A Good Job Is Not So Hard to Find

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Many believe that the era of good jobs is slipping away. Especially now with the economy weakening, the popular perception is that Americans are less and less able to find jobs that will allow them to support their families. Some analysts argue that so few workers can find jobs with health insurance that America now needs nationalized health care.¹ Members of Congress believe that the government needs to make it easier for unions to recruit new members—even by depriving workers of the right to vote on joining a union—to prevent the disappearance of good jobs.²

These fears are unfounded. There is a natural human tendency to look at the past with nostalgia, but the economy before the 1980s was not a golden era when every worker had a fulfilling, high-paying job. Many of the jobs of a generation ago paid low wages and offered little job security. The economy is constantly in flux, creating new jobs and destroying old ones. Computer programmers were as rare in the 1970s as typewriter repairmen are today. Some of the jobs that have disappeared were good jobs, but many were not.

The data show that job opportunities have grown the most in occupations with the highest wages while shrinking in most low-wage occupations. Employers need more workers with education and skills, and this increases the opportunities for upward mobility. Today, the typical job involves less mindless repetition or physical exertion and more mental activity than in the past. It is also safer and more comfortable than a generation ago.

Workers’ benefits are not disappearing. After accounting for the effects of unskilled immigration, American workers are just as likely to have health insurance today as a decade ago. Pension coverage is stable, but employers are switching toward defined contribution pensions that give workers more control. Access to sick leave has expanded. Workers have greater job security than in the past: They are more likely to move between employers but less likely to be fired than in the 1970s.

The opportunities available to American workers have expanded over the past generation. While Congress is understandably concerned by the current economic weakness, Congress should not pass legislation based on the mistaken belief that working conditions have deteriorated.

ECONOMIC TRANSITIONS

Many Americans have heard of friends or acquaintances who have lost good jobs and could not find a comparable new job. These anecdotal stories reveal an economic reality: Such hardships do occur. Similarly, many workers begin their career in undesirable jobs and move up the career ladder, although these stories attract less media attention. The economy is constantly creating new jobs and destroying old ones as technology and consumer preferences change.

Economists call this “creative destruction.” Businesses that serve consumers more effectively and more competitively will expand and add jobs, and less efficient firms will go out of business. Employers created 57.8 million new jobs in 2007 while

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ending 54.6 million positions. This is essential to a healthy economy. It directs employees to work where their skills are most valuable in the economy and ensures that their talents are not wasted at obsolete firms. Thirty years ago, many companies employed workers to repair broken typewriters. Today, those businesses and jobs have disappeared, but tens of thousands of workers repair personal computers that did not exist then. Without this constant churning, the economy would stagnate.

THE CHANGING NATURE OF WORK

Many workers lose good jobs every year, and many workers start good jobs. Determining overall changes in the job opportunities available to workers requires looking at changes in the overall distribution of jobs in the economy, not at individual cases. Chart 1 shows the change in the distribution of jobs in the economy from 1980 to 2006.

Contrary to the popular impression that workers had better job opportunities in the past, the economy now requires more workers in high-wage occupations than a generation ago. The fastest-growing occupations have been in professional specialty fields, which include positions such as engineers, computer scientists, and registered nurses. These employees work in the second most highly compensated sector of the economy. The most highly compensated sector—executive and mana-

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3. News release, “Job Openings and Labor Turnover: January 2008,” U.S. Department of Labor, Bureau of Labor Statistics, March 12, 2008, at http://www.bls.gov/news.release/archives/jolts_03122008.htm (May 12, 2008). This is not identical to the number of new workers over this time because the survey measures new hires and job separations, not the status of individual workers. A student who worked part time as a waiter, left that position to become a tutor, and then worked as an engineer after receiving his degree would represent three new hires and two job separations in this survey.
gerial occupations such as financial managers, marketing specialists, and human resource professionals—has also expanded. Collectively, the occupations with above-median pay expanded their share of jobs in the economy by 8.2 percentage points from 1980 to 2006.

The economy shed jobs in all but one of the occupations that pay below-median wages. The low-wage operators, fabricators, and laborers sector (e.g., printing machine operators, solderers, and garbage collectors) experienced the largest drop in employment, falling by 5.7 percentage points. Administrative support and clerical workers, another low-wage sector, also declined as voice mail and computers reduced the need for their services. The exception among low-wage sectors was service occupations, which rose 3.1 percent.

Accounting for Immigration. However, this analysis does not account for the many new workers who have joined the economy since 1980. The economy has added jobs in high-wage sectors and the service sector, but this does not mean that the typical worker employed in the 1980s is now more likely to work in one of those sectors. Nor do changes in average wages necessarily mean that individual workers are better or worse off.

Immigration—both legal and illegal—has increased dramatically since 1980. The number of immigrant workers as a proportion of the workforce has more than doubled in the past 26 years, rising from 7.2 percent in 1980 to 17.4 percent in 2006.4

Immigrants come to America looking for better opportunities than they could find in their home countries. In many cases, they succeed. However, many immigrants who come to the United States are low-skill workers. Chart 2 shows the educational attainment of foreign-born workers and native-born workers in the United States in 2006.

