

**Get a Job:  
The Limits of Work-Based Social Support in the United States**

Heather Boushey  
Center for Economic Policy Research

Chris Tilly  
Department of Regional Economic and Social Development  
University of Massachusetts Lowell

DRAFT OF 6 OCTOBER 2007

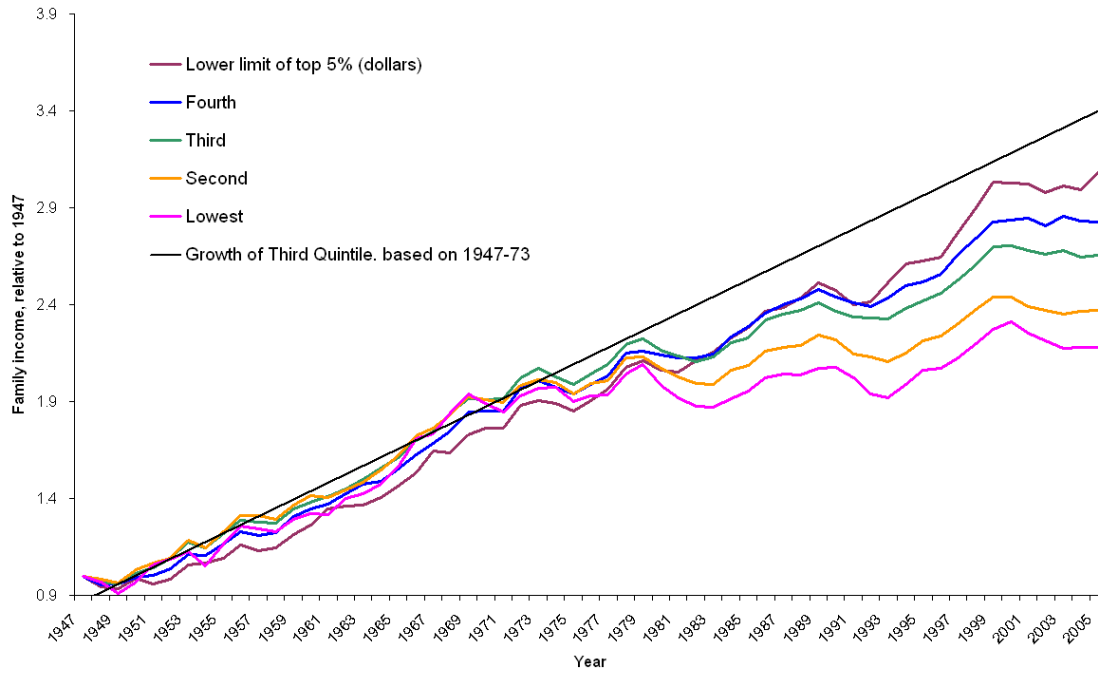
Written for *Annali della Fondazione di Vittorio*, special issue on the “new poverty” and national systems of social protection.

Unlike European workers, U.S. workers have neither a strong social safety net *outside* of the labor market, nor an extensive social welfare structure *supporting* the labor market. The U.S. social policy framework has always relied on private employers to fill in the gaps for workers, rather than the state. Therefore, for the most part, adequate provision of social benefits depends critically on employers' voluntary adoption of support policies. For example, the U.S. has neither a universal health plan nor a requirement that employers provide health insurance coverage; the U.S. public system of old-age pensions is work-based, and that public system falls short unless supplemented by additional (voluntary) employer contributions. This system has always left some—low earners and those unable to work or irregularly attached to the labor market—largely marginalized.

Over the past generation, there has been an increase social exclusion and while there have been some countervailing factors, they have been insufficient to change the overall course. Over the past thirty years, the dominant trend is that even though U.S. families have increased their hours of labor force participation, average earnings per hour of work have stagnated, and earnings inequality has grown. As a result, families have experienced slower growth in family incomes, and widening family income inequality. The distribution of employer-provided benefits such as health insurance and private pensions has followed a similar pattern: while employers have maintained generous benefit packages for a privileged few, they have reduced employment benefits for most. Because of the centrality of employer-provided benefits and the absence or limited presence of broader government provision, this add-on effect has intensified the impact of slow and divergent income growth.

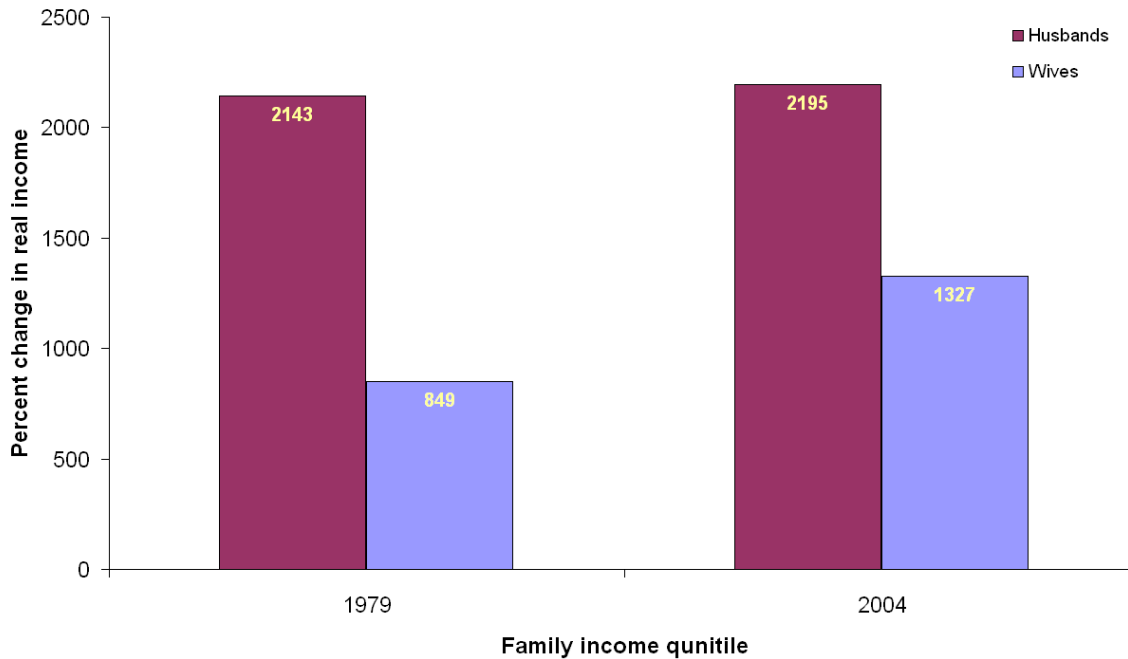
Combined, these trends have effectively lowered the standard of living for millions of U.S. families. This can be illustrated with Figures 1, 2, and 3 (which do not, however, incorporate the impact of changes in fringe benefits). Figure 1 shows the large increase in the work effort of wives subsequent to 1979. Figure 2 shows that family income growth has slowed and become increasingly unequal since 1979, with those at the top gaining significantly, those at the bottom losing, and those in the middle advancing only slightly. Figure 3 shows that it is the increased economic contribution of wives that has made the difference in whether family income has grown or not. Families without a working wife have the same income in 2005 as they did in 1979, whereas those with a working wife have seen their incomes rise by an inflation-adjusted 27 percent over the same time period.

**Figure 1. Growth in family income, by income quintile, relative to 1947**



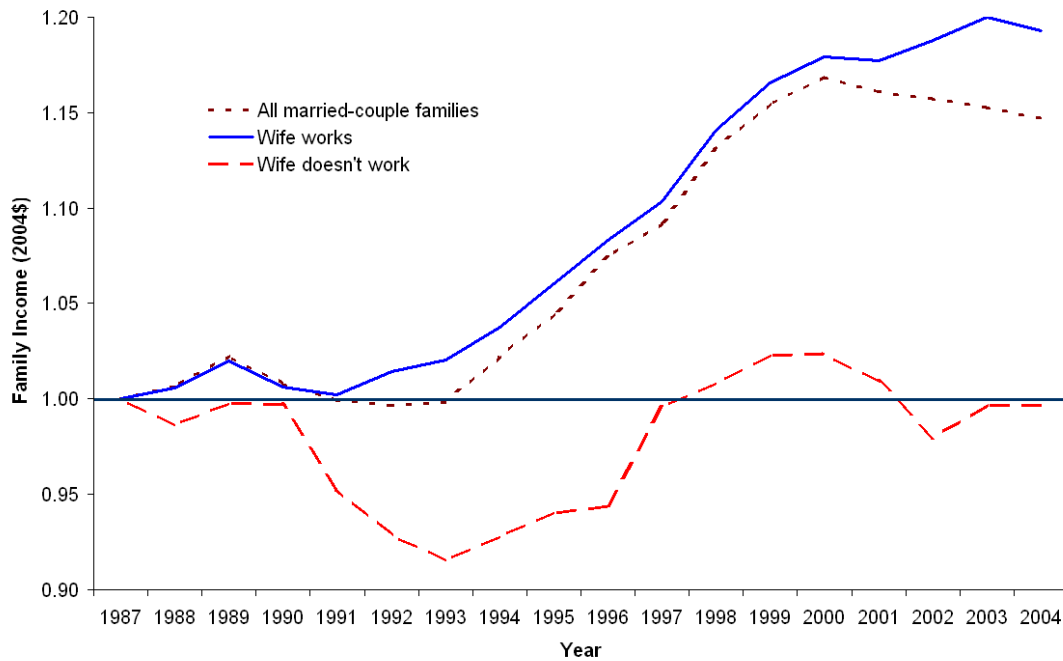
Source: Author's analysis of U.S. Census Bureau Table F1

**Figure 2. Annual hours of work of married families in the middle fifth of the income distribution, 1979 and 2004**



Source: Mishel, Bernstein, and Allegretto, 2005.

