Testimony Before the Committee on Health, Education, Labor, and Pensions
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Thank you, Mr. Chairman. My name is Jacob Hacker, and I am a professor of political science at Yale University. I thank the committee for the honor of speaking today about the economic condition of the American middle class.

Without mincing words, that condition can be described as "serious and unstable." Increasingly, middle-class Americans find themselves on a shaky financial tightrope, without an adequate safety net if they lose their footing.

A major cause of this precariousness is what I call "The Great Risk Shift."[1] Over the last generation, we have witnessed a massive transfer of economic risk from broad structures of insurance, whether sponsored by the corporate sector or by government, onto the fragile balance sheets of American families. This transformation is arguably the defining feature of the contemporary American economy—as important as the shift from agriculture to industry more than a century ago. It has reshaped Americans' relationships to their government, their employers, and each other. And it has transformed the economic circumstances of American families, from the bottom of the economic ladder to its highest rungs.

We have heard a great deal about rising inequality—the growing gap between the rungs of our economic ladder. And yet, to most Americans, inequality is far less tangible and immediate than a trend we have heard much less about: rising *insecurity*, or the growing risk of slipping from the ladder itself. Even as the American economy has performed fairly strongly overall, economic insecurity has quietly crept into American middle-class life. Private employment-based health plans and pensions have eroded, or been radically transformed to shift more risk onto workers' shoulders. Government programs of economic security have been cut, restructured, or simply allowed to grow more threadbare. Our jobs and our families are less and less financially secure.

Insecurity strikes at the very heart of the American Dream. It is a fixed American belief that people who work hard, make good choices, and do right by their families can buy themselves permanent membership in the middle class. The rising tide of risk swamps these expectations, leaving individuals who have worked hard to reach their present heights facing uncertainty about whether they can keep from falling.

Little surprise, then, that insecurity was a central issue in the 2006 midterm elections—during which two-thirds of voters, Republicans in almost as large a proportion as Democrats, said they were "worried about their overall economic security, including retirement savings, health insurance, and Social Security."[2] Insecurity also appears to be a major reason for the huge divorce in recent years between generally positive aggregate economic statistics and generally negative public appraisals of the economy.[3] And it is certain to be one of the most pressing domestic challenges faced in the coming years.

In my remarks, I would like to review some of the major evidence that Americans are at increased economic risk, drawing on my recent book, *The Great Risk Shift*. After laying out the problem, I want to discuss the economic and philosophical grounds for addressing it—grounds that, I believe, demand bold and immediate action.

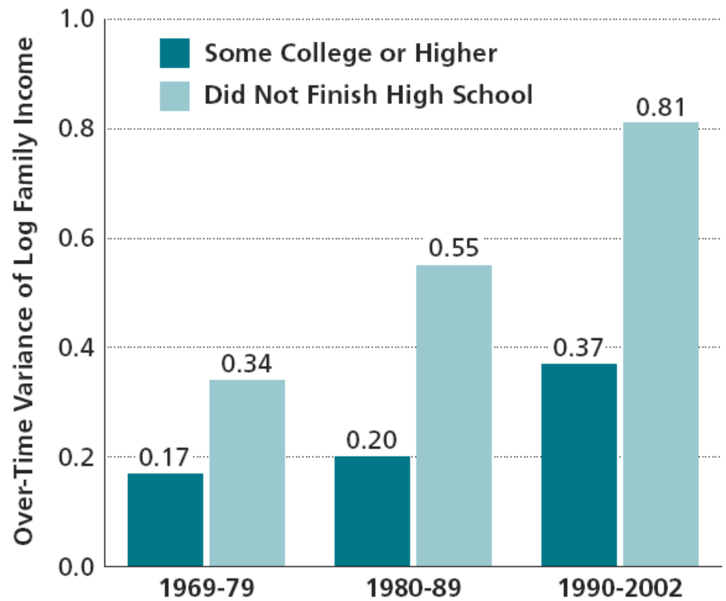
The Economic Roller Coaster

American family incomes are now on a frightening roller coaster, rising and falling much more sharply from year to year than they did thirty years ago. Indeed, according to research I have done using the Panel Study of Income Dynamics—a nationally representative survey that has been tracking thousands of families' finances from year to year since the late 1960s—the *instability* of family incomes has risen faster than the *inequality* of family incomes. In other words, while the gaps between the rungs on the ladder of the American economy have increased, what has increased even more quickly is how far people slip down the ladder when they lose their financial footing.

