

## Beyond Anti-Social Engineering: The Future of Work in the States Policy and Institutional Choices Toward an Economy that Works for All<sup>1</sup>



### Why We Need the Future of Work in the States

The Economic Analysis and Research Network, or EARN, brings together 61 state and local, and 25 national, research and policy organizations that share a common commitment to creating a “high road” economy with greater equity, sustainability, and democratic accountability. EARN’s well-grounded perspective recognizes markets as powerful tools for raising living standards but also understands the central place of policy, regulations, and institutions in guiding markets in socially inclusive and environmentally sustainable directions. The empirical support for the EARN perspective comes from firm case studies, industry studies, and international comparisons. It also comes from EARN groups’ practice on the ground in the states. Engaging with businesses, unions, communities, and government at the state and metro level, and in specific industry sectors, many EARN groups confirm through experience the good news that that we can have better jobs, a cleaner environment, and a stronger economy. It’s past time to share the good news.

The overall aim of the EARN “Future of Work in the States” initiative – launched with this overview report and supplementary deliverables (all available at [www.earncentral.org/futureofworkinthestates](http://www.earncentral.org/futureofworkinthestates)) – is to provide a foundation of information and imagination to support a collective effort and discussion that paints a picture of the economy that we want 30 years from now. This would be “An Economy that Works for All,” a “high road” economy that delivers high productivity growth and improvements in living standards and quality of life (including shorter work time in multiple forms) to most Americans.

At the national level for more than 30 years, policy choices made in the name of necessity or inevitability (lower taxes; weakened consumer, safety, and labor protections; trade deals that gut social standards; privatization of essential public goods from prisons to schools; etc.) have sapped the U.S. economy, starving the nation of public investment, growing our trade deficit, and encouraging low-road companies that profit at the expense of workers and the planet. A defeatist national narrative on the economy – that it is a natural, uncontrollable, inevitable force not the product of policy or alterable by it – has been fed by, and in turn feeds bad policy choices. The belief that “there is no alternative” (sometimes called TINA, after the first letters in the phrase) constricts the conversation from the start. We need to push the conversation through the TINA problem and see a future full of possibility.

The story waiting to be told by EARN groups is that There Is a Better Way. Our economy is not simply subject to forces outside of our control inevitably rewarding a few at the expense of the many.

- There is an alternative to a future of rising inequality and underemployment, growing gaps in employment and wages based on race, ethnicity, and education level, and large numbers of families in poverty and below a self-sufficiency income even as the overall economic pie continues to grow.

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<sup>1</sup> This overview of the EARN Future of Work research project was written by Laura Dresser of the Center on Wisconsin Strategy and Stephen Herzenberg of the Keystone Research Center (KRC) with input from other members of the EARN FOW research team: Dean Baker of the Center for Economic and Policy Research (CEPR), David Cooper of the Economic Policy Institute (EPI), David Kallick of the Fiscal Policy Institute, Larry Mishel of EPI, Natalie Sabadish of KRC, and John Schmitt of CEPR. We also thank participants in a March 17-18, 2014 convening on the EARN Open OSF Future of Work project (at EPI) for their ideas and input.



- Technological change can fuel incredible opportunity along with economic growth– but only if that growth is broadly shared.
- Increasing demographic diversity will change the face of the nation but we can only preserve the promise of the American Dream through equity in the context of growing diversity.
- Specific sectors will face turmoil in work organization and jobs and we can only shape industry transformation in humane directions by strengthening the voices of workers and communities in the transformation process.
- To achieve a future we want not a future we're stuck with, we need to anticipate technological disruptions, and enact policies at all levels of government that make a better way a reality.

To date, EARN and its national host organization, the Economic Policy Institute, may be best known for telling the story of what has gone wrong. In *The State of Working America* since 1986 and in state-level *State of Working XXX* reports (first in Wisconsin, then Pennsylvania, then Ohio....) beginning in the mid-1990s, EARN groups have documented the rise of inequality, the flat-lining of wages, the erosion of upward mobility and retirement security. This work has provided an essential critique of the economy and a more complete and widespread understanding of the last three decades of American polarized economic growth.

The Open Society Foundation's Future of Work (FOW) project challenged EARN – and other FOW grantees – to turn their gaze forward, a full 30 years into the future. In doing so, we must consider more fully the technological change that is coming and what it means for our economy and the most vulnerable people in it.

In this project, EARN has been struck by the parallels between dominant narratives on both technological change and the economy. Contrary to those narratives, neither “technology” nor the economy are driven by natural, unchangeable forces. Both are created, shaped, and negotiated by people who are situated in a policy and institutional context and have significant influence on technological development and socio-economic processes. We are, as a result, not simply the subjects of the economy or technology, but creators and constrainters of both. Policy choices made in the context of technological change and economic restructuring will drive the results – equitable or not, liberating or not – 30 years forward.

By emphasizing a long-time horizon, OSF gave us a license to imagine the world we want, and invited us to capitalize on the number of state and local EARN groups, the over 60 potential EARN “laboratories of democracy” in which to help create that world.

Perhaps not coincidentally, this 30-year time horizon is also roughly the period since Ronald Reagan became president. It has taken 30 years to tear down the policies and institutions that delivered over three decades of shared prosperity after World War II. If we want to rebuild shared prosperity 30 years from now, we'd better get started.

EARN research on possible futures is well timed because of the recent explosion in the boundaries of public discussion about responses to inequality. The ecstatic reception of the recent book by French economist Thomas Piketty, with his call for a global wealth tax, provides one example (Piketty 2013). In the United States, Seattle and San Francisco have enacted \$15 per hour minimum-wage laws. Fast food protests across the country have called for a “\$15 hourly wage and a union.” Worker centers and innovative union campaigns including taxi drivers, contingent faculty, restaurant workers, supermarket workers, retail workers, domestic workers, health care workers, child-care workers, home care workers



– and more – point to the pent-up demand for better jobs and for the crystallization of new models of worker organization that might deliver such jobs. Even in the context of a Republican electoral wave in November 2014, minimum wage ballot initiatives passed by wide margins in four red states, and paid sick leave in Massachusetts (Cohen 2014; Jamieson 2014). Americans are ready for a Better Way if we can fuel broad confidence that it is attainable.

The remainder of this brief includes six sections.

