

Chegg: Changing Contours of Work

Are Economic Divides Narrowing or Widening in the United States?

Economic success is commonly gauged by a single measure, such as per capita income or median household income. While useful, these broad summary measures fail to capture the diversity of life chances, as it is possible for a society to have a very high *average* income but also for many individuals to be excluded from opportunity. For this reason, throughout this chapter we disaggregate economic data so that subgroups in the society are compared relative to one another, as well as over time. Our first concern is to identify the scale of social inequality as it currently exists in the United States and to gauge how that compares to the inequalities evident in the old economy. Our measures of the new economy rely on the most recent indicators available, and we mark 1970 as a high-water benchmark point from which to evaluate the opportunities present in the old economy. As discussed in the previous chapter, this year approximates the point at which the mass production industrial economy in the United States started to shift toward a more diverse postindustrial economy. With that shift, union membership declined, organizational practices were reconfigured, new flexible technologies were introduced, and the globalization of production took hold. This benchmarking year also presents the old economy in perhaps its most favorable moment, as job security and wages were high for many workers, wage growth was nearing its plateau, and unemployment was low. Many of those features changed in the decades that followed, especially for blue-

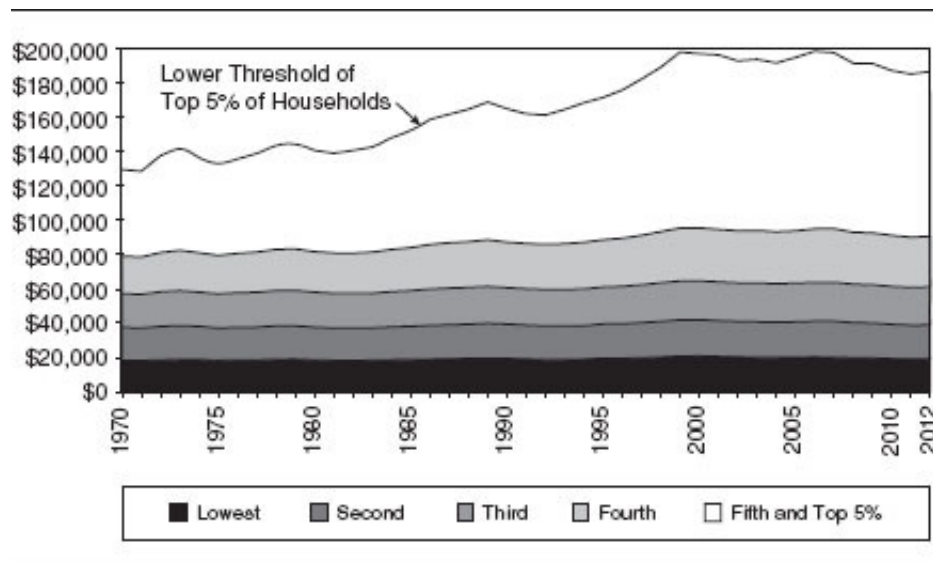
collar industrial workers in the northern rust belt, as factories closed during a period of deindustrialization in the 1970s and 1980s (Bluestone and Harrison 1982). Today, some of these communities have successfully made the transition to an employment base rooted in the new economy (e.g., Pittsburgh, Pennsylvania) while others suffer from stagnation or ongoing decline (e.g., Youngstown, Ohio, or Flint, Michigan).

In some ways, the situation present in 1970 affirmed the perspectives of both Taylor and Marx. In support of Taylor, the movement toward mass production work (even that which was deskilled) resulted in substantial wages and security for those employed in the manufacturing sector. In fact, income inequality declined during the early to mid-twentieth century in both the United States and in Europe. However, the declines in inequality were not because capitalism was working as Taylor believed it should but rather because of the impact that two world wars and the Great Depression had on class divides (Piketty 2014). The followers of Marx can rightly claim that the economic returns that manufacturing workers received were not inevitable outcomes of productivity. They were as much a consequence of organized labor acting in its own class interests. And while manufacturing workers had high wages and security, many others (especially women and minorities in the lower classes) were funneled into jobs that offered far fewer opportunities. The question we consider here is whether the shift to the new economy resulted in a fundamental shake-up of the amount of class inequality present in American society and if so, which groups have benefitted most.

[Exhibit 3.1](#) offers a graphic illustration of the changes in incomes in the United States, examining the earnings received by five equal-sized

portions of households (termed *quintiles*). To make comparisons over time possible, all of the dollar figures have been adjusted to their purchasing value in 2012. In 2012, the poorest fifth of households in the United States subsisted on incomes ranging from \$0 to \$20,599 (represented by the darkest-shaded band at the bottom of the graph), the next fifth had incomes that ranged from \$20,600 to \$39,764, and so on. One-fifth of households in 2012 had incomes higher than \$104,097 (the top white-shaded portion of the graph). Because the range of incomes for these top-earning households extends into the millions of dollars (for people like Bill Gates), we capped the graph at a maximum income of \$200,000 but added a line representing the threshold that separates the top 5% of households from everyone else (\$191,056 in 2012).