Is this just a problem of the less educated, the workers who have fallen farthest behind in our economy? The answer is no. Income instability is indeed greater for less educated Americans than for more educated Americans. (It is also higher for blacks and Hispanics than for whites, and for women than for men.) Yet instability has risen by roughly the same amount across all these groups over the last generation. During the 1980s, people with less formal education experienced a large rise in instability, while those with more formal education saw a modest rise. During the 1990s, however, the situation was reversed, and by the end of the decade, as Figure 1 shows, the instability of income had increased in similar proportions from the 1970s baseline among both groups.[4]

FIGURE 1

Income Instability Increased at Both High and Low Educational Levels, 1969–2002



Source: PSID and Cross-National Equivalent File (CNEF), Cornell University. http://www.human.cornell.edu/che/PAM/Research/Centers-Programs/German-Panel/Cross-National-Equivalent-File_CNEF.cfm

Roller coasters go up and down. Yet when most of us contemplate the financial risks in our lives, we do not think about the upward trips. We worry about the drops, and worry about them intensely. In the 1970s, the psychologists Amos Tversky and Daniel Kahneman gave a name to this bias: "loss aversion."[5] Most people, it turns out, aren't just highly risk-averse—they prefer a bird in the hand to even a very good chance of two in the bush. They are also far more cautious when it comes to bad outcomes than when it comes to good outcomes of exactly the same magnitude. The search for economic security is, in large part, a reflection of a basic human desire for protection against losing what one already has.

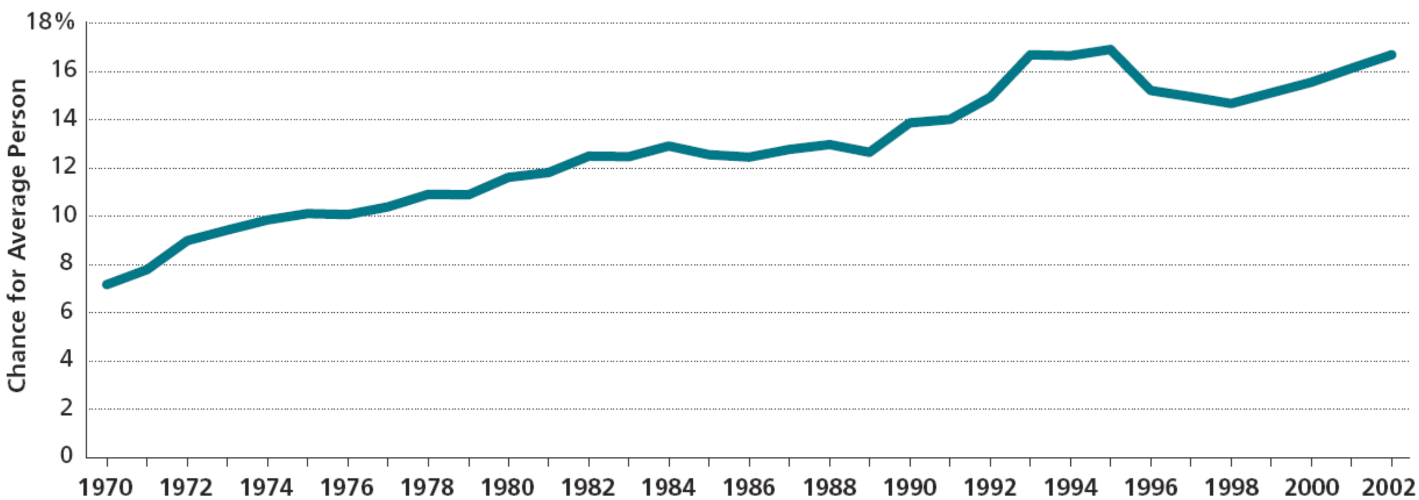
This desire is surprisingly strong. Americans are famously opportunity-loving, but when asked in 2005 whether they were "more concerned with the opportunity to make money in the future, or the stability of knowing that your present sources of income are protected," 62 percent favored stability and just 29 percent favored opportunity. [6]

Judged on these terms, what the Panel Study of Income Dynamics shows is troubling. About half of all families in the study experience a drop in real income over a two-year period, and the number has remained fairly steady. Yet families that experience an income drop fall much farther today than they used to: In the 1970s, the typical income loss was around 25 percent of prior income; by the late 1990s, it was around 40 percent. And, again, this is the median drop: Half of families whose incomes dropped experienced larger declines.

