

CHAPTER 1

The Next Generation's American Dream: What Can Be Done to Achieve It?

Work hard in school, get as much education as you can, play by the rules, and you will do well in life. That was the advice I got from my parents, and it clearly served me, and the majority of my baby boomer cohort, quite well. We were fortunate to graduate from high school, vocational school programs, or college into an economy that was growing, pushing new technological frontiers, and providing ample opportunities to pursue our interests. We were able to live the American Dream.

I wish my generation could promise our children and grandchildren that they would have similar opportunities. But if we are honest, at this moment, we cannot. A majority of Americans now feel that the country has been going in the wrong direction for at least a decade and expect that members of the next generation will have a lower standard of living than ours. (When I use the term next generation, I'm referring roughly to people who are 18 to 33 years old today—the so-called millennials—because they have come of age after the turn of the century.)

Is this outcome inevitable—the result of a global economy, advancing technology, or some other forces outside our control? I don't think so, unless, of course, we do nothing. But reversing course will take a cross-generational effort that involves baby boomers who want one more chance to leave a more positive legacy and next-generation workforce members and leaders who want to regain control of their destiny.

This book is designed to support this type of cross-generational effort, first by starting a conversation with next-generation workers about what they want from their jobs, careers, and family lives—their dreams and aspirations. Then comes the hard part: figuring out what

they and leaders of the institutions that shape work and employment opportunities need to do to help the next generation realize its goals.

Is there anything to learn from what made it possible for baby boomers to live the American Dream? I believe so, not so we can try to simply replicate these conditions but so we can understand how to adapt and update them to fit with the needs and demands of today's economy, workforce, and environment. In fact, the basic argument running through this book is this:

The key reason for the challenges the workforces of today and tomorrow face is that the rapid pace of change in globalization, technology, and demographics has outpaced many of the public policies, business strategies, and organizational practices that were designed in an earlier era to govern work, pay, and employment relations. Closing this gap by updating these policies, strategies, and practices is essential if the next generation is to regain control of its destiny.

Preview: Policies and Business Models to Support Great Companies and Great Jobs

To whet your appetite for this argument, let me illustrate two things: first, how outdated our employment policies are; and second, how the models guiding business strategies of corporations need to change.

Most of our labor and employment legislation dates back to the New Deal of the 1930s. That flurry of action was a direct response to the Great Depression and a belated response to the shift from farming to an industrial economy. Not surprisingly, given work and family patterns at that time, the framers of this legislation and the workplace practices that followed had a model of the typical worker in mind. That worker was as a male production employee who worked full time under close managerial supervision in a large domestic firm. Conveniently, he had a wife at home to attend to family and community responsibilities.

Today, in contrast, we have an economy that is knowledge driven and values innovation. The workforce is diverse. Nearly as many women as

men are working. People can expect to move across employers multiple times in their careers and in and out of full-time and part-time work so they can attend school and/or take care of family responsibilities. It is not even always clear who the employer is, given the advent of franchise, contractor, and outsourcing arrangements. Yet most of our laws and the regulations and procedures used to enforce them still reflect the earlier era. The United States is the only large industrial economy that still lacks a national policy on paid family leave. The task of updating our policies, business strategies, and workplace practices to suit our knowledge-driven economy and diverse labor force is huge, essential, and long overdue.

The example that illustrates how U.S. business models need to change comes courtesy of a courageous group of employees at Market Basket, a New England grocery chain with 71 stores and 25,000 employees. Their actions highlighted a debate that needs to be raised all across America: namely, what is the purpose of a business—only to make money for shareholders or to make money *and* provide good jobs for employees and good service and fair prices for customers? For six weeks in the summer of 2014, executives, store managers, clerks, truck drivers, and warehouse workers of this family-owned business stood side by side outside their stores demanding that their CEO be reinstated and the business model that made the company thrive and supported good jobs, low prices, and great customer service be maintained. Their customer base cheered them while they had to shop elsewhere at considerable inconvenience and expense. Never before have we seen such a broad coalition of workers and customers unite to save a business from shortsighted shareowners hoping to extract more cash for their pockets. But they did so at considerable risk, because the managers and supervisors who protested had no legal protections under our outmoded labor law, the Wagner Act, which dates back to 1935.

Yet they persevered. Under the combined pressure of this coalition, along with a tremendous outpouring of community support and creative use of social media to maintain solidarity, the board of directors relented and sold the company to the beloved CEO who brought back the workforce, the store's customers, and community goodwill.

I will build on this case at various points in this book because it illustrates both the frustrations many in society experience about what is

		Profits	
		High	Low
Quality Of Work	High	High Road—good for shareholders and employees	Uncompetitive
	Low	Low Road—good for shareholders, bad for employees	Outsourced or out of business!

Figure 1.1 America: Which way to compete?

wrong in American business and a positive way these frustrations can be turned into collaborative actions that create change. The reason the Market Basket employees gained such broad and deep public support is that they were seen as fighting to preserve what I illustrate in Figure 1.1, something I and others call a “high road” business strategy and set of workplace practices that can deliver good profits to shareholders, good jobs and careers to employees, and good prices and service to customers. This is what the American public wants to see in business and at work today and in the future. So the public, customers, and employees all rallied together to keep Market Basket from sliding from the high-road to the low-road strategy. Our challenge is to make the high-road model for business strategies and employment relations the norm, not the exception to the more dominant approach that treats employees as just another cost to be minimized, tightly controlled, and disposed of when not needed.