Exhibit 3.1 Incomes Received by Each Fifth of Households: 1970–2012
(Prior Years Converted to 2012 Dollar Values)



Source: U.S. Census Bureau.

To gauge the impact that the transition to the new economy has had on the relative earnings of different strata, consider the relative

positioning of each fifth of the population in 2012, as well as how the maximum income threshold for each quintile changed in comparison to 1970. [Exhibit 3.1](#) reveals that the threshold separating the poorest fifth of households from the rest of society increased by only \$1,137, from \$19,462 in 1970 to \$20,599 in 2012. That means that roughly one in five households was living below or near the poverty level in 2012 and that this proportion has remained largely unchanged since 1970. The second quintile of households had maximum incomes of \$39,764 in 2012. Again, we observe only a modest change in their overall economic condition, as the threshold that separates them from the next quintile only moved upward by \$2,482 from 1970 to 2012. This stratum of households, like their counterparts in 1970, remained situated in a position that offers few possibilities to accrue savings and puts homeownership largely out of reach. Households in the third quintile had a maximum income of \$54,226 in 1970, and that threshold rose by \$10,356 to reach \$64,582 in 2012. For the top two-fifths of households, however, the evidence suggests substantial income growth. Households in the second highest quintile saw maximum incomes rise from \$77,366 in 1970 to \$104,096 in 2012. Clearly the greatest change in incomes is reflected in the top-earning households. For the richest one in twenty households, the lower threshold that separated their earnings from those received by everyone else rose from \$122,294 in 1970 to \$191,156 in 2012, a 56% growth rate.

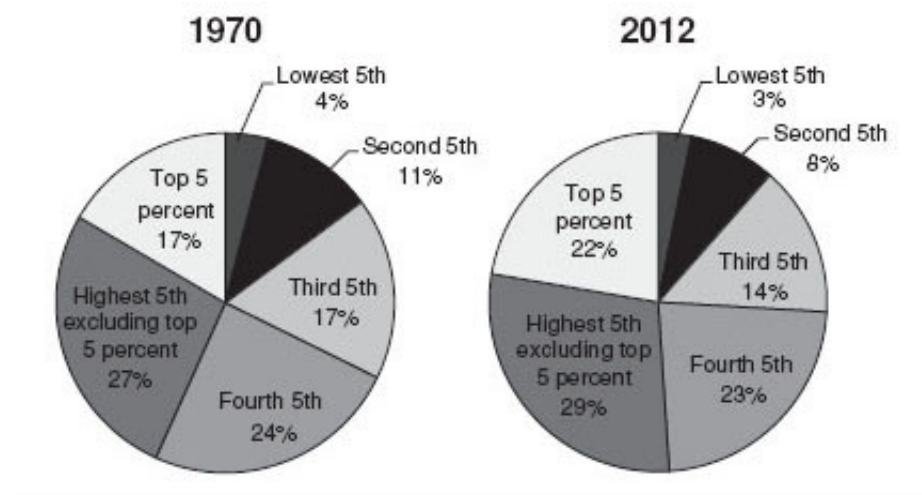
One can present an optimistic case that the new economy is creating prosperity and argue that a rising tide raises all ships. However, a more careful reading of the data reveals that the really significant gains in income went to top earners. In contrast, the lowest two-fifths of all households continued to earn incomes similar to what households earned in the early 1970s, and any differences observed probably do

not reflect any substantial improvements when translated into capacities to purchase a better quality of life. While there has been some modest income growth even for these strata of households, as well as for the third quintile, the conclusion that they are modestly better off is open to debate, given that the incomes achieved are sometimes the consequence of working harder either to maintain one's standard of living or to satisfy new needs critical to career and family success in the new economy. For example, common strategies for supplementing a worker's declining wages can include having a spouse enter the labor force and/or increasing work hours. According to Jerry Jacobs and Kathleen Gerson (2004), if one measures the total amount of labor performed by the typical American household, American families now work the equivalent of an additional month each year as compared to the amount of work done in 1970. And to keep the income stream intact (most commonly by replacing a single-earner household arrangement with a dual-earner arrangement) requires making additional investments, such as purchasing a second car or allocating money for child care (Warren and Tyagi 2003). The key point to understand here is that even if the lower three-fifths of households are making modestly more than they did in 1970, they are not substantially better off in terms of their economic situation. They may be earning a little bit more, but they are working much harder to do so, and usually because they need to.