Figure 2 uses somewhat fancier statistics to show the rising probability of experiencing a 50 percent or greater family income drop. The chance was around 7 percent in the 1970s. It has increased dramatically since, and while, like income volatility, it fell in the strong economy of the 1990s, it has recently spiked. There is nothing extraordinary about "falling from grace." You can be perfectly average—with an average income, an average-sized family, an average likelihood of losing your job or becoming disabled—and you're still two-and-a-half times as likely to see your income plummet as an average person was thirty years ago.

FIGURE 2

Predicted Probability of 50 Percent or Greater Income Drop, 1970–2002



Source: PSID; CNEF.

Note: Probabilities are based on the time trend from a logistic regression, with all other variables set at their annual means. Variables include age, education, race, gender, income (mean of five prior years), and a series of events (such as unemployment and illness) that affect income. The time trend is highly significant and robust to the inclusion of fixed effects; all standard errors are robust and adjusted for clustering.

The most dramatic consequence of financial reversals is, of course, poverty—subsistence at a level below the federal poverty line. According to the sociologist Mark Rank and his colleagues, the chance of spending at least a year in poverty has increased substantially since the late 1960s, even for workers in their peak earning years. People who were in their forties in the 1970s had around a 13 percent chance of experiencing at least a year in poverty during their forties. By the 1990s, people in their forties had more than a 36 percent chance of ending up in poverty.[7]

These numbers illuminate the hidden side of America's economic success story: the growing insecurity faced by ordinary workers and their families. Yet as dramatic and troubling as these numbers are, they vastly understate the true depth of the problem. Income instability powerfully captures the risks faced by Americans today. But insecurity is also driven by the rising threat to family finances posed by budget-busting expenses like catastrophic medical costs, as well as by the massively increased risk that retirement has come to represent, as ever more of the responsibility of planning for the post-work years shifts onto Americans and their families. When we take in this larger picture, we see an economy not merely changed by degrees, but transformed—from an all-in-the-same boat world of shared risk toward a go-it-alone world of personal responsibility.

America's Unique—and Endangered—Framework of Economic Security

We often assume that the United States does little to provide economic security compared with other rich capitalist democracies. This is only partly true. The United States does spend less on government benefits as a share of its economy, but it also relies more—far more—on private workplace benefits, such as health care and retirement pensions. Indeed, when these private benefits are factored into the mix, the U.S. framework of economic security is not smaller than the average system in other rich democracies. It is actually slightly larger.[8] With the help of hundreds of billions in tax breaks, American employers serve as the first line of defense for millions of workers buffeted by the winds of economic change.

The problem is that this unique employment-based system is coming undone, and in the process risk is shifting back onto workers and their families. Employers want out of the social contract forged in the more stable economy of past, and they are largely getting what they want. Meanwhile, America's framework of government support is also strained. Social Security, for example, is declining in generosity, even as guaranteed private pensions evaporate. Medicare, while ever more costly, has not kept pace with skyrocketing health expenses and changing medical practice. And even as unemployment has shifted from cyclical job losses to permanent job displacements, Unemployment Insurance has eroded as a source of support and recovery for Americans out of work.[9]

The history of American health insurance tells the story in miniature. After the passage of Medicare and Medicaid, health coverage peaked at roughly 90 percent of the population, with approximately 80 percent of Americans covered by private insurance. In its heyday, private insurance was provided by large nonprofit insurers, which pooled risks across many workplaces (and, originally, even charged all subscribers essentially the same rate—a practice favorable to higher-risk groups). The American Hospital Association proudly described the Blue Cross insurance plans that once dominated U.S. health insurance as "social insurance under nongovernmental auspices."[10]