So let’s get started, first by painting a quick picture of the challenges and opportunities facing young people entering today’s labor force.

A Two-Dimensional Jobs Crisis

The first decade of the twenty-first century earned the sad title of the “lost decade.” Workers of almost all occupational and income levels were the losers in two dimensions: the quantity and quality of jobs. If the second decade aspires to be known as the recovering decade, we still have a long way to go. Despite encouraging gains in 2015, the economy still has not generated enough jobs to make up for those lost in the Great Recession of

2007 to 2009 and to absorb the number of young people who have entered the labor force since then. Even worse, the quality of jobs being created is, on average, lower than those lost in the recession.

Figures 1.2 and 1.3 tell these stories. Figure 1.2 tracks how many jobs were lost during the Great Recession and how many still need to be created to keep up with the growth in the labor force since the beginning of the recession. The line that dips deepest in the chart and drags on for years before returning to the level where it started represents today's reality. The other lines provide a comparison with recessions of earlier years. It took a record six years from the start and nearly five years after the end of the Great Recession to recover the jobs that were lost. Every prior post-recession recovery did this at a faster pace, as the lines capturing their growth rates illustrate. The good news is that 2014 and 2015 have been banner years for job creation—finally! But this is still the worst job creation record of any recession since the Great Depression of the 1930s. Let's hope 2014–2015 are the models for the future, not 2009–2013.

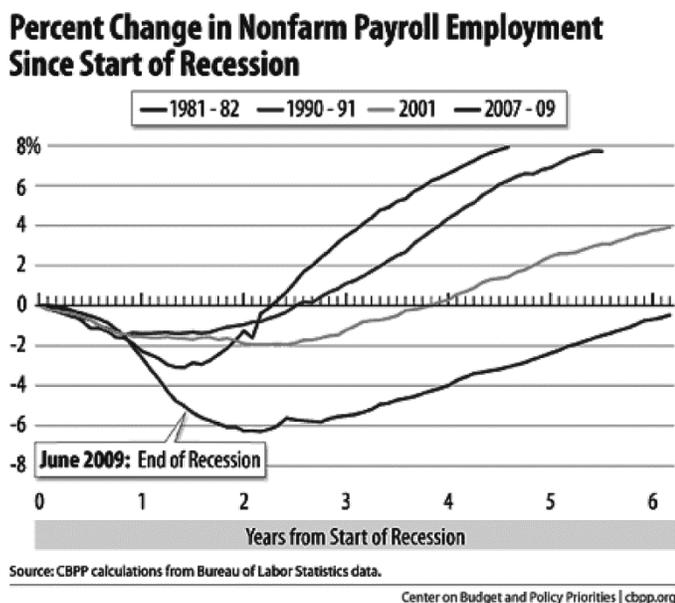


Figure 1.2 Job losses in past recessions compared to the Great Recession of 2007–2009

Source: Center on Budget and Policy Priorities, Chart Book: The Legacy of the Great Recession, updated November 10, 2010, <http://www.cbpp.org/cms/index.cfm?fa=view&id=3252>.

How does this affect young people entering the labor market? As late as 2014, nearly 40 percent of college graduates were not finding jobs that would allow them to put the knowledge and skills they learned in college to work. They are what we call “underemployed”—they are working in low-wage retail, restaurant, or other service jobs that don’t require a college degree, don’t put their skills to work or provide opportunities for further learning and development, and likely pay wages that are hardly sufficient to meet their college debt payments, much less start a career and/or a family. To make things worse, a significant body of research indicates that the imprint of starting a career in this type of depressed labor market lasts for a long time, in some cases one’s entire working career. Not finding a career position with a decent starting wage and opportunities for continued learning and advancement imposes significant and in some cases permanent damage.

Young students in the online course provided some first-hand experiences with this. One coined a name for it: “working nomads”:

I think the concept of working is dramatically changing in my generation ([born in the] 80s and younger), and the change couldn’t [be] understood by [an] older generation. We want to work at a stable organization, but [those] jobs are vanishing so have to work as an unpaid intern or part-time worker. . . . “Working nomads” are a growing tendency of today’s working trends, I think. . . . So, does this trend entirely change our job structure or [is it] just a temporary trend? I’m not sure, but we should focus on this tendency to understand our generation and today’s world.

Figure 1.3 tells the story of the second dimension of the jobs crisis. Look at the 30 years since about 1980, during which earnings have essentially flat-lined. Over the course of those years, the productivity of American workers grew by a healthy 80 percent, but family income grew by about only 10 percent and average hourly wages inched up only about 6 percent. The data in Table 1.1 indicate why the first decade of this century earned its “lost decade” label. Real wages (wages adjusted

for increases in the cost of living) either declined or did not increase for high school or college graduates. Only those at the top of the occupational ladder with advanced degrees experienced modest wage growth.