[Exhibit 3.2](#) provides another lens on trends in inequality, here with a focus on equity. These graphs indicate the proportion of total income that went to different groups of households in 1970 and 2012. Looking first at 1970, observe that the richest 5% of households took home nearly one-fifth (17%) of the total income earned that year. If we add that figure to the share of income received by the remaining members

of the highest quintile of the population (27%), we find that the top fifth of households received 44% of all of the income earned in 1970. Compare the proportion of earnings received by these top-earning groups to that received in 2012, when the richest quintile took home half (51%) of the collective income earned. The rich have gotten substantially richer. In contrast, those in the bottom tiers of the class structure are receiving a smaller piece of the income "pie." The poorest fifth of households received only 3% of the total dollars earned in 2012, a smaller share than was received in 1970. Similar declining shares are observed for the second and third quintiles. Currently the income gap that separates the top tiers of American society from everyone else approximates the divide that existed in the early twentieth century. Unless fundamental changes occur to finance and tax laws, the investor class will continue to grow its wealth, and the divide will expand in the years to come (Piketty 2014).

Exhibit 3.2 Share of Aggregate Income Received by Each Fifth and Top 5% of Households: 1970 and 2012



Source: U.S. Census Bureau.

Perhaps there is no better case than Walmart (now the world's largest

private-sector employer) to illustrate the issue of compensation equity and what this means in the lives of individuals. Our friend Jodi worked at Walmart for three years and was considered to be an exemplary senior employee. Most commonly she worked the cash register or behind the returns counter. Jodi could request days off, but those requests were not always accommodated, and she earned the same amount whether she worked days, evenings, or on weekends. Her schedule changed week to week, as did her hours. Because she had solid evaluations, reflecting a positive attitude and diligence, her initial wage (which barely surpassed the minimum wage standard) increased by 40 to 60 cents per hour in each of her years of service. After three years of work for Walmart, she earned well beneath a living wage, estimated to be slightly above \$11 an hour in the local community. While she wanted to work as many hours as possible, she was never scheduled to work full time because that would have required her employer to provide additional benefits. If she arrived late or failed to come in as scheduled, she lost the few privileges that she was awarded on the basis of her seniority with the company. Many of Jodi's coworkers had significant health concerns that could be directly traced to financial hardship (e.g., missing or decaying teeth) and commonly faced pressing concerns such as how to keep their cars on the road.

Contrast Jodi's meager income to that of Walmart's president and CEO, Michael T. Duke, whose total compensation was \$5,643,677 in 2014 (according to AFL-CIO Executive Paywatch). If Jodi were to secure full-time work at Walmart (which she cannot), at her current wage rate she would have to work 247 years to earn what Michael earns in a single year. Conversely, in a single morning Michael earns far more than Jodi's annual income. Walmart is not exceptional in its

differential treatment of employees at the high and low ends of its organizational structure. The AFL-CIO reports that in 1980 the average CEO made 42 times the pay of the average employee, but in 2014, the ratio had increased to 331 to 1. Nor is this just an American phenomenon. While the gap between CEO and worker pay is much higher in the United States than in other industrialized countries, the gap is still large elsewhere. Even in countries that prize social equality, the CEO-to-worker pay gap is substantial, such as Sweden's CEO-to-worker pay ratio of 89 to 1 in 2012 (AFL-CIO 2014). Calls for limits on CEO pay are commonly voiced, but, so far, there is no compelling evidence that real changes have resulted as a consequence of attention to this issue (Mischel, Bernstein, and Shierholz 2009). In fact, although widespread concern exists concerning CEO pay, in 2013 Swiss voters rejected an opportunity to limit CEO pay to a maximum of twelve times the pay of the company's lowest-paid worker (Ewing 2013). This shows that indignation does not necessarily lead to political will. The class divides that separate the incredibly affluent from the rest of society reflect the concentration of wealth and power that already existed in the old economy. However, the chasms that separate the "haves" from the "have nots" are widening, as the data consistently indicate that the richest segment of the population has received an increasingly large share of total earnings since 1970. While the "super-rich" existed in the old economy, the distance that separates this class from everyone continues to widen. Contributing factors include declines in labor unions, opportunities for wealth investment in global production, and much lower taxes on those earning very high incomes (Volscho and Kelly 2012). As we consider here, financial insecurity at the bottom and the diminished social commitment from those at the top are intricately intertwined and have consequences for everyone.