Since the late 1970s, however, employers and insurers have steadily retreated from broad risk pooling. The number of Americans who lack health coverage has increased with little interruption as corporations have cut back on insurance for workers and their dependents. From around 80 percent of Americans, private health coverage now reaches less than 70 percent, with nearly 47 million people without any coverage at all.[11] Over a two-year period, more than 80 million adults and children—one out of three nonelderly Americans, 85 percent of them in working families—spend some time without the protection against ruinous health costs that insurance offers.[12] And the problem is rapidly worsening: Between 2001 and 2005, the share of moderate-income Americans who lack health coverage has risen from just over one quarter to more than 40 percent.[13]

The uninsured, moreover, are hardly the only ones at risk because of rising medical costs. Among *insured* Americans, 51 million spend more than 10 percent of their income on medical care.[14] One out of six working-age adults—27 million Americans—are carrying medical debt, and 70 percent had insurance when they incurred it. Of those with private insurance and medical debt, fully half have incomes greater than $40,000, and of this group a third are college graduates or have had postgraduate education.[15] Perhaps not surprisingly, as many as half of personal bankruptcies are due in part to medical costs and crises—and most of these medical-related bankruptcies occur among the insured.[16]

As employment-based health insurance has unraveled, companies have also raced away from the promise of guaranteed retirement benefits. Twenty-five years ago, 83 percent of medium and large firms offered traditional "defined-benefit" pensions that provided a fixed benefit for life. Today, the share is below a third.[17] Instead, companies that provide pensions—and roughly half the workforce continues to lack a pension at their current job—mostly offer "defined-contribution" plans like the 401(k), in which returns are neither predictable nor assured.[18]

Defined-contribution plans are not properly seen as pensions—at least as that term has been traditionally understood. They are essentially private investment accounts sponsored by employers that can be used for building up a tax-free estate as well as for retirement savings. As a result, they greatly increase the degree of risk and responsibility placed on individual workers in retirement planning. Traditional defined-benefit plans are generally mandatory and paid for largely by employers (in lieu of cash wages). They thus represent a form of forced savings. Defined-benefit plans are also insured by the federal government and heavily regulated to protect participants against mismanagement. Perhaps most important, their fixed benefits protect workers against the risk of stock market downturns and the possibility of living longer than expected.

None of this is true of defined-contribution plans. Participation is voluntary, and due to the lack of generous employer contributions, many workers choose not to participate or contribute inadequate sums.[19] Plans are not adequately regulated to protect against poor asset allocations or corporate or personal mismanagement. The federal government does not insure defined-contribution plans. And defined-contribution accounts provide no inherent protection against asset or longevity risks. Indeed, some features of defined-contribution plans—namely, the ability to borrow against their assets, and the distribution of their accumulated savings as lump-sum payments that must be rolled over into new accounts when workers change jobs—exacerbate the risk that workers will prematurely use retirement savings, leaving inadequate income upon retirement. And, perversely, this risk falls most heavily on younger and less highly paid workers, the very workers most in need of secure retirement protection.

As private and public support have eroded, in sum, workers and their families have been forced to bear a greater burden. This is the essence of the Great Risk Shift. Rather than enjoying the protections of insurance that pools risk broadly, Americans are increasingly facing economic risks on their own—and often at their peril. In the new world of work and family, the buffers that once cushioned Americans against economic risk are become fewer and harder.

The New World of Work and Family

The erosion of America's distinctive framework of economic protection might be less worrisome if work and family were stable sources of security themselves. Unfortunately, they are not. Beneath the rosy economic talk, the job market has grown more uncertain and risky, especially for those who were once best protected from its vagaries. While the proportion of workers formally out of work at any point in time has remained low, the share of workers who lose a job through no fault of their own every three years has actually been rising—and is now roughly as high as it was during the recession of the early 1980s, the worst economic downturn since the Great Depression.[20]