1. *Planet of the Robots?* Recognizing that economists are in great contention on the role and impact of technology over the next 30 years, we start with a quick overview of the EARN view on the robots debate. We are skeptical that robots and other technological advancement will inevitably lead to slow employment growth and mass unemployment, or that technology necessarily leads to wage stagnation for less-educated workers or to wage inequality. EARN takes the view that, as it has in the past, automation could be a positive for productivity growth and the focus of attention should be on the policy response to the distribution of that growth. It is the policies and not technology that will determine whether the future leads to better jobs, less inequality and higher wages for the vast majority.
2. *Work Time and Wage Policies.* The next section, summarizing a stand-alone brief by Dean Baker of the Center for Economic Policy and Research, follows through on the idea that what matters most is the policy response to whatever use of technology – and level of productivity growth – we get. Assuming three different potential levels of productivity growth, the highest corresponding to widespread use of robots etc., we explore the implications of alternative assumptions about wage distribution and work time. Over a 30-year time frame, **as long as the benefits are distributed fairly**, we show that high productivity growth provides the basis for higher living standards and shorter work time – hence a better quality of life – for everyone. This analysis thus recasts high productivity growth that might be enabled by pervasive new technology as a potential boon.
3. *The Future of Work in Retail and Health Care.* This section summarizes two stand-alone briefs that dive into the future of the retail and health care sectors. Together these sectors account for over a quarter of jobs and a larger share of low-wage jobs. They are also both subject to profound technological shifts. In both sectors, we illustrate again our core theme that policy choices, including institutional arrangements, will critically shape the impact of technology – and that a better future is attainable in which all workers can support themselves while enjoying the quality of life that accompanies shorter work time.
4. *The Future of Work in XXX – Demographics and Jobs.* State-level projections already exist for two sets of variables (a) demographics and (b) occupations. To make these projections accessible to state and local groups, the EARN Future of Work project incorporated them into interactive Excel tools that automatically generate simple and accessible charts. In this section, we describe the interactive tools. Most important, we encourage data-oriented readers to use the interactive tools to explore the future of their state. Although these existing projections are not heavy on policy content or choices (implicitly assuming continuation of past policies and trends), looking at “the numbers” that do exist for your state begins to reorient thinking to where we are going – as Yogi Berra said, “if you don’t know where you’re going, you’ll end up someplace else.”



5. *Using EARN Future of Work Research to Enrich State and Local Discussion.* From the beginning, our goal has been to use research and data related to the Future of Work in the 2040s to stir the pot in states and localities. Therefore, this section takes a stab at localizing for two sample states the information from our state-level projections data. Our sample state Power Point presentations are for New York and Pennsylvania, but the basic approach can be replicated for any state.<sup>2</sup>
  
6. *The Future of Work in XXX: Next Steps.* We close by considering how to build on this initial Future of Work in the States. In the words of Alan Kay, “the best way to change the future is to invent it.” The market is a powerful means but not an end in itself. Our end is an economy that respects our values – opportunity, democracy, sustainability. Our collective efforts to fight for this end has been undercut by a lack of confidence in its attainability. First and foremost, in practical ways that connect tightly with state and local advocacy and organizing, the Future of Work in XXX has the potential to bolster confidence among workers, advocates, high-road employers, policymakers, and citizens that there IS a better way. Time to ramp up our efforts.

## 1. PLANET OF THE ROBOTS? Pervasive Automation Offers an Economic Opportunity

No economist has a crystal ball or can know in advance how pervasive will be the use of robots in the future. Erik Brynjolfsson and Andrew McAfee (2011) warn of high rates of displacement. Using occupational descriptions and their own assessment of the types of tasks amenable to computerization, Frey and Osborne estimate that “...47 percent of total US employment is in the high risk category, meaning that associated occupations are potentially automatable over some unspecified number of years, perhaps a decade or two.” Warnings of technology driven job shortages have occurred before: in the early 1960s automation debate, for example, and in Jeremy Rifkin’s *The End of Work* (Rifkin 1995). We see no reason to believe that automation in the next few decades will lead to fewer *overall* jobs even though jobs in particular occupations and industries will disappear: that has not happened because of the automation that occurred over the last century or more and there is no empirical basis for believing that future automation will lead to a lack of jobs. For example, there is little sign of a coming automation avalanche in data on equipment and software investment, or in recent productivity data.

### Box 1. Looking Back to Look Forward: Technological Change and Wage Trends

Although the past is not prologue, it does provide insight into the potential impacts of technological change in the future. Our reading of the evidence is that technological change over the last four decades has not led to chronic joblessness or been responsible for wage stagnation and wage inequality.

In the 2000s, for example, employment has only expanded among low-wage occupations and has not expanded among higher wage occupations. Yet low-wage workers’ wages have fared the worst and those at the top have enjoyed the best wage growth: i.e., there has been no connection between how automation is shaping the employment structure and where wage gains and losses are occurring.

Future job growth may revert to a pattern more like that of the 1980s and 1990s with low-wage occupations more stable and higher-wage occupations expanding. If so there will be a continuing

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<sup>2</sup> There are obvious steps to be taken to flesh out these presentations, but more important will be securing interest and investment and reaction from local allies as the outreach strategy and materials are developed.



expansion of the need for more educated workers. Whether this puts upward pressure on wage inequality depends on whether this employment pattern leads to a greater need for educated workers than can be satisfied by the pipeline – or supply -- of such workers. But the history of the last 50 years tells us that the technologies shaping employment patterns do not determine rising and falling wages and wage inequality: we have seen similar employment patterns prevail for many decades even though each decade had differing results for wages and wage inequality. Policy choices and changes in business practices have established how broadly wage growth was shared. From the 1930s to the 1970s, policy supported collective bargaining, a higher minimum wage, and full employment (partly through the establishment of unemployment insurance and Social Security) with the result that living standards more than doubled throughout the income distribution (Herzenberg, Alic, and Wial 1998). Since 1979 policy has given employers the upper hand in setting wages. This suggests that future wage growth – and employment levels for different groups – depend on the policy setting more than the adoption of specific technologies.

This is not to say that economic evolution cannot be devastating, and one need look no further than the streets of Detroit or the data on black male employment rates to see places where economic evolution has left brutal scars. We again assert, however, that these scars result from social and economic policy failures and public divestment – and are not the inevitable result of unchangeable technology or market developments.

Thus, looking forward, vulnerable groups may be hurt again if the management of the overall economy fails to achieve anything close to full employment, and the overall employment-to-population ratio for adults of working-age trends down. Underemployment could grow more for less-educated groups and people of color as employers ration scarce good jobs based on education and demographics. Facing grim opportunities, more members of vulnerable groups may also opt out of the formal job market. But these results would again reflect policy errors and the failure to promote full employment including through generalized reductions in work, not the unavoidable results of technology.