While many highly educated workers migrate to the United States, an immigrant is more than four times as likely as a native-born worker to lack a high school education. Unsurprisingly, given their lower skills, the median immigrant earns less ($14.88 per hour) than the median American-born worker earns ($18.45 per hour). Yet this is well beyond what many immigrants could earn in their home countries. Although most immigrants improve their material circumstances by moving to America, many start out at the bottom of the U.S. economic ladder.

This means that comparing snapshots of working conditions from two points in time creates a misleading picture of how the welfare of U.S. workers

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4. Heritage Foundation calculations based on data from U.S. Census Bureau, United States Census, 1980, 1990, and 2000, and American Community Survey, 2006. Figures include all workers ages 25 to 65 who worked at least 1,250 hours in the previous calendar year. For more details, see Appendix A.
has changed. As workers move up the economic ladder, millions of low-skill immigrants arrive and enter on the bottom rung. Adding millions of low-skill immigrants lowers average wages and expands the relative size of low-skill occupations.

Low-skill immigration will lower average wages even if every worker in a country earns a raise. The declining average age of a country with a high birthrate illustrates this point. Because many children are born each year, the average age of the country’s population falls. Yet each individual in the country is growing older. Although the average age is falling, arguing that individuals are growing younger is simply ridiculous.

Similarly, adding millions of low-wage immigrant workers to the economy lowers the average wage, even if every American earns a raise and every immigrant earns more in America than in their home country. Therefore, immigrants must be excluded from the calculations to gauge accurately how job opportunities available to American workers have changed.

Table 1 reveals that the quality of jobs in the economy has improved even more substantially when looking at the jobs of American-born employees. The table shows the change in each occupation’s share of employment between 1980 and 2006, both including and excluding foreign born workers.

The proportion of American-born workers employed in the three most highly paid occupations has expanded by 9.9 percentage points since 1980. The decline of low-wage operators, fabricators, and laborers positions and farming, fishing, and forestry jobs was even more pronounced, while the low-wage service sector, excluding immigrants, grew by only 2.1 percentage points over that time, compared to an increase of 3.1 percentage points if immigrants are included. In other words, immigrant workers account for about one-third of the relative expansion of the service sector.

Many immigrants in the United States take low-skill jobs. In many cases, these jobs would not exist without immigrant workers. This does not mean that most positions available to American workers are low-skill jobs. On the contrary, American workers are much more likely to work in a quality job than was true a generation ago.

**More Fulfilling Jobs.** The number of jobs in high-wage occupations has increased because the nature of work has fundamentally changed. The economy needs fewer people performing repetitive tasks or doing manual labor. Chart 1 and Table 1
show that employment has declined the most among operators, fabricators, and laborers and in precision production, craft, and repair occupations. Robots and computers now do much of this work.

Chart 3 shows that manufacturing employment has declined as output has increased over the past two decades. Technology has made manufacturers more productive, producing more goods with fewer workers.

However, machines cannot think for people. Employers need skilled workers, and the economy is shifting toward jobs that require greater mental labor and less physical labor than was required in the past. Office work is replacing the assembly line. This means better opportunities for American workers. Jobs that require more mental labor tend to pay higher wages, have more flexible hours, and offer better benefits than jobs that require manual labor. Workers also tend to prefer these jobs. Research shows that employees work more now because the nature of work has shifted and because the quality of their jobs has increased. The assembly line is physically demanding and monotonous. Most workers find working in an office more enjoyable than fitting into place one widget after another in a factory.

More Educated Workers. The increased need for brainpower and the decreased need for manpower mean that employers need workers who are more educated. As a result, both the average education level and the return to education in the economy have grown dramatically.

Chart 1 and Table 1 reveal that employers are creating more jobs in occupations that require the most education and fewer jobs in occupations that need the least education. Other research confirms this. Chart 4 shows the change in distribution of U.S. employment among occupations for 1980–1990 and 1990–2000, with occupations ranked by the education required. In both decades, occupations that required the most education grew the

5. In 1980, 342,000 people ages 25 to 65 were working at least 1,250 hours per year as housekeepers, maids, butlers, stewards, or lodging quarters cleaners. By 2006, that number had risen to 860,000, a net increase of 518,000 workers. A net of 378,000 workers of that increase were born outside the United States. Many immigrants work as housecleaners for wages below what most Americans will accept. This makes domestic services affordable for middle-class Americans and improves the quality of life for many busy two-earner families. Without immigration, most of those jobs would not go to Americans. They would not exist, and those families would not be able to afford housekeepers.


7. Ibid., Table VII.

8. Ibid.

fastest, while those requiring less education either decreased or stayed relatively constant.

American workers have significantly more education today than they had a generation ago. (See Chart 5.) Today, 95 percent of American workers have at least a high school diploma, versus 79 percent in 1980. The proportion with at least a bachelor’s degree has risen by 50 percent. Today, almost two-thirds of workers have at least some college education.