The terms of Jodi's employment place a burden on society as a whole, not just on Jodi. While her low wages make it possible for consumers (both the poor and the affluent) to purchase items at a lower cost than would otherwise be possible, the inability of low-wage workers to lead healthy lives results in higher medical costs for everyone, as these low-wage workers (and their children) are more likely to become ill as well as to seek medical attention only after it reaches critical conditions. To afford housing, they need heat and rent assistance. The fact that they cannot afford child care increases reliance on remedial services and correctional services. The costs of these (and other) services are increasingly carried by members of the middle classes, and less so by the super-rich or by corporations. As reported by the Tax Policy Center of the Urban Institute and the Brookings Institute (2014a), in 1970, the marginal income tax rate on the highest earners was 71%, but by 2013, this had been reduced to 39.6%.¹ While official income tax rates are structured so that the very affluent pay a larger share of taxes than the other income groups (owing to their larger incomes), the amount received is substantially less than that which could have been expected had their contributions remained at a level consistent with the standards applied in the old economy. And as Warren Buffett observed, because of various tax exemptions and because earnings from investments (capital gains) are taxed differently than earnings from wages, the investor class of the super-rich (who earn money off of their wealth) usually pay a *lower* share of their income to taxes than do members of the middle class (some readers will remember 2012 presidential candidate Mitt Romney reluctantly revealing an effective tax rate of 14%) (Nau 2013). In addition, corporations now contribute a smaller share as well, as their top tax rate declined from 49% in 1970 to 35% in 2013 (Tax Policy Center 2014b). Beyond that, corporations have become remarkably

adept at skirting tax obligations. In 2010, for example, General Electric earned a profit of \$14.2 billion, and nearly one-third of those profits came from work performed in the United States. Yet, not only did General Electric not pay any taxes, it actually claimed a tax benefit of \$3.2 billion (Kocieniewski 2011). The problem, therefore, is twofold. First, a choice is to be made between constraining the mechanisms that create a class of the super-rich or developing mechanisms that pull the disadvantaged up along with advantaged members of society. And, second, there is a need to develop equitable mechanisms that compel the super-rich and corporations to meet societal needs.

Reflect on one additional set of sobering statistics that reveal the lopsided outcome of the economic recovery. The recovery proved to be a great time to buy or own stock, reflected by the Dow Jones Industrial Average, which doubled from 8,000 in 2008 to 16,000 in 2013. But for those at the bottom (who can't afford to buy stock), the "recovery" has been a very different story. During this same period, the portion of children living below the poverty line in the United States increased from 18% to 22% (Annie E. Casey Foundation 2015). In simple dollars and cents, the transition to the new economy has benefitted those at the top of the class structure far more than those at the bottom. The extent to which the middle segments of the class structure have benefitted or lost in financial terms is debatable. However, it is clear that these households now have additional expenses that have resulted from new demands, and they also are working harder to earn what they have. It is also clear that members of the poorer classes of workers are no better off today in comparison to where they stood in the old economy, and many are worse off.

Are Career Pathways Opening or Closing?

The transition to the new economy has sustained the divides that separate the social classes, as well as expanded the chasm that separates the affluent from the rest of society. What is it about the new economy that has produced the higher levels of income inequality? Patterns of income inequality varied at different periods of the old economy—perhaps what we are seeing is just another one of those variations. Some of the changes in income inequality occurred because of factors such as government policy (e.g., not raising the minimum wage to keep up with the cost of living) and corporate policies (increased stockholder willingness to authorize huge compensation packages for CEOs) that are not directly related to the emergence of the new economy. However, there is good evidence that the characteristics of the new economy *are* responsible for a significant portion of the growth of inequality. Most important have been changes in the jobs that characterize the new economy and the skill demands associated with them. And with these changes, the prospects of personal movement from one social class to another have shifted as well.

As indicated in [Chapter 2](#), one of the most important characteristics of the new economy is the shift away from manufacturing work toward service employment. In the old economy, the manufacturing sector was the essential source of well-paid jobs for those who lacked postsecondary education. However, the United States has lost a significant number of factory jobs in the past two decades, making them harder and harder to find, especially for younger workers (Scott 2015). Unionization was also an important characteristic of the manufacturing sector and helped win the good wages that some factory jobs provided. However, as manufacturing has declined, so has unionization (especially private-sector unionization); this decline has

been identified as a major source of the growing polarization of wages (Western and Rosenfeld 2011).

As manufacturing declined, employment expanded in a wide range of service occupations and industries. Economists and sociologists who analyze the service-dominated new economy have concluded that recognizing this mix of occupations is the key to understanding changing patterns of income inequality and social mobility.

Specifically, they argue that the service economy has tended to produce a more polarized workforce—highly paid jobs have not disappeared, but getting them now requires higher levels of education and significant levels of skill. As the service economy has expanded and matured, this polarizing tendency may actually be growing stronger. Middle-skill jobs in fields such as information processing, bookkeeping, and clerical work have proven to be good candidates for automation or offshoring and so have tended to disappear (Economist 2014). Growing sectors of the service economy, such as the provision of care, are particularly polarized, with the most highly skilled groups (e.g., nursing) able to organize professionally and demand good wages, while the rest of labor in poorly paid, devalued jobs (e.g. home health care aides) (Dwyer 2013). Good jobs for those lacking advanced education have become less common, and poorly educated workers now find only low-level jobs that offer little in the way of pay or opportunities to advance (Kalleberg 2013).