## **2. REIMAGINING WORK TIME: Using Productivity Growth to Improve Living Standards and Quality of Life**

In a separate report for the EARN Future of Work project, Dean Baker of the Center for Economic Policy and Research (Baker 2014) recasts productivity growth (whether through robots or computerization or other sources of increased efficiency) as an opportunity to raise living standards and to reduce work hours (through policies such as statutory paid vacations, earned sick days, paid family and medical leave, a shorter work week and/or work day).

Baker's report reminds people that if technology has a dramatic effect on the economy, it does so by increasing productivity growth. And higher productivity growth can be good news for everyone given the right distribution of the benefits from growth (Box 2).

The core of Baker's paper is a set of hypothetical calculations that take up the challenge of looking 30 years forward. These calculations are built on three sets of assumptions: about productivity growth, about income (and wage) distribution, and about how workers divide up the benefits of productivity growth between higher living standards and shorter work hours.



## Box 2. What Might Have Been: Poverty Reduction from Linking Wages and Productivity 1979 to 2013

Another way to illustrate the importance of widely distributing future productivity growth due to robots and other technological change is to examine the consequences of failing to do that in the recent past. From 1979 to 2013, productivity rose a sizable 64 percent but yielded hourly compensation increases for a typical worker of just 8 percent (mostly in the late 1990s). This reminds us that productivity growth, which is what technological change provides us, is no guarantee of rising wages and living standards for the vast majority.

Research for the Future of Work Project by Economic Policy Institute economist Elise Gould is documenting the role of the divergence, since the 1970s, between productivity and wages on poverty rates and the share of people below 200 percent of poverty. Gould estimates both what the official poverty measure would have been in 2013 if wages had risen with productivity growth since 1979 and what “market-based poverty” would have been. (The market-based poverty rate is the share of people that would live in poverty based only on their market-based incomes, primarily their wages earned, without including income transfers (supplemental nutrition assistance, temporary assistance for needy families, etc.) or tax credits that help lower poverty.)

In 2013, market-based poverty was 23.2 percent but it would have been just 19.6 percent had wages grown with productivity, a decline of 3.6 percentage points. There’s an even larger impact on families less than 200 percent of the poverty line. The share of people with market-based incomes below 200 percent of poverty would have declined from 40.3 percent to 30 percent had wages grown with productivity growth from 1979 to 2013.

Not surprisingly, the failure of wages to keep up with productivity had a larger impact on blacks and Hispanics than on whites. The productivity-wage divergence raised black family’s market-based poverty from 30.8 percent to 36.5 percent and raised that of Hispanics from 21.6 percent to 28.6 percent.

These simulations portray what’s at stake. The failure of our economic policies to match workers wage growth to their productivity growth results in higher poverty and more low-income families, especially for communities of color.

*Productivity growth assumptions.* Baker considers three different possible rates of productivity growth – low (1 percent), medium (2 percent), and high (4 percent) (Figure 1). As points of comparison, Figure 2 shows productivity growth in six periods since 1948. Looking forward, the Congressional Budget Office projects 1.8 percent in the years ahead and Professor Robert Gordon only 1 percent. Thus, Baker’s high-productivity growth scenario of 4 percent is higher even than the nearly 3 percent productivity growth of the post-World War II boom from 1948-1973. This 4 percent rate would only be possible if expectations of technological change automating huge swaths of employment come true – truck drivers and retail/fast food cashiers, production and construction workers, warehouse workers and others.

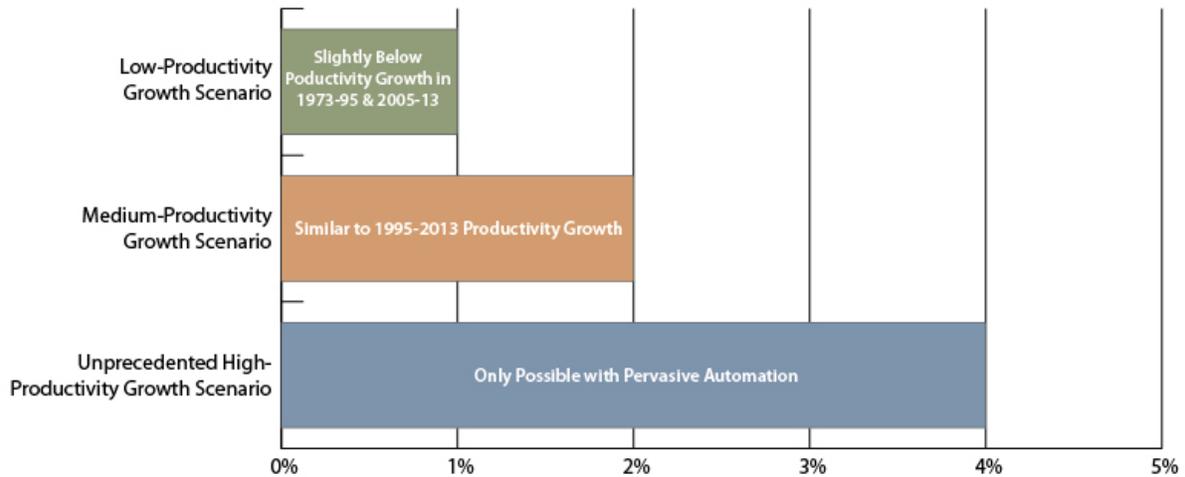
*The income and wage distribution.* CEPR also models three alternative assumptions about the distribution of income, depicted in the three infographics containing pie charts (Figure 3).

- **Reagan Redux** assumes a continuation of the upward redistribution of the 1979-2012 period. By 2014, the top 1% share moves towards one third of the economic pie and the bottom 90% share shrinks down to one third.
- **Status Quo** assumes that income distribution remains at the current (still-highly polarized) level and that the bottom 90% still has about half of income in 2042.