This shift benefits American workers. The increased need for highly skilled and educated workers means expanded opportunities for upward mobility. Jobs that require more education pay higher wages than those that require less schooling. This has always been the case and has become especially pronounced in recent years. The wage premium on a college education has increased over the past quarter-century. In 1980, the median worker with at least a bachelor’s degree earned 44 percent more than the median high school graduate. In 2006, that difference was 76 percent. 10

The jobs being created for Americans today are not predominantly “burger flipping” positions that require few skills or little education. Instead, businesses need more highly skilled workers who can perform complex tasks. These jobs require more education and pay higher wages. Workers have more quality jobs available to them now than they did a generation ago. Skills and education provide an increasingly accessible pathway to success.

**Service Occupations.** However, not every occupation requiring less education or fewer skills has experienced declining employment. Service occupations (e.g., housekeepers, security guards, cooks, health aides, and janitors) are a notable exception to this trend. These occupations require manual labor or interpersonal interactions that cannot easily be automated. In 1980, 9.2 percent of employees worked in these jobs. By 2006, that figure had risen to 12.3 percent.

Service jobs are typically less skill-intensive than other jobs. Chart 6 shows the educational background of workers in the service occupations and the overall economy in 1980 and 2006. Although the education level of workers has increased in all

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10. Heritage Foundation calculations based on data from U.S. Census Bureau, United States Census, 1980, 1990, and 2000, and American Community Survey, 2006. The calculations included all workers ages 25 to 65 who worked at least 1,250 hours in the previous calendar year and excluded workers who reported being born outside the United States. The college wage premium is defined as the ratio of the median wage of workers with a bachelor’s degree or greater to the median wage of high school graduates. For more details, see Appendix A.
sectors of the economy, service occupations still require below-average skills. Of service workers, 56 percent have a high school education or less, compared to 38 percent in the overall economy.

The increase in service jobs reflects increased immigration and technological changes. Many immigrants work in service occupations precisely because those occupations require fewer skills. Table 1 shows that foreign-born workers account for one-third of the relative growth of the service sector.

Technological changes have also reduced the number of labor-intensive jobs. Some former factory workers have found jobs in high-wage sectors of the economy, but others, especially low-skill workers, now work in service occupations. Chart 7 shows the occupations of non-immigrant employees with a high school degree or less.

Employment as operators, fabricators, and laborers and in precision production, craft, and repair occupations has fallen by 4.8 percentage points among workers with a high school degree or less. Employment in service occupations for these workers has risen by 4.3 percentage points. Jobs in service occupations have replaced other low-skill jobs in the economy.

Service jobs require fewer skills and pay lower wages. Workers in service jobs earn the second least of any occupation, behind only farm workers. The
economy has generally created more high-skill, high-paying jobs, but some low-wage occupations have expanded. The stories about the factory worker who loses his job and takes a job as a short-order cook are not so much inaccurate as incomplete. Such things do happen, but they do not represent how the economy as a whole has changed.

**RISING WAGES AND COMPENSATION**

With the economy shifting toward better jobs in high-wage occupations, the income of the typical worker has risen. Table 2 shows hourly earnings and annual wage and salary incomes of American workers. Foreign-born workers are excluded from this table to prevent immigration from distorting the picture of how the welfare of American workers has changed over time.

Earnings data from the American Community Survey (ACS) and the decennial Censuses are not directly comparable because their survey questions are worded differently. Consequently, the data in Table 2 can be used to determine wage growth from 1980 to 2000 and from 2000 to 2006, but not from 1980 to 2006.

The wages of American workers have risen over the past generation. Average annual wage and salary income rose 27 percent between 1980 and 2000 and has recovered from the collapse of the dot-com bubble, rising 4 percent since 2000. Median incomes increased less quickly but still rose 15 percent between 1980 and 2000 and have risen 6 percent since 2000.

Contrary to popular wisdom, the largest income growth has occurred among the poorest workers. The annual incomes of workers in the bottom 10 percent by wage rose 39 percent between 1980 and 2000—more than in any other income group. The incomes of workers at the 25th percentile rose 21 percent during this period.

Chart 8 shows the percent change in hourly wages and annual wage and salary income for different earnings levels from the Current Population Survey, which provides comparable data over time after 1993 and allows examination of changes in earnings over the past decade.

Chart 8 shows that hourly and annual earnings of American workers have increased notably since 1993. Wages grew rapidly in the late 1990s and

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11. For example, the Census requests information on a worker’s earnings in the previous calendar year, so a worker interviewed for the 2000 Census reported his income in 1999. The ACS asks about a worker’s earnings over the past 12 months, so a worker interviewed in July 2000 reported his income from July 1999 to July 2000.

12. The CPS was redesigned in the early 1990s, and the changes went into effect in 1994, affecting responses to questions about income in 1993. For many questions, data from before the redesign are not strictly comparable with data from after the redesign.
slowed sharply after 2003. However, the typical American worker is substantially better off now than in 1993. Between 1993 and 2006, average hourly earnings rose 28 percent, and average annual earnings rose 18 percent. During the same period, median hourly earnings rose 17 percent, and median annual earnings rose 18 percent.