In short, the distribution of income is directly related to a polarized opportunity structure, with an expanding chasm that separates higher- paying jobs from lower-paying jobs and far fewer jobs available that fit somewhere in between (Autor, Katz, and Kearney 2006; Holzer et al. 2011; Moller and Rubin 2008; Mouw and Kalleberg 2010). This

observation conforms to the perspective of **dual-labor market theory**, which divides opportunities into two different strata of jobs. The favored jobs are located in the **primary labor market**, which offers higher pay, predictable career paths, opportunities for skill development, and enhanced job security. These are the good jobs. In contrast, other workers are trapped in a **secondary labor market** composed of jobs that offer low pay, unstable opportunities, low security, and limited skill expansion (Piore 1977). Most of the low-skill jobs that workers hold today are nestled in the secondary labor market, offering neither significant material rewards nor stepping-stones to greater opportunity. Like Jodi's job at Walmart, these are dead-end positions that lack benefits, provide little security, and offer scant economic reward (Kalleberg, Reskin, and Hudson 2000). It is important to note that divided opportunity structures developed within the old economy and also that aspects of the division between the primary and secondary labor markets appear to be changing—not because bad jobs are becoming good jobs but rather through the extension of insecurity into some jobs in the primary labor market (making them more like secondary labor market jobs). As we discuss later in this book, some workers—even those in good jobs—are working longer hours, facing new forms of insecurity, and experiencing greater challenges in locating work than was the case a few decades ago. Nevertheless, the new economy is deeply divided and the availability of good jobs in the middle, particularly for those only requiring a limited education, is increasingly constrained (Perrucci and Wysong 2002).

In the old economy, a dominant career path was to expect income growth and security with advancing age (Cappelli 1997). While the prospects of obtaining a good job were unevenly distributed on the

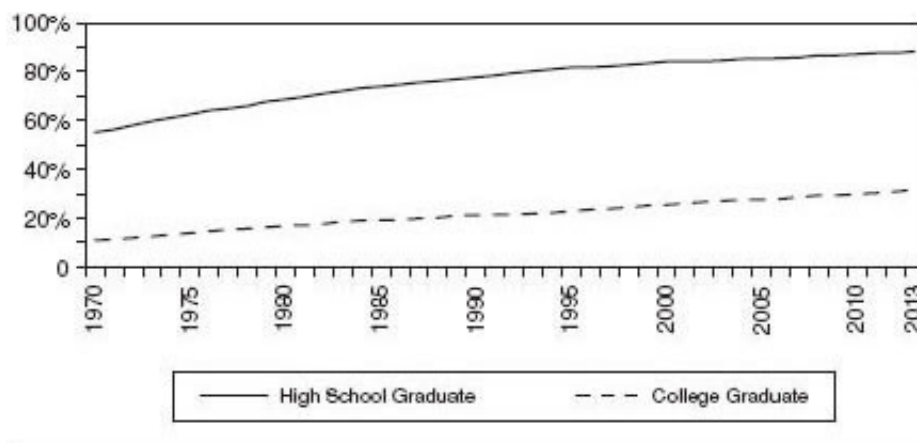
basis of race and gender, it was not unusual for workers with low levels of education to land, if not interesting jobs, ones that would (over time) eventually enable them to afford a middle-class standard of living. According to economist Frank Levy (1998), because the economy was expanding in the decades that followed World War II, the earnings potentials for all social classes expanded and the career experience for American men was akin to walking up an upwardly moving escalator. As we discussed, in the new economy, the escalator now seems to be moving along at a brisk pace for those at the top of the class structure; it might be moving at a slow pace for the upper middle class, but it is not moving at all for those in the middle and lower classes. The question we consider here is the likelihood of individuals being able to jump from one escalator to the next, to move from jobs that offer few prospects for advancement into jobs that do, or to walk up whatever escalator they are on (even if it is stalled or moving backward). We draw attention to two types of mobility, **intragenerational upward mobility** (the prospect of moving up a career ladder within one's lifetime) and **intergenerational upward mobility** (the prospect of landing jobs better than those held by one's parents).

Missing Rungs in the Ladder

It is clear that many workers in the new economy cannot “work their way up” in the manner that was evident in the old economy, and the entry point is increasingly important in determining the range of jobs that one might eventually be eligible to hold. For most workers, economic security in the new economy hinges on the attainment of a college or graduate degree. As a result, Americans are entering college programs and returning to school at unprecedented rates. [Exhibit 3.3](#) shows that, in 1970, only one in two Americans earned high

school degrees; in 2013 this figure had risen to nearly nine in ten. The proportion of adults who are college graduates has tripled during the same period, as younger Americans are increasingly likely to seek postsecondary education. According to the National Center for Education Statistics (2013), in 2012, 41% of young adults (age eighteen to twenty- four) were enrolled in college.