No less important, these job losses come with growing risks. Workers and their families now invest more in education to earn a middle-class living, and yet in today's post-industrial economy, these costly investments are no guarantee of a high, stable, or upward-sloping path. For displaced workers, the prospect of gaining new jobs with relatively similar pay and benefits has fallen, and the ranks of the long-term unemployed and "shadow unemployed" (workers who have given up looking for jobs altogether) have grown. These are not just problems faced by workers at the bottom. In the most recent downturn, the most educated workers actually experienced the worst effects when losing a full-time job, and older and professional workers were hit hardest by long-term unemployment.[21]

Meanwhile, the family—once a refuge from economic risk—is creating new risks of its own. At first, this seems counterintuitive. Families are much more likely to have two earners than in the past, the ultimate form of private risk sharing. To most families, however, a second income is not a *luxury*, but a *necessity* in a context in which wages are relatively flat and the mains costs of raising a family (health care, education, housing) are high and rising.[22] According to calculations by Jared Bernstein and Karen Kornbluh, more than three-quarters of the modest 24 percent rise in real income experienced by families in the middle of the income spectrum between 1979 and 2000 was due to increasing work hours, rather than rising wages.[23] (Some of this overall gain has been reduced by recent family income declines.) In time-use surveys, both men and women who work long hours indicate they would like to work fewer hours and spend more time with their families—which strongly suggests they are not able to choose the exact mix of work and family they would prefer.[24]

With families needing two earners to maintain a middle-class standard of living, their economic calculus has changed in ways that accentuate many of the risks they face. Precisely because it takes more work and more income to maintain a middle-class standard of living, the questions that face families when financially threatening events occur are suddenly more stark. What happens when women leave the workforce to have children, when a child is chronically ill, when one spouse loses his job, when an older parent needs assistance? In short, events within two-earner families that require the care and time of family members produce special demands and strains that traditional one-earner families generally did not face.

The new world of work and family has ushered in a new crop of highly leveraged investors—middle-class families. Consider just a few of the alarming facts:

- Personal bankruptcy has gone from a rare occurrence to a routine one, with the number of households filing for bankruptcy rising from less than 300,000 in 1980 to more than 2 million in 2005.[25] Over that period, the financial characteristics of the bankrupt have grown worse and worse, contrary to the claim that bankruptcy is increasingly being used by people with only mild financial difficulties. Strikingly, married couples with children are much more likely to file for bankruptcy than are couples without children or single individuals.[26] Otherwise, the bankrupt are pretty much like other Americans before they file: slightly better educated, roughly as likely to have had a good job, and modestly less likely to own a home.[27] They are not the persistently poor, the downtrodden looking for relief; they are refugees of the middle class, frequently wondering how they fell so far so fast.

- Americans are also losing their homes at record rates. Since the early 1970s, there has been a fivefold increase in the share of households that fall into foreclosure—a process that begins when homeowners default on their mortgages and can end with homes being auctioned to the highest bidder in local courthouses.[28] For scores of ordinary homeowners—one in sixty mortgage-owning households in recent years—the American Dream has mutated into what former U.S. Comptroller of the Currency Julie L. Williams calls "the American nightmare."[29]

- American families are drowning in debt. Since the early 1970s, the personal savings rate has plummeted from around a tenth of disposable income to essentially zero. In 2005, the personal savings rate was -0.5 percent —the first time since 1993, in the midst of the Great Depression, that savings has been negative for an entire year. [30] Meanwhile, the total debt held by Americans has ballooned, especially for families with children. As a share of income in 2004, total debt—including mortgages, credit cards car loans, and other liabilities—was more than 125 percent of income for the median married couple with children, or more than three times the level of debt held by married families without children, and more than nine times the level of debt held by childless adults.[31]

As these examples suggest, economic insecurity is not just a problem of the poor and uneducated, as is frequently assumed. It affects even educated, middle-class Americans—men and women who thought that by staying in school, by buying a home, by investing in their 401(k)s, they had bought the ticket to upward mobility and economic stability. Insecurity today reaches across the income spectrum, across the racial divide, across lines of geography and gender. Increasingly, all Americans are riding the economic roller coaster once reserved for the working poor, and this means that increasingly all Americans are at risk of losing the secure financial foundation they need to reach for and achieve the American Dream.