**Figure 3. Growth in married-couple family income, 1947 to 2005, relative to 1985**



Source: U.S. Census Bureau.

As a result of slower income growth and widening inequality, more families feel an economic squeeze. Whereas a generation ago, most U.S. families could afford to have a stay-at-home parent, most often, the mother, today's families cannot afford this luxury. In 2006, over 70 percent of children grow up in families without a stay-at-home parent.<sup>1</sup> At the same time, costs for basics, like health care, housing, and child care, have increased far faster than inflation, putting them out of reach for many families. Thus, while most U.S. families can afford a television or DVD player, which can easily cost less than \$100, many cannot afford the upwards of \$300 to \$1,000 per month necessary to pay for health insurance coverage and health care expenses. Meanwhile, the stagnation of earnings for the majority has been accompanied by stagnation or even reductions in employer-provided benefits such as health insurance and pensions.

The countervailing trend is that while the state has pulled back from supporting non-working poor families, there has been a slight shift toward supporting the income of the "working poor". In the mid-1990s, the U.S. Congress passed and President Clinton signed welfare reform, which effectively eliminated income supports for non-working, able-bodied adults, even if they have small children at home. Meanwhile, the two most important policy changes since welfare reform, the expansion of the Earned Income Tax Credit (EITC) and the introduction of the State Children's Health Insurance Program (SCHIP), focus on extending benefits to low-income *working* families. The end of government-provided income for low-income parents left some families in desperate straits, but arguably the extension of work-tied benefits has left many of the poorest families better off than before. However, these expansions,

<sup>1</sup> Author's analysis of U.S. Census Bureau, Current Population Survey, Annual Social and Economic Supplements, Tables F14, F13, F10, and FINC03. [www.census.gov](http://www.census.gov).

while important, were limited at best. While some of the poorest working families gained, most low-income families with a worker remain *ineligible* for work supports and many of those eligible do not actually receive benefits (Albelda, et al. 2007).

This paper will discuss the changes in the U.S. system and their consequences; offer an analysis of the political and economic forces that have driven these changes; and close with brief reflections for Europe.

It is worth emphasizing from the beginning that a key difference in the United States, compared to the European model, is that the U.S. system does not include a basic set of supports for families that Europeans take for granted. Because the U.S. does not provide universal health insurance, nearly one-in-six residents of the country lack health insurance coverage (DeNavas-Walt, Proctor and Smith 2007). Most of those without coverage are children, but in addition, nearly one-third of workers who earn less than \$20,000 a year have no health insurance coverage of any kind (Employee Benefit Research Institute 2006, Figure 17). Except in the state of California, U.S. workers do not have the right to paid family leave or sick leave, in no place do workers have the right to vacation time, and part-time workers are more often than not denied employment-based benefits. In an era when families had stay-at-home wives, this was far from ideal, but not a disaster. Now, with families having little flexibility in terms of someone to provide care, this packs a double punch. When Europeans think of the United States weakening elements of the work-based system, they often don't know -- or forget -- that this is happening in a context without any of the security that they take for granted.

## **The U.S. system of social protection for workers and how it has changed**

A comparison of the U.S. social protection system in the early 1970s and today is enlightening. The most important fact is what has *not* changed: social supports were and continue to be primarily employment-based. But there also have been significant changes in recent decades. Non-employment-based elements of the system have been sharply reduced. On the employment-based front, some elements have been added or strengthened, but others weakened, leaving a system of work-based benefits that is, at best, inadequate and very uneven in its impact.

We start with a general description of the social protection system, emphasizing components that have not changed over the years. Then we turn to the things that *have* changed. It is important to mention that the U.S. system is a federal system, meaning that responsibility for setting rules, administering programs, and paying for them is shared between the federal (national) government and the 50 state governments. In some cases, program changes have shifted responsibilities between levels of government.

### ***Core elements of the worker-protection system***

A core set of components of the U.S. system, in place as of the early 1970s, remains in place today. This core includes a limited set of regulations and a somewhat more expansive set of public-private benefits. The key labor regulations are minimum wage and overtime pay provisions first enacted in the Fair Labor Standards Act of 1938. The Act excluded some groups of workers, but was extended from the 1940s through the 1980s to include almost every worker except for employees of state and local government, small farms, and some domestic workers (U.S. Department of Labor 2007a). Congress initially set the minimum wage at about half of the median hourly wage. In the context of the Great Depression of the early 1930s that raised unemployment to historic highs, the goal was to set a floor on wage-cutting and also to help

boost consumer demand. As of 1970, the minimum wage stood at 43 percent of the median hourly wage and through the early 1970s, Congress routinely passed increases in the minimum wage in order to compensate for inflation (calculated by authors from U.S. Department of Labor 2007b and U.S. Council of Economic Advisors 2007 Table B-47). The overtime provision pay provision of the law requires employers to pay employees 150 percent of their normal wage for any hours above 40 worked in one week; again the goals included both improving job quality and the macroeconomic goal of encouraging business to create more jobs rather than demanding more hours of current employees.

The cornerstone of public-private work-based benefits is the Social Security Act of 1935, which established what came to be called Old Age, Survivors, and Disability Insurance, commonly known in the United States as “Social Security.” This includes a pension paid out of current workers’ contributions (a “pay-as-you-go” system). Eligibility for the pension depends on a history of employment and payment into the system by the recipient or his/her spouse. Most Americans are eligible: in 2006, 93 percent of persons aged 65 and older received Social Security (Employee Benefit Research Institute 2007, Chapter 7, Table 7.2). The contribution end of the system is regressive, because the tax only applies to earned income up to a fixed maximum, but the distribution end is progressive, repaying more to low earners relative to their contributions (*Dollars & Sense* 1988). Although much of the Social Security Act applies to workers and their dependents, in 1972, the federal government established in addition a Supplementary Security Income (SSI) targeted to disabled and blind people regardless of work history (U.S. Social Security Administration 2007b).

Though Social Security is nearly universal, the amount of income it provides is generally quite small. Consequently many employers and individuals supplement this public pension with private pensions. In 2006 Social Security recipients over 65 received less than \$12,000 a year, on average, from Social Security out of a total average income of close to \$27,000. Even if we limit our attention to men (who receive more benefits because of higher rates of labor force participation), the Social Security average falls below \$14,000, out of a total average income of nearly \$36,000 (U.S. Census Bureau 2007).

Health insurance is largely private, and largely work-based. In 2005, 75 percent of those *under age 65* receiving health insurance received it from a family member’s employer (calculated by authors from Employee Benefit Research Institute 2006). Persons *over 65* who are entitled to Social Security retirement benefits through their work history are also entitled to the Medicare health insurance program, established in 1965 (U.S. Social Security Administration 2007a). However, the U.S. health insurance system does include a non-work-based element: 1965 legislation also established Medicaid, which provides health insurance to poor families that are viewed as less capable of work (very poor adults, children, and the disabled). Only 13 percent of the under-65 population received Medicaid in 2005 (Employee Benefit Research Institute 2006).