Exhibit 3.3 Educational Attainment of Adults, Age Twenty-Five Years and Older: United States, 1970–2013



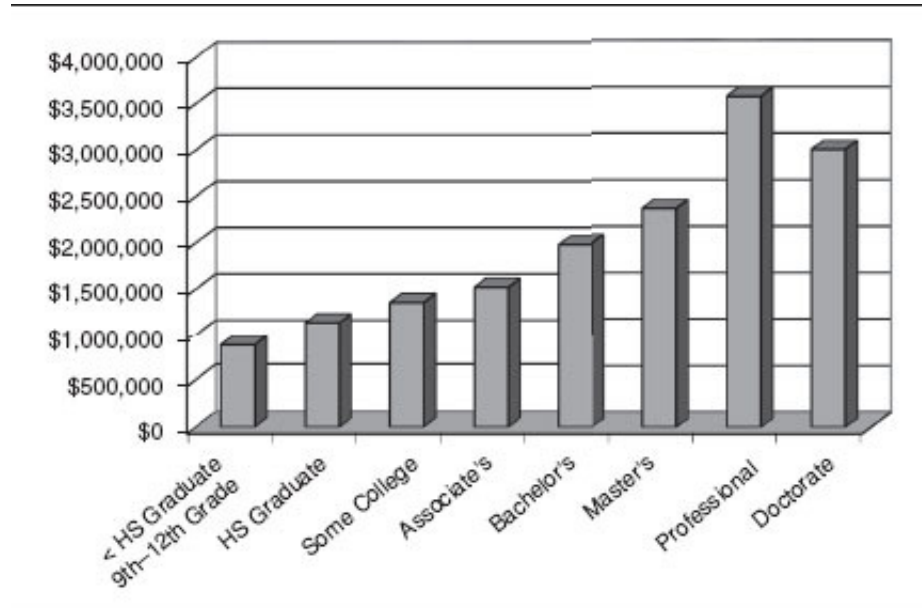
Source: U.S. Census Bureau.

The dramatic increase in entry into college reflects personal responses to changing opportunity structures. And it is not only young adults who are investing in a college education in hopes of career success. Older Americans are returning to school in unprecedented numbers. More than one in three students (37%) enrolled in colleges and universities in 2008 was age twenty- five or older, and most of these students were women (Chronicle of Higher Education 2010). Among these nontraditional students, the most common reason for returning to school is to relaunch careers or adjust skills to keep up with today's job markets. While many older students find returning to school intellectually and socially invigorating, the combined burdens of

student, worker, and parent roles place considerable strains on marriages and family lives (Hostetler, Sweet, and Moen 2007; Sweet and Moen 2007).

One wonders if a college education is worth it. After all, the time involved in pursuing an advanced degree requires deferring income and there is considerable expense involved in paying for tuition, room, and board. To answer the "is it worth it?" question, Exhibit 3.4 provides "synthetic work- life earnings"—what the average worker might earn over the course of his or her career, given the highest degree he or she ultimately earned. Of course actual earnings will vary from individual to individual; this is simply an estimate of the cumulative earnings obtained, given how people typically complete their degrees and attach themselves to the labor force. What is especially helpful is that the estimates also take into account other concerns, such as the likelihood that people with lower educational attainment are also more likely to be working in less stable jobs, which can introduce temporary income losses. Over the course of a career, people with a ninth- to twelfth-grade education earned on average \$868,897. This equates to an average of \$27,470 per year if they were full-time, year-round workers, but only \$11,274 per year if they worked less than full time year-round. And one in three (35%) of those with this level of education did not work in any given year. Compare those earnings with workers who hold bachelor's degrees. Their expected lifetime earnings of \$1,980,309 are more than one million dollars more than high school dropouts would earn over the course of a career and \$844,999 more than high school graduates would earn. And careers of more-educated workers are much more stable, as only 12% of bachelor degree holders did not work in any given year. So the answer very clearly is yes, a college education is worth it.

Exhibit 3.4 Educational Attainment and Synthetic Work-Life Earnings Estimates for All Workers



Source: Julian, Tiffany and Robert Kominski. 2011. Education and Synthetic Work-Life Earnings Estimates ACS-14. Washington, DC: U.S. Department of Commerce. U.S. Census Bureau.

<http://www.census.gov/hhes/socdemo/education/data/acs/index.html>.

The evidence indicates that possession of a college degree is much more important now than it was in 1970, not only in respect to earnings potential but also having a job in which there is security and prospects for career growth. There is debate on the extent to which a college education actually makes workers more skilled or proficient, as part of what colleges may do is simply provide credentials that enable employers to sort prospective employees into piles of eligible and ineligible candidates (Arum and Roksa 2011). It may also be that the technical and creative skills often cited as the most valuable elements in a college education are less important to the acquisition of high

wages than analytical and managerial skills (Liu and Grusky 2013). But even if this is the case, the certificate has tremendous value, and evidence suggests that attainment of a college degree has the greatest impact on the lives of those who are least likely to attend college (the disadvantaged) (Brand and Yu 2010).