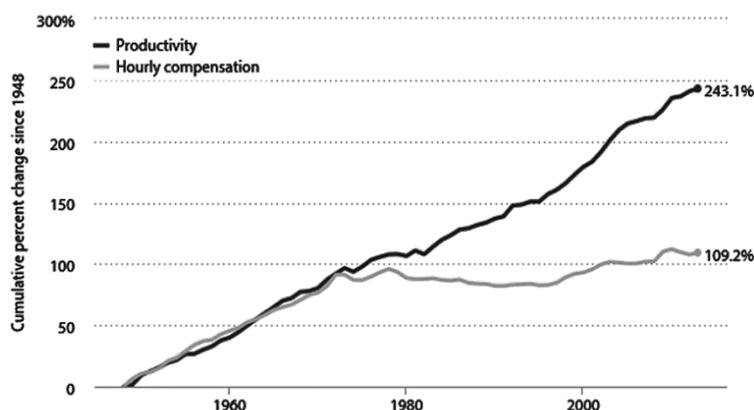


Figure 1.3 *The social contract, 1947–2013*

Source: Josh Bivens, Elise Gould, Lawrence Mishel, and Heidi Shierholz, “Raising America’s Pay: Why It’s Our Central Economic and Policy Challenge,” Economic Policy Institute, June 4, 2014, <http://www.epi.org/publication/raising-americas-pay/>.

Where did all the fruits of increased productivity go in the last 30 years? Figure 1.4 tells this well-known story. Most of the income growth went to the top 1 percent or less of the population—the Occupy movement (young people who protested in 2012 that too much of the nation’s income was concentrated in the top 1 percent of the population) had its facts right (Figure 1.4). America is now suffering from the highest level of income inequality of any time since the 1920s. Little wonder that politicians from across the political spectrum, from President Obama to Republican Senator Marco Rubio, are talking about the need to address this problem. They and many others, including a significant number of leading economists, business leaders, and even Pope Francis, worry that persistence of this divide will do more than just limit economic growth: it could also threaten the future of our democracy, just as extreme inequality has done in other countries in years past. (See Figure 1.5 for a sample of voices on this issue).

Table 1.1 Total changes in real earnings, 2000~2011

Group	Employment share (%)	Earnings change (%)
Less than high school	8.4	~12.5
High school graduate	27.4	~4.1
Some college	27.8	~8.9
College graduate	23.2	~8.5
Masters' degree	9.5	~3.7
MD, JD, or MBA	1.9	+2.2
PhD	1.8	+3.4

Source: Jonathan Haskel, Robert Z. Lawrence, Edward E. Leamer, and Matthew J. Slaughter, "Globalization and U.S. Wages: Modifying Classic Theory to Explain Recent Facts," *Journal of Economic Perspectives* 26, no. 2 (2012): 119~140.



Figure 1.4 Annual income share of the top 1 percent of the U.S. population

Source: Emmanuel Saez, "Striking It Richer: The Evolution of Top Incomes in the United States," updated with 2009 and 2010 estimates, March 2, 2012, <http://elsa.berkeley.edu/~saez/saez-UStopincomes-2010.pdf>.

A glance at the earlier years covered in Figure 1.3 suggests that wages and incomes didn't always lag behind growth in productivity. Indeed, from the mid-1940s through most of the 1970s, these two economic indicators moved pretty much in tandem. This fact will feature prominently in our discussion throughout these chapters. The tandem movement of wages and productivity over the three decades following the end of World War II captures the essence of what I will call the post-World War II social contract at work (I will define this contract in Chapter 2). Clearly this contract broke down in the 1980s and has remained broken ever since. We will have to figure out what the next generation's social contract could look like.

Pope Francis	<p>“I ask you to ensure that humanity is served by wealth and not ruled by it. The growth of equality demands something more than economic growth, even though it presupposes it. It demands first of all a transcendent vision of the person. . . . It also calls for decisions, mechanisms and processes directed to a better distribution of wealth, the creation of sources of employment and an integral promotion of the poor which goes beyond a simple welfare mentality.”</p> <p>“Pope Francis’ Message to World Economic Forum in Davos,” News.Va, January 21, 2014, http://www.news.va/en/news/pope-francis-message-to-world-economic-forum-in-da.</p>
Senator Marco Rubio	<p>“Today, the debate on poverty is primarily focused on the growing income gap between the rich and poor. From 1979 to 2007, income for the highest-earning Americans grew more than it did for anyone else. From 1980 to 2005, over 80% of the total increase in income went to the top 1% of American earners. These are indeed startling figures, and they deserve attention. But they do not give us a complete view of the problem before us.</p> <p>Yes, the cashier at a fast food chain makes significantly less than the company’s CEO. The problem we face is not simply the gap in pay between them, but rather that too many of those cashiers are stuck in the same job for years on end, unable to find one that pays better.</p> <p>And it is this lack of mobility, not just income inequality that we should be focused on.” “Rubio Delivers Address on Fiftieth Anniversary of ‘War on Poverty,’” Marc Rubio website, January 8, 2014, http://www.rubio.senate.gov/public/index.cfm/press-releases?ID=958d06fe-16a3-4e8e-b178-664fc10745bf.</p>
President Barack Obama	<p>“We know that people’s frustrations run deeper than these most recent political battles. Their frustration is rooted in their own daily battles—to make ends meet, to pay for college, buy a home, save for retirement. It’s rooted in the nagging sense that no matter how hard they work, the deck is stacked against them. And it’s rooted in the fear that their kids won’t be better off than they were. And that is a dangerous and growing inequality and lack of upward mobility that has jeopardized middle-class America’s basic bargain—that if you work hard, you have a chance to get ahead.” “Remarks by the President on Economic Mobility,” White House website, December 4, 2013, http://www.whitehouse.gov/the-press-office/2013/12/04/remarks-president-economic-mobility.</p>
CEO and venture capitalist Nick Hanauer	<p>“We’ve had it backward for the last 30 years. . . . Rich businesspeople like me don’t create jobs. Rather they are a consequence of an ecosystemic feedback loop animated by middle-class consumers, and when they thrive, businesses grow and hire, and owners profit. That’s why taxing the rich to pay for investments that benefit all is a great deal for both the middle class and the rich.” “Too Hot for TED: Income Inequality,” <i>National Journal</i>, May 16, 2012.</p>
Warren Buffett, CEO, Berkshire Hathaway	<p>“The Forbes 400, the wealthiest individuals in America, hit a new group record for wealth this year: \$1.7 trillion. That’s more than five times the \$300 billion total in 1992. My gang has been leaving the middle class in the dust.” “A Minimum Tax for the Wealthy,” <i>New York Times</i>, November 25, 2012, http://www.nytimes.com/2012/11/26/opinion/buffett-a-minimum-tax-for-the-wealthy.html.</p>