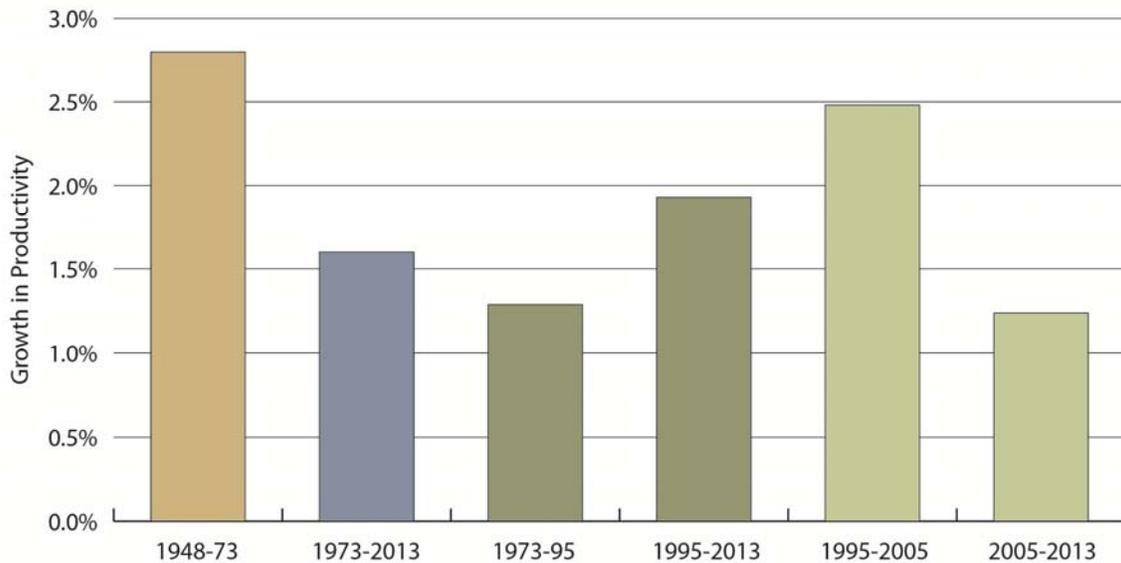
- **Populist Revival** assumes the reversal of the upward redistribution of the post-1980 era – so that the bottom 90% share is over two-thirds by 2014 and the top 1% share back down to 8%.

**Figure 1. Three Scenarios for Future Productivity Growth**



Source: Baker 2014

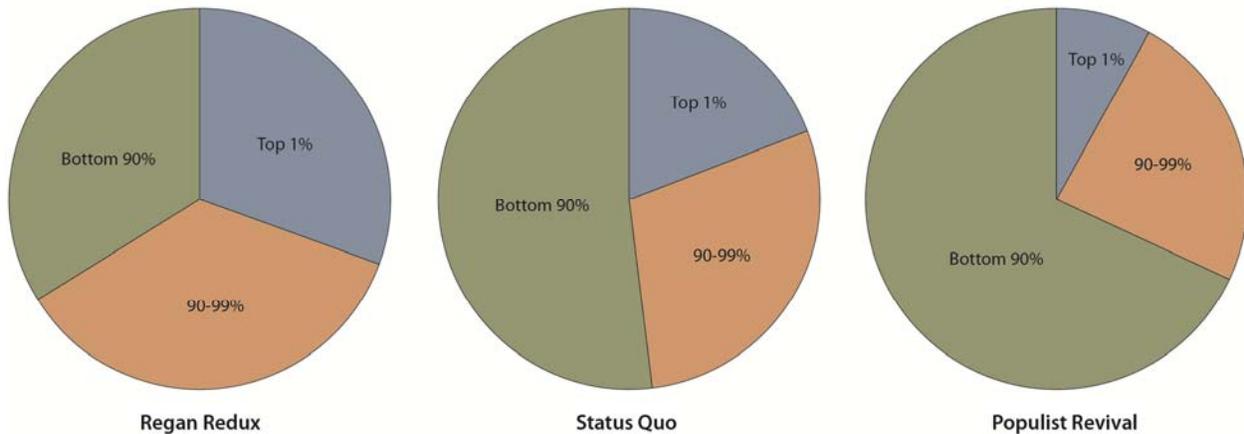
**Figure 2. Actual Productivity Growth in Six Periods Since 1948**



Source: Baker 2014



**Figure 3. Three Scenarios for Income Distribution – Will the Bottom 90 Percent Receive One Third, One Half, or Two Thirds of Income in 2042?**



Source: Baker 2014

*Work time assumptions.* Finally, CEPR’s model allows for an infinite variety of assumptions about work time. For example, if you keep work time constant, the change in hourly compensation tells you the change in income – in this scenario workers take all of any increase in hourly compensation in the form of higher living standards. On the other end of the spectrum, CEPR’s model can answer the question, if you hold income constant how would work time change? In this scenario, workers take all of any improvement in hourly compensation in the form of shorter work time. In practice, in any future scenario in which hourly compensation for the bottom 90% increases substantially, workers might be expected to consume the benefits of that increase partly in the form of higher living standards and partly in the form of reduced work time.

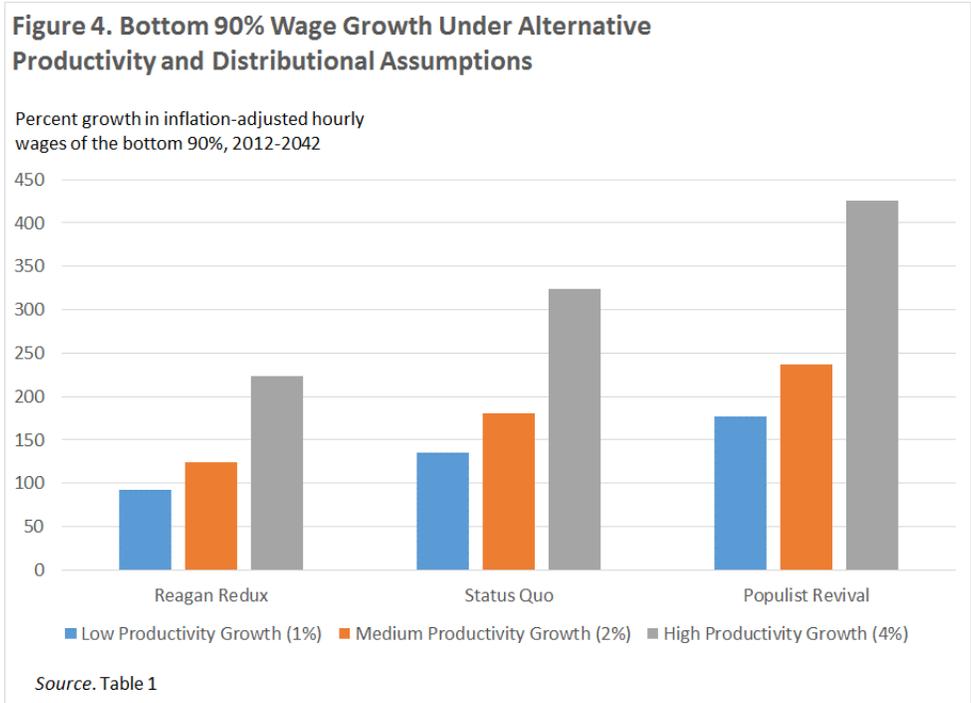
Table 1 and Figure 4 display for all nine of Baker’s productivity-growth/income-distribution scenarios the growth in wages of the bottom 90%. What do these scenarios tell us?