Contrary to the conventional wisdom that the rich get richer and the poor get poorer, the data show that incomes have risen at all income levels. The incomes of workers in the top 10 percent have risen 20 percent since 1993. The incomes of workers at the bottom 10 percent are up 18 percent.

**Minimum Wage Work Rare.** A common misperception is that while some good jobs exist, millions of Americans are trapped trying to provide for their families on minimum wage incomes. This is not the case. Very few Americans work for the minimum wage. The federal minimum wage increased to $5.85 per hour in July 2007. Only 1.3 percent of American workers earn this wage.\(^\text{13}\)

Most of these minimum wage workers do not rely solely on their wages. Half are between the ages of 16 and 24, and 61 percent work part time. The stereotypical single parent working a minimum wage job full time to provide for his or her family is very rare. Less than one in 15 minimum wage earners fall into this category.\(^\text{14}\) Although it does occur, very few workers in today’s economy rely on a minimum wage income to support their families.

**Upward Mobility.** Workers are not trapped in fixed income classes. The workers earning the min-

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14. *Ibid.* Of the workers earning the federal minimum wage, 6.3 percent are single parents working full time. This represents 95,300 of 146 million American workers.
Earnings Rise at All Income Levels

Earnings for American-born workers have increased at a similar rate from 1993 to 2006 regardless of income group.

Table 3 shows the results of a Treasury Department study following individual wages between 1996 and 2005. Most workers’ situations improved markedly. The average worker’s income rose 38 percent. Counterintuitively, the wealthy experienced much less wage growth than was experienced by low-wage workers. The average income of the top 10 percent rose only 13 percent. Workers in the bottom 20 percent experienced the largest increases, with their median income increasing by 90.5 percent and mean income increasing by 232.5 percent.

America is not becoming a nation of low-wage fast-food workers. Job opportunities are expanding, with the typical job paying more than it did a generation ago. American workers, especially low-income

Note: Figures include all American-born workers ages 25 to 65 who worked at least 1,250 hours in the previous calendar year. See Appendix B for details.

workers, experience great upward mobility. The wealthy are getting wealthier, and so are the poor.

**Health Insurance.** Wages are only part of workers’ earnings. Over 30 percent of the typical worker’s total compensation is provided in benefits. Many workers consider a “good job” one that provides health insurance and/or a pension. The popular perception is that finding a job with these benefits has become increasingly difficult.

This conventional wisdom is also wrong. The overwhelming majority of American-born employees working regular hours have employer-provided health insurance, either as the policyholders themselves or as the dependents of other workers with employer-provided insurance. Chart 9 shows health insurance coverage rates since 1995.

Health insurance rates have barely changed over the past decade. In 1995, 80.7 percent of American-born workers had employer-provided health coverage, which is statistically identical to the 80.5 percent rate in 2006. The health insurance rate did rise slightly to 83.2 percent during the dot-com bubble of the late 1990s before returning to its previous level after the bubble burst, but these were minor fluctuations. Now, as a decade ago, more than 80 percent of employees working regular hours have employer-provided health insurance. Employers have also increased the amount they spend on health benefits. The average employee today earns 44 percent more in health insurance benefits per hour of work than in 1994. The conventional wisdom that employer-provided health benefits are becoming a relic of the past is simply wrong.

This misconception is partially the result of the massive influx of unskilled immigrants into the economy over the past decade. These immigrants, many of whom are illegal, often work in positions that do not offer benefits. Employer-provided coverage among all workers, including foreign-born workers, has fallen 2.0 percentage points since 1996 and 3.8 percentage points since its high in 2000. However, this does not mean that the job opportunities for American workers have declined. It means that there has been an influx of unskilled foreign-born workers.

16. Heritage Foundation calculations based on data from U.S. Department of Labor, Bureau of Labor Statistics, Employer Costs for Employee Compensation, Table 1. In the fourth quarter of 2007, benefits comprised 30.2 percent of the average employee’s total compensation.

17. The Census and ACS do not ask about health insurance coverage. Current Population Survey (CPS) health data after the redesign are not strictly comparable with data from before the redesign. The redesigned survey utilizes computer-assisted interview techniques that allow interviewers to probe respondents more thoroughly. This reduced the proportion reporting no health insurance by several percentage points, creating a spurious upward trend in insurance rates. Consequently, this paper uses only CPS data gathered after the redesign.


19. Heritage Foundation calculations using data from U.S. Department of Labor, Bureau of Labor Statistics, Current Population Survey, 1994–2007, March supplement. For more details, see Appendix B. Health insurance coverage rates for all workers were 78.8 percent in 1996, rose to 80.7 percent in 2000, and fell to 76.9 percent in 2006.
Pensions Not Disappearing. Coupled with concerns over the disappearance of health insurance are concerns that fewer employers provide pension benefits. These fears are also exaggerated. Company pensions are not disappearing from the economy.