Figure 1.5 Comments on income inequality

Trends in job satisfaction also track this breakdown in the social contract. Figure 1.6 uses data from the Conference Board, a highly respected business research organization, to track national trends. For the first time since the Conference Board began collecting these data in the 1980s, less than 50 percent of the workforce report that they are satisfied with their jobs. Note that the biggest decline and the lowest level in satisfaction is reported by young workers. In 2013, only 28 percent of workers under age 25 expressed satisfaction with their jobs.

Taken together, these data paint a challenging picture. They tell us that economic conditions exert a strong influence on the ability/willingness of employers to create jobs. These same forces, along with other factors we will discuss later, affect the quality of the jobs firms create and sustain. But employers don't operate in a vacuum. Rather, they operate in a broader ecosystem of potentially powerful institutions—the government, labor unions/consortia, societal norms and expectations, educational systems, and so on—that also influence to some extent the number of jobs and to a large extent the quality of jobs that are created and the quality of the support system for those who for whatever reason lose their jobs. In the post-war period, these forces were such that the American Dream was intact for most people. Since the 1980s, however, things have taken a turn for the worse on wages and other conditions affecting job quality, and since the

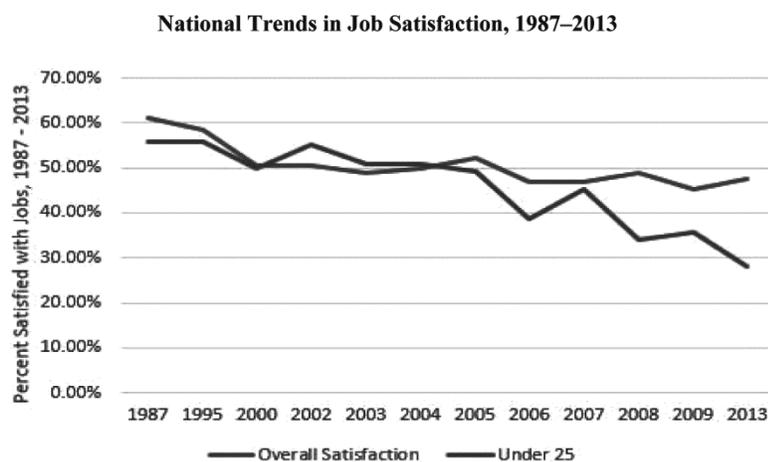


Figure 1.6 National trends in job satisfaction, 1987–2013

Source: The Conference Board.

Great Recession the challenges have extended to a shortage of jobs. Employers are squeezed and, as I will discuss later, unions have lost much of their clout, and government policies and educational systems haven't kept pace with changes in the economy or the nature of work. As a result, it has become difficult to realize the American Dream today, and it promises to get much more difficult for the generations to come unless something is done to change the path we're on.

The Political Dimension: Is Washington Asleep or in Gridlock?

If a modern-day Rip van Winkle were to wake up today after a 30-year nap, she or he would very likely look at these facts and ask "Why have the leaders of our economic and political institutions let our economy and society slide for so long? Were they all asleep with me?"

And I suppose we would respond: "Good question, but no they were not totally asleep. Instead they have been stuck in ideological gridlock for at least the last decade and in some cases, in particular the relationships between business and labor leaders, for even longer. The sad reality is the country is more divided politically today than at any time perhaps since the 1930s."

Rip's equivalent might then ask, "But what about all the hope I've read about with the election of America's first African American president in 2008? Wasn't that a historic achievement and a marker of greater things to come?" The answer to this equally astute observation would be yes, many of us thought so. That was especially true of young people. They were a powerful force in helping to elect Barack Obama. Sixty-six percent of young voters supported him. Many worked hard on his campaign, and many thought that the combination of the economic crisis he inherited and the positive energy the election gave to the nation would produce transformative changes in policies and practice.¹ Unfortunately, the gridlock not only continued, it got worse. Republicans in Congress

¹ Scott Keeter, Juliana Horowitz, and Alec Tyson, "Young Voters in the 2008 Election," Pew Research Center, November 13, 2008, <http://www.pewresearch.org/2008/11/13/young-voters-in-the-2008-election/>.

blocked nearly everything but the president's compromise economic stimulus package, which avoided the total financial and economic collapse of the banking system and sparked a partial recovery.

So today most young people, indeed most people of all ages, are disillusioned with all politicians—Republicans, Democrats, the president, and especially the do-nothing Congress. A majority (52 percent) of millennials would replace all members of Congress if given the chance, and 47 percent would replace the president.² Gallup and other polling services similarly report that confidence in most American institutions has fallen to all-time low levels. Congress gets only a 10 percent confidence rating, organized labor gets about 20 percent, and big business gets 22 percent.³ Other polls indicate that the majority of Americans share the view that the next generation is destined to experience a lower standard of living than their parents.⁴

Destiny or Opportunity?