The panoply of benefits also includes unemployment insurance and disability support programs for workers. States operate the Unemployment Insurance program according to federal guidelines, and generally exclude new labor market entrants and people who have quit or been fired for cause. The chief disability program is work-based: a set of Workers’ Compensation insurance programs administered by the 50 states, beginning in the early 1900s (American Association of State Compensation Insurance Funds 2007). Five states also have Temporary Disability Insurance programs. These three sets of programs, along with Social Security itself, are insurance-like, since workers’ income risks are pooled and payments into the system (i.e.

insurance premia) are paid based on expected benefit. If a worker meets certain eligibility requirements (such as a minimum duration of employment, sufficient earnings and a qualifying job separation), she is eligible to receive benefits from these programs regardless of wealth or non-wage income. The structure of these programs links eligibility to work effort and is reserved for those workers with regular employment. Finally, the funds for these programs come from specific taxes on employment ultimately paid by workers, rather than general revenues paid by the whole population. The unemployment and disability insurance programs aid small subsets of the population: in 2006, less than three percent of the over-15 population received unemployment insurance, and another three percent received Workers' Compensation or SSI (U.S. Census Bureau 2007).

Beyond compensation in the case of long-term disability, the U.S. system does not include a right to sick leave. In 2006, the last year for which data are available, just over half (57 percent) of private sector workers had access to paid sick leave, about the same as had it in 1979 (U.S. Bureau of Labor Statistics 2006). Because firms who provide sick leave do so voluntarily, they more often provide this benefit to higher-paid workers: in 1999, 38 percent of blue-collar and service employees had access to paid sick leave, compared to 81 percent of professional and technical employees and 59 percent clerical and sales employees (U.S. Bureau of Labor Statistics 2001). If a worker does have sick leave, it usually covers only the worker's own illness, not that of family members who may need their care: nearly two-thirds (63 percent) of workers (both full-time and part-time) do not have access to paid sick leave to care for a sick child (Lovell 2004). The share of employees without paid sick leave for themselves or a child's illness rises to 84 percent in construction and non-durable manufacturing and 94 percent in accommodations and food services, an industry that disproportionately employs women.

Similarly, U.S. law does not require paid holidays or vacation. Seventy-six percent of workers get paid holidays, and 77 percent got paid vacation in 2006 (U.S. Bureau of Labor Statistics 2007a). For those who received these benefits, the average number of paid holidays is eight per year, and the average amount of vacation after one year is nine days, rising to 16 days after ten years (U.S. Bureau of Labor Statistics 2007b).

Another noteworthy gap is that the U.S. has no national system of child care, even though 70 percent of families do not have a stay-at-home parent. Private child care costs are high, especially for the care of young children. In 2002, U.S. families in the bottom 40<sup>th</sup> percentile or below who paid for formal daycare spent nearly one-fifth of their family total income on child care, compared to only 6 percent among families in the highest quintile (Boushey and Wright 2004). There are some government child care subsidies available to low-income parents but recent research finds that across 10 states, less than 25 percent of eligible children are served by these subsidies (Albelda, et al. 2007). The United States spends less than one half of one percent of its budget on child care programs.

### *Changes since the early 1970s*

Numerous changes have rocked the U.S. system of social support since the early 1970s. We group these changes into changes in the core work-based elements, and modifications of non-work-based support—some of which introduced new work requirements into supports originally designed for non-working populations.

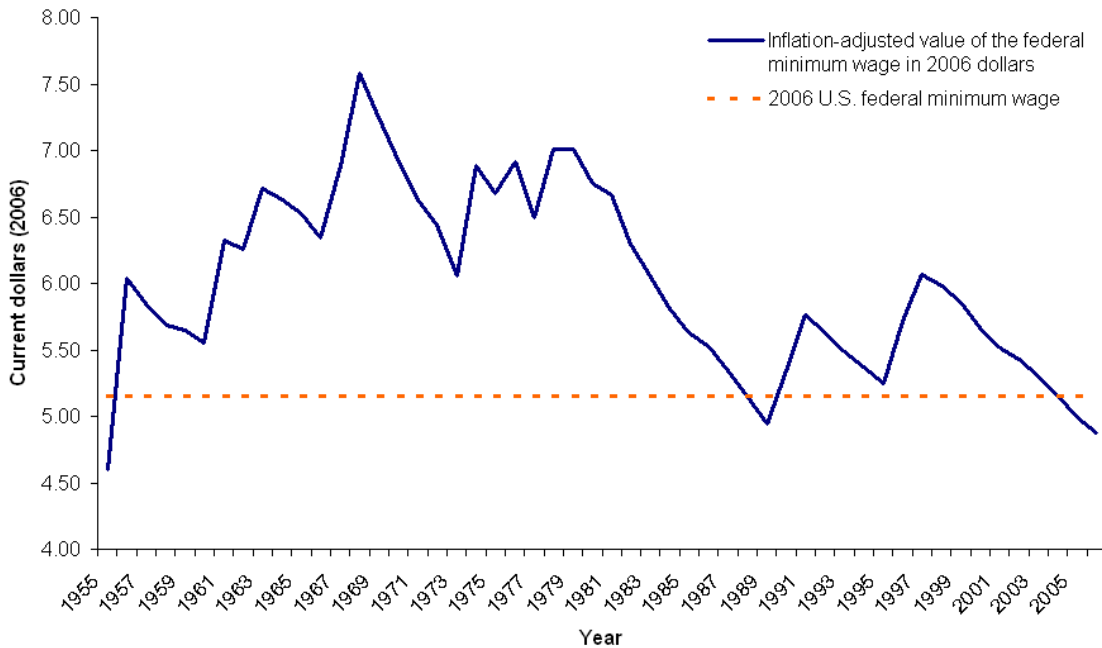
#### *Changes in the work-based core*

Core work-based supports are generally weaker than they were several decades ago. The wage floor provided by the minimum wage has fallen (though recent legislation has boosted it considerably), and unemployment insurance reaches fewer of the unemployed. Employer-provided pensions and health insurance are far less generous than they once were, and political challenges threaten the public pension (Social Security) and elderly health insurance (Medicare) systems. Cutting in the other direction is the establishment, for the first time, of a right to unpaid family leave from work for the birth of a child or the illness of a family member to about half the labor force. On net, these changes have weakened the core set of work-based rights and benefits.

Because the federal minimum wage is not tied to the inflation rate, it falls in real value over time unless Congress moves to increase it. Beginning in the 1980s, Congress has repeatedly allowed the real value of the minimum wage to fall by not moving to increase the nominal minimum wage. In 2006, the purchasing power of the federal minimum wage stood at 45 percent below its 1968 level, and equivalent to only 31 percent of the median wage (Figure 4). In addition, the minimum wage level does not vary geographically to take into account differences in the cost of living. Partly in response to these flaws, many states have adopted minimum wage laws, and currently 30 states require minimum wages above the federal level (U.S. Department of Labor 2007c). In 2007, the U.S. Congress, fortified by a new Democratic Party majority, finally acted to pass legislation which will raise the federal minimum wage to \$5.85 immediately and to \$7.25 by mid-2009, partially restoring the loss in purchasing power (not shown in Figure 4).

The minimum wage is an important policy for U.S. workers. A substantial share of minimum wage workers are adults making significant contributions to the total family income. In the early 2000s, fewer than one-in-five minimum wage workers was under the age of 20 and half were between ages 25 and 54 (Boushey 2005). In 2002, minimum wage workers earned an average of 68 percent of their total family income (Chapman and Ettlinger 2004). Even though most full-time, full-year minimum wage workers are important contributors to their family's income, their earnings are insufficient to be able to afford a safe and decent standard of living. In 2006, a full-time, full-year minimum wage worker earned \$10,300 annually, putting her below the official U.S. poverty threshold of \$13,020 for a one-parent, one-child family.

**Figure 4. The U.S. federal minimum wage in current dollars, 1968-2006**



Source: Center for Economic and Policy Research Analysis of U.S. Department of Labor data.

Federal regulatory changes in 2004 also reduced the reach of the overtime pay provisions of the Fair Labor Standards Act. A key shift greatly expanded the definition of “executive, administrative, and professional” workers, who are exempted from the requirement of a 50 percent higher wage for hours worked beyond 40 in a given week. In 2003, analysts estimated that this redefinition would remove an added eight million workers (about six percent of the total employed workforce) from eligibility for overtime pay (Eisenbrey and Bernstein 2003).

Unemployment insurance today reaches a smaller proportion of the unemployed than it did thirty or forty years ago: whereas in 1970 44 percent of the unemployed received unemployment insurance, in 2006 that percentage had fallen to 35 percent (calculated by authors from U.S. Employment and Training Administration 2007a, 2007b and U.S. Council of Economic Advisors 2007, Table B-36). Unemployment insurance eligibility depends on reaching certain thresholds of earnings and hours worked in the period preceding unemployment. Ironically, the spread of low earnings have reduced the percentage of unemployed workers who are eligible for support.