Security and Opportunity are Intertwined

The increased income volatility and economic insecurity faced by many families imposes costs not just on those families, but also on the economy as a whole. Substantial economic insecurity may impede risk taking, reduce productivity by failing to help families that have suffered an adverse shock get back on their feet, and feed demands for growth-reducing policies. While some measure of financial risk can cause families to respond with innovation and prudence, excessive insecurity can cause them to respond with caution and anxiety. As a result, families lacking a basic foundation of financial security may fail to make the investments needed to advance in a dynamic economy.

It has long been recognized that policies that encourage risk taking can benefit society as a whole, because, in their absence, individuals may be unwilling to undertake valuable investments that involve high levels of risk. This is all the more true because, as already noted, people are highly loss averse, meaning that they fear losing what they have more than they welcome the possibility of substantially larger but uncertain gains. Moreover, the gains of risky investment may entail positive externalities, that is, benefits that are not exclusive to the individual making the investment, but that accrue to others outside the transaction. When investments involve large positive externalities, individuals may not have sufficient incentive to invest in achieving these societal gains.

Many economic investments made by families are both risky and highly beneficial to society as a whole. Purchasing a home, for example, is good for families and communities, but entails substantial financial risk.[32] Similarly, investment in workplace skills and education—particularly the education of children—is an investment that pays off handsomely, on average, for individuals and for society. Yet the returns to skills and education are highly variable, and becoming more so. In short, the wellsprings of economic opportunity—from assets to workplace skills to education to investments in children—are risky investments with positive externalities. Providing a basic level of economic security can encourage families to make these investments, aiding not just their own advancement but the economy as a whole.

Providing a basic level of security appears even more economically beneficial when considered against some of the leading alternatives that insecure citizens may otherwise back. Heavy-handed regulation of the economy, strict limits on cross-border trade and financial flows, and other intrusive measures may gain widespread support from workers when they are buffeted by economic turbulence, yet these measures are likely to reduce growth. The challenge, then, is to explore ways of protecting families against the most severe risks they face, without clamping down on the potentially beneficial processes of change and adjustment that produce some of these risks.

Unique among social institutions, government can provide such protection. It has the means—and, often, the incentive—to require participation in broader risk pools and to foster positive externalities that no private actor sufficiently gains from to encourage individually. This is a major reason why government has long played a central role in managing risk in the private sector.[33] Corporate law has long recognized the need to limit the downside of risk-taking as a way of encouraging firms to take a socially appropriate amount of risk. The law of bankruptcy and the principle of limited liability—the notion that those who run a firm are not personally liable if the firm fails—allow entrepreneurs to engage in risky investments knowing that they will not be forced into penury or debt servitude if their risky bets fail. Deposit insurance increases the likelihood of savings and decreases the possibility of devastating bank runs, by allowing depositors to feel secure that they can obtain their money when they need it.

This argument is not merely analogical. A growing body of evidence backs it up. Comparative statistics indicate, for example, that generous personal bankruptcy laws are associated with higher levels of venture capital.[34] Research on labor markets shows that workers who are highly fearful of losing their job invest less in their jobs and job skills than those who are more secure.[35] And cross-national studies suggest that investment in education and job skills is higher when workers have key risk protections. Workers, it seems, invest in highly specific assets—such as skills that do not transfer easily from one firm or occupation to another—only when the risk of losing the potential returns of those assets are mitigated by basic insurance protections that are not job-specific.[36] When insurance is not present, workers under-invest in the most crucial asset in most families' portfolio—namely, the value of family members' human capital.

Most of us think of social insurance as a way of helping those who have had bad fortune or fallen on hard times. What the foregoing suggests is that social insurance can also encourages families that do not experience misfortune to make investments that benefit themselves and society. Put simply, security is not opposed to economic opportunity. It is a cornerstone of opportunity. And restoring a measure of economic security in the United States today is the key to transforming the nation's great wealth and productivity into an engine for broad-based prosperity and opportunity in a more uncertain economic world.

A Twenty-First Century Social Contract

In revitalizing the social contract that binds employers, government, and workers and their families, there can be no turning back the clock on many of the changes that have swept through the American economy and American society. Yet accepting these changes does not mean accepting the new economic insecurity that middle-class families face. Americans will need to do much to secure themselves in the new world of work and family. But they should be able to do it in a context in which government and employers act as effective advocates on working families' behalf. And they should be protected by an improved safety net that fills the most glaring gaps in present protections, providing all Americans with the basic security they need to reach for the future—as workers, as parents, and as citizens.

