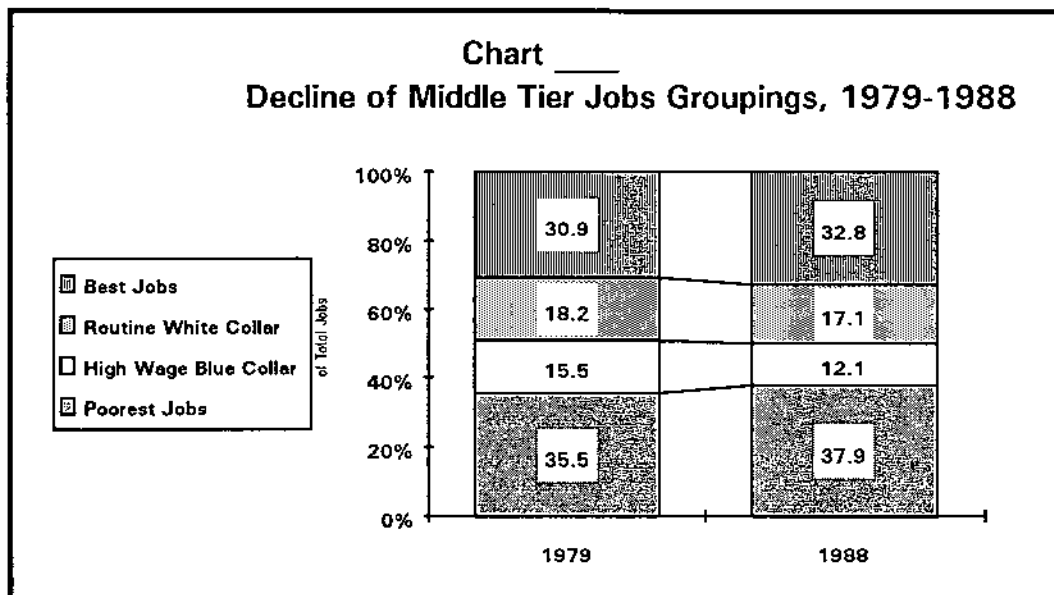


Gittleman and Howell found that the decline of these jobs from 33.7 to 29.2 percent of all jobs was a long-term, structural change. This decline was steady, occurring both during the period from 1979 to 1983, in which the economy experienced two major recessions, and during the expansion of 1983-1988. If the share of "middle class" jobs were to continue to shrink at this rate, they would represent less than 20 percent of all jobs by the year 2001. Rather than forming a broad, middle third of the job market, these jobs -- the backbone of middle class and working families -- would comprise less than a fifth of the total market.

This national trend of a "declining middle" confirms a similar observation of an important regional economy in Texas. Professor Robert Wilson of the LBJ School of Public Affairs analyzed industry-level wage data for Bexar County and San Antonio, finding that while total employment grew by 30 percent from 1980 to 1989, employment in industries offering mid-level earnings grew only 17 percent. Bexar County added 112,500 jobs in the 1980s, but only 19,450 were in industries offering between \$13,500 and \$22,500 a year, such as miscellaneous manufacturing, construction, and printing and publishing. Some 45,230 jobs, or about 40 percent of the total, were in low-wage industries such as tourism, retailing, and

entertainment. The remaining 47,800 net new jobs were in industries such as health care, professional services, and federal government.⁵

A closer look at the jobs in the middle tier by Gittleman and Howell found that they tended to sort into two roughly equivalent groupings -- what the researchers called "high-wage blue collar" jobs and "routine white collar" jobs. These jobs became relatively more scarce in the 1980s, as both better and worse jobs became more numerous. In 1979, these "high-wage blue collar" jobs and "routine white collar" jobs represented 33.7 percent of all jobs; by 1988, both categories had shrunk.⁶



The "high wage blue collar" jobs are those often thought to be the backbone of the American Dream for working people. This grouping consisted of jobs such as drivers of heavy trucks, specialized machine operators in metals manufacturing, and precision workers.⁷ About half were in manufacturing. In 1979 they offered a median income of \$24,500 (in 1988 dollars).⁸ These jobs, on average, required less than a high school education. In 1979, over half were unionized, over 60 percent provided pensions, and 80 percent provided health insurance -- an even higher percentage than higher income jobs found in the top grouping of "best" jobs. They experienced moderate stability, with somewhat high levels of unemployment (5.9 percent) and involuntary part-time work (2.0 percent). Not surprisingly, seventy percent of the workers in these jobs were white males.⁹

The "routine white collar jobs" have also been very important to families and especially to women in the paid labor force. This grouping included jobs such as nurses, dietitians, bank tellers, typists in the financial services sector, and vehicle equipment mechanics in retail sectors,

among others. In 1979, they had a median income of \$15,800.¹⁰ They required on average about a year of education beyond high school. Nearly two-thirds of these jobs offered health insurance (62.7 percent) and just under half offered pensions (46.2 percent). They were more stable than the high wage blue collar jobs, having a lower rate of involuntary part-time employment.