Chart 10 shows that a large majority of workers are offered employer-provided pensions and that a majority have such pensions. Current Population Survey (CPS) data show a decrease of about 1 percentage point in pension coverage since 1993. However, other government surveys show that employer pension coverage increased by a few percentage points during this same period.20

Chart 11 shows pension coverage rates for Americans looking at four different data sources: the Current Population Survey, the Survey of Income and Program Participation, the Survey of Consumer Finances, and employer 5500 tax forms filed with the IRS. This chart looks at private-sector wage and salary workers between the ages of 25 and 64 but does not restrict attention to American-born workers. As the chart shows, the availability of employer-provided pensions has been stable in recent decades.21

The Shift to Defined-Contribution Pensions. Although the availability of employer pensions has not changed in recent years, the type of pension that employers offer has changed dramatically. A generation ago, most employers provided defined-benefit pension plans. Today, most employers offer defined-contribution plans.

In a defined-benefit pension, the employer guarantees a set benefit to the worker after retirement, such as 1.5 percent of the worker’s final salary multiplied by the number of years that he or she worked. In a defined-contribution plan, the employer contributes a set amount to a pension plan owned by the employee—for example, by depositing an amount equal to 6 percent of the employee’s earnings into a 401(k).

Chart 12 shows this shift toward defined-contribution pensions. In 1980, almost two-thirds of workers with an employer-sponsored pension had defined-benefit plans. By 2003, the ratio had more than reversed, with almost 70 percent of workers with pensions in defined-contribution plans.

Employers have increased, not decreased, the amount they spend providing retirement benefits during this transition. The average employee now earns 32 percent more per hour worked in retirement benefits than in 1991.22 Counterintuitively, workers today earn more generous retirement benefits than in the past.

The Advantages of Defined-Benefit Plans. Organized labor frequently criticizes the shift from defined-benefit pensions to defined-contribution pensions.23 This criticism of the disappearance of

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21. “While pension participation has risen and fallen over short intervals, all four data sets show stable participation rates over the period 1991–2004.” Ibid., p. 3.

defined-benefit pensions helps to explain why many Americans mistakenly believe that employer-provided pensions are disappearing.

Part of the labor movement’s opposition to defined-contribution plans stems from institutional self-interest. Unions use the stocks that they manage in collectively bargained defined-benefit plans to pressure corporate directors. A recent study of one AFL–CIO pension found that the union’s proxy votes “partly reflect union worker interests rather than the objective of maximizing equity value alone.”24 Unions use workers’ savings in defined-benefit pensions to achieve their own objectives. They could not do this if the workers controlled their own pensions in defined-contribution plans.

Other concerns do not stem from institutional self-interest. Under a defined-benefit pension, the company owes the worker the promised benefit. If the corporate investments do poorly, the company must still pay the promised benefits unless it has gone bankrupt. Under a defined-contribution plan, the company has no liability after its initial contribution. The employee bears the risk of poor invest-

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ment performance and is not guaranteed any fixed retirement benefit.

However, research shows that defined-contribution plans are better for workers on balance. While workers bear the risk of investments performing poorly in a defined-contribution plan, this risk is small over the span of an entire working life. Furthermore, defined-benefit plans are not risk-free. The company operates the pension plan, and if the company goes bankrupt, workers may receive only a fraction of the promised benefits from the government. This happened at United Airlines and Bethlehem Steel. Defined-benefit plans are low-risk only if the employer stays in business.

Defined-contribution plans protect workers from this risk. In a defined-contribution plan, workers own their pension and do not lose any of it if their employer goes bankrupt. Employer contributions cannot be taken back once they have been made. Defined-contribution plans also protect workers if they change jobs because 401(k) and other defined-contribution pension plans are perfectly portable between employers. Workers do not lose any of their benefits when they start working for a new company. Under a defined-benefit plan, workers can lose a substantial portion of their pension benefits if they change jobs.

The advantage of higher returns makes a defined-contribution pension a better deal for all but the most extremely risk-averse employees. The typical worker will retire with more money with a defined-contribution pension than with a defined-benefit pension. The steady shift toward defined-contribution pensions means that more workers have pensions that give them greater control over their working lives and will provide them with more income for retirement.

**BETTER JOBS**

Job quality has also improved in non-monetary ways.

**Safer Jobs.** Jobs are safer and more enjoyable today than they were two decades ago. The shift away from manufacturing and manual labor-intensive jobs means less physical hardship and fewer workplace injuries. Workers are far more likely to be injured moving parts on an assembly line than they are photocopying documents in an office. New technologies have also made work safer, even in the more dangerous jobs.