- As long as we avoid both a regressive shift of income distribution (“Reagan Redux”) AND low productivity growth (1%), hourly compensation would increase for the bottom 90%.
- Six of the nine scenarios show hourly compensation increasing by 77% or more for the bottom 90%. This six include all of the high-productivity growth scenarios, all of the Populist Revival Scenarios (one of which is a duplicate of a high-productivity growth scenario), plus medium-productivity growth combined with Status Quo distribution. These findings underscore that high-productivity growth and more equitable distribution are distinct but complementary ways to get to better lives for the majority.



Table 1. Change in Real Wages for Bottom 90% Based on Productivity Growth and Income Distribution			
	Distributional Assumption		
	Reagan Redux	Status Quo	Populist Revival
Low Productivity Growth (1%)	93	135	177
Medium Productivity Growth (2%)	125	181	238
High Productivity Growth (4%)	223	324	425

Source. Baker 2014



EARN considers 2% an optimistic but plausible productivity-growth scenario. In light of this, let us consider in more detail the impact of alternative distributional assumptions with that 2% rate of productivity growth. Combining 2% productivity growth with Populist Revival distribution produces a very attractive future. Hourly compensation would increase by 238%. How could this change the life of a full-time, full-year worker who currently enjoys two weeks of paid vacation and 10 paid holidays? Here are some variations.

- If that person worked enough to double their living standard, they would still enjoy a 16% reduction in work time. This could be spent in the form of an additional 7.7 weeks of vacation, for a total of 11.7 weeks, including holidays. Alternatively, this person could switch from a 40-hour work week to a 35-hour work week and also enjoy an increase from four to 5.7 weeks of vacation, including holidays.
- If our representative “bottom 90 percenter” chose to accept only a 50 percent increase in living standards rather than a doubling, she could reduce her working time by more than a third. This reduction would allow a four-day work week plus an extra 10-plus weeks of vacation for a total of 14 weeks including holidays. Alternatively, it would allow a six-hour work day, compatible with caring for school-age children, plus nearly 10 weeks of additional vacation.

**Figure 5. Imagining a 2042 Economy That Works For All**



Source. Economic Analysis Research Network (EARN) 2014

The infographic above shows our representative 90-percenter thinking about the additional income she could enjoy and also about the vacation time with children, lifelong education, caring for an elderly parent, and freedom from debt that might result. The infographic brings to mind Samuel Gompers’ famous 1893, quote, not long before manufacturing technology began to generate a leap forward in productivity: ““What does labor want? We want more schoolhouses and less jails; more books and less arsenals; more learning and less vice; more leisure and less greed; more justice and less revenge; in fact, more of the opportunities to cultivate our better natures...and [make] childhood more happy and bright.”

Even with a “Status Quo” income distribution, 2% productivity growth yields in 30 years an increase in hourly compensation of 81% for a typical worker. This is sufficient to support a 50% increase in living standards and reduction in annual work hours of one sixth – e.g., eight weeks more vacation for someone working a 48-week year and sticking with a 40-hour week.

The 2% productivity growth scenario plus a “Reagan Redux” income distribution produces much more modest improvements in living standards – only 25%.

The bottom line of Baker’s time travel to 2042 is, in our view, an optimistic one. We need to achieve decent productivity growth and a decent, ideally improving, distribution of income. If we can do that, the best years for the 90% lie ahead.

### **3. IMAGINING THE FUTURE OF WORK IN RETAIL AND HEALTH CARE**

A pair of stand-alone deliverables from the EARN Future of Work project drill down into the Future of Work in the retail and health care sectors (Herzenberg 2014; Dresser 2014). These two sector account for a quarter of the nation’s jobs, and for an even greater share of our low-wage jobs. The retail sector is defined by its low-wage jobs. The health care sector has some of the strongest employment growth in



the economy, but the growth is concentrated at the low-wage end of the sector. These two sectors have also been dramatically reshaped by technology and will continue evolving into the future. While these two sectors are different in many ways – see below for summary of key issues in the two industries – we identify a number of policy and institutional reforms for them that can help put both industries and their workers on the high road.

### **A. RETAIL FUTURES**

Improving jobs in the retail sector is critical because it accounts for 15.4 million jobs, roughly 10% of the U.S. total and a larger share of low-wage jobs. Half of all retail jobs currently fall into three occupations: retail salesperson, cashiers, and stock clerks and order fillers.

*There Is a Better Way in the Retail Sector.* EARN’s analysis highlights the research of Zeynep Ton which demonstrates the viability of high-road business models even in retail. Ton’s 2013 book *The Good Jobs Strategy* offers compelling detail on four retailers that combine wages and benefits far above industry standards with operating practices that capitalize on committed, experienced, and predominantly full-time workers to deliver lower costs, better service, and high profits.

*But Good Jobs Strategies Remain the Exception.* In the retail sector as a whole “good jobs strategies” remain the exception: the industry’s three biggest occupations each have a median wage of \$10.10 per hour or less. One third of retail workers are part-time – with higher shares part-time in grocery stores. Many retail workers have unpredictable hours and shifting schedules over which they have little or no control. Fluctuating schedules, when combined with low wages, exacerbate the difficulty many families have making ends meet and balancing work and family responsibilities.

*Technological Change in Retail.* The retail sector has witnessed enormous changes in technology over the past several decades, revolutionizing the supply chain and leading to the growth of on-line retail. To date, technology’s impact on employment within stores has been more incremental. Employment in the industry grew until the Great Recession and then resumed growth after a dip in 2011. Even cashiers, the work of which Frey and Osborne say “...has largely been substituted by self- service technology...,” experienced employment growth again starting in 2012 and remain within 6% of the pre-recession employment peak. As these data suggest, large-scale automated checkout remains a vision more than a reality. Retail-wide productivity growth averaged 2.9% per year over the past quarter century, but grocery-store productivity growth stagnated at 0.2% per year.

One important technological development in retail has been the rise of scheduling software. To date, this software has been used primarily in the service of “just-in-time scheduling,” increasing reliance on part-time jobs as cost-conscious employers staff lean to mesh with fluctuating demand). As Susan Lambert, another OSF Future of Work researcher, points out, the technology itself is neutral with regard to employment practices and could be used in conjunction with cross-training to create stable employee schedules that mesh with family life.

