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The path to more and better jobs

By Harry J. Holzer | December 29, 2010; 1:35 PM ET

About this blog: In the tough employment landscape, America needs to produce not just more jobs but better jobs for the long term. **Harry Holzer**, a public policy professor at Georgetown University, explores the issue in “Where Are All the Good Jobs Going? What National and Local Job Quality and Dynamics Mean for U.S. Workers,” coming out in January from the Russell Sage Foundation. Here, he examines policy options to stoke the job market.

We’re in the worst U.S. labor market downturn since the 1930s, and everyone is anxious to see more jobs created, of almost any kind. But, once the quantity of new jobs starts to rise, what about their quality?

My recent research suggests the U.S. labor market still produces good jobs — but different kinds, in different sectors and for different workers than before.

Many well-paying manufacturing, production and clerical jobs are gone. Some good jobs remain for less-educated workers — in health care, and some parts of the retail and service sectors. But far fewer remain for workers without post-secondary education or other specialized skills.

How could government policy encourage the creation of more good jobs, particularly in the private sector? And how could more of these jobs reach workers without the post-secondary education or skills to obtain the good jobs that do exist?

Historically, our government has catalyzed higher wages by raising the minimum wage. And government has indirectly raised job quality by encouraging collective bargaining over wages and working conditions. These are still good strategies.

But today, they have limited impact. The minimum wage directly affects at most 10 percent of workers, while collective bargaining now covers just seven percent of the private sector. Unions have less leverage to gain new members and raise wages in highly competitive markets, unless they also improve productivity to offset the higher labor costs they impose on business.

Yet government can improve job quality in other ways. Economic development policies can encourage the creation of higher-paying jobs through tax credits for companies that train and promote their frontline workers, or through subsidies and technical assistance for employers that invest in worker productivity, and reward their workers for it.

Public policy can also ensure workers have the skills to fill the good jobs that employers want to

create. That means providing more education and training aligned with the needs of employers in sectors that routinely pay well – such as construction and manufacturing, wholesale trade, health care, even some parts of retail trade – where applicants’ skill levels often fall short of employer needs.

A workforce development system that better coordinates education and training with the needs of well-paying employers – and the services and supports prospective workers need – can be built at the state and local level with appropriate federal support.

The “silos” that frequently separate these institutions on the ground would have to be dismantled and the information and incentives for all parties improved. Research evidence shows we can do this. High-quality career and technical education (through Career Academies and apprenticeships), and “sectoral strategies” that combine post-secondary certifications with services for workers and direct outreach to employers, have been remarkably successful preparing less-educated workers for good jobs.

Let’s end the tired debate about whether we should improve job quality or worker quality. Why not improve both? Let’s create better, more skilled workers and incentives for employers to create good new jobs when overall job growth begins.