Not only has the proportion of these jobs shrunk, but their quality has deteriorated as well. The median income of the "high-wage blue collar" jobs declined in real terms by 1988 from approximately \$24,500 to \$22,400.¹¹ The income of the "routine white collar" jobs remained stagnant, with a median income of \$15,900 in 1988.¹² Twenty to twenty five percent more workers were working part-time involuntarily at the end of the decade.¹³ Union representation in the high-wage blue collar jobs dropped dramatically, from 54.6 percent to 38.3 percent.¹⁴ Health insurance coverage declined in both groupings.¹⁵

III. NEW JOBS, HIGHER DEMANDS, LOWER REWARDS

As "middle class" jobs became scarcer and poorer in quality, changes in the upper and lower tiers of the labor market offered mixed prospects for families. While the American economy created 18.5 million net new jobs on non-farm payrolls between 1979 and 1989, most of these jobs were either of the best or poorest quality.¹⁶ A substantial percentage of these new jobs were "good jobs," offering high levels of income and benefits. However, most new jobs were of poor quality, offering low incomes, few benefits, and often only part-time hours.

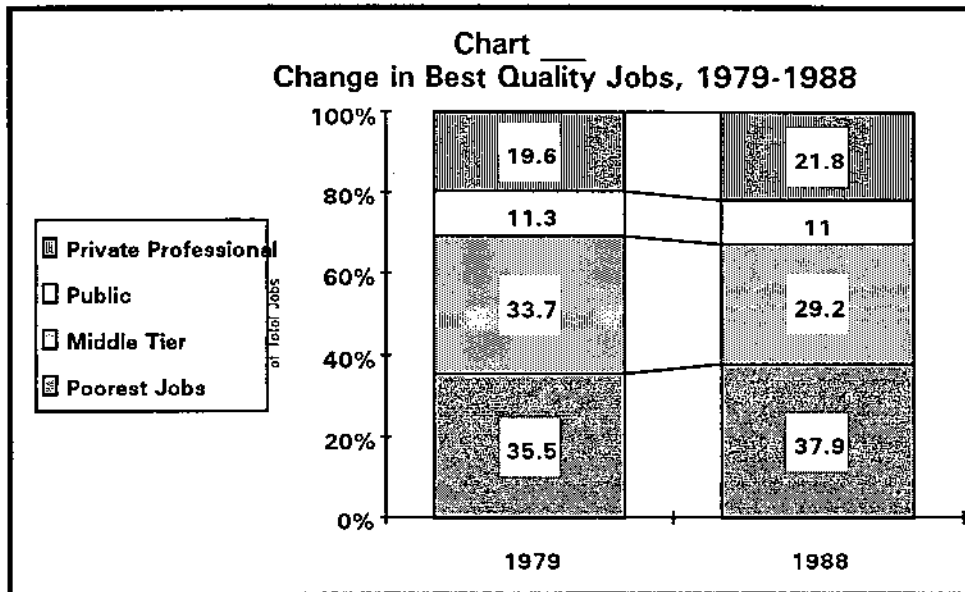
To make matters even worse, not only do these poorer jobs offer lower pay and working conditions than "middle class" jobs, but they demand higher education levels. More and more Americans face the difficult dilemma of no longer finding the middle-quality jobs appropriate to their skills, yet discovering that even poor quality jobs demand higher levels of education credentials than they possess.

The following discussion examines each of these changes in the labor market in turn: growth in "good" jobs, growth in "poor" jobs, and changes in the demand for education credentials.

A. Growth in "good" jobs

Gittleman and Howell found that between 1979 and 1988, jobs which offered good incomes and substantial opportunities for personal and professional satisfaction grew from 30.9 percent of all jobs to 32.8 percent. This represents approximately two-fifths of the 4.5 percentage point share lost by the "middle class" jobs. The researchers described

these jobs as the "independent primary" sector because of their higher incomes and responsibility, and found that they sorted into two broad groupings: "private professional, managerial, and sales" jobs and "public" jobs.¹⁷



The "private professional" jobs in 1979 had the highest median income of any grouping -- approximately \$28,400 (in 1988 dollars), and included jobs such as insurance sales representatives, retail managers, marketing managers, accountants, architects, construction supervisors, and retail sales supervisors. These jobs had the lowest percentage of involuntary part-time employment and had marginally lower levels of health insurance and pension benefits than the high wage blue collar jobs. Not surprisingly, two-thirds of the workers in this sector were white males.¹⁸