*Unions and Worker Centers in Retail.* More pronounced than technological shifts, to date, have been the policy and institutional changes that impact retail. Since many retail workers now earn within a few dollars of the minimum wage, the sector has been profoundly influenced by the shift away, starting in 1969, from policies that increased the inflation-adjusted minimum wage at about 3%, roughly in line with the national rate of productivity growth. Only about one in 20 retail workers are now represented by unions, down from nearly a third in the grocery store segment in the early 1980s. In the past decade,



the Retail Action Center has emerged as a new form of worker voice and a vehicle for lifting industry standards and partnering with high-road employers. The Just Hours Campaign and the Retail Worker Bill of Rights have emerged as part of a growing fight for predictability in schedules, family sustaining incomes, and family friendly hours. In the near term, family sustaining incomes require less part-time work and more hours of work for many retail workers. Looking forward 30 years, the new advocacy around work hours may foreshadow a battle over distributing the benefits of productivity growth and a new era, not unlike the early 1900s, in which the goal is higher living standards AND shorter worker hours. This is a thrust capable of translating productivity growth from technological change in retail into middle-class and family friendly jobs by the 2040s (as elaborated in Box 3 below).

## **B. HEALTH CARE FUTURES**

The health care sector has generated steady job growth over the 21<sup>st</sup> Century – a trajectory that far exceeds the job production of other sectors in the economy. The sector is undergoing restructuring and evolving, even as it grows. Our brief on the sector focuses on some of forces that will reshape the industry over the coming decades.

*Here's what we know:* Unlike retail, the health care sector is a truly public good – with rules and incentives critically shaped by public policy. Just how we provide health care 30 years from now will say a lot about the direction this nation takes on essential questions of equity and quality of life, of government's role in private markets, of redistributive taxation, of the very value of care and relationships. The future of this industry and the workers in it is directly tied to our visions of justice, and government, and equity. These questions may loom larger for the industry and its workers than the questions of technology or even specific existing policies – as essential as these questions are.

Predicting the future of the health care sector is an attempt to discern patterns in a very cloudy crystal ball. A few critical trends are clear:

- Demand for health care will increase as the population ages.
- Increasing longevity and attendant increases in chronic conditions will also challenge the industry, in the United States and, indeed the world.<sup>3</sup>
- Integration of systems to secure more preventive and patient-centered care will transform work, requiring more coordination and communication across workers and across settings.
- Cost-containment pressures and measures will continue to push care towards the least expensive point of provision, often meaning care in peoples' homes.
- Health care delivery is becoming less institutionally bound – moving to homes and also to retail clinics. Technology is likely to increase the capacity to secure health care when and where you need it – whether through mobile provision of services or smart phone-based interactions with professionals.
- Increasingly information systems on costs and patient outcomes will be developed, analyzed, and deployed to reduce the apparent irrationalities and inefficiencies in the current health care market.
- Health care costs have maintained a slower growth course for the past five years in a row. In fact, in 2013, the increase in health care costs was the lowest on record.<sup>4</sup> This sustained

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<sup>3</sup> As summarized by the Institute for Healthcare Improvement: "Aging populations and increased longevity, coupled with chronic health problems, have become a global challenge, putting new demands on medical and social services." From <http://www.ihl.org/Engage/Initiatives/TripleAim/Pages/default.aspx>

<sup>4</sup> <http://content.healthaffairs.org/content/early/2014/11/25/hlthaff.2014.1107>



slowdown in cost increases provides important relief to projected budgets in the public and private sector as well. The extent to which the slowdown can be credited to new health care practices and policies vs. overall weakness of the economy will continue to be debated.

*The High Road in Health Care:* Our paper on the health care sector also reviews the importance of the “Triple Aim” framework for reshaping health care in the coming decades. The Institute for Healthcare Improvement (IHI) developed this framework noting that even though the United States has the most expensive health care system in the world, it is outperformed by many other nations. The Triple Aim focuses health care redesign on three simultaneous priorities: improving the patient experience of care; improving the health of populations; and reducing per capita health care costs.

The stronger and more direct the line from job quality to each of the goals of the Triple Aim, the stronger the argument for the need to create quality jobs and to attend to the quality of jobs as health care reform and technological transformation take place. If job quality is shown to be and understood as the fourth corner, or a co-determinant, or predecessor, of the Triple Aim, the health care workforce will be set firmly on the high road.

The work of unions across the country provides examples where the engagement of workers in decent jobs has been absolutely essential to developing practices that deliver on the Triple Aim. An essential project in the future will be to continue to document these practices and the contribution of decent jobs, worker voice, and good training to the Triple Aim. Equally essential will be supporting and extending high-road practices and good job strategies in health care.

We believe the interests of health care consumers 30 years from and the interests of health care workers, including the lowest-wage workers are aligned. Together consumers and workers can forge a coalition to support quality jobs, quality care, and equity in health and beyond. But any strategy around decent jobs in health care must be attentive to the broader politics and context. The high road here is about more than just a different way of doing business. It requires a revolution in the value we place on care.

### **C. POLICIES TO PROMOTE THE HIGH ROAD IN RETAIL AND HEALTH CARE**

EARN’s retail and health care analyses highlight the importance of recognizing (as well as continuing to document) the payoff – in productivity, quality, and service – of high road or good jobs strategies. In health care, one way to do this more explicitly would be to turn the “Triple Aim” into a “Quadruple Aim” with good jobs for all health-care workers added as the fourth goal because it is a foundation, in the long run, for the other three aims (of better health, better patient experiences, and lower costs).

Winning an argument about the long-run benefits of the high-road can set the stage for more forceful policies and institutional changes to diffuse the high road economy-wide. The health care and retail briefs identify three such policies, forceful enough to enable workers to share the benefits of our nation’s productivity growth in the form of higher living standards and shorter work time (as Box 2 fleshes out for the retail example):

- Higher wage standards via a minimum wage that increases at more than the rate of inflation and possibly via a sector-specific wage standard (a “healthy wage”) in health care;
- Promoting regional unionism and industrywide bargaining in geographical areas; and/or



- Ramped-up local, state, and national efforts to establish 21<sup>st</sup> century hours of work regulations (starting with paid sick time but moving on to paid family leave, predictable schedules, mandatory vacations, a shorter work day and work week, etc.).

Separately and, more powerfully, together, these policies and institutions would likely increase productivity growth, both because employers would have a stronger economic incentive to implement labor-saving technology and because collaborative labor relations might accelerate the development of such technology, especially when workers have confidence they will share in the benefits.