Make no mistake: This strengthened safety net will have to be different from the one that was constructed during the Great Depression and in the years after World War II. Our eroding framework of social protection is overwhelmingly focused on the aged, even though young adults and families with children face the greatest economic strains today. It emphasizes short-term exits from the workforce, even though long-term job losses and the displacement and obsolescence of skills have become more severe. It embodies, in places, the antiquated notion that family strains can be dealt with by a second earner—usually, a woman—who can easily leave the workforce when there is a need for a parent at home. Above all, it is based on the idea that job-based private insurance can easily fill the gaps left by public programs, when it is ever more clear that it cannot.

Americans require a new framework of social insurance that revitalizes the best elements of the present system, while replacing those parts that work least effectively with stronger alternatives geared toward today's economy and society. First and foremost, that means basic health coverage that moves with workers from job to job. In a policy brief released earlier this month, I have outlined a proposal that would extend insurance to all non-elderly Americans through a new Medicare-like program and guaranteed workplace health insurance, while creating an effective framework for controlling medical costs and improving health outcomes to guarantee affordable, quality care to all.[37]

A new social contract should also include enhanced protections against employment loss (and the wage and benefit cuts that come with it), and an improved framework for retirement savings. And I believe it should include a new flexible program of social insurance that I call "Universal Insurance"—a stop-loss income-protection program that insures workers against very large drops in their income due to unemployment, disability, ill health, and the death of a breadwinner, as well as against catastrophic medical costs. For a surprisingly modest cost, Universal Insurance could help keep more than 3 million Americans from falling into poverty a year and cut in half the chance that Americans experience a drop in their income of 50 percent or greater.[38]

Such a "security and opportunity society" will be not be uncontroversial or easy to achieve. But it will restore a simple promise to the heart of the American experience: If you work hard and do right by your families, you shouldn't live in constant fear of economic loss. You shouldn't feel that a single bad step means slipping from the ladder of advancement for good. The American Dream is about security and opportunity alike, and rebuilding it for the millions of middle-class families whose anxieties and struggles are reflected in the statistics and trends I have discussed will require providing security and opportunity alike.

Notes

[1] Jacob S. Hacker, *The Great Risk Shift: The Assault on American Jobs, Families, Health Care, and Retirement—And How You Can Fight Back* (New York: Oxford University Press, 2006).
[2] McLaughlin and Associates poll of 1,000 midterm election voters, conducted for the Rockefeller Foundation. I am grateful to the Foundation for making this unpublished data available to me. Sixty-nine percent of Republican voters stated that they were worried, compared with 78 percent of Democratic voters and 76 percent of independent voters.
[3] Hacker, *The Great Risk Shift*, Chapter 1.
[4] Further explication of all the analyses discussed in this testimony are contained in my book.
[5] Daniel Kahneman and Amos Tversky, "Prospect Theory: An Analysis of Decisions Under Risk" , *Econometrica* Vol. 47, no. 2 (1979).
[6] George Washington University Battleground 2006 Survey, March 24, 2005.
[7] Daniel Sandoval, Thomas A. Hirschl, and Mark R. Rank, "The Increase of Poverty Risk and Income Insecurity in the U.S. Since the 1970's," paper presented at the American Sociological Association Annual Meeting, San Francisco, CA, August 14-17, 2004.
[8] Jacob S. Hacker, *The Divided Welfare State: The Battle over Public and Private Social Benefits in the United States* (New York: Cambridge University Press, 2002); Willem Adema and Maxime Ladaique, "Net Social Expenditure, 2005 Edition," Paris, Organization for Economic Cooperative for Development, 2005, available online at www.oecd.org/dataoecd/56/2/35632106.pdf.
[9] See Lori G. Kletzer and Howard Rosen, "Reforming Unemployment Insurance for the Twenty-First Century Workforce," Hamilton Project Discussion Paper 2006-06, Washington, D.C., Brookings Institution, September 2006, available online at www1.hamiltonproject.org/views/papers/200609kletzer-rosen.pdf.
[10] Hacker, *Divided Welfare State*, 186, 214, 204.
[11] Current private coverage estimates are available through the Kaiser Family Foundation's "Trends and Indicators in a Changing Health Care Marketplace," available online at www.kff.org/insurance/7031/print-sec2.cfm. The estimate of nearly 47 million uninsured (the actual number is 46.6 million) comes from Carmen DeNavas-Walt, Bernadette D. Proctor, and Cheryl Hill Lee, "Income, Poverty, and Health Insurance Coverage in the United States: 2005," Current Population Reports (Washington D.C.: U.S. Census Bureau, August 2006), 20, available online at www.census.gov/prod/2006pubs/p60-231.pdf.
[12] Families USA, "One in Three: Nonelderly Americans Without Health Insurance, 2002-2003," Washington, D.C., Families USA, 2005, available online at www.familiesusa.org/assets/pdfs/82million_uninsured_report6fdc.pdf
[13] Sara R. Collins, et al., "Gaps in Health Insurance: An All-American Problem," New York, Commonwealth Fund, 2006, available online at www.cmwf.org/usr_doc/Collins_gapshltins_920.pdf.
[14] Families USA, "Have Health Insurance? Think You're Well Protected? Think Again," Washington, D.C., February 2005, available online at www.familiesusa.org/assets/pdfs/Health_Care_Think_Again.pdf