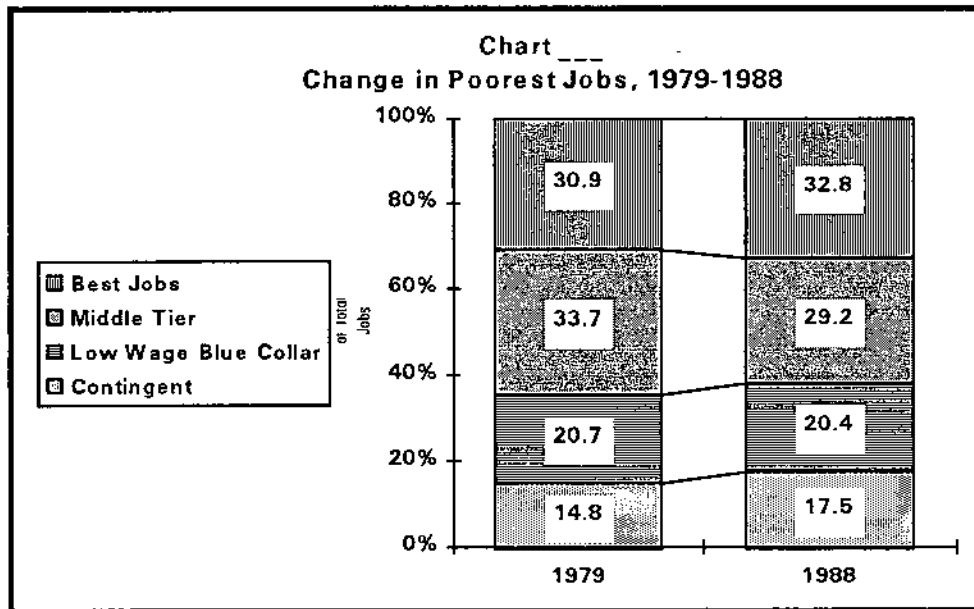
The high quality "public" jobs, which included jobs such as public school teachers, police and fire personnel, and mail carriers offered in 1979 a median income of \$24,600 (in 1988 dollars). Three-quarters offered pension benefits (75.9 percent) -- the highest level of any grouping of jobs. Nearly three-quarters offered health insurance benefits (73.4 percent).¹⁹ Their pay and working conditions were roughly comparable to those of high wage blue collar jobs, the chief distinction being a higher average level of education -- almost four years of college compared to less than a high school diploma. Interestingly, the distribution of these jobs was roughly equal between men and women and much more proportional among whites, blacks, and Hispanics than other groupings.²⁰

In the 1980s, these two groupings of good jobs sustained their overall quality, though in different ways. The good quality private sector jobs experienced substantial growth, increasing their share of total jobs from

19.6 percent in 1979 to 21.8 percent in 1988; however, their median income remained stagnant at somewhat more than \$28,000.²¹ Their health insurance coverage fell, though not as much as other groupings. The share of good quality public sector jobs remained constant at about 11 percent, but their median income increased to \$25,600, a small but significant increase from \$24,600 in 1979: none of the other five groupings identified by Gittleman and Howell saw their median income increase during the decade.

B. Growth in "poor" jobs

The share of poorest jobs in the economy grew the most, from 35.5 percent of all jobs in 1979 to 37.9 percent in 1988, or about three-fifths of the share lost by the "middle class" jobs. Gittleman and Howell call this tier the "secondary" labor market, a term which many economists use to describe jobs which are low-paying, unstable, and dead-end.



They found that these jobs broke into two groupings, which they called "low wage blue collar" jobs and "contingent" jobs.²² "Low wage blue collar" jobs offered incomes of about \$13,300, and included jobs such as lower level health service workers, machine operators in the textile industry, construction laborers, carpenters, food service workers, painters and roofers, cooks, and janitors. These jobs had the lowest education level. Barely over half offered health insurance (52.1 percent) few offered pension benefits (18.6 percent).²³

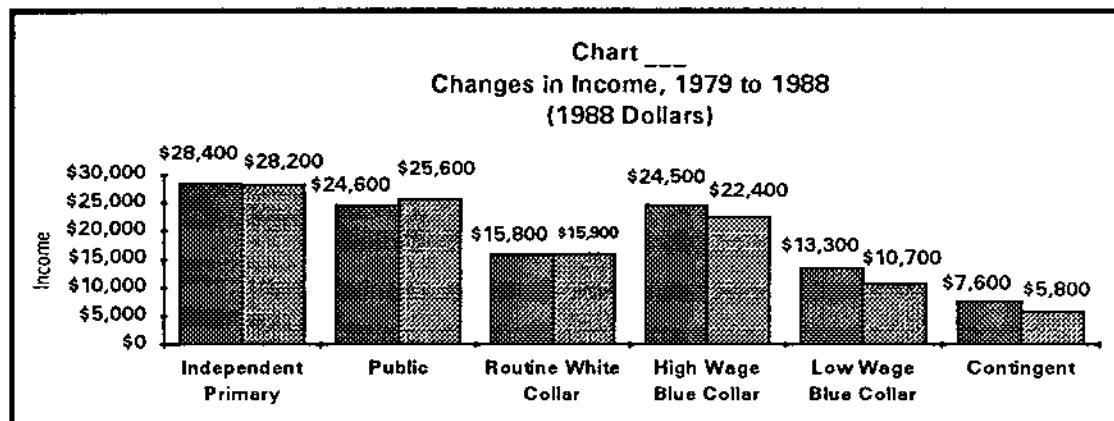
"Contingent" jobs were the poorest in terms of pay and working conditions of the six groupings. These were often part-time or temporary jobs, and offered a median income of only \$7,500, primarily because of less-than-

full-time hours of work. They included jobs such as retail cashiers, waiters, machine operators in the apparel industry, maids, and retail salespersons in the hardware sector.²⁴

"Contingent" jobs experienced the largest growth of the six sectors, growing from 14.8 percent of total jobs to 17.5 percent, an increase of 2.7 percentage points. Despite this growth, their quality deteriorated more than any other sector: real incomes dropped from \$7,600 to \$5,800 (primarily because of more part-time hours of work); health insurance coverage dropped more than among middle class jobs; and involuntary part-time work increased from 6.9 percent to 9.1 percent.²⁵