So I have covered the bad news, the jobs crisis young workers face as they enter the labor market today and their lack of faith in the leaders and institutions that govern work and employment. But with crisis comes opportunity. Indeed, one bit of good news is that the chorus of diverse voices noted in Figure 1.5 voicing concerns over income inequality suggests that we may be at a point where people, like those courageous Market Basket employees and customers, are ready to do something to address these issues. In fact, over the course of 2015 a few glimmers of hope emerged with companies such as Walmart, McDonald's, and others announcing their intentions to raise wages above the required minimum wage. Regardless of whether one attributes their

² John Della Volpe, "IOP Releases New Fall Poll, 5 Key Findings and Trends in Millennial Viewpoints," Harvard University Institute of Politics, December 4, 2013, <http://www.hks.harvard.edu/news-events/news/articles/millennial-viewpoints>.

³ "Confidence in Institutions," Gallup.com, n.d., <http://www.gallup.com/poll/1597/confidence-institutions.aspx#1>.

⁴ Elizabeth Mendes, "In U.S., Optimism for Youth Reaches an All-Time Low," Gallup.com, May 2, 2011, <http://www.gallup.com/poll/147350/optimism-future-youth-reaches-time-low.aspx>.

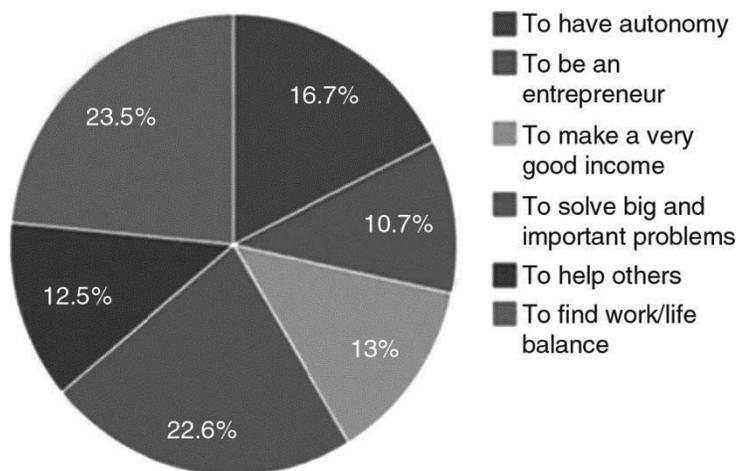


Figure 1.7 Students' aspirations regarding work

Source: Student responses to survey administered through the online course "The American Dream for the Next Generation," MIT Sloan School of Management.

actions to a somewhat tightening labor market or a response to pressures from strikes of fast-food workers and national protests, these are good first steps in the right direction. Let's hope there will be more to come.

A second reason for hope comes from the motivations and aspirations of young people themselves, reinforced by the views expressed by many students in the online class. While they may be disillusioned with American politicians, many are still positive about their own futures and are motivated to address the big problems they and others face at work, in their families, and in society. Take a look, for example, at how students ranked their goals and aspirations for their future jobs.

At the start of the course, I asked participants to rank order their aspirations/priorities for work. The data in Figure 1.7 show that participants want to address big problems at work and at the same time have a sensible work-life balance. While doing well financially is also important, these data, like the findings of other surveys of young and more experienced workers, show it is not at the top of the list.

The wide distribution of responses suggests that no single aspiration dominates. Qualitative comments reinforced this view. This extended quote from a young woman illustrates how she (and she seems to speak for others) sees these different aspirations fitting together:

My dream includes a job where I do important work (working in health care data analytics)—something that gives back to the community. . . . I dream of having a work/life balance that melds together. . . . I hope that I'm able to utilize technology to make work more accessible and eventually have the option to work from home. I do hope to be able to find a company that has a retirement plan where the company contributes some percentage to the plan. In some regards, I hope to have some of the same benefits that my parents had—health insurance, retirement plans, etc. Most importantly, I want to have passion for my work, I want my work to help people and I hope to make a decent living while making the generations before me proud.

Another young woman made a similar point:

I selected that I wanted autonomy out of working. I want flexibility—I want to work hard, but I also want to do many different projects and make various amounts of money doing so, while sometimes taking breaks from working at all that are more than just the 2 weeks provided in a year.

These data and comments suggest that members of today and tomorrow's workforce share many of the same concerns of prior generations, perhaps with a higher weight on having an impact and having adequate flexibility to integrate their work and personal lives. Sloan School MBAs who took the on-campus version of the course in order to engage with the next-generation workforce interpreted these data to suggest that as managers they will need to listen to their employees, engage them in solving problems that really matter to the organization and to society, and to be flexible in how, when, and where people work so they can both be productive and attend to personal and family affairs.

Opportunities for the Taking

So the labor force of the future is ready to take on the challenges they are inheriting. Our responsibility is to give them the opportunities to do so. We need to listen to the voices of the next generation—to learn what

their dreams and aspirations are and what they are prepared to do to realize them. And we have to hear from those who have experienced the demise of the American Dream and understand not only what made that dream durable for several decades but also what caused it to end so abruptly. Finally, we need to engage leaders of business, government, labor, and education in a dialogue, indeed in a negotiation, about their interests and what they are prepared to do to get the economy and the labor market moving in directions that work for all.