Those who ignore the structural arrangements in the new economy argue that growing inequality is largely a result of choices—those who make the wise decision to attend college get good jobs, whereas those who do not fall behind (e.g., Herrnstein and Murray 1994). From this point of view, the types of jobs occupied by individuals with lower levels of education offer low pay because that is all that is justified by the limited human capital (skills) possessed by the occupants of these jobs. However, arguments such as these fail to appreciate structural circumstances; in particular, they ignore the fact that lower-educated workers may be able to secure good, well-paying jobs in conditions where their interests are protected by unions (Haley-Lock, Berman, and Timberlake 2013).

There are indications that a college degree is no longer the guarantee it once was. The pursuit of advanced degrees may reflect a growing reliance on credentials for entry-level jobs but does not necessarily reflect the need for greater skills in the performance of these jobs (Brooks 2005). In other words, what used to be a high school graduate's job (e.g., administrative assistant) is now a college graduate's job. As the number of college graduates has grown, more people find themselves underemployed, unable to find jobs commensurate with their education. The growing supply of college graduates has created a buyer's market in which wages are stagnant or even in decline (Perrucci and Wysong 2002). The result is that,

although college graduates outearn those with less education, not all groups of college graduates experience income gains or land good jobs (Bernhardt et al. 2001). It should be pointed out that the American pattern is in some ways unusual. The pronounced emphasis on postsecondary education has not yet been replicated in Europe, although rates of university attendance are up and the demand for university graduates there is growing. What is common across all industrialized societies is the growth of economic inequality, indicating that the new class divides of the United States are not simply a matter of local peculiarities (F. Green 2006).

The changing relationship between the education system and work opportunity reveals the presence of serious structural lags. For example, the old economy mandated the support of public education through the high school level. High schools became the means to instill the fundamentals of reading, math, health, and social skills in future generations of workers and were primarily intended to ensure a supply of workers capable of filling the existing lower-skill jobs. However, the fact that many of the primary labor market jobs in the new economy demand skills that far surpass basic literacy may justify public support of education well beyond high school. Ironically, as the value of education has increased, public resources directed to underprivileged students have been cut, blocking the economically disadvantaged from the opportunity to attend college (Kahlenberg 2004).

But even if this support were to be provided, those resources alone would not be sufficient to eliminate the disparities that exist between those occupying good jobs and bad jobs. While obtaining credentials may help some individuals move into more desirable employment, the

secondary labor market jobs will remain. Increasing proportions of these jobs are now (and will be) filled by the college educated. These observations highlight the challenges that lay ahead. In an economy where education is increasingly a necessary qualification for access to quality employment, there is a need to enhance opportunities to develop college-level skills. The growing cost of education is an increasingly burdensome challenge for families hoping to help their children get ahead, especially for those at the bottom of the socioeconomic ladder. Since not all jobs are good jobs, there is a need to create career stepping-stones such that workers can progress from lower-skilled work into higher-skilled work. And, for those who can't make this progression, there is a need to enhance the quality of lower-skilled employment such that it is not synonymous with bad employment. In the end, increasing access to a college education can facilitate mobility, but it cannot resolve the underlying structural problems that funnel some workers into good jobs and others into bad jobs.

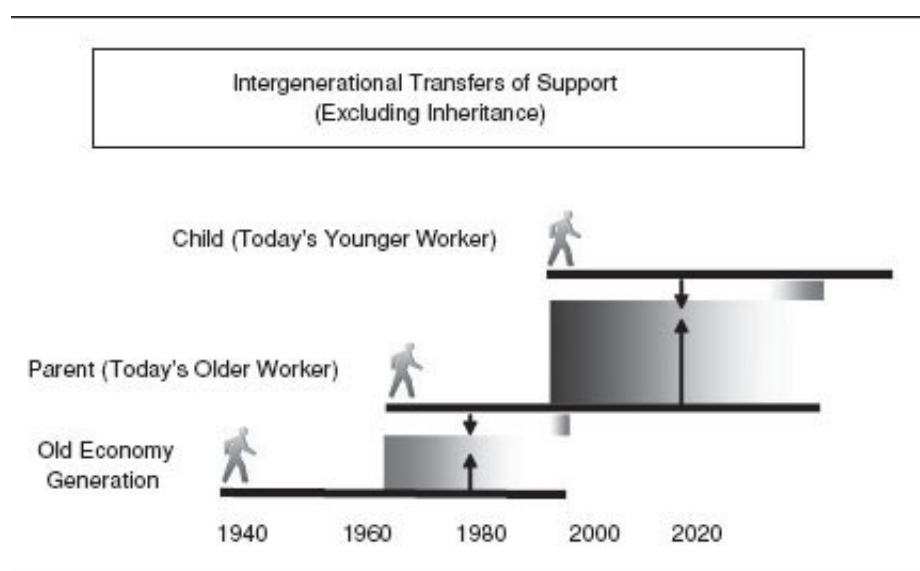
Entry Points: Securing the Good Job in Young Adulthood

Because it is more difficult to secure good jobs with a high school education, greater proportions of young adults are delaying entry into full-time work in favor of pursuing advanced degrees. And even when they do this, they often have a difficult time obtaining a good job. For those young adults who come from families with economic resources, the difficulties are buffered, as parents can provide a variety of supports to advance the development of skills, as well as to sustain their children as they work to secure employment. For those young adults coming from disadvantaged positions, the jump from school to

work is more difficult.