Similarly, the quality of "low wage blue collar" jobs deteriorated, although their share remained constant at about 20 percent. Real income dropped to \$10,700; involuntary part-time work increased by the largest percentage, from 4.6 percent to 6.7 percent; health insurance coverage declined more than among middle class jobs.²⁶

In general then, changes in the 1980s did not offer much good news for working families. The middle tier jobs they depended on declined as a percentage of total jobs, and the income and benefits of those that remained declined as well. Within the middle tier, the grouping of "high-wage blue collar" jobs suffered the most, while the grouping of "routine white collar" jobs stagnated. Most new jobs were found in the poor quality, "secondary" labor market, both of whose groupings declined dramatically in income and quality. In fact, the worst jobs had the worst decline of income, even as they grew faster than any other grouping.

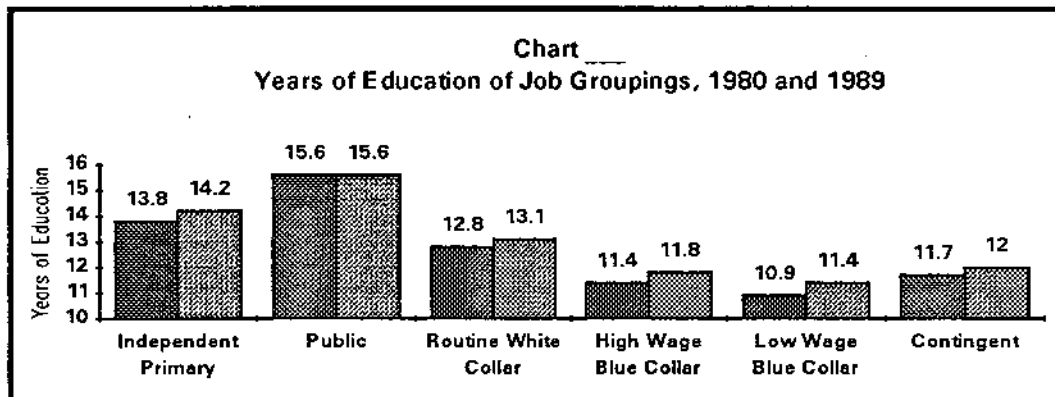


C. Demand for higher education credentials

Most jobs in 1989 -- including poor quality jobs -- demanded higher levels of education credentials than the middle-quality jobs that had supported middle class living standards in 1980. Families at the end of the 1980s

found that they must secure higher education credentials to seek not only better jobs, but often worse jobs than those they counted on at the beginning of the 1980s.

The middle-quality jobs of 1980 demanded on average approximately a high school education. The "high wage blue-collar" jobs demanded only 11.4 years of education and the "routine white collar" jobs demanded 12.8 years of education. By 1989, however, the credentials demanded by these jobs in these groupings had increased somewhat to 11.8 and 13.1 years, respectively. Consequently, families needed to increase their investments in education if they hoped to secure middle-level jobs.



However, as discussed earlier, the relative share of middle-quality jobs declined in the 1980s. The best-quality jobs, whose growth in relative share accounted for approximately two-fifths of the decline of the middle-quality jobs, had always demanded higher education credentials. The "independent primary" jobs in 1989 demanded on average almost three years more education than the "high-wage blue collar" jobs had in 1980 and one year more than the "routine white collar" jobs. "Public" jobs demanded in 1989 over four years more of education than the "high-wage blue collar" jobs in 1980 and over three years more than the "routine white collar jobs."²⁷

To make matters worse, even many poor quality jobs by 1989 demanded higher education levels. Jobs in the "contingent" grouping, which offered the worst income and working conditions and had grown the most, demanded in 1989 two-thirds of a year more education on average than the high quality "high wage blue collar" jobs in 1980. "Low-wage blue-collar" jobs in 1989 required the same education level as high-wage blue-collar jobs in 1980.

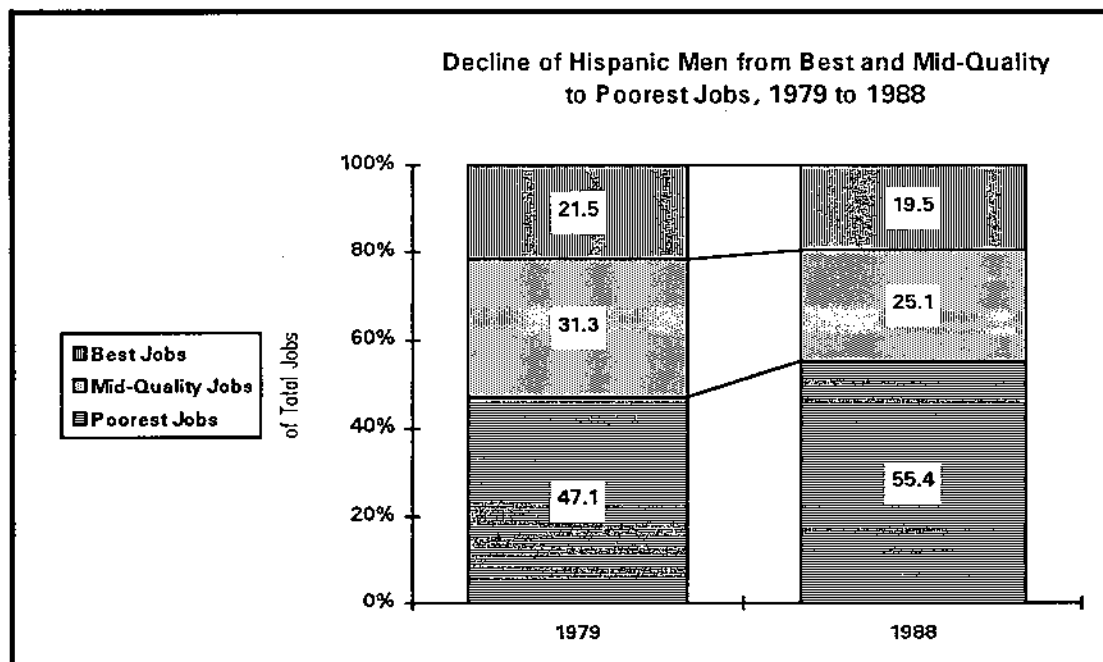
Consequently, many working families faced a triple dilemma at the end of the 1980s: First, the education credentials demanded by middle-level jobs increased. Second, the relative share of middle-quality jobs dropped dramatically, forcing more to compete for jobs in either the poor quality or