What Can Be Done? Lessons from Three Decades of Research and Experience

The ideas for what I think needs to be done, outlined below, come from over 30 years of research and direct involvement in the worlds of work and employment relations. Over this time my research, teaching, and work with government agencies, companies, and unions has had a singular theme: the search for innovations that improve the performance of our economy and the quality of work and family life. I will draw on lessons learned from these experiences in the chapters that follow. I present these ideas here not as final solutions but as thought provokers and conversation starters. The goal is to encourage you to engage in this discussion and in doing so widen the circle of voices calling for change and working actively to make good things happen.

Some might argue that globalization and technological change or some other force of nature inevitably means that recent trends will continue. I would agree that this will be the case if we let the status quo continue unchallenged. But I don't believe this is inevitable—not if we act now in well-informed, coordinated, and strategic ways.

Yes, globalization and advances in technology are part of the forces at work here. But they are not really anything new. Similar disruptions and a similar need for fundamental changes in policies, institutions, and practices were experienced when technological and economic advances ushered in the transition from an agricultural to an industrial economy in the early years of the twentieth century. During that transition, too, it was a long time before changes were put in place that allowed the workforce to adjust and benefit from the new economy. Today we are well

into another transition—*from an industrial economy to an innovation- and knowledge-based economy*—that is playing out on a global stage with perhaps even more far-reaching effects than the previous transition.

As in the early twentieth century, institutional inertia and political stalemate has resulted in a mismatch between changes in the economy, the workforce, and the world of work and the policies, governance arrangements, institutions, and practices that govern work and employment relationships. Our task—indeed, our opportunity—is to create a better match.

The Foundation: Lifelong Education for All

What will it take to change this? For a start, nothing short of a fundamental set of changes in how we get educated, when we get educated, and who gets educated. The mantra has to be not quite (but almost) cradle-to-grave education for all. The rhetoric about lifelong learning will need to become a reality if the workforce of the future is to compete on a global stage. And it has to start very early in life. There is clear and convincing evidence that investments in pre-kindergarten education pay off in the form of less crime, higher graduation rates, and greater earning potential. It is encouraging to see a consensus building around the need to broaden access to early childhood, pre-kindergarten education in such diverse places as New York, Oklahoma, and Georgia.

Then we have to keep up the pressure for innovation and change in elementary and secondary schools. The “Race to the Top” incentives and requirements imposed by the Obama administration have spurred more innovation in public schools and more collaboration than ever between teachers, their unions, and school administrators who are focused on improving student achievement and school performance. Efforts are currently under way to expand these collaborative efforts in Massachusetts, and the hope is that this initiative will serve as a model for the rest of the country.

In his 2014 and 2015 State of the Union addresses, President Obama called for increased financial support and better coordination and improved results in the technical training provided to high school graduates and current members of the workforce through community colleges and vocational schools and allied institutions. He went on to

say “and we know how to do this.” He’s right. We’ve learned a great deal about how to make these workforce development programs work—by getting employers in a community or industry to band together, work with these schools, provide on-the-job and classroom learning opportunities, and then provide jobs and career advancement opportunities to graduates. Making the funding of these programs contingent on showing that these features are in place would go a long way toward spreading high-quality programs across the country and eliminating any skill gaps business says it now faces.

Then we come to that highly expensive yet valuable asset called a college degree. American universities remain one of our national treasures—institutions that are still the best in the world. The problems are that they are beyond reach for too many and that debt burdens limit the ability of too many graduates to enjoy the benefits a college degree should provide. But we have fortuitous opportunities unfolding in the form of universities around the world that are anxious to experiment with various forms of online or distance-learning media. The challenge lies in translating the initial burst of innovation in online university courses into sustainable models that in fact provide access to lower-cost and higher-quality college experiences for students around the world. The online course that I’m drawing on here is just one small experiment along these lines. Let’s get many others in process and watch and learn from them as well.

These are the investments in education that business, government, labor, and educational institutions will need to make on a large scale to build the human and social capital American employers and workers need in order to be competitive in global markets. They are also investments that individuals will need to make on a lifelong—or at least a career-long—basis. Without a world-class education and world-class capabilities, individual workers will find it hard to compete with lower-cost workers in other countries and employers will be reluctant to invest in American jobs.

Using Technology to Complement and Support Work

At the dawn of the industrial revolution in Britain, major technological advances threatened the livelihood of those who worked in the home-based weaving industry. This led some workers, who became known as

Luddites, to attempt to destroy the new machines. Many technological scares of this type have come and gone over the years, always displacing some workers. These changes disrupt some individuals and their families, but they eventually spur further economic growth and create new job opportunities for workers with the right skills. We are facing this kind of situation in the wake of current and likely future advances in digital technologies.

We will need to embrace advances in technology while we work to assure that they function to complement and not eviscerate work. Our mantra will need to be that it is “people who give wisdom to these machines,” to borrow a Japanese phrase. Some experts predict, with good reason, that the coming wave of digital technologies will eliminate large numbers of good jobs. They are right, just as generations before ours worried about similar advances in technologies that freed people like me from farm labor; automated large numbers of difficult, repetitive, and sometimes dangerous production jobs; and transformed or eliminated office and clerical jobs such as chart-room workers in health care. Our challenge is to win the race with, not against, new technologies by inventing new ways to use them and by training workers and modifying work systems in ways that enhance the likelihood that technological investments will realize their full potential. In the best health care organizations, such as, for example, Kaiser Permanente, as technology changed how work was done, chart-room clerical workers were trained and transferred to new jobs that used electronic medical records technologies to promote preventive care and remind patients to get regular checkups.