Social Security and Medicare, the publicly administered pension and elderly health insurance systems, are enormously popular, in part because of their near-universality. To undermine support for these programs, neoliberal politicians have adopted two lines of attack. One is to claim that the systems are unaffordable, especially given the impending retirement of the “baby boom” generation (born 1945-60). It is true that the ratio of elders to working-age adults has risen, and will rise significantly more in coming years. Nonetheless, the full dependency ratio (the ratio of elders *and children* to working-age adults) has changed little (*Dollars & Sense* 1988). Further, the Social Security system is not projected to run out of funds until the middle of this century; the real crisis is in the rapidly rising medical costs (Baker and Weisbrot 1999). Still, those setting the political agenda in the country have focused attention on

the insufficiency of current revenue sources to cover projected benefit payments, rather than discussing the possibility of expanding revenue from other sources. The second line of attack has been to attempt to begin privatizing the system, shifting control from the national government to private insurers and financial institutions.

The results of these debates have differed for Social Security and Medicare. Social Security pension benefits have been modestly trimmed, notably by 1983 legislation increasing the penalty in benefit levels for early retirement (before 65) and gradually increasing the age for full benefit eligibility to 67 (U.S. Social Security Administration 2007c). However, when the George W. Bush administration attempted in 2005 to introduce and subsidize private individual retirement accounts as an option within the Social Security system, Congress refused to approve the initiative. Conversely, the benefits of Medicare's health insurance for the elderly have consistently expanded (U.S. Social Security Administration 2007a), but in 2005, a privatizing proposal to incorporate and subsidize private insurers within Medicare, packaged with an expansion of prescription drug benefits, was adopted by Congress (Krugman 2005).

Relatively small changes in public pensions and health insurance contrast with seachanges in their private counterparts. On the private pension front, over the past thirty years, U.S. employers have massively shifted from defined-benefit to defined-contribution retirement plans. A defined-benefit plan is one where the employer commits to a set payment for the life of the retiree, which is usually adjusted annual for inflation. A defined-contribution plan is one where the employer commits to a certain level of financial contributions to an employee's retirement saving account. The employee is then responsible for managing the allocation of that account among stocks, bonds, and cash. Employees with defined-contribution plans are not entitled to a set payment during retirement and their benefit payment will not necessarily rise with inflation. Defined-benefit plans tumbled from covering 84 percent of full-time workers holding pensions in 1980 to 33 percent in 2003. Thus, employers have essentially shifted the risk of retirement savings and planning onto workers. At the same time, the overall proportion of U.S. workers covered by *any* retirement plan dropped, from 91 percent of full-time employees in 1985 to 65 percent in 2003 (Employee Benefit Research Institute 2007, Chapter 10, Table 10.1a). Due to a combination of reduced pension coverage and smaller employer contributions, employer pension contributions as a percentage of total compensation, which had soared from 1 percent in 1948 to 4 percent in 1977, dropped back to 2 percent in 1990, though it has fluctuated since (Price 2005).

Over the same period, employers retreated from providing—and paying for—employee health insurance, both for employees and employee's families. The percentage of workers covered by an employer-provided health plan declined from 69 percent in 1979 to 56 percent in 2004 (Mishel, Bernstein, and Allegretto 2007, Table 3.12). The largest gaps in employer-provided health insurance are by an individual's employment-related characteristics (though there are also significant gaps by race, ethnicity, and age). Historically, employers provided health insurance not only to their own employees, but their employees spouse and children. However, this is increasingly not the case and low-wage workers have been hit hard by declining health insurance coverage for dependents. Among low-wage workers, less than half (44 percent) have employer-provided health insurance from *either* their own employer or a family member's, compared to nine-out-of-ten (89 percent) high-wage workers. Workers in small firms are also less likely to have employer-provided health insurance from *either* their own employer or a family member's (63 percent), compared to workers employed in large firms (76 percent). Thus, many low-wage workers and those working in small firms who do not get employer-provided

health insurance from their own employer do not make up this lack of coverage by being covered on a family member's employer plan (Boushey and Wright 2004). Employers also shifted the cost of health insurance onto employees. Whereas in the 1970s employers typically paid the full cost of health insurance premia, by 1985 35 percent of employees contributed to the premium for individual coverage, and that percentage climbed to 76 percent in 2005 (Employee Benefit Research Institute 1985, Mishel, Bernstein, and Allegretto 2007 Table 3.13). Again, lower-wage workers, along with women and racial minorities, were more likely to have to contribute to the premium. Employers also added deductibles and co-payments that require employees to pay some of the costs of health care directly rather than relying completely on the insurance.

The 2007 union contract between the struggling General Motors and the United Auto Workers union exemplify this continuing trend. According to the *Wall Street Journal* "The labor agreement reached by General Motors Corp. is the most striking example of a bigger trend sweeping U.S. health-care: employers renouncing their decades-old role as chief health-care buyer" (Terhune and Meckler 2007). Beginning in the 1940s, unionized auto workers, including retirees, enjoyed one of the best employer-provided health insurance packages in the United States. However, the 2007 contract created a separate trust to fund health-care for retirees, with the company providing initial funds but handing off responsibility for meeting health care costs over time.

As employers and the government cut back many of the core work-based protections and benefits, government did add one important new workplace-based benefit. Since 1993, over half of U.S. workers have had access to anticipated, *unpaid* leave under the Family and Medical Leave Act (FMLA). FMLA provides up to 12 weeks of job-protected leave to workers when they have a new child or they or a family member has a serious illness. Yet, because this leave is unpaid (except in the state of California), many who need it cannot afford to take it. Among those who needed leave, but did not take it, nearly two-thirds reported that the reason was that they could not afford to take unpaid leave (Commission on Leave 1996). The most common reason for taking leave is for a worker's own health (47.2 percent in 2000), followed by care for a new child (17.9 percent), and caring for an ill parent (11.4 percent) or ill child (9.8 percent) (Waldfogel 2001).

### *Reductions in non-work-based benefits and the addition of new work-based benefits*

While core work protections and benefits continued to decline over the 1990s, two other changes complicated the picture. On the one hand, the federal government and states sharply reduced non-work-based benefits. On the other hand, they added or expanded some new government-provided, work-based benefits.

In 1996, the U.S. Congress passed, and President Clinton signed, the Personal Responsibility and Work Opportunity Reconciliation Act, commonly known as "welfare reform." "Welfare," in this case, refers to the former Aid to Families with Dependent Children (AFDC) program, established in 1935, which principally supported single mothers of dependent children. The landmark 1996 legislation replaced AFDC with a much-reduced Temporary Assistance to Needy Families (TANF) program, focusing on moving families from welfare into self-sufficiency as quickly as possible. Building on a cumulation of state work requirements, time limits, and other restrictions on AFDC benefits, this legislation signaled the end of the government's willingness to provide cash assistance to able-bodied adults, regardless of their

status as parents or caretakers. The legislation implemented a number of “sticks” and “carrots” in order to achieve this goal. Most notably, some of the sticks that Congress imposed include a five-year lifetime limit on the receipt of cash assistance, a requirement that 50 percent of welfare recipients had to participate in work by 2002, and a reduction in the ability of welfare recipients to be in school while on welfare. Further, Congress changed the program from one where everyone who was eligible was guaranteed assistance to a block grant, which gives more discretion to the states to cap eligibility and determine how to best spend public assistance funds. In a less-noticed change that actually generated most of the savings in the reform, Congress excluded many legal non-citizen immigrants who have entered the United States from federally funded TANF, Medicaid health insurance, Food Stamps, and SSI disability programs (though states may use their own funds to aid immigrants and some of these provisions have been pared back since 1996). During the 1990s, the states also phased out or greatly reduced General Assistance programs, the income support program of last resort for able-bodied adults without dependent children.

At around the same time, the U.S. Congress also expanded “carrots” in the form of already-existing or new programs—often known in the U.S. as “work supports”—to increase the benefits going to low-income, working families. In 1996, Congress increased the value of the Earned Income Tax Credit (EITC), a tax credit for low-income workers with families. The 1996 welfare reform legislation consolidated child care assistance and increased funding for child care under the Child Care and Development Fund (CCDF) and, in 1997, Congress expanded low-income children’s access to health insurance through Medicaid by implementing the State Child Health Insurance Program (SCHIP). The end result was that due to the expansion of funding for Medicaid, SCHIP, CCDF, the EITC, and the Child Tax Credit, low-income families received nine times more assistance in 1999 than in 1984, as federal spending rose from \$5.6 to \$51.7 billion (in constant 1999 dollars) (Congressional Budget Office 1998, Sawhill and Haskins 2002). While this increase is small compared to the long-term losses in real wage levels experienced by low-wage families, it represented a significant boost to low-income working families. The key shortcomings of this policy shift are its failure to extend support to those just above very low-income cutoffs and the fact that federal and state governments, after increasing spending in the late 1990s, retrenched it in the 2000s.

