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Work, Family, and American Values

Our faith calls us to measure this economy, not only by what it produces but also by how it touches human life and whether it protects or undermines the dignity of the human person. Economic decisions have human consequences and moral content; they help or hurt people, strengthen or weaken family life, advance or diminish the quality of justice in our land.

—*Economic Justice for All*, U.S. Catholic Bishops' Pastoral Letter, 1986

Debate over values is alive and well in America today. Much of it serves more to divide than to unite the country. In doing so the debate misses the deep values about matters of justice, fairness, families, and work that bind us together and that are deeply embedded in our moral traditions. Statements like the one above can be found in Jewish, Protestant, Islamic, Hindu, and Catholic social teachings. What divides America today are not our values, but the conditions so many people face in trying to earn a good living, have a satisfying career, have the time needed to care for their families, and participate in community life. The reality is that too many families are working longer and harder only to fall further and further behind. As a result deep pressures are building up in our workplaces and communities that, if not addressed soon, will explode. The day of reckoning is likely to come, if not sooner, when many of our young people realize they will never achieve, much less surpass, the standards of living they experienced growing up.

American workers are telling us this story in the numbers in table 1.1, figure 1.1, and figure 1.2. Table 1.1 appeared in *Business Week* at the peak of the booming economy in 1999. Remarkably, even in that period of prosperity, three-fourths of Americans felt the benefits of the “new economy” were being distributed unevenly. More surprising, less than one-third of Americans felt that they were experiencing improvements in their wages and job security and only half saw their lives as being better. These perceptions were backed up by fact: Income inequality was growing throughout most of the decade.

Figures 1.1 and 1.2 show what happened after the dot-com bust, stock market declines, and corporate scandals. By 2002, two out of

Table 1.1
Business Week/Harris Poll “Survey of Discontent”

Question	Percent agreeing
Thinking about the impact that this economic productivity boom has had on you personally, do you think that it has or not:	
Raised the level of your earned income	34%
Raised the value of your investments	50%
Increased your job security	30%
Generally speaking, would you say that the recent economic boom had made your life . . . better, . . . had no impact, . . . or worse?	
Better	53%
Had no impact	37%
Worse	8%
Do you feel that the benefits of the New Economy are evenly distributed or unevenly distributed?	
Evenly	20%
Unevenly	70%
How would you rate the job business is doing of raising living standards of all Americans?	
Excellent or Good	29%
Fair or Poor	69%

Source: “Hey, What About Us?” *Business Week*, December 27, 1999, p. 54.

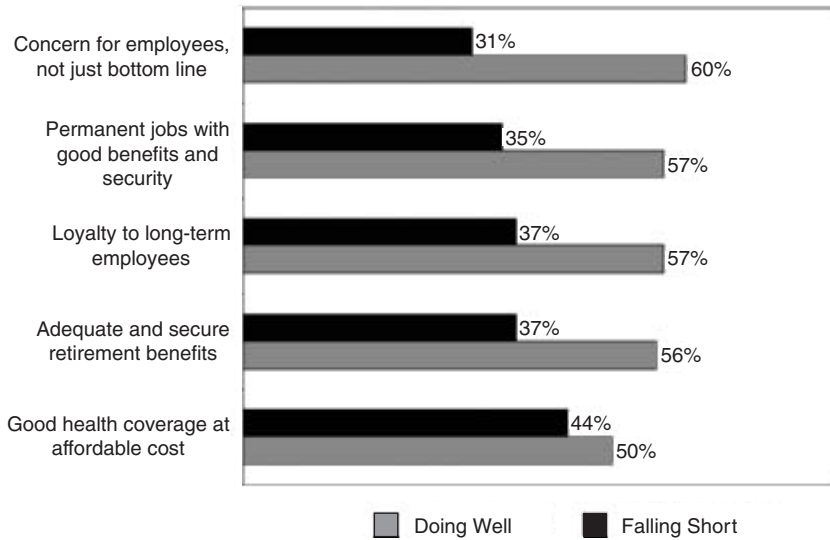


Figure 1.1
View from the Workplace: Employee Views of Their Employers. Source: Peter Hart Associates, 2002.