[15] Robert W. Seifert and Mark Rukavina, “Bankruptcy Is The Tip Of A Medical-Debt Iceberg,” *Health Affairs* 25:2 (2006): w89-w92
[16] David U. Himmelstein, et al., “MarketWatch: Illness And Injury As Contributors To Bankruptcy,” *Health Affairs*, Web Exclusive, February 2, 2005.
[17] John H. Langbein, “Understanding the Death of the Private Pension Plan in the United States,” unpublished manuscript, Yale Law School, April 2006.
[18] Geoffrey Sanzenbacher, “Estimating Pension Coverage Using Different Data Sets,” Center for Retirement Research Issues in Brief Number 51, Boston College, August 2006, available online at www.bc.edu/centers/crr/issues/ib_51.pdf.
[19] Alicia H. Munnell and Annika Sundén, “401(k) Plans Are Still Coming Up Short,” Center for Retirement Research Issues in Brief Number 43b, Boston College, March 2006, available online at www.bc.edu/centers/crr/issues/ib_43b.pdf.
[20] Henry S. Farber, “What Do We Know About Job Loss in the United States?” *Economic Perspectives* 2Q (2005): 13, 14, available online at www.chicagofed.org/publications/economicperspectives/ep_2qtr2005_part2_farber.pdf.
[21] Ibid.; Katharine Bradbury, “Additional Slack in the Economy: The Poor Recovery in Labor Force Participation During this Business Cycle, Federal Reserve Bank of Boston Public Policy Brief No. 05-2, Boston, 2005, available online at www.bos.frb.org/economic/ppb/2005/ppb052.pdf; Andrew Stettner and Sylvia A. Allegretto, “The Rising Stakes of Job Loss: Stubborn Long-Term Joblessness amid Falling Unemployment Rates,” Economic Policy Institute and National Employment Law Project Briefing Paper No. 162, 2005, available online at www.epi.org/briefingpapers/162/bp162.pdf.
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[23] Jared Bernstein and Karen Kornbluh, “Running Faster to Stay in Place: The Growth of Family Work Hours and Incomes,” New America Foundation, Washington, D.C., June 29, 2005, available online at www.newamerica.net/publications/policy/running_faster_to_stay_in_place.
[24] Jerry A. Jacobs and Kathleen Gerson, *The Time Divide: Work, Family, and Gender Inequality* (Cambridge, MA: Harvard University Press, 2004).
[25] Data courtesy of Elizabeth Warren, Harvard Law School. 2005 was, of course, an unusual year because of the rush of filings before the 2005 bankruptcy bill took effect. The number in 2004, however, still exceeded 1.56 million.
[26] Warren and Tyagi, *Two-Income Trap*.
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