We are under no illusions about how easy these policy or institutional changes will be to achieve. But if you want something similar to the “good” retail scenario in Box 3 rather than the “bad” or “ugly” scenario – and you want similar “good” scenarios in health care and other sectors – we know of no other way to get there than these types of changes.

### **Box 3. The Retail Sector in 2042: Imagining the Good, the Bad, and the Ugly**

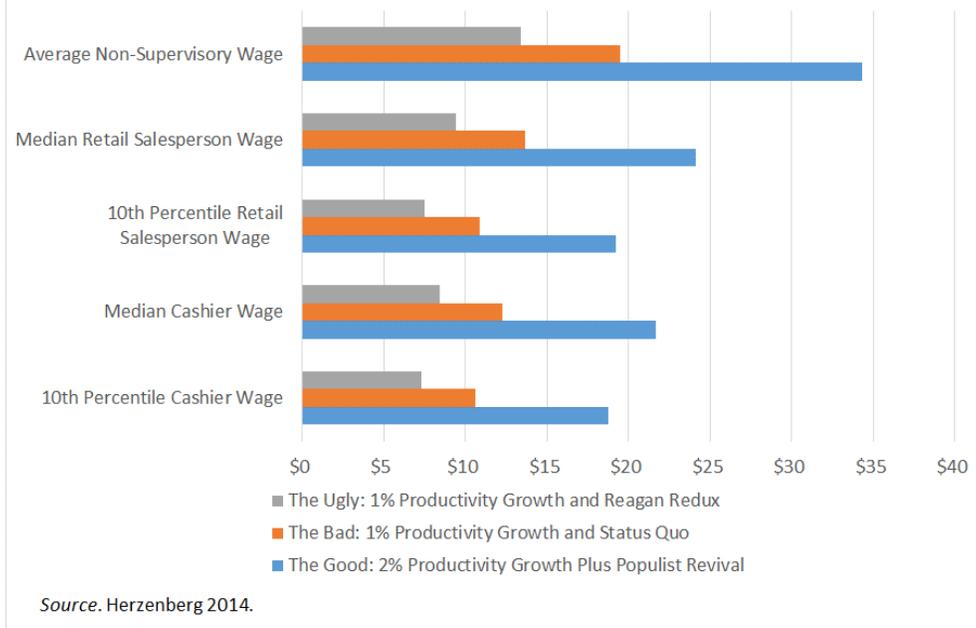
The last part of EARN’s retail paper draws out the implications for retail wages and hours of work in the 2040s of three of Baker’s productivity-growth and distributional scenarios. Using 2012 wages as the starting point, the **“good” scenario** combines 2% productivity growth with a return to the more equitable income and wage distribution of the late 1970s. The **bad scenario** combines 1% productivity growth with the “status quo” income distribution. The **ugly scenario** combines 1% productivity growth with a further increase in inequality. Figure 6 on the next page summarizes the impact of these scenarios on the wages of middle- and low-wage retail workers.

In the good scenario, even the 10<sup>th</sup> percentile cashier and retail salesperson earns about \$19 per hour (in today’s dollars) by 2042. The average non-supervisory retail wage would rise to \$34.33 per hour. In this scenario, therefore, a typical non-supervisory worker could work 1,500 hours per year and earn over \$50,000 per year. If the worker had control over her hours, this wage level could dramatically improve quality of life.

- Even with no paid vacation and holidays at the 2012 starting gate, the person could work 35 hours per week for 43 weeks in 2042 and enjoy nine weeks of vacation while earning more than \$50,000.
- Or the person could work six hours per day, five days per week (so 30 hours per week) for 44 weeks, while still earning over \$45,000 per year.

In the bad scenario, even in 2042 the 10<sup>th</sup> percentile cashier and retail salesperson earn less than \$11 per hour. Even the median cashier is at only \$12.29 and the median retail salesperson at only \$13.70. With these wage levels and the current average weekly hours for retail workers – about 30 per week – annual earnings would remain around \$20,000, roughly the poverty level for a family of three (<http://aspe.hhs.gov/poverty/14poverty.cfm>). Thus, the wage increases over three more decades would be too paltry to alleviate the tension between income levels and work-family balance.

**Figure 6. Retail Sector Wages in 2042 (2013\$) Based on Productivity Growth and Distribution Assumptions (based on Table #)**



The ugly scenario would have even lower wages. Combined with more part-time and unpredictable schedules, it would deeply exacerbate the economic stresses on low-income working families.

Innovations in hardware, software, and organizational technologies make the “good” scenario described achievable from a technical point of view. Enlightened and creative policies and social innovation – fostering, for example, high-road regional worker associations – could do even better. The challenge is not a technological one: it is achieving the politics and the policies that will realize that future.

Note that we focus our analysis on the retail sector to show the power of alternative productivity growth and distributional assumptions on low-wage workers’ wages for the sector. If the benefits of growth are shared, 30 years from now workers could have substantially better lives – more money for their work, and more time away from it.

We did not repeat the calculus for health care but results would be similar for the low-wage workers there. Perhaps it is important to note that even as workers are displaced by technology throughout the economy, the hands-on work of caring is a job that deserves both to be decently rewarded and to grow.

#### **4. THE FUTURE OF WORK IN XXX: Demographic and Occupational Projections by State**

To reorient EARN state groups to the economy of the future, the EARN Future of Work project identified two kinds of economically relevant data for which state-level projections already exist: demographic projections that look forward 30 years, from 2010 to 2040; and occupational projections that look forward 10 years. In both cases, EARN developed interactive Excel tools that allow state researchers to



extract data for their state and simple state-customized tables and charts.<sup>5</sup> The Excel files themselves are available online at the EARN Future of Work website ([www.earncentral.org/futureofworkinthestates](http://www.earncentral.org/futureofworkinthestates)). The next few paragraphs describe each file. More valuable as an introduction to this data may be sample presentations (described in the next section) that incorporate data for a specific state into a state-customized Power Point.

Future of Work in XXX Demographics, 1980 to 2040: The Excel file labelled “Future of Work in XXX Demographics” provides data by state on historical population growth 1980-2010 and population projections 2020-2040.

- Charts generated when you select your state show population changes over time by age group, race, and ethnicity.
- Comparison charts for the United States can also be generated by selecting “United States” in the summary sheet.
- David Kallick of New York’s Fiscal Policy Institute also added some simple state-level information about immigration:
  - Data and a chart showing the immigrant share of the state population 1850 to 2013.
  - A chart showing how the 2040 population would change compared to the baseline population growth projection if state population quickly grew from 2010-40 (i.e., at the same rate as in the five fastest-growth states from 1980-2010) or slowly from 2010-40 (i.e., at the same rate as in the five slowest-growth states from 1980-2010).