The EITC and SCHIP, the largest pieces of this package of supports, merit further explanation. The EITC is one of the only major work supports specifically designed to support low-income families with workers. It was established as part of the federal personal income tax code in 1975. When enacted, federal policy makers recognized that families with low-wage workers, such as single mothers and families whose adult members are disabled or taking care of members with disabilities, need some support. Significantly, the EITC provides a *refundable* tax credit, meaning that the lowest-income families can receive a credit exceeding their total tax liability—in essence, cash support from the government. While the EITC provides a fairly significant tax credits, above \$3,000 for families who receive the maximum, and most of those eligible actually receive the benefit (Albelda, et al. 2007), the credit phases out rather quickly with increasing income.

As we noted above, Medicaid was established in 1965 by the federal government to provide public health insurance to the nation’s poor. It is not designed to provide health insurance coverage to workers, even if they are not offered (or cannot afford) employment-based health insurance. The goal of the 1997 expansion of Medicaid through SCHIP was to “to provide funds to States to enable them to initiate and expand the provision of child health assistance to

uninsured, low-income children in an effective and efficient manner that is coordinated with other sources of health benefits coverage for children.” This program provides health coverage for children of the working poor – children of families with incomes in most instances between 100 and 200 percent of the federal poverty level. SCHIP, however, only expanded coverage for children; their parents remain ineligible. Funding for Medicaid and SCHIP increased by \$92.4 billion from 1997 to 2002, from \$160.7 to \$253.1 billion (Centers for Medicare and Medicaid Services 2004, p. 3).

One-in-seven children (14 percent in 2002) and 6 percent of adults under age 65 are covered by Medicaid or the State Child Health Insurance Program (SCHIP) (Boushey and Wright 2004). However, low income limits for eligibility for the program cause many working families to be excluded from the program, even though they still may not be able to obtain health services through employer- or self-provided insurance. This is particularly problematic because welfare reform pushed families receiving welfare into the workforce. Further, recent research finds that many of those eligible for Medicaid/SCHIP do not actually access benefits (Albelda, et al. 2007).

Moreover, the mid-1990s expansions were not continued through the 2000s. As states moved through the fiscal crises of the early 2000s, many of these work support programs were either reduced or eliminated. When that happened, those working were often the first to be cut from the programs. For example, pre-recession, working parents in families with income above the poverty line were eligible for Medicaid in 20 states, however just after the 2001 recession, in 2003, this was true in only 16 states. Only four states had a cutoff as high as double the poverty threshold before the recession. This number fell to three states after the recession. In 2003, 13 states made additional cuts to their Medicaid program. SCHIP coverage for children has also fallen victim to constricting state budgets, as six states have completely frozen SCHIP enrollment and others have cut back (Ross and Cox 2004).

Further, while the expansions may have helped some families, many found that work supports are time-limited or phase-out quickly as income rises. For example, although most people moving off welfare will find jobs without health insurance, federal law requires states to offer just six months of Medicaid coverage to families leaving welfare for work. Some states have waivers for the first full year or year and a half of employment, but this is rare. Similarly with child care: in 1999, 20 states had imposed time limits on the receipt of child care subsidies ranging from two months to three years, with an average of 16 months.

About a month before President Clinton signed the Personal Responsibility and Work Opportunity Reconciliation Act, commonly known as “welfare reform,” Robert Reich, the Secretary of Labor said, “If we’re serious about getting people off welfare and into work, we must ensure that work pays”(Risen 1995). But, U.S. policymakers were not serious enough: even though the availability of work supports increased over the 1990s, nearly 41 million people continue to live below a basic standard of need (measured as about twice the U.S. federal poverty threshold) even though they work and even though some receive work supports (Albelda, et al. 2007).

### **Income trends and increasing social exclusion**

The net result of these changes in social supports is the creation of a two-tiered social policy—which does not meet the needs of a three-tiered workforce. While the social safety net

provides work supports to the very poor and employers provide them for the upper and middle classes, neither provides for a third tier, the working poor. In short, the way our social policy system works, most low-wage workers are too rich for public supports, but too poor to afford these goods and services on their wages. The lack of an adequate safety for low-wage, working parents threatens their ability to stay employed and move up the job ladder, as well as their ability to parent effectively.

The gaps in U.S. social policy would be of less concern if incomes were rising significantly across the income distribution. In that case, low-income workers would see increases in their buying power, allowing them to afford to purchase benefits even if they did not receive them from state or employer. In addition, growing numbers of workers would “graduate” into the upper tier of jobs with employer-provided benefits.

But as we already saw in the introduction of this article, in the past three decades, U.S. economic growth has generally benefited only those at the very top of the income ladder, rather than the broad working class. An analysis by economists Thomas Piketty and Emmanuel Saez summarizes these harsh income disparities. They found that despite several periods of healthy growth between 1973 and 2005, the average income of all but the top ten percent of the income ladder -- nine out of ten American families - fell by 11 percent when adjusted for inflation (Piketty and Saez 2007). Yet, the economy—as measured by gross domestic product (GDP)—has grown by over 160 percent since 1973. This is only slightly less than the period from 1947 to 1973 when GDP grew by 176 percent. That’s come as Americans have become much more productive—productivity has grown by over 80 percent since 1973—meaning it now takes fewer workers to produce the same number of widgets as it did in the past (Baker 2007).

In a healthy economy, that growth is shared between workers and investors and wage growth should rise with productivity. This was the case in the decades between World War II and the early 1970s, when productivity and median wages both increased by an average of two to three percent every year. But since 1973, productivity increased sharply, especially after the late 1990s, but median wage growth has been flat and inequality has grown. Since 1973, the bottom fifth of families have seen their income fall by an average of 0.2 percent per year, while the bottom 40 percent have seen no growth at all. At the same time, the top fifth of families have seen their income rise by 1.1 percent per year. The growth in inequality abated—but did not reverse course—during the high employment years of the late 1990s. Since the recession of the early 2000s, however, inequality has begun to grow again. Since 2000, families in the top fifth of the economic ladder enjoyed a small income boost of 1 percent—the only families to see any growth—while those in the bottom fifth lost nearly 5 percent (DeNavas-Walt, et al. 2007).

Trends in health care coverage have followed a similar pattern, even in the years since the government’s creation of SCHIP and the extension of publicly-provided Medicaid to low earners. During the most recent economic recovery, inequalities in access to health insurance continued to grow. The share of the population without health insurance is now at nearly 16 percent, an all-time high (DeNavas-Walt, et al. 2007). For the most part, this is the result of a continuing decline in employer-provided health insurance. Between 2000 and 2006, the share of U.S. children and the share of adults with *employment-based* health insurance both fell by about 6 percent. Since most adults are ineligible for Medicaid, they are now swelling the ranks of the uninsured, while, mostly because of the SCHIP expansion, the share of children with *government* health insurance rose by close to 7 percent between 2000 and 2006. Yet, even with the SCHIP expansion, there are more children without health insurance: From 2005 to 2006, the number of uninsured children stepped up from 10.9 percent to 11.7 percent (Boushey 2007).

## **What has driven the changes?**

We have outlined recent changes in both the U.S. social support system and the overall distribution of income and work-related benefits. Here we go on to suggest that a set of linked attacks on the working class underlie both sets of changes. A powerful political coalition, which ironically has been able to incorporate a large section of the working class, has promoted policies that intensify these attacks. However, significant counter-forces to this anti-worker offensive are beginning to build.

### ***A three-part attack on the working class***

Elites in the United States have, since the 1970s, undertaken a three-fold assault on the working class. The first prong has been business attempts to drive down (in real terms) the private wage. Employers went on the offensive against unions, with the result that the share of U.S. workers in unions has fallen sharply over the past half century. In 1948, almost one-in-three workers was in a union; by 2005, the fraction had fallen to just one-in-eight (Schmitt and Zipperer 2007). Declining unionization has been particularly acute in the private sector, compared to the public sector. This indicates that decline in private-sector representation may have more to do with behavior of private-sector employers than preferences of American workers, and indeed about one-third of non-union workers would prefer union representation (Freeman and Rogers 1995).

The employer behavior in question is concerted, illegal anti-union activity. Recent research has found that almost one-in-five union organizers or activists can expect to be fired as a result of their activities in a union election campaign. There has been a steep rise in the 2000s relative to the last half of the 1990s in illegal firings of pro-union workers. By 2005, pro-union workers involved in union election campaigns faced about a 1.8 percent chance of being illegally fired during the course of the (Schmitt and Zipperer 2007). Moreover, employers to threaten to close all or part of the business in more than half of all union organizing campaigns, and unions win only 38 percent of representation elections when such threats are made, compared to 51 percent in the absence of shutdown threats (Bronfenbrenner 2000). Both firings of union supporters and threats to close the plant violate the National Labor Relations Act.