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26. For example, two workers at a firm receive a defined-benefit pension that pays out 1.5 percent of final wages per year of service. One worker stays with the company for 40 years and retires, earning $60,000 per year in his final year. His defined-benefit pension would pay him $36,000 per year (0.015 * 40 * $60,000). The other worker leaves his job after 20 years to work for another company that has the same pension structure. The wage profile is identical at both firms. When he left the first company, he earned $40,000 per year, and he retires earning $60,000 in his final year. However, this worker would receive only $30,000 per year (0.015 * 20 * $40,000 + 0.015 * 20 * $60,000). Switching employers halfway through his career to take a job paying the same amount reduces the second worker’s pension by 17 percent.


28. For a discussion of working becoming less unpleasant, see Coulibaly, “Changes in Job Quality and Trends in Labor Hours.”
Chart 13 shows that the rates of workplace injuries, illnesses, and fatalities since 1992 have decreased. On-the-job injuries and deaths have fallen sharply since 1992. Technology and the changing nature of work have made jobs less dangerous and less unpleasant than in the past. This is another way that the quality of jobs available to workers has increased, even if it cannot be measured in dollars and cents.

More Sick Leave. Another misconception is the belief that employers have reduced the paid leave they provide their employees. This is another case of nostalgia painting a misleading picture of the past. Table 4 shows the percent of workers with access to paid holidays, paid vacation days, and paid sick leave since 1991. Now as two decades ago, 90 percent of full-time workers have paid holidays and vacation days.  

Workers’ access to paid sick leave has expanded since 1991. Then, 57 percent of full-time employees had paid sick leave. Today, 68 percent have paid sick leave. Workers now earn 16 percent more paid sick leave per hour of work than in 1991. All paid leave benefits, including vacations and holidays, have increased 17 percent per hour since 1991.

Increased Mobility and Increased Job Security. Even if the quality of jobs in the economy has not declined, many analysts worry that job security has decreased. This conventional wisdom holds that workers in good jobs can no longer count on keeping them. In the past, most workers stayed with the same employer throughout their career. Today, the argument claims, outsourcing and cor-

29. The Current Population Survey does not provide data on paid time off work. These data come from the Employee Benefits Survey, a separate survey conducted by the Bureau of Labor Statistics. These data survey establishments, not individuals, so it is not possible to separate out the effects of increased immigration on paid leave trends in this chart.
porate greed have put many jobs at risk. Businesses routinely lay off senior employees, and the lifetime job is a relic of the past. Tens of millions of American workers could face layoffs at any time.

This belief is widespread, but it is contrary to the facts.

Like most myths, the belief in declining job security contains a grain of truth: Some measures show that employees are slightly more likely to leave their jobs now than they were during the mid-1980s. But such studies do not forecast the end of long-term jobs. Chart 14 shows the average length of time that men near retirement age spent with their longest employer. This number has fallen since 1980, but only to its 1969 level. This metric indicates that employee mobility has increased modestly over the past few decades, but not to historically unusual levels. Lifetime jobs have not disappeared from the economy. Other measures show that employees are modestly less likely to leave their job from one year to the next.

A change in employee mobility does not necessarily mean reduced job security. Workers can leave their jobs voluntarily or involuntarily. Leaving a job to take a better one does not constitute reduced job security. Rather, job security concerns the likelihood that workers will find themselves unexpectedly unemployed.

Neither surveys of workers nor empirical studies bear out this fear. When asked “How likely do you think it is that you will lose your job or be laid off over the next year?” workers have expressed essentially the same levels of concern since 1977, although it has fluctuated with the business cycle. (See Chart 15.)

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30. Heritage Foundation calculations using data from U.S. Department of Labor, Bureau of Labor Statistics, Employer Costs for Employee Compensation, compiled by Haver Analytics. Data cover all civilian workers and were adjusted for inflation using the PCE chain price index.

31. For example, see Louis Uchitelle, The Disposable American: Layoffs and Their Consequences (New York: Alfred A. Knopf, 2006).


33. Men are examined to focus on changing economic conditions, not broader social forces that have increased women’s attachment to the workforce.

Workers are more likely to believe that they could find an equally good job if they left their current employer. When workers were asked how easily they could find another job with the same income and fringe benefits as their current jobs, over two-thirds said that it would be very easy or somewhat easy—up sharply from the 1970s. (See Chart 16.) Workers themselves do not believe that their job prospects are less secure.

In this, workers agree with empirical studies that show that workers’ job security has increased.\(^{35}\) Heritage Foundation research shows that men were almost 6 percent less likely to leave their jobs in 2006–2007 than in 1975–1976, and women were about 10 percent less likely to leave their jobs. Workers’ attachment to their jobs has increased modestly. Interestingly, job security has increased even more dramatically; Men are 46 percent less likely and women are 33 percent less likely to leave their jobs and become unemployed than in the 1970s. (See Table 5.)

The conventional wisdom is clearly wrong: Workers’ jobs are more secure now than they were a generation ago.

However, workers are significantly more likely to move between employers today than in the past, and such movement is usually voluntarily. Men are 39 percent more likely and women are 29 percent more likely to leave their current jobs and immediately start working for new employers than they were in the 1970s. Increased mobility benefits workers, as greater mobility gives workers more opportunities to move up. Workers rarely switch jobs without a better offer.