best quality tiers of the labor market, confronting families with new demands for education credentials. Third, not only did the best quality jobs in 1989 demand higher education credentials than the middle-quality jobs a decade earlier, but so did many of the poorest-quality jobs.

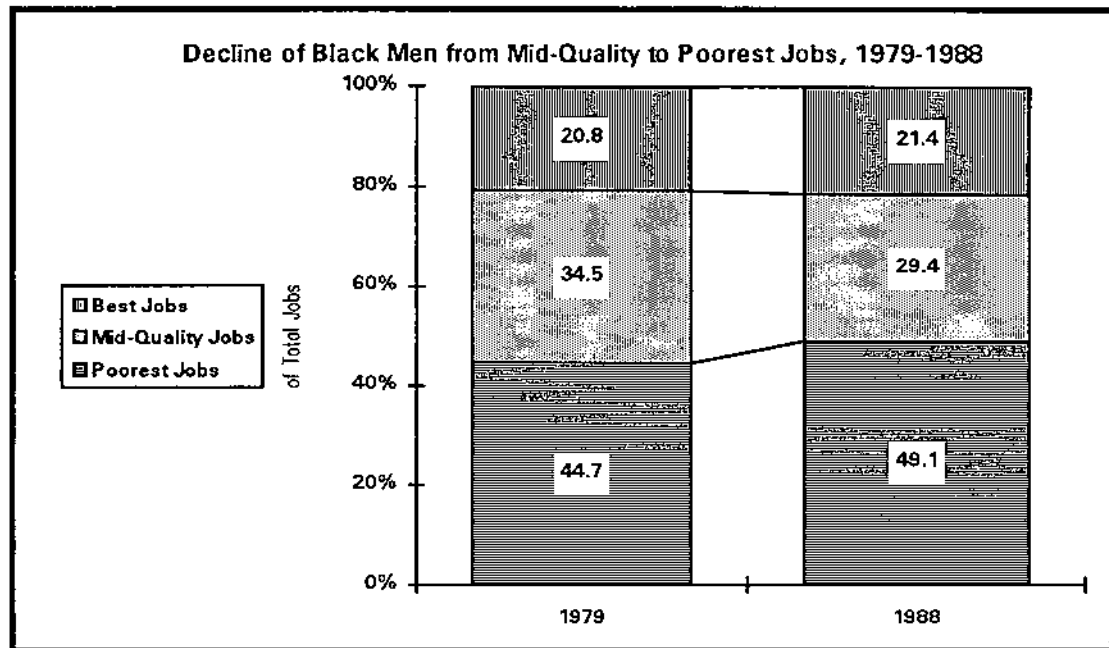
D. Worsening Prospects of Black and Hispanic Men

The changes of the 1980s had varying impacts on different demographic groups, worsening especially the prospects of minority men. White women were the only group to unambiguously advance. Minority women and white men saw their prospects change roughly in proportion to the overall changes of the labor market.