With unions on the defensive and reduced to a small corner of the private sector, employers have had a relatively free hand to contain or even reduce wages and benefits in non-union settings with little fear of union organizing. As a result, the gap between union non-union compensation yawns wide. Full-time workers who are union members earn 30 percent more per week than their non-union counterparts (U.S. Bureau of Labor Statistics 2007c). Seventy percent of union workers have defined-benefit pension plans; only 15 percent of nonunion workers do (Labor Research Association 2006).

In a second line of attack, businesses pressed elected officials to adopt neoliberal policies, shifting the state away from support of labor. The restaurant and retail industries led the drive to reduce the real value of the minimum wage, lowering the floor under private sector wages (Tilly 2005). On the public sector side, the 1975 New York City fiscal crisis marked a turning point: financial institutions holding city debt demanded and won wage freezes and layoffs of city employees as well as cutbacks in city services, heralding widespread efforts to undermine the power of public employees by tough bargaining, subcontracting, and privatization of government

services (Harvey 2007). Beginning with President Reagan in 1981, Republican presidents making appointments to the National Labor Relations Board, which makes rulings on allowable labor relations practices by businesses and unions, began to choose board members more opposed to unions, creating an ever less favorable terrain for union representation (Miller 2006, Moberg 1998). Even federal training programs evolved, from the Comprehensive Employment and Training Act of 1973, which paid the unemployed to perform public service jobs in nonprofit organizations, through the Job Training Partnership Act of 1983, which ended public service jobs and instead paid for a variety of training programs for those most in need, to the Workforce Investment Act of 1998, which reduced workforce development services for most to pushing the unemployed to accept any job available (O’Leary, Straits, and Wandner 2004).

Another important aspect of neoliberal policy has been the adoption of “free trade” agreements—in most cases designed primarily to facilitate capital investment abroad on advantageous terms—with few protections for labor rights. Most importantly, in 1993, President Clinton signed into law the North American Free Trade Agreement (NAFTA), which created a trade area between Canada, the United States, and Mexico. Unlike the European Union, NAFTA does not establish readiness criteria before poorer countries could be admitted, nor did it allow for meaningful transfer of development funds (Anderson and Cavanagh 2004). This meant that NAFTA was implemented without any meaningful or enforceable requirements for Mexico to enforce international labor, social or environmental standards. Moreover, investor rights and other provisions gave additional incentives for firms to relocate to Mexico to take advantage of a weaker labor and regulatory environment (Bottari and Wallach 2005). In addition to the loss of manufacturing jobs associated with the rise in the ballooning U.S. trade deficit with NAFTA countries (Bivens 2006), NAFTA led to a climate where U.S. firms could increasingly squash wage and collective bargaining demands and bargaining by invoking the threat of moving abroad (Bronfenbrenner 1997, 2000). (Meanwhile, Mexican workers and farmers failed to realize expected economic benefits as U.S. imports ravaged Mexican agriculture and the *maquiladora* export assembly plants never developed economic linkages to the broader Mexican economy [Scott, Salas, and Campbell 2006].) Estimates based on Krugman’s seminal trade work during the 1980s and 90s show that pre-NAFTA trade liberalization dating from the 1970s accounts for 40 percent or more of the observed increase in U.S. inequality. Krugman now says trade in the post-NAFTA period is even “a bigger factor than it was” in explaining inequality trends (Krugman 2007; Baker and Weisbrot 2001; Cline 1997 p.264).

The third wing of the assault on worker’s standard of living came through attempts to reduce the social wage, which we discussed above. The “welfare reform” of 1996, which essentially ended government financial support for non-working single mothers, marked the culmination of a long series of state and federal restrictions and benefit reductions of welfare programs through the 1980s and early 1990s. Attempts to curtail the Social Security and Medicare programs providing support for the elderly have so far been less successful.

### ***The alliance behind the attacks, and the counter-forces***

The coalition driving the anti-working class offensive was led by business associations and pro-business conservatives allied with anti-government libertarians. Grover Norquist, leader of Americans for Tax Reform, famously declared, “My goal is to cut government in half in twenty-five years, to get it down to the size where we can drown it in the bathtub” (Dreyfuss 2001). Of course, the downsizing of government was one-sided, since at the same time that the

social role of government was being scaled down, the penal system and the military were expanded (Western and Beckett 1999).

A coalition of elites is not sufficient to maintain hegemony in a democratic society. The neoliberal alliance succeeded by drawing in broad sections of the working class via two rhetorical and strategic devices. The first was to lead with anti-government ideology, harnessing racism (and the widespread view among whites that “big government” had primarily benefited racial minorities, including immigrants), resentment by struggling workers of non-workers receiving government aid, and widespread distrust of government, and contrasting government with the traditional American value of individual initiative and advancement, exemplified by George W. Bush’s espousal of an “ownership society” to justify privatization of Social Security (Block 2006). The second stratagem linked economic liberalism with social conservatism, mobilizing conservatives with issues such as abortion and homosexuality (Frank 2005, Tilly 1999). Both strategies, while centered in the Republican Party, were able to enlist much support from Democrats as well.

The cornerstone of the coalition was tax-cutting (Miller 1997, 2001, 2004). Conservatives launched the tax-cutting agenda in 1979 with California’s Proposition 13, a voter referendum in which real estate interests organized home-owners to vote to cut property taxes. As in this case, Congress from the 1980s through the 2000s repeatedly enacted tax reductions that primarily benefited the wealthy and large businesses, in the name of tax relief for “ordinary families.”

The “market fundamentalist” agenda always faced opposition, with its core in unions, big-city populations, and the social democratic wing of the Democratic Party. Pro-working class forces have been able to win selective victories by attracting broader support on certain issues. They have tapped widespread support for universal programs for the elderly, such as Social Security and Medicare. They have also been able to build significant political support for aid to children, as exemplified by the creation of the SCHIP health insurance program. The U.S. public believes that workers deserve a decent wage, and campaigns for a higher minimum wage—locally, at the state level, and nationally—have attracted broad public support as well (Tilly 2005). As conservative columnist Ramesh Ponnuru recently remarked, “The public does not agree with us on [the minimum wage] issue; never has. Opposition to a higher minimum wage is, for many people, explicable only in terms of greed and heartlessness” (Ponnuru 2007). The rapid growth of health care costs has led some businesses to form unaccustomed alliances for reform of the U.S. health care system: in February 2007 Wal-Mart, AT&T, and Kelly Services (the largest temporary help agency in the country) joined forces with the Service Employees International Union and the Communication Workers of America in a coalition calling for affordable health coverage for everybody in the nation (Muy and Russakoff 2007).

Amplifying the impact of these political victories has been outrage at the federal government’s failure to provide adequate relief after Hurricanes Katrina and Rita struck the Gulf Coast of the United States in August 2005, and shock at the collapse of a highway bridge in Minnesota in August 2007 that highlighted the extent to which government has failed to invest in necessary infrastructure upgrading. As a result, public opinion has swung back toward endorsing the need for government to support low-wage workers and invest in social spending. In a recent poll, nearly one-third of Republican voters supported “tax increases on the most affluent Americans to help reduce the federal deficit and to pay for expanding health care programs to cover the uninsured” (Hart/Newhouse 2007). These shifts, along with the unpopularity of the war in Iraq, allowed the Democratic Party to recapture majorities in both houses of Congress in 2006 (Judis and Teixeira 2007).

The summer-fall 2007 debate over the reauthorization of SCHIP, the new State Children's Health Insurance Program, provides one window into the state of the debate. As noted above, the purpose of SCHIP was to fill in the gap in access to health care for the millions of children living in families where the parents work, but employers have abdicated responsibility to provide health insurance coverage. The SCHIP bill was immensely popular, but when it had to be reauthorized in 2007, the President refused to sign into law a bill that expanded SCHIP's reach. The U.S. Congress voted to raise SCHIP funding levels both to enable states to sustain existing children's enrollment and to cover more low-income children. The agreement provided financial incentives to states to enroll more uninsured children who are already eligible for Medicaid or SCHIP. The Congressional Budget Office estimated that by 2012, a total of 3.8 million children who otherwise would be uninsured would have had health care coverage under this bill (Congressional Budget Office 2007). This bill was supported by a wide range of healthcare providers, advocates, and state-level policymakers, including the American Medical Association and governors of both political parties. The bill passed both houses of Congress, but President Bush vetoed it, denouncing the expansion as a "step toward [the Democrats'] goal of government-run health care for every American" (Pasternak 2007). As we write, SCHIP supporters in Congress are attempting to muster the two-thirds majorities in both houses of Congress needed to overturn a presidential veto.