**Pension Changes Facilitating Mobility.** Workers have become more willing to switch jobs partly because of the increase in defined-contribution pensions. Defined-contribution pensions are perfectly portable between jobs, while defined-benefit pensions often penalize workers for switching employers. Many workers would like to switch jobs, but they would lose thousands of dollars per year in pension benefits. Defined-benefit pensions often act like golden handcuffs chaining workers to their jobs.

Legal changes in the 1980s encouraged companies to start offering defined-contribution pensions, and as employers started doing so in large numbers,
workers became more willing to switch jobs when they found better opportunities.\textsuperscript{36} Workers have become slightly less attached to their jobs because they now have more choices in employment, not because greedy chief executive officers casually lay off employees.

**Projected Continued Growth of Good Jobs.** Forecasting the future is difficult, but the best estimates show that the number of good jobs in the United States will continue to increase over the next decade. Table 6 shows projected job growth, broken down by earnings and educational requirements. Jobs in occupations with the highest earnings are projected to grow the most rapidly, increasing 14 percent by 2016. Every lower-paying job quartile is expected to grow less rapidly than the economy as a whole. Jobs requiring more education will also increase significantly faster than those requiring less education. Occupations requiring at least some college education will increase twice as fast as those requiring only a high school degree.

Table 7 shows the 25 occupations with the largest projected growth over the next decade. Not every rapidly growing occupation pays high wages, but most do. Of the 25 fastest-growing occupations, 16 are either in the highest or second-highest earnings quartiles. Most require above-average levels of education. The jobs of the future are not predominantly burger flippers, but network systems analysts, computer engineers, medical assistants, and database administrators.

**CONCLUSION**

The media and policymakers worry that good jobs are disappearing from the economy. These fears have gained heightened attention during the current economic slowdown and since the housing bubble burst.

However, these concerns are unfounded. Some workers have lost high-paying jobs and have been unable to find comparable new jobs, but these workers are the exception, not the rule. Throughout the economy, jobs paying high wages in fields requiring more education are more available today than they were a generation ago, while low-wage, low-skill jobs are decreasing. Technology and automation have increased the value of mental labor and reduced the need for manual labor. Office jobs are replacing jobs on the assembly line, causing workers’ incomes to rise. The government expects these trends to continue, with high-wage, high-education occupations growing more quickly than the economy as a whole.

Contrary to the prevailing wisdom, employer-provided health insurance and pensions are as available now as they were in the mid-1990s. Worker pension plans have improved significantly, with most employers shifting to defined-contribution pensions that provide workers with more money for retirement and do not penalize them for switching jobs.

\begin{table}[h]
\centering
\begin{tabular}{|l|c|c|c|}
\hline
\textbf{Projected Job Growth by Earnings} & \textbf{Total Employment} & \textbf{Projected} & \\
\multicolumn{2}{|c|}{\textbf{(in Thousands)}} & \textbf{Growth} & \\
\hline
\textbf{Growth by Earnings} & & & \\
Very High Earnings & 37,142 & 42,356 & 14.0\% \\
High Earnings & 37,008 & 40,344 & 9.0\% \\
Low Earnings & 38,486 & 41,867 & 8.8\% \\
Very Low Earnings & 37,840 & 41,480 & 9.6\% \\
\hline
\textbf{Growth by Education} & & & \\
College & 18,007 & 21,009 & 16.7\% \\
Some College/College & 22,420 & 25,792 & 15.0\% \\
High School/Some College/College & 21,842 & 23,951 & 9.7\% \\
High School/Some College & 71,260 & 77,190 & 8.3\% \\
High School & 16,957 & 18,118 & 6.8\% \\
\hline
\textbf{Total Economy} & 150,476 & 166,047 & 10.3\% \\
\hline
\end{tabular}
\caption{Projected Job Growth by Earnings and Education Levels}
\end{table}

\textit{Note:} Occupations are ranked by median earnings, with the top quartile classified as very high earning jobs, the second quartile as high earning, and so forth.


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Work has also become safer and less unpleasant, with on-the-job injuries down sharply. Access to sick leave has expanded. Workers have both more job security and more mobility than in the past. Workers are more likely to switch employers but less likely to be fired than a generation ago.

Good jobs are at least as common today as they have been in the past. Congress should not take radical steps to address a non-existent crisis. For example, Congress should not deprive workers of the right to vote before joining a union to make it easier for unions to organize workers. Nor should Congress nationalize health care in the mistaken belief that employer-provided health coverage has shrunk. Rather, Congress should continue policies like tax relief that promote economic growth and the creation of more good jobs.

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The 25 Fastest-Growing Occupations

Of the 25 fastest-growing occupations in the U.S., 16 pay high or very high wages. Of the nine very high wage occupations, seven have college graduate rates of 68% or higher.