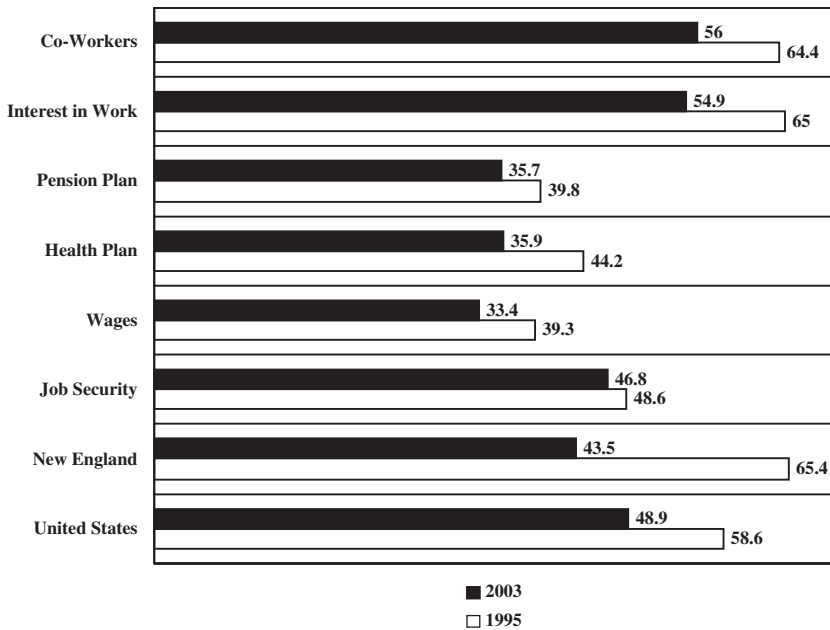


Figure 1.2
Job Satisfaction. Source: The Conference Board, September 2003.

three Americans viewed their companies as doing a poor job of rewarding employee loyalty, attending to anything beyond the bottom line, or providing good wages and benefits. A national survey conducted in 2003 by the Conference Board, a leading research organization supported by business, showed American workers' satisfaction with their pay, health insurance, and retirement savings had plummeted since the mid-1990s.

Who Are America's Working Families?

Just who are America's working families and why are they so upset?

- They are the average two parent families that have increased the hours devoted to paid work by approximately 15 percent between 1985 and 2000. Together, the parents in these families now work over 3,800 hours a year, nearly the equivalent of two forty-hour-per-week jobs and more than any other country in the world.
- They are the middle-class wage earners whose hourly pay declined between 1985 and 1995, then finally started rising again for the five years of extremely tight labor markets prior to the stock market bust in 2000, and since then have once again stopped growing. So the median wage earner in America today is in about the same position as he or she was a generation ago.
- They are the middle-aged, white-collar professionals and managers who watched as their firms changed from defined benefit to cash balance and defined contribution or 401(k) programs. Because these plans shift the risks from employers to employees, those covered by these plans experienced significant declines in the value of their retirement plans. One estimate puts the decline at about 14 percent since 1990. A more graphic figure is that the value of pensions declined by \$7 billion, or about \$28,000 for every man, woman, and child in America.¹

- They are among the 45 million Americans without health insurance coverage today.² Many of these uninsured are young employees working in small firms or temporary jobs that either do not provide health insurance or that have premiums that are beyond reach. Or they are employees and employers who are struggling to figure out how to share the costs of health insurance that have been rising at double-digit rates in recent years. Or even worse, they are the retirees that face increases in the costs or loss of coverage of the plans promised to them while working.³
- They are the 34 million “working poor” whose hourly pay is not enough to get the average family out of poverty. These families need to work two or three jobs just to meet their basic needs.
- They are among the more than three million people who lost their jobs and have either given up finding another or are working part time or for less pay and fewer benefits in jobs well below their skill levels long after the end of the last recession. Or they are professionals in highly skilled information technology jobs who thought their careers were secure only to watch jobs like theirs being “offshored” to a lower wage country. They read in the business media that another three million high-tech jobs could be outsourced to India or other countries in the next decade. These reports lead them to worry: “Is my job the next to go?”⁴
- They are union members who watch the labor movement decline to its lowest level of membership and influence since prior to the Great Depression (below 9 percent in the private sector). Despite significant efforts, unions have not been able to reverse their declining numbers and influence. As a result, collective bargaining can no longer move workers and families into the middle class, as it did for so many over the past half century. Workers and their families have lost their voice at work.
- Or they are among the 40 million nonunion workers who would join a union if given the chance, but are not able to do so in the face