The SCHIP confrontation, which pitted President Bush against public sentiment and even against many members of his own party, illustrates the growing popularity of social spending and the waning power of anti-"big government" rhetoric to derail social legislation. Nonetheless, there are significant limits to legislative and public approval for a stronger social safety net and more robust institutions to support job quality. The progressive coalition has rallied support for a continued or strengthened social wage for children and the elderly, but has not been able to extend that support to adults of working age. Ironically, the Earned Income Tax Credit, the most significant expansion of government-provided cash support to low-income working-age adults in recent decades, has gained backing in part appearing to be nothing more than a tax cut. Another key limit is that Americans continue to see unions as a narrow special-interest group; while large majorities of non-unionized workers say they would like an organization independent of management to represent their interests at the workplace, only a minority says they would like a union (which is precisely such an organization) (Freeman and Rogers 1999). Unless a pro-working class coalition can challenge such limitations, the U.S. system of social supports is likely to remain impoverished.

## **Reflections for Europe**

The evolution of the U.S. system of social supports in recent decades hold several key lessons for Europeans concerned with defending, strengthening, and renewing their own social safety nets. First, the U.S. social support system is a failure, and should not be emulated. The decades since the 1970s have seen growing divergence of wages, incomes, and access to benefits such as adequate pensions and health insurance. The American two-tiered system of support provides generous, employer-provided benefits for the affluent and limited (and sometimes temporary) but important support for the lowest-wage workers. However, it offers little to the great bulk of low-income workers, and even "middle class" workers—such as the auto workers

at General Motors—who have traditionally enjoyed adequate employer-provided benefits, are seeing those benefits scaled back with no alternative source of support in sight.

However, given that most European economies are moving toward more neoliberal economic policies, some U.S. policies could help moderate the brutal edge of market fundamentalism. Adopting a minimum wage, as France and the United Kingdom have done, makes sense if growing numbers of workers don't get sufficient wage protection from collective bargaining agreements. A refundable tax credit, modeled on the U.S. Earned Income Tax Credit, could prove a palatable way to provide support to low-income workers if there is not enough political backing for a more explicit social wage. Still, the EITC is often criticized for subsidizing low-wage jobs, and only makes sense in the context of a more broadly progressive tax system that taxes well-to-do consumers and businesses that benefit from low-wage production.

Perhaps the most important lesson of the U.S. experience is to beware the type of potent political coalition that carried out the attacks on the U.S. working class. While Europeans generally do not espouse the same individualism as Americans, they are not immune to the siren song of tax cuts, the appeal of calls to shrink big government, and the politics of resentment against immigrants, welfare recipients, and the poor. To defeat “market fundamentalist” coalitions, European progressives will need to find new ways to convince their compatriots that working class interests in strong social supports are indeed the interests of the great majority. Communication with U.S. progressives, who are bruised from decades of setbacks but experienced and creative in finding ways to frame social goals, will be an important tool in this struggle.

## References

- Albelda, Randy, Heather Boushey, Elizabeth Chimienti, Rebecca Ray, and Ben Zipperer. *Bridging the Gaps: A Picture of How Work Supports Work in Ten States*. Washington, DC: Center for Economic and Policy Research, 2007.
- American Association of State Compensation Insurance Funds. 2007. “State funds: Their role in Workers’ Compensation.” <http://www.aascif.org> . Accessed 26/09/07.
- Anderson, Sarah and John Cavanagh. 2004. “Lessons of European Integration for the Americas.” Institute for Policy Studies. <http://www.ips-dc.org/EUlessons/index.htm>
- Baker, Dean and Mark Weisbrot. 2001. “Will New Trade Gains Make Us Rich?” Center for Economic and Policy Research (CEPR) Paper, October.
- Baker, Dean, and Mark Weisbrot. *Social Security: The Phony Crisis*. Chicago, IL: University of Chicago Press, 1999.
- Baker, Dean. 2007. “The Productivity to Paycheck Gap: What the Data Show.” Washington, DC: Center for Economic and Policy Research.
- Bivens, L. Josh. 2006. “Trade Deficits and Manufacturing Job Loss: Correlation and Causality.” Economic Policy Institute Briefing Paper 171, March 14.

Block, Fred. "A moral economy." *The Nation*. <http://www.thenation.com/doc/20060320/block>. 20 March. Accessed 7/10/07.

Bottari, Mary and Lori Wallach. 2005. "The Record of NAFTA, Chapter 11: Investor-State Cases 1994-2005." Public Citizen's Global Trade Watch.

Boushey, Heather. "Bush's Painful, Lopsided Economic 'Recovery' Continues." *Alternet*, August 30, 2007. < <http://www.alternet.org/workplace/61004/?page=1>>

Boushey, Heather, and Joseph Wright. "Access to Employer-Provided Health Insurance as a Dependent on a Family Member's Plan." Washington, DC: Center for Economic and Policy Research, 2004.

Boushey, Heather, and Joseph Wright. "Health Insurance Coverage in the United States." Washington, DC: Center for Economic and Policy Research, 2004.

Boushey, Heather. "No Way Out: How Prime-Age Workers Get Trapped in Minimum-Wage Jobs." *WorkingUSA: The Journal of Labor and Society* 8, no. 6 (2005): 659-70.

Boushey, Heather. "Working Moms and Child Care." Washington, DC: Center for Economic and Policy Research, 2004.

Bronfenbrenner, Kate. 1997. "The Effects of Plant Closing or Threat of Plant Closing on the Right of Workers to Organize." North American Commission for Labor Cooperation, 1997.

Cline, William. 1997. *Trade and Income Distribution*. Washington, D.C.: Peterson Institute for International Economics.

Bronfenbrenner, Kate. 2000. *Uneasy Terrain: The Impact of Capital Mobility on Workers, Wages, and Union Organizing*. Submitted to the U.S. Trade Deficit Review Commission. New York State School of Industrial and Labor Relations, Cornell University. September 6.

Centers for Medicare and Medicaid Services. "2003 Data Compendium." <http://www.cms.hhs.gov/researchers/pubs/datacompendium/current/>.

Chapman, Jeff, and Michael Ettlinger. "The Who and Why of the Minimum Wage: Raising the Wage Floor Is an Essential Part of a Strategy to Support Working Families." Washington, DC: Economic Policy Institute, 2004.

Commission on Leave. "A Workable Balance: Report to Congress on Family and Medical Leave Policies." Washington, DC, 1996.

Congressional Budget Office, "CBO's Estimate of Changes in SCHIP and Medicaid Enrollment of Children Under the House Amendments to the Senate Amendments to H.R. 976, the Children's Health Insurance Program Reauthorization Act of 2007," September 24, 2007.

Congressional Budget Office. "Policy Changes Affecting Mandatory Spending for Low-Income Families Not Receiving Cash Assistance." Washington, DC, 1998.

Coven, Martha. 2005. "An Introduction to TANF." Washington, DC: Center on Budget and Policy Priorities.

DeNavas-Walt, Carmen, Bernadette D. Proctor, and Jessica Smith. "Income, Poverty, and Health Insurance Coverage in the United States: 2006." Washington, DC: U.S. Department of Commerce, Economics and Statistics Administration, U.S. Census Bureau, 2007.

*Dollars & Sense*. 1988. "Old and enduring: Social security survives conservative attacks." January/February, 10-12.

Dreyfuss, Robert. 2001. "Grover Norquist: 'Field Marshal' of the Bush plan." *The Nation*. May 14. <http://www.thenation.com/doc/20010514/dreyfuss> . Accessed 6/10/07.

Eisenbrey, Ross and Jared Bernstein. 2003. "Eliminating the right to overtime pay." Briefing Paper. Economic Policy Institute, Washington, DC. June.

Employee Benefit Research Institute. 1986. "Features of employer health plans: Cost containment, plan funding, and coverage continuation." Issue Brief No. 60. November.

Employee Benefit Research Institute. 1987. "A profile of the nonelderly population without health insurance." Issue Brief No. 66. May.

Employee Benefit Research Institute. 2006. "Sources of health insurance and characteristic of the uninsured: Analysis of the March 2006 Current Population Survey." Issue Brief No. 298. October.

Employee Benefit Research Institute. 2007. *EBRI Databook on Employee Benefits*. <http://www.ebri.org/publications/books/index.cfm?fa=databook> . Accessed 6/10/07.

Frank, Robert. 2004. *What's the Matter with Kansas: How conservatives won the heart of America*. New York: Henry Holt and Company.