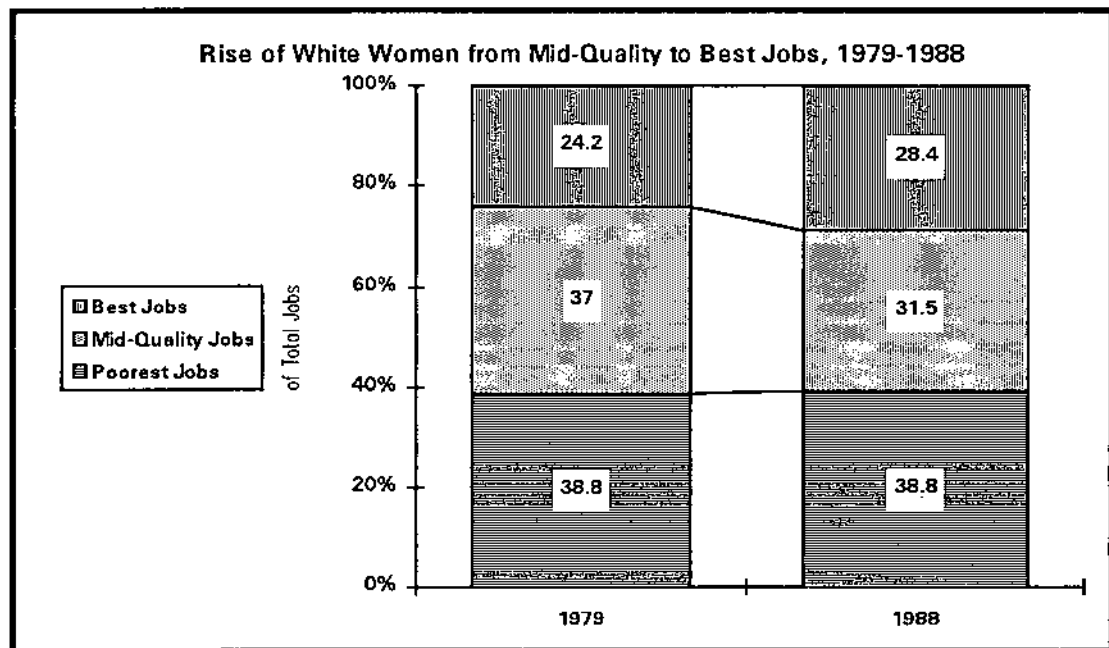
Black and Hispanic men suffered a dramatic shift from mid-quality to the poorest jobs. Both groups were concentrated in the secondary labor market at the beginning of the decade, and became more concentrated during the 1980s. The prospects of Hispanic men suffered the most, as their percentage in both the mid-quality and best jobs declined markedly. By 1988, well over half of Hispanic men were concentrated in the secondary labor market.²⁸



Black men suffered almost as bad a decline in their fortunes. A slightly larger percentage found work in the best jobs, but a much larger percentage shifted from mid-quality jobs ~~shifted~~ downward to the secondary labor market.²⁹ By the end of the decade, just under half of employed black men worked in the poorest jobs.

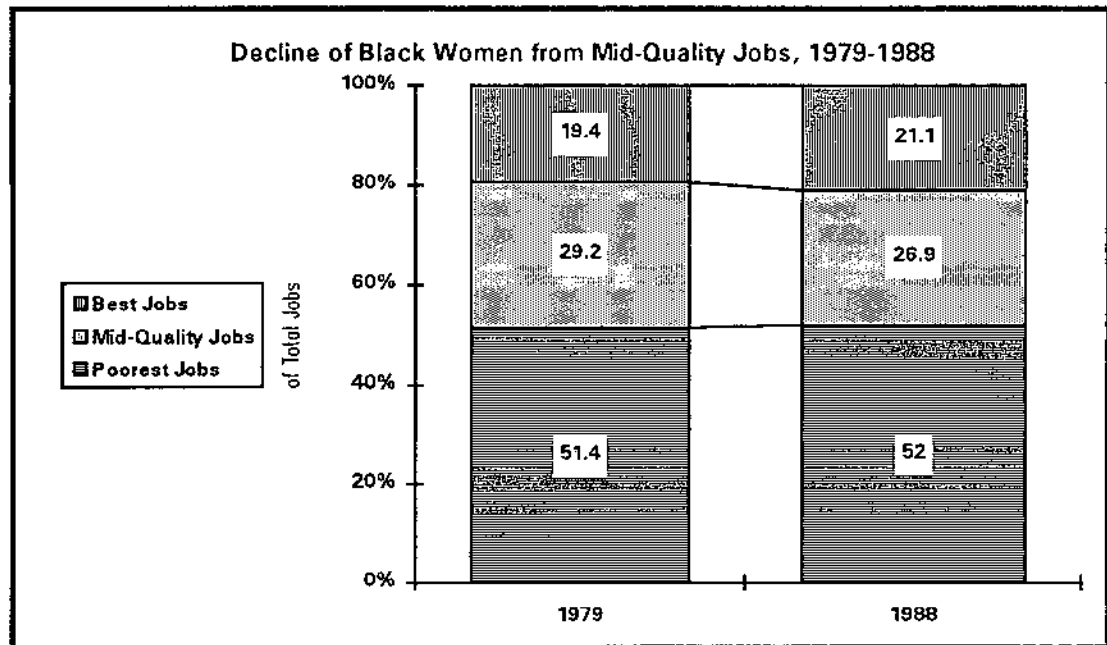
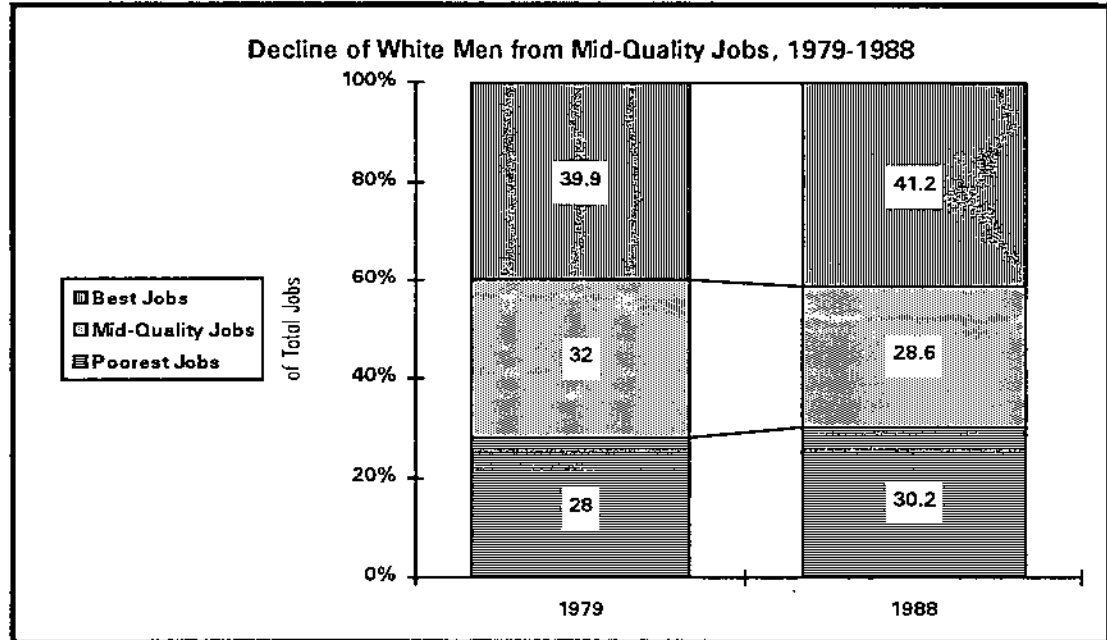