of determined management opposition and a labor law that fails to protect them if they tried. Or they are among the over 70 million workers who want a more direct and cooperative voice at work and access to the information they need to decide whether to continue investing their human capital in their firm, but who have no channels for gaining this information or voice.⁵

- They are citizens of our communities that are now absorbing the effects of the federal government's tax cuts and deficits, forcing cut-backs in schools, family and child-care services, and even public safety. They fear the effects will be increased crime and rising tensions and conflicts among groups opposing cuts in their particular services, programs, and jobs.
- Finally, they are parents worrying that they are passing on to the next generation many economic and community problems and the costs of dealing with them. This is something that no parent wants to do. At the very least, our children should be able to attain the standard of living that our generation inherited from our parents.

Yes, we are *all* members of America's working families. Families across the full socioeconomic spectrum share a stake in reversing the course of our country.

What Is at Stake for the Economy?

The stakes are equally high for our nation's economy and democracy as they are for workers and their families. America is in the midst of a transition from an industrial to a "knowledge economy," one in which human capital is becoming the most valuable resource and strategic asset for any nation or company that wants to compete in a global marketplace at high standards of living. This means that we must fully develop and use the skills, abilities, motivation, and creativity of the workforce to invent and deliver new products and services efficiently, quickly, and safely. We cannot build a sustain-

able, stable knowledge economy with a highly stressed, frustrated, insecure workforce and with workplaces that are fraught with conflict, tension, and distrust.

Creative knowledge workers need and want to work together cooperatively in teams, organizations, and professional networks where they are empowered to use their skills and abilities and are encouraged to take risks. They have been taught that this is the workplace of the future and are prepared and motivated to work in this way. But they also want to make sure that they will not experience the same fate of their parents and older peers whose lives were shattered by the corporate restructurings and market meltdowns of recent years.

Mike Amati, a student in one of MIT's midcareer management and engineering programs, captured this sentiment well in a letter commenting on an op-ed I wrote on the pressures building in America's workplaces:

What you are describing in the article—increasing work hours, less security, shrinking benefits, lack of portability of benefits, etc.—really hits home to me as I prepare to begin my job search for life after [graduation]. It is very important to me to find a job where I have some control over the amount of time I spend at work, the amount of travel I do, and the opportunities I have to control my career. Certainly I expect to work hard and realize I will never have complete control over my situation, but I compare what I saw my father and grandfather experience to what I've seen around me in my own work experience, and stories from my peers, and I can't help but conclude that every generation is "living to work" a little more and "working to live" a little less. It scares me for my personal future and the future of our country.

Mike captures the energy, creative potential, and willingness to work hard, along with the uncertainties and skepticism that young people bring to their jobs today. They want to do their part to turn this country around and are searching for a way to regain control of their destinies, for their own sake and for the sake of their country.

The Growing Call: Restore Trust!