Freeman, Richard B. and Joel Rogers. 1999. *What Workers Want*. Ithaca, NY: ILR Press.

Hart/Newhouse (polling firm). 2007. "NBC News/Wall Street Journal Poll, September 2007." Study #6076. [http://www.prospect.org/cs/articles?article=back\\_to\\_the\\_future061807](http://www.prospect.org/cs/articles?article=back_to_the_future061807) . 4 October. Accessed 4/10/07.

Harvey, David. 2007. "Neoliberalism as creative destruction." *The Annals of the American Academy of Political and Social Science* 610: 22-44.

Judis, John B. and Ruy Teixeira. 2007. "Back to the future: The re-emergence of the emerging Democratic majority." *The American Prospect*. [http://www.prospect.org/cs/articles?article=back\\_to\\_the\\_future061807](http://www.prospect.org/cs/articles?article=back_to_the_future061807) . 19 June.

- Krugman, Paul. 2005. "A private obsession." *New York Times*. 18 November.
- Krugman, Paul. 2007. "Divided on trade." *New York Times*. 14 May.
- Labor Research Association. 2006. "The growing gap in benefits." *LRA Online*. <http://www.workinglife.org> . September 15. Accessed 6/10/07.
- Lovell, Vicky. "No Time to Be Sick: Who Suffers When Workers Don't Have Sick Leave." Washington, DC: Institute for Women's Policy Research, 2004.
- Miller, Congressman George. 2006. *President Bush's National Labor Relations Board*
- Miller, John. 1997. "Tax cuts: Clinton and Congress feed the wealthy." *Dollars & Sense*. November/December.
- Miller, John. 2001. "Still a bad idea: The Bush tax cut." *Dollars & Sense*. March/April.
- Miller, John. 2004. "Ronald Reagan's legacy." *Dollars & Sense*. July/August.
- Mishel, Lawrence, Jared Bernstein, and Sylvia Allegretto. 2007. *The State of Working America 2006-07*. Washington, DC and Ithaca, NY: Economic Policy Institute and Cornell University Press.
- Moberg, David. 1998. "Republicans warp the labor board." *The Progressive*. May.
- Muy, Ylan Q. and Dale Russakoff. "Wal-Mart, union join forces on health care." *Washington Post*, 8 February, D1.
- O'Leary, Christopher J., Robert A. Straits, and Stephen A. Wandner. 2004. *Job Training Policy in the United States*. Kalamazoo, MI: Upjohn Institute for Employment Research.
- Pasternak, Judith. 2007. "Bush calls for compromise on children's healthcare." *Los Angeles Times*. 7 October. [http://www.latimes.com/news/printedition/asection/la-na-children7oct07,1,4439599.story?coll=la-news-a\\_section](http://www.latimes.com/news/printedition/asection/la-na-children7oct07,1,4439599.story?coll=la-news-a_section) . Accessed 7/10/07.
- Piketty, Thomas and Emmanuel Saez. 2007. "Income Inequality in the United States, 1913-1998", *Quarterly Journal of Economics*, 118(1), 2003, 1-39 (Longer updated version published in A.B. Atkinson and T. Piketty eds., Oxford University Press, 2007) (tables and figures updated to 2005 in Excel format, August 2007).
- Ponnoru, Ramesh. 2007. "Woulda, coulda, shoulda: Where the GOP went wrong." *National Review* 59 (16): 43, 10 September.
- Price, Lee. 2005. "Shifting risk: Workers today near retirement more vulnerable and with lower pensions." Issue Brief #213. Economic Policy Institute, Washington, DC. July 21.
- Risen, James. 1995. "Fighting For Public Investment Amid a Revolution of Budget Cuts," *Los Angeles Times*. July 30.

*Rolls Back Labor Protections*. Committee on Education and the Workforce, U.S. House of Representatives. <http://www.aflcio.org/joinaunion/upload/MillerReportNLRB.pdf> . July 13. Accessed 6/10/07.

Ross, Donna Cohen, and Laura Cox. “Out in the Cold: Enrollment Freezes in Six State Children’s Health Insurance Programs Withhold Coverage from Eligible Children.” Washington, DC: Center on Budget and Policy Priorities, 2004.

Sawhill, Isabelle, and Ron Haskins. “Welfare Reform and the Work Support System.” In *Welfare Reform and Beyond*. Washington, DC: Brookings Institution, 2002.

Scott, Richard E., Carlos Salas, and Bruce Campbell. 2006. “Revisiting NAFTA: Still not working for North America’s workers.” Briefing Paper #173. Economic Policy Institute, Washington, DC. September 28.

Terhune, Chad and Laura Meckler. 2007. “A turning point for health care.” *Wall Street Journal*, 27 September, 1 and 13.

Tilly, Chris. 1999. “Beyond patching the safety net: A welfare and work survival strategy.” *Dollars & Sense*. January/February 1999.

Tilly, Chris. 2005. “Living wage laws in the United States: The dynamics of a growing movement.” In Maria Kousis and Charles Tilly, eds., *Threats and Opportunities in Contentious Politics*. Boulder, CO: Paradigm Publishers.

U.S. Bureau of Labor Statistics. 2007a. Employment and Compensation Survey data. <http://www.bls.gov/ncs/ebs/> . Accessed 6/10/07.

U.S. Bureau of Labor Statistics. 2007b. *National Compensation Survey: Employee Benefits in Private Industry in the United States, March 2007*. Summary 07-05, August. <http://www.bls.gov/ncs/ebs/sp/ebsm0006.pdf> . Accessed 6/10/07.

U.S. Bureau of Labor Statistics. 2007c. “Median weekly earnings of full-time wage and salary workers by union affiliation and selected characteristics.” <http://stats.bls.gov/news.release/union2.t02.htm> . Accessed 6/10/07.

U.S. Bureau of Labor Statistics. “Employee Benefits in Private Industry.” Washington, DC: U.S. Department of Labor, 2006.

U.S. Bureau of Labor Statistics. “Employee Benefits in Private Industry.” Washington, DC: U.S. Department of Labor, 2001.

U.S. Census Bureau. 2007. “PINC-08. Source of Income in 2006-People 15 Years Old and Over, By Income of Specified Type in 2006, Age, Race, Hispanic Origin, and Sex.” [http://pubdb3.census.gov/macro/032007/perinc/new08\\_001.htm](http://pubdb3.census.gov/macro/032007/perinc/new08_001.htm) . Accessed 6/10/07.

U.S. Council of Economic Advisors. 2007. *Economic Report of the President*. “2007 Report Spreadsheet Tables.” <http://www.gpoaccess.gov/eop/tables07.html> . Accessed 26/9/07.

U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division. 2007a. “History of changes to the minimum wage law.” <http://www.dol.gov/esa/minwage/coverage.htm> . Accessed 26/9/07.

U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division. 2007b. “History of federal minimum wage rates under the Fair Labor Standards Act, 1938-2007.” <http://www.dol.gov/esa/minwage/chart.htm> . Accessed 26/9/07.

U.S. Department of Labor, Employment Standards Administration, Wage and Hour Division. 2007c. “Minimum wage laws in the states: July 24, 2007.” <http://www.dol.gov/esa/minwage/america.htm> . Accessed 6/10/07.

U.S. Employment and Training Administration. 2007a. *Unemployment Insurance Financial Data Handbook*. Department of Labor ET Handbook No. 394. <http://ows.doleta.gov/dmstree/handboos/394/link70.html#taxre> . Accessed 6/10/07.

U.S. Employment and Training Administration. 2007b. “Unemployment Insurance Data Summary.” <http://www.workforcesecurity.doleta.gov/unemploy/content/data.asp> . Accessed 6/10/07.

U.S. Social Security Administration. 2007a. “Medicare: History of Provisions.” [http://www.ssa.gov/history/pdf/hlth\\_care.pdf](http://www.ssa.gov/history/pdf/hlth_care.pdf) . Accessed 26/9/07.

U.S. Social Security Administration. 2007b. “SSI: History of Provisions.” <http://www.ssa.gov/history/pdf/ssi.pdf> . Accessed 26/9/07.

U.S. Social Security Administration. 2007c. “Summary of P.L. 98-21, (H.R. 1900) – Social Security Amendments of 1983.” <http://www.ssa.gov/history/1983amend.html> . Accessed 6/10/07.

Waldfogel, Jane. “Family and Medical Leave: Evidence from the 2000 Surveys.” *Monthly Labor Review* 124, no. 9 (2001): 17-23.

Western, Bruce and Katherine Beckett. 1999. “How unregulated is the U.S. labor market? The penal system as a labor market institution.” *American Journal of Sociology* 104:1030–1060.