Today's older workers are expected to provide more resources to their children far later in their lives than was the case for previous generations, a dynamic illustrated in Exhibit 3.5. These changes have resulted from shifts in the timing of work and family careers, a sustained redefinition of parent- child and child-parent responsibilities, and new opportunity structures that block the younger generation from independently achieving sustainable careers as they enter adulthood. Note that the intergenerational transfer of resources can vary in the following ways: the type of resource (direct transfer of finances or provision of care work), directionality (from parent to child or child to parent), volume (how many resources are being channeled), intensity (the amount of effort involved), duration (for how long the provision of resources continues), and timing (age and life course station). All of these means of providing support have shifted, and in the new economy parents are expected to provide more for their children, and for much longer, than was previously expected.

Exhibit 3.5 A Schematic of Intergenerational Resource Transfers



Note: In the figure, graphics indicate the following ways resources are allocated: duration (length), volume (height), intensity (shading), directionality (arrows), and timing (position).

Historians inform us that, until the early twentieth century in America (and even today in developing countries), children's roles were defined largely in terms of what they could contribute to the family economy. At very young ages, children worked side by side with their parents and commonly provided a greater share of the household income than did wives (Gratton and Moen 2004). Children also provided considerable support for parents as they reached old age. But over the course of the development of the old economy in the twentieth century, children's roles were redefined as dependents. Today, this dependent status is rigorously embraced by the culture, as Americans do not expect children or young adults to channel support up to their parents (who wish not to be a "burden"); rather, parents are supposed to funnel resources down to their children (who now have come to expect this as an entitlement). As children's roles shifted to dependency, so did the cultural expectations of the types of resources parents should provide. Today childhood is viewed as a distinct life stage that should be free from the grind of life. In this context, a parent's obligation is not only to provide care but also to give substantial supports that enable growth and exploration. While these expectations began to be established over a century ago, the quantity and quality of resources that are expected have escalated, as has the duration of provision in the new economy. As a consequence, it is not unusual for children in middle and upper classes to begin "résumé building" in their teenage years, pursuing extracurricular activities that can be marketed in college applications.

Adolescence has extended itself well into ages that were previously defined as part of adulthood, and now the culture is embracing the perspective that there is an in-between stage of "emerging adulthood" that extends beyond age eighteen and perhaps continues into the early thirties. These emerging adults expect freedom from parental authority but do not assume they must be self-sufficient. They commonly rely on support from parents and take advantage of options to return home if need be. The lives of these "emergent adults" are characterized by instability in financial circumstances and interpersonal ties (Arnett 2007). With this change, the resources provided by parents comprise a critical safety net for younger workers. Today it is common, for example, for parents to provide support for "boomerang children" who leave home but then come back (Goldscheider et al. 1999).

Studies vary in their estimations of the quantity of resources that parents provide to adult children, but all conclude that substantial proportions of children in their twenties remain reliant on parents for significant housing and financial support (Arnett 2004; Gitelson and McDermott 2006). Schoeni and Ross (2005), in an analysis of the Panel Study of Income Dynamics, found that during the transitional years (ages eighteen to thirty-four), parents contribute (on average) about \$38,000 in material assistance to each child. But this support varies considerably by socioeconomic class. Children from families in the top income quartile received \$70,965 during this transition period. Aside from helping children navigate the types of unstable careers that are common in young adulthood, parental resources are also the primary source of financial aid used to fund college educations. How do parents afford this? Commonly by borrowing money, using home equity loans, or forgoing investing in their personal retirement

accounts (Cha, Weagly, and Reynolds 2005). While access to parental resources helps young adults prepare for work in the new economy, deprivation of these supports significantly limits opportunities and life choices (Aquilino 2005).

In sum, substantial investments from parents are a major factor in increasing the odds that a young adult may enter into the primary labor market. For children from disadvantaged families, these resources are limited, which weighs against their career prospects (Eccles and Zarrett 2006). For parents in the middle class, the provision of these resources is commonly accompanied by increasing the pressure to be more intensive parents, to earn more, and to take on personal debt, all for the sake of helping one's children secure their careers. Not only has the structure of opportunity become more polarized, with a growing gap developing between winners and losers, the chances of establishing a career increasingly depends on coming from families with parents who have good jobs.