Workers and families cannot reverse the course of this country acting alone, nor do they need to. A growing number of leaders in business, labor, and government recognize that America needs to rebuild the trust at work and in society that was lost in the 1990s. Alex d'Arbeloff, retired CEO of Teradyne, one of New England's leading high-technology firms, opened his speech to a convocation of MIT Sloan School Alumni in 2002 by saying:

Trust in free market capitalism is based on trust in the collective integrity of the companies that make up the market. A company's integrity depends on trust—the trust it shows its employees, its customers, its suppliers, its stockholders, and all the other constituencies that surround it. This trust is not just a matter of virtue for virtue's sake; it is an indispensable element for any business that wants to survive over the long haul.⁶

At the same meeting, United Nations secretary general Kofi Annan called on leaders of business, labor, and civil society in America to join him in a Global Compact committed to learning how to promote economic development and improved living standards.⁷

So there seems to be a broad-based yearning to build a new social contract at work that is attuned to the realities of today's economy and provides all who work their just rewards. This time around, however, no one is going to make the same mistake of putting his or her destiny in the hands of others. To borrow a phrase from Jack Welch, who until his recent fall from grace was one of the business press's favorite CEOs, it's time for working families to "Control Their Own Destinies, or Someone Else Will!"⁸

What Can We Do?

Here is a thumbnail sketch of what we need to do. Each of these points is developed in more detail in the following chapters.

We have to start by taking seriously the need to reduce the stresses on working families. This requires seeing work and family for what they are today, namely tightly coupled issues. Empowering working families to regain control of their destinies requires us to reframe the ways we think about, study, and shape policies and practices governing work and family life.

Since the emergence of the industrial era, work and family have been treated as separate spheres of activity. Family was viewed as an exclusively personal domain, not to be taken into consideration in business decisions. Work and business activities, on the other hand, were treated as private enterprises and enshrined with property rights that kept government and “outside” interest or pressure groups—such as unions, environmentalists, or more recently women and family advocates—at bay. Employees worked fixed schedules at workplaces outside the home. Gradually, a division of labor took shape in which the male breadwinner went off to paid work and an image of the “ideal worker” evolved as a male, full-time employee who could commit long hours and his full energies and loyalties to work because he presumably had a wife at home attending to family and community responsibilities.

None of these assumptions fits contemporary work and family life. Today, as back in the days of the farming economy, work and family are once again tightly coupled spheres of activity. Work is always with many of us, thanks to the wonders of modern information technology and our 24/7 economy. Today, most people work at work and at home and while traveling, even sometimes while on “vacation.” And less than one quarter of American households today consist of two parents in which one is the “breadwinner” and the other is the “homemaker.”

So there is a dire need to adapt workplace policies and practices, and the way we think about their relationships to family decisions and life, to accommodate this new reality. The good news is many of our leading companies are trying to do this. The buzzwords are

that we need to make our workplaces “flexible” and “family friendly.” But we need to go beyond the buzzwords to realize truly flexible work and employment practices that are capable of meeting what my colleague Lotte Bailyn has coined the “dual agenda,” meaning the need to design work systems, organizational practices, and community institutions to support productive work and healthy family life.

Labor unions are also quite active on this front. Some are trying to negotiate limits on working hours and particularly nonmandatory overtime. In some cases, unions and employers are working together in joint programs funded through collective bargaining to deliver a range of services to help working families better integrate and meet their dual responsibilities. These, unfortunately, are too few and far between. But they point us in the right direction by bringing these two potentially powerful stakeholders together to work on these issues.

A number of family and community groups are promoting expansions in child-care and related family services and paid family leave policies. Congress and state legislatures are considering or, as in the case of California, enacting limited forms of paid leave and minimum staffing levels for essential services such as nursing.

Unfortunately, most of these efforts are working completely independently. We need to bring these different groups together and insist they work toward coordinated solutions. How to reframe our thinking to reflect the tight coupling of work and family life and how we might work toward more coordinated solutions are issues taken up in chapter 2.

With this reframing in mind, we can begin preparing working families with what they need to be successful in today’s labor market and to add value to a knowledge-based economy. We need to go beyond the rhetoric about the “knowledge economy” or the oft-stated phrase that “human resources are our most important

asset” by holding workers, families, and our institutions accountable for investing in education and life-long learning.