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Project for 2016</td>
<td>% change</td>
<td>Annual</td>
<td>High School</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Earnings</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>Quartile</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>262,000</td>
<td>2001</td>
<td>$64,600</td>
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</tr>
<tr>
<td>2</td>
<td>767,000</td>
<td>2001</td>
<td>17,770</td>
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</tr>
<tr>
<td>3</td>
<td>787,000</td>
<td>2001</td>
<td>19,420</td>
<td>55.3%</td>
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<tr>
<td>4</td>
<td>507,000</td>
<td>2001</td>
<td>79,780</td>
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<tr>
<td>5</td>
<td>71,000</td>
<td>2001</td>
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<tr>
<td>6</td>
<td>176,000</td>
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<td>7</td>
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<tr>
<td>8</td>
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<td>2001</td>
<td>26,290</td>
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<tr>
<td>9</td>
<td>62,000</td>
<td>2001</td>
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<td>-</td>
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<td>10</td>
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<td>2001</td>
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<td>62,800</td>
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<td>2001</td>
<td>34,380</td>
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<td>2001</td>
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<td>25</td>
<td>350,000</td>
<td>2001</td>
<td>85,370</td>
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</tbody>
</table>

* For workers age 25 to 44.

Charts 1, 2, 5, 6, and 7 and Tables 1 and 2 are based on Heritage Foundation calculations using data from the 1 percent samples of the 1980, 1990, and 2000 Censuses and the 2000 and 2006 American Community Surveys. These data were obtained from the Integrated Public Use Microdata Series (IPUMS).37

Occupations were separated according to the occupation classification system used in the 1990 Census. The IPUMS project codes this variable to provide consistent comparisons across years. The managerial and professional specialty occupations sector was divided into an executive and managerial sector and a professional specialty sector. The technical, sales, and administrative support sector was divided into a technical and sales sector and an administrative support and clerical sector.

Individuals between the ages of 25 and 65 who worked at least 1,250 hours in the previous year (25 hours per week for 50 weeks per year) were included in this analysis. Today, a common criticism is that increasing numbers of workers cannot find full-time jobs and must turn to part-time employment. The threshold of 1,250 hours per year was chosen to capture the effect of any shift toward or away from part-time employment without examining the wages of employees who do not rely on their jobs for their incomes. Changing employment patterns for a spouse in a dual-income couple who works part-time for only 10 hours per week should not be conflated with an employee who cannot find full-time work and works only 30 hours per week.

Hourly wages were calculated as the reported wages and salary income for the previous year divided by the total number of hours worked in the previous year. The total number of hours worked was calculated as the usual number of hours worked per week multiplied by the number of weeks worked in the previous year. Wages are expressed in 2007 dollars using the personal consumption expenditures chain-type price index. Workers reporting earning less than $3.50 per hour or more than $500 per hour in inflation-adjusted dollars were omitted from the analysis.

Educational achievement was measured using the EDUCREC variable created by IPUMS to allow comparisons of education levels across different Census years. EDUCREC is a composite variable combining the educational codes used by the 1980 Census with the educational codes used in the 1990 and 2000 Censuses. In this paper, a high school dropout is a worker reporting less than a 12th grade education. A high school graduate is a worker reporting exactly a 12th grade education. Workers with some college education are those reporting one to three years of college. Workers with college degrees or higher are those reporting four or more years of college education.

Workers born outside the United States were considered immigrants.

Charts 8–10 are based on Heritage Foundation calculations using data from the March supplement to the Current Population Survey. These data were obtained from the Integrated Public Use Microdata Series–Current Population Survey.38

As with the Census data, workers between the ages of 25 and 65 who worked at least 1,250 hours per year in the previous year were included in the analysis. Total hours worked were calculated by multiplying the usual hours worked per week in the previous year by the total number of weeks worked in the previous year.

Workers born outside the United States were considered immigrants.

All income and earnings variables were adjusted for inflation and expressed in 2007 dollars using the personal consumption expenditures chain-type price index. Hourly earnings are total wage and salary income divided by the total number of hours worked in a year. Workers reporting earning less than $3.50 per hour or more than $500 per hour in inflation-adjusted dollars were omitted from the analysis, as were workers reporting earning less than $100 per week or more than $5,000 per week.

A worker is classified as covered by employer-provided health insurance if the worker is a policyholder for employer-provided insurance or is a dependent covered by employer-provided insurance. To make data gathered since 2001 comparable with earlier data, workers were excluded from health coverage analysis if their insurance status was identified using the verification question introduced in 2001.

APPENDIX C

Data on the characteristics of minimum wage workers comes from August 2007 through April 2008 Current Population Survey outgoing rotation groups downloaded from the Census Bureau. Workers were defined as being at or below the minimum wage if they reported that they were paid hourly wages and that their usual weekly earnings divided by their usual hours worked per week was less than or equal to $5.85 an hour. This measure of earnings includes tip income, which raises the wages of many restaurant employees above the minimum wage.

A part-time worker is one who reports that he or she usually works part time or who is currently part time, despite usually working fulltime. A single parent is defined as a worker who reports that he or she has one or more of his or her own children present in the household and who is either widowed, divorced, or separated or has never married.