Future of Work in XXX Occupations, 1980-2022: The Excel file labelled “Future of Work in XXX Occupations” incorporates Bureau of Labor Statistics (BLS) 10-year Occupational Projections into interactive spreadsheets and combines them with historical data on the educational profile of the workforce. The Summary sheet and a second “Charts” sheet automatically generate a summary table, tables with the top 10 biggest-growth and biggest-decline occupations over the next decade and three charts.

## **5. THE FUTURE OF WORK IN XXX: Sample Presentations for Selected States**

The final EARN Future of Work in XXX deliverables are sample Power Point presentation that illustrate how a state-based group can use *Future of Work in XXX* data and insights from EARN’s Future of Work research to spur discussion with advocates, community organizers, labor union leaders, service providers, and the general public. This is consistent with our original goal of assisting OSF in its effort to use the Future of Work project to enrich the collective imagination about future of work possibilities – and to spur action to create a future we want.

Two draft presentations include demographic and occupational projections for New York State and for Pennsylvania. This information is placed in the broader context of the changing economy and the importance of making the right policy choices. The presentations seek to be clear about which projections are solidly grounded (aging of the population) or change only very slowly (fertility rates, mortality rates), and which projections could vary substantially depending on policy choices and other

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<sup>5</sup> The Excel spreadsheets were generated by Keystone Research Center intern Natalie Sabadish, with guidance from David Kallick of the Fiscal Policy Institute and Stephen Herzenberg of KRC. David Kallick also added to the demographic Excel file some additional charts suitable for incorporating into state-specific Future of Work Power Point presentations.



economic or social circumstances (immigration including internal migration (from state to state) within the United States, both of which drive population growth within each individual state).

The Power Point highlights policy considerations such as:

- The need for more than just education as an answer. There have been big increases in levels of educational attainment in recent decades, but the demand for more educated labor has not always kept up with the supply. There is not only a risk that the population might not be well educated enough for the jobs of the future; there is also a risk that the jobs of the future will not be structured in a way that takes full advantage of the education of the labor force. To reduce this risk, policies should focus on pressing employers to create high road business models within which well-trained employees are put to full use, with high productivity and decent wages, rather than models for using unskilled workers and a few trained managers.
- The list of the top 10 occupations adding the most jobs is sobering. Many require very little education, and are among the lowest-paid of all jobs. While this clearly poses a sharp contrast to rising educational attainment levels, it also points up the need for a higher minimum wage and for strengthening opportunities for advancement from these positions.
- If we restrict immigration severely, as some have proposed, in many states this would result in an aging population with not enough people in prime working age to sustain or grow the labor force. The result might be a lack of people to care for the aging population or to fill other jobs.
- There are currently great disparities in the level of educational attainment for different race/ethnic groups. The white population (with its relatively high levels of educational attainment) is shrinking, while Hispanics, who have comparatively low average levels of educational attainment, are growing. This points to the importance of redoubling efforts to narrow the racial disparity in educational attainment.

## **6. BEYOND ANTI-SOCIAL ENGINEERING**

The economic perspective of the EARN network challenges the dominant conservative (or “neo-liberal”) framework in multiple ways. For one, the dominant perspective has come to see markets as an end in themselves when, in fact, they are simply a means to coordinate economic activity. Markets are often an effective and efficient means to economic coordination and promoting productivity growth. But markets in the absence of smart regulation and complementary public investment and institutions go awry.

An overlapping conservative misconception is that economic competition is always and everywhere a good thing. It is not. Americans understand that there is bad competition as well as good competition in that most familiar of realms – sports. Virtually every sport has a regulatory body, sometimes called a “competition committee.” The existence of such committees underscores that the kind of competition matters, and that changes in the rules are necessary to ensure more constructive (or “good”) competition. The right rules make sports more fluid and attractive to watch, increasing the audience (especially via television) and the income shared by team owners and players. Without rule adjustments sports tend to degenerate towards more violence, with less-skilled players looking for any edge that allows them to slow down the most athletically skilled. For 35 years, despite the clear need for any competition to be guided by continual rule changes that ensure “good competition,” U.S. economic



policy has been guided by a preference for unregulated markets. As a result, we have created an economy that rewards companies that most take advantage of workers (or pollute the environment). As a result of our misguided policies, we have created an economy that is giving middle- and low-wage workers a concussion and treats the earth like a sewer.

Progressive climate change policy analysis (if not actual climate change policy) suggests an alternative approach. Cutting edge climate change policy is informed by detailed state models that painstakingly map out – energy market segment by energy market segment – how we can achieve the carbon emissions reductions that scientists see as necessary to prevent global warming which would have unpredictable and potentially devastating effects. Based on the science, these models take as given the need for 20 percent reduction in carbon emissions by 2020 and 80 percent reduction by 2050. These models thus take as given the “end,” reductions in carbon emission, and then seek to imagine the policy changes – the mix of mandates and market-based incentives – necessary to achieve the desired end and to save the planet. Thus policy is guided by the desired end.

That is the recommendation for economic policy over the next 30 years that emerges out of the EARN Future of Work project: policy must be guided by our desired ends, by our values and by the kind of economy we want to create by the 2040s. EARN believes that there is very broad support for two key ends: an economy that provides a fair reward for hard work, with anyone willing to work hard and play by the rules able to support their family; and an economy that sustains high levels of economic mobility, consistent with the American Dream and with the idea that anyone, no matter the station of their birth, has a chance to rise to the highest economic echelon.

These are eminently achievable ends.

EARN’s Future of Work project aims at reorienting discussion towards policies that will get us the future we want.

Baker’s economy-wide scenarios based on assumptions about productivity growth, the distribution of wages and income, and the allocation of improvements in living standards between higher incomes and more leisure (shorter work time) challenge us all to assert our right to fight for an “Economy That Works for All” and to reject as a technological or market necessity a grim future in which inequality seems to grow without limit.

Likewise, our alternative scenarios for the future of health care and retail drive home the message that there is no such thing as technological or market necessity.

After three decades of rearguard action to block policy changes that make our economy more inconsistent with the public good – policy changes that amount to anti-social engineering – it’s time to more assertively craft policies that create the economy we want 30 years from now. States and localities will play a critical – and lead – role in this type of effort to go on offense.



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