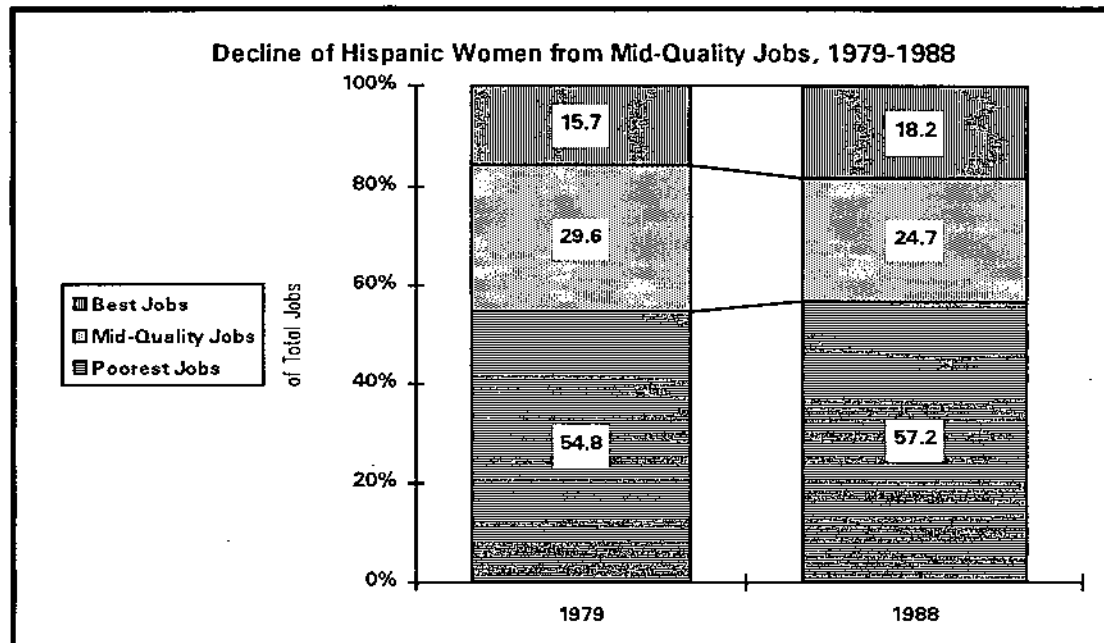
White women were the only of the six ethnic/gender groups whose fortunes rose dramatically in the 1980s. Their declining percentage in mid-quality jobs was matched by a rise into the best jobs:³⁰



The other three ethnic/gender demographic groups -- White men, Black women, and Hispanic women -- began from radically different positions in the labor market, but experienced shifts from mid-quality employment roughly comparable to, or perhaps slightly better than, the overall shift.

In each case, approximately 40 to 60 percent of the group's decline from mid-quality jobs was matched by a rise into the best quality jobs.³¹





CONCLUSION

The analysis presented in this discussion raises several serious issues for those concerned with the well-being of working families.

- The economy is creating a relatively larger percentage of the best-quality jobs, but significant barriers stand between these jobs and occupants of middle-quality jobs. The research presented here suggests that those aspiring to move from the declining tier of middle-quality jobs to the growing tier of best-quality jobs face an education gap of one-and-a-half to four years of additional education. Most education opportunities for adults already in the workforce will not finance education for that extended a period. A strategy of upskilling workers will require significant investments from families and those public and private institutions which help support education and training.
- Although the economy created relatively more good-quality jobs in the 1980s, it created even more poor quality jobs. If this generation is still to enjoy the American Dream's promise of hard work being rewarded by increasing incomes, security, and dignity, society will have to intervene to address directly the quality and rewards of work. The workers in more jobs will encounter greater difficulties in raising a family, unless effective wage levels rise through income supplements such as the Earned Income Tax Credit or through increased wages and minimum wages. Similarly, efforts to ensure access to health care

will have to contend with the trend for fewer jobs to offer health insurance.