We need to bring this type of new mindset to would-be inventors and designers of next-generation technologies. For too long, engineers have been trained to focus primarily on how to cut labor costs. While this has its benefits, so too would incentives to invent and develop new technologies—indeed, new entrepreneurial organizations—that use the skills of creative, dedicated people to tackle the globe’s greatest environmental and human problems. Innovation and entrepreneurship are critical to job creation. The key is to make this a priority in our university, government, and private-sector laboratories and educational programs. If we combine this initiative with lifelong education programs and creative ideas for structuring work (discussed in later chapters), I’m confident that we will win the race with

the new machines and put them to good use for humankind. I certainly prefer typing these words in a warm house with a cup of coffee by my side to having to go out on cold dark winter mornings to milk cows and clean their stalls!

Good Businesses and Good Jobs

Let me be blunt and clear. The values and business strategies that have dominated in most American corporations in recent decades will need to change in big ways if the next-generation workforce is to thrive and the environment is to be saved. For the past several decades, American business has narrowed its focus to a singular objective: maximizing short-term shareholder value. Some have labeled this the “financialization” of the American economy, arguing that pleasing Wall Street has essentially become the top priority of U.S. firms. Business must be challenged to go beyond a focus on maximizing short-term shareholder interests to refocus on a more balanced set of objectives that involve people and the planet as well as profits. This will require overcoming the prevailing teaching about the role of the corporation that has dominated economics and business school curricula for the past two decades. An entire generation of managers and executives has been indoctrinated with the view that their primary, if not sole, responsibility is to attend to shareholder interests and, even worse, attend to and shape their own compensation and rewards to be aligned with short-term shareholder value.

It will also require a concerted effort to rebalance power in organizational decision making. Corporate norms don't rise or fall simply because of good intentions. Power also matters. How this shift in power will occur will be a major question for discussion and a major challenge for those who have the biggest stake in the future (an issue I tackle in the section that follows).

The good news is that we have learned how to do this directly from the businesses that have bucked this trend and focused on managing their affairs in ways that produce good financial results and good jobs and career opportunities. Every industry has its favorite examples—in the airline industry, it might be Southwest; in retail, it might be Costco; in software development, it might be SAS; in health care, it might be

Kaiser Permanente. As noted earlier, the CEO of Market Basket, Arthur T. Demoulas, has now become the poster child for advocating what have been called “high-road” or “high-performance” strategies and employment practices that work for multiple stakeholders. You may work for an organization like this. We need to learn what makes these examples successful for all stakeholders so we then can get on with the task of turning them into the norm rather than the exception.

Worker Power—But Not Just Your Father’s Unions

You might be surprised, but in what follows I will argue strongly that the next generation will need its own sources of bargaining power to regain control of its destiny. In the post–World War II era it was labor unions and collective bargaining that gave large number of workers the power needed to improve working conditions, advance their standard of living, and build a strong middle class. Union advocates like to remind us (correctly) that they brought us the weekend and many other benefits we take for granted at work today. Most young people today have no knowledge of and perhaps little reason to even think about unions as anything other than some relic of a bygone era. Yet as we will see, collective actions on the part of young workers will be necessary if they are to turn the country around to meet their aspirations and expectations for good jobs, careers, and family lives.

But it can’t be just your father’s or grandfather’s labor movement—it will need to be a more nimble, flexible, and less constrained set of networks and organizations that can empower workers to find good jobs and discipline employers to meet their expectations while also providing opportunities for employees to update their capabilities throughout their working lives. Indeed, one of the greatest opportunities and needs facing the next-generation workforce is to invent these new forms of advocacy, voice, representation, and support. As part of this project, we will explore experience to date of using worker-centered apps that rate employers and jobs on the qualities young workers value most—and identify which employers to avoid because they come up short on these qualities. This could be one new source of bargaining power for the new tech-savvy and mobile generation. Others will need to be invented as well.

This is not to say that all the strategies labor has used need to be abandoned. History suggests that doing so would only lead us to reinvent them at some point later on. And in fact existing unions and professional associations and a variety of other worker advocacy groups are already developing and incubating new approaches and combining them with tried and true methods from the past. The key is to inform the current generation of what worked before, what lessons past experiences hold for the future, and then let a thousand flowers bloom.

Government as a Catalyst for and Complement to Innovation and Good Jobs

What role for government? One of the key lessons from our history is that, to paraphrase 1980s speaker of the house Tip O'Neill, *all innovations are local*. (He was an old Boston politician and his exact phrase was "all politics are local.")

Almost all federal policies, including the cornerstones of the labor legislation passed as part of President Roosevelt's New Deal in the 1930s, were based on innovations that first were developed, tested, and carefully studied in state and local governments and/or the private sector. The good news is that a tremendous storehouse of innovation has emerged and been tested at these local levels of the economy in recent years. The task now is to wake up, indeed shake up, national policy makers who are in a position to put in place laws and guidelines that are well matched to the needs of the next-generation workforce and economy.