This starts at home with the type of good parenting that creates a learning environment for children. It requires adequate and equitable funding of early childhood development, elementary, and secondary schools and education programs—fulfilling the promise of the “No Child Left Behind” legislation. Business leaders have a special stake in improving educational opportunities in low income, minority, and immigrant communities since they will inherit the shortages of knowledge workers that demographic and college graduate trends suggest are coming as the baby boomers retire. Women, African Americans, and Hispanics are underrepresented in the talent pool of scientists, engineers, and other technical specialties, and few young people from these demographic groups are going into these fields of study. Only by starting early in life to get children dreaming about what they might do in these fields and providing the opportunity for them to realize their dreams will America have the supply of knowledge workers needed to fuel a robust economy in the future.

We also need to rethink *what* knowledge and skills are needed to translate advances in science and technology into products and services that serve society and help industry prosper. An innovative economy requires a scientifically and technically literate workforce that is skilled and motivated to work effectively in teams and to communicate and resolve problems and conflicts effectively, and that is empowered to put their knowledge and skills to work. The education system most of us graduated from was built to serve the industrial economy’s needs for discipline, specialization, and deference to authority that corresponded to the prevailing organization of work and growing bureaucracies of the industrial era. An overhaul of how we teach and how we integrate knowledge from different technical and behavioral science disciplines will be

essential to prepare the workforce to add value to today's knowledge economy.

Educational reforms are most quickly and effectively implemented when those who hire graduates work in partnership with schools, colleges, and universities. Many American universities are moving in this direction, overcoming their qualms about losing their "academic freedom" to outsiders. The key to making this work is to ensure that those getting involved are a representative cross section of the "customers" of education—industry leaders and entrepreneurs, but also leaders of professional associations, unions, and working families themselves. All these parties have a stake in educational reforms and should be part of the process.

What about the current labor force? Are those already working destined to experience the same fate as their parents who were victims of the restructurings and downsizings of the last two decades when many firms were laying off older employees while hiring younger workers because the skills needed were changing? Firms judged that the cost of retraining and retaining older workers far exceeded the cost of hiring younger workers who had or could more quickly learn the new technical skills in demand. History will repeat itself unless we get serious about "life-long learning."

Life-long learning will not be translated from rhetoric to reality for most workers if we continue to depend on individual companies as the source of training and education. Nor can we expect our government with its monumental budget deficits to fund the investments that workers will need to keep their skills current. In chapter 3, we explore ways for workers to fund and engage in life-long learning.

Calls for young people to invest in education and training will fall on deaf ears unless there are jobs out there to reward those who make the investments. America is going through as big a jobs scare as at any time since the Great Depression of the 1930s. While the official unemployment rate as of this writing is 5.5 percent—neither

extremely high nor low when judged in the long stream of history—three things are scaring people today. First, it has taken nearly three years of an economic recovery to get back the jobs lost to the last recession. This is an unprecedented slow rate of job growth. The great American job machine of the 1990s seemed to have ground to a halt; only recently has it begun to show signs of reappearing. Second, the more than two million Americans who have lost good paying middle-income jobs in manufacturing have taken big and most likely permanent pay and benefit cuts. Third, job losses are now spread more broadly across the blue- and white-collar labor force, leading to the concern of many people who thought their education and training protected them from insecurity to ask the “is my job next?” question.

Working families have achieved a milestone in American politics. They have put the issue of job creation and retention on the front pages of newspapers and at the top of the nation’s political agenda. There is no guarantee it will stay there unless the public insists on it. And, unfortunately, there is no single silver-bullet strategy for creating and sustaining an adequate number of good jobs in America. Instead, it will take the combined efforts of policy makers at the national and state level, business leaders, entrepreneurs, and university researchers to generate the ideas for the next-generation products, services, and jobs. The question we need to ask is: Are these groups prepared to work together in pursuit of this common goal? We should insist that they do.