- The relative decline of middle-quality jobs is a concern in itself, for it portends a bigger gulf between the poorest and other jobs. Those in poor quality jobs had more opportunities to advance than today. The decline of middle-quality jobs, as well as the education gap between most working people and the best jobs, leaves more people without hopes of incremental advancement. This decline creates a demand for both public and private institutions to re-shape jobs to ensure advancement as rewards for hard work.
- This research also raises serious concerns about the distribution of bad-quality jobs. It raises the importance of public jobs as equitable distribution and make public job creation more important.
- The rapidly deteriorating fortunes of minority men raises additional concerns for efforts to create viable two-parent families in many communities. These communities will demand special attention.

FOOTNOTES

¹ William B. Johnston and Arnold H. Packer, *Workforce 2000: Work and Workers for the 21st Century*. Indianapolis, Hudson Institute, 1987. See also John H. Bishop and Shani Carter, "Deskilling-Upskilling Debate," Cornell University, Working Paper 90-14, 1990.

² Lawrence Mishel and Ruy A. Teixeira, "The Myth of the Coming Labor Shortage: Jobs, Skills, and Incomes of America's Workforce 2000." Washington, D.C.: Economic Policy Institute, 1991.

³ An in-depth discussion of jobs' changing demand for skills and education credentials is planned for a separate background paper.

⁴ Maury Gittleman and David Howell, "Job Quality and Labor Market Segmentation in the 1980's: A New Perspective on the Effects of Employment Restructuring by Race and Gender," New School for Social Research, manuscript, March 24, 1993 and July 1992 draft.

⁵ Data from U.S. Department of Commerce, Bureau of the Census, *County Business Patterns, 1980 and 1989*. (Washington, D.C., various years) and Texas Employment Commission, Economic Research Analysis Department, *Covered Employment and Wages by Industry and County for the State of Texas*. (Austin, 1980 and 1989) in Robert W. Wilson and Christopher T. King, eds., "Education and Training in San Antonio: Economic Change, Labor Force Trainings, and Public Policy," (Austin: LBJ School of Public Affairs, March 1993), manuscript, Table 2.6. The author has modified Wilson's framework to classify "miscellaneous manufacturing," with earning 87 percent of the county's average earnings in 1989, as a "Mid-wage" industry rather than "Low-wage."

Please note that this study is not exactly comparable to the Gittleman and Howell study. Wilson analyzed compared the average wages of 19 industry groupings. Gittleman and Howell broke down industry level data by occupation, comparing 17 different measures of job quality for 621 different jobs.

⁶ Gittleman and Howell, "Job Quality and Labor Market Segmentation in the 1980's," Figure 4.

⁷ *Ibid.*, Table 4.

⁸ *Ibid.*, Table 2. The 1979 income levels reported in Table 2 were multiplied by 1.63 to yield levels in 1988 dollars, the increase of the Consumer Price Index CPU-U-X1 from 1979 to 1988.

⁹ *Ibid.*, July 1992 draft, Table 4B.

¹⁰ *Ibid.*, Table 2.

¹¹ *Ibid.*, Figure 7. Income figures derived from the 1988/1979 ratio applied to the 1979 results of Table 2.

¹² *Ibid.*, Figure 7.

13 *Ibid.*, Figure 10.

14 *Ibid.*, Figure 9.

15 *Ibid.*, Figure 8.

16 U.S. Department of Labor, Bureau of Labor Statistics, "Employment and Earnings," July 1991, table B-1, page 81. Cited in Paul Ryscavage, U.S. Department of Commerce, Bureau of the Census, "Job Creation During the Late 1980's" Dynamic Aspect of Employment Growth," Series P-70, No. 27, January 1992, p. 1

17 *Ibid.*, Figure 4. It is important to recognize that these categories of "private" and "public" are not entirely exclusive: all the jobs in the "public" grouping are not public sector; nor are all public sector jobs found in the "public" grouping. Gittleman and Howell used a sophisticated statistical technique to sort jobs into groups which were roughly comparable in quality to each other. Some of the "best" public jobs with highest incomes are probably found in the "private professional, managerial, and sales" grouping. Similarly, poorer-paying public sector jobs are found in the "routine white collar" and the "contingent" grouping; public sector jobs requiring less education are found in the "high wage blue collar" and "low wage blue collar" groupings. Gittleman and Howell chose to characterize each group by prominent characteristics of the jobs they found in it.

18 *Ibid.*, July 1992 draft, Table 4B

19 *Ibid.*, Table 4A.

20 *Ibid.*, Table 4B

21 *Ibid.* Figures 4 and 7.

22 *Ibid.*, Figure 4.

23 *Ibid.*, Table 2.

24 *Ibid.*, Table 4.

25 *Ibid.*, Figures 4, 7, 8, and 10.

26 *Ibid.*, Figures 4, 7, 8, and 10.

27 *Ibid.*, Figure 11.

28 *Ibid.*, Figures 2 and 5.

29 *Ibid.*, Figures 2 and 5.

30 *Ibid.*, Figures 3 and 6.

31 *Ibid.*, Figures 2, 3, 5, and 6