The key is to make government a catalyst and a complement, not an obstacle, to innovation, change, and fairness in work and employment relationships. This is not rocket science, but it will require a groundswell of voices from the next-generation workforce and allies in business, labor, and education who want to step up to these challenges and opportunities. Nothing short of a wholesale set of changes in legislation and enforcement strategies and active cooperation on the part of government policy officials and the commitment of those on the front lines of business, labor, and education to enact these changes in good faith will do the trick.

As one of the examples used at the beginning of this chapter suggested, a top priority will be to end the embarrassing situation of being the last

highly developed economy and democracy to provide parents with the supports they need to meet their dual work and family responsibilities. From there we can work on updating wage and hours laws, labor relations laws, and other outmoded policies. And we can insist that government practice what it preaches by requiring government contractors who supply goods and services made in the United States and abroad to pay fair and acceptable wages and comply with accepted employment standards. An increase in the nation's minimum wage is also long overdue, as is demonstrated consistently in polling data and in proactive states and cities that have acted to increase their minimums while Washington remains deadlocked on this and other employment issues.

How to Make This Happen?

We need to build on what we have learned about what works and what is broken in American workplaces, but information and even new ideas are only starting points for producing change. We need to alter the political discourse and build a broad coalition of voices and interest groups calling for changes that work for their specific needs and interests and for the common good. And we need to keep on innovating—bringing new ideas forward that are not chained to past practices, organizational arrangements, or traditions. Call this a “crowdsourcing” approach, if you will, or whatever new ways work for generating ideas from our collective wisdom.

This requires getting these different voices and interest group leaders to engage—perhaps to reengage—with each other in honest dialogue. Perhaps out of such discussions would emerge a common narrative—a vision for the future that otherwise divergent groups might rally around and use to drive change. This used to happen when labor was stronger and business leaders had a broader view of their roles and responsibilities. Together they forged and sustained the postwar social contract. But over time, sad to say, cross-group dialogue largely stopped as business, labor, youth, and other groups all retreated into comfortable conversations with themselves. Now even the media caters to these narrow constituencies. Fox News and the *Wall Street Journal's* editorials tell conservatives and Tea Party advocates and anyone who opposes President Obama just what they want to hear

and report current events through their political filters. So too do the host of more liberal-leaning blogs, think tanks, and journals. It is time to reengage across interest group lines and across generations.

I created an exercise to support this type of dialogue and tried it out in the online course. Students were assigned to serve as representatives of one of four next-generation groups: the workforce, business, government, or education. Their task was to negotiate the “Next Generation Social Contract.” I will report the results of these initial negotiations in Chapter 6 and I have made this exercise available on our website www.speakupforwork.com. I invite you to download it and invite others to join you in multiparty negotiations in your community. See if you can reach consensus on the features of a new social contract that is attuned to the needs and interests of today and tomorrow’s workforce, economy, and society.

Hopeful Signs

Is this just a pie-in-the-sky thinking or is progress possible? I’m optimistic. American society has responded to such crises before; it has a well-earned reputation for being a collection of pragmatic innovators rather than a group of ideological antagonists.

Another positive sign is the uptick in interest in entrepreneurship among students I encounter and teach at MIT and hear from around the country. Many in the current wave of hopeful entrepreneurs aspire to build mission-driven organizations that address significant social and/or environmental challenges in addition to experiencing financial success. This is extremely important and exciting, given that we know that new firms are an important source of innovation, new jobs, and business norms. Supporting this new wave of entrepreneurship will be an important part of how the next generation invents a new social contract that is appropriately matched to current realities.

As before, out of crisis will come opportunity and out of necessity will come invention. The crisis is clear and the opportunities are there for the taking. But first we have to understand the lessons from history so that we heed Santayana’s warning (“Those who do not remember the past are condemned to repeat it”) and not repeat mistakes from the past.

So in Chapter 2, I take up the history of the post–World War II social contract by exploring where it came from, what made it last for three decades, why it broke down, and what lessons it offers for the future.

In Chapter 3, I ask what changed in the 1980s, why those changes happened, and why we should care. We should care because the 1980s were a critical turning point in the history of work. The old industrial economy and the institutions, norms, and policies that supported it gradually (and in some cases abruptly) gave way to the emergence of today’s global economy driven by knowledge innovation. It was also a time of significant technological innovation—the age of information technology began to take hold in big ways. And finally, it was a time of tremendous transformation in the role of the corporation in America and in labor-management relations. I record those changes in some detail because many (if not most) of them are with us today and will need to constitute starting assumptions as we look to ways of shaping the future of work.

In Chapter 4, I catalog the range of innovations that came out of the crises of the 1980s and in the years since then, up to today. These are the seedbeds of innovation for the future. Many have yet to grow to a scale large enough to have a big impact on the workforce and on society as a whole, yet history tells us that these local innovations might at some point be ready for the national stage.

Then in Chapter 5 I sample some of the innovations unfolding today. Some of these take the form of start-ups that put digital technologies to work in new ways that disrupt old ways of doing business and working. Some of these provide great jobs and some do not. Some are focused on solving important social problems and making a profit and some are committed to all three goals—solving a big problem, making profits, and providing good jobs. So the challenge remains to teach current and next-generation entrepreneurs that they too have choices in how they envision and build their organizations—right from the start.

Chapter 6 pulls all this together by first reporting on the results our students generated in their efforts to negotiate the next-generation social contract. Then I bring together what we have learned from our history, from research to date, and from the voices of the next generation to suggest a narrative and set of actions that, if taken together, could bring the realization of the American Dream within the reach of the next generation.

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