Suppose parents, families, and our educational systems do their part and supply industry with the knowledgeable and skilled workforce needed to fuel a knowledge-based economy. Does this ensure that today and tomorrow’s organizations will use this knowledge effectively in the “organizations of the twenty-first century”? Not necessarily. Despite the rhetoric about “human resources being our most important resource,” in American corporations today, as in the past, finance and cost control trump investments in human

resources and empowerment of the workforce to use its skills. We carry over the legacy of the corporate design and governance doctrines that rose to prominence during the early stages of the industrial economy when pools of financial capital were the key resource needed to build the large modern publicly traded corporation. For human resource considerations to now rise to the top of corporate priorities and decision-making, employees will need to find new avenues to exert their voice and to participate as equals with those representing financial concerns in management. Moreover, American corporate governance will have to come to terms with a new principle: Just as it is the right of investors to gain a voice in corporate governance by putting their financial capital at risk in a firm, so too should employees who invest and put at risk their human capital. More on this in chapter 5.

These changes in organizational practices and governance structures are necessary but far from sufficient for workers and families to regain control of their futures. The reality today is that no individual organization can guarantee lifetime jobs or careers. So changes in labor market policies and institutions are needed to ensure that workers can move more easily across jobs if and when they either choose or are forced to do so. This means we need to slowly but surely wean ourselves from depending on firms as the institutions through which we fund and deliver standard benefits such as health insurance, pensions, leave benefits, educational and training opportunities, unemployment insurance, worker representation, and other services that employees need regardless of where they work. How to do this is taken up in chapter 6.

None of these changes will be accomplished unless America restores the independent voice workers have been losing as union membership falls to its pre–Great Depression levels. This does not, however, mean that we should simply try to bring back unions in their industrial-era mirror image. To be sure, for the sake of our democracy and our economy, America needs a strong, independent,

and forward-looking labor movement. There is much in the legacy of unions and labor management relations to build on since efforts to transform labor relations and reinvent unions have been underway for some time. But more innovation and new thinking are needed. Indeed, a growing number of labor leaders, activists, and academics are calling for and experimenting with ways to invent the “next-generation” unions and employee associations and other institutions for giving workers the voice they need to prosper and add value in a knowledge-based economy. In chapter 7 we take up this challenge, discussing both what unions need to do to reinvent themselves and by exploring complementary forums and institutions for giving workers a voice that are emerging in selected settings.

Chapter 8 turns to the hardest part of the challenge—the reforms needed in government to support working families. A working families’ agenda for a twenty-first century workplace policy is laid out. American workers, families, the economy, and indeed our democratic society have suffered from a twenty-five-year stalemate over how to update and modernize workplace policies because of an impasse between two ideological behemoths: business and labor. The gridlock will be broken only if the American workforce itself demands change and is guided by a clear vision for what changes are necessary. Only then will elected leaders, Democrats and Republicans, take notice and respond accordingly.

To borrow and adapt slightly a phrase from the late Tip O’Neill: “Not all policies are national.” As in the early years of the past century, local and state governments are beginning to experiment with new approaches to developing their economies and meeting the needs of modern workers and families. Historically, most innovations in American social policy have come from experiments at the state level. Progressive states like Wisconsin, New York, Massachusetts, and California brought us the models for unemployment insurance, industrial safety regulations and workers compensation,

welfare reform, and women and child labor protections that are now part of federal law. We may be in a similar phase of policy development and experimentation from which we can learn and eventually extend nationwide.

The final chapter is a call to action for all of us—workers, spouses, community and family activists, business, labor, and government officials and leaders, and even university professors. It is a call for all of us to reexamine the core values we hold for work and its relationships to family and community life and to our democracy. Americans have always believed in the value of hard work—for religious and moral reasons and for the economic value generated by efficiency and innovation. Judging from the number of hours devoted to paid work, this has not changed and will continue to serve our economy and society well in the future.

But as the quote at the beginning of this chapter indicates, we expect more than efficiency and productivity from work. We must restore the dignity that all who work deserve. This begins with making sure that all who work are rewarded with a living wage. We must ensure that the opportunity to learn and gain access to good jobs is open to men and women of all races, family backgrounds, and cultures. And, perhaps, most of all we need to renew our sense of solidarity by working together for the common good so that the gains and hardships of economic booms and busts to come are shared in an equitable fashion. The agenda laid out here is a starting point for reversing the disastrous course of our nation in hope for a better tomorrow for our families, and especially for our children.