

May 21, 2017

The Hard Truths About Today's Labor Market

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Unemployed coal miners want their jobs back. So do manufacturing plant workers whose employment has been outsourced to lower-wage countries. Add to that young people, including scores of college graduates, whose job prospects are grim, forcing them into underemployment and requiring them to live at home rather than on their own.

This litany of complaints (and outrage) has fueled, in part, the resurgence of populism not only in the United States but in Europe, as well. And while these grievances are understandable, it is time for real truths--not alternative truths--about labor markets. These are:

Dying industries cannot be resuscitated. Typewriters, pay phones, folding maps, beepers, Kodak film, and cassette players are obsolete, their product life cycles having run their course and their replacements/substitutes superior in every way. Coalmining employed nearly 130,000 workers when Obama was elected president. By 2015 that figure had dropped to 98,000. Competition from cheap, shale gas; fracking; renewables; and technology were and will continue to be the reasons for the continual fall. Other declining industries include knitting and apparel, hardware manufacturing, communications equipment, and glass manufacturing. Here, too, technology will boost productivity while decreasing labor input.

There is a mismatch between supply and demand. There are presently over 325,000 job openings in manufacturing, a 280% increase since the recession ended over seven years ago. Tens of thousands are going unfilled. Manufacturing jobs have become more technical but workers have not kept up. So, companies are left with a glut of low-skilled workers and a shortage of applicants. The construction and agricultural sectors are facing serious shortages, as well, exacerbated by restrictive immigration policies. For the former, the situation is especially acute in major metro areas; and for the latter, farmers cannot get enough H-2A visas for foreign guest workers even at \$20 per hour, resulting in crops rotting in the fields. At the college-level—students and graduates-- fewer and fewer major in the high-paying STEM field, opting for fields that very often result in underemployment upon graduation. In today's labor market most high demand jobs require more than a high school diploma but less than 4 years of college. Recognizably, employers are struggling to find workers with industry-specific skills; on the other hand, the firms are unwilling or unable to solve their skills challenges through internal training. Meanwhile, the demand will continue even beyond skilled trades for sales reps, engineers, web designers, and accounting and finance staff.

Workers and their communities need to take responsibility for labor competitiveness. Industries do not decline and disappear overnight. The same with companies. State and local economic development authorities are derelict when they do not monitor the business environment and aggressively attract

outside companies (national and foreign) to bring operations to their communities. North Carolina did it right when furniture and textiles began to decline. Now foreign firms like Siemens, Lenovo and Daimler account for 46% of the state's manufacturing. As for skilled and semi-skilled workers, their unions, voc-tech schools, and local community colleges offer continuing education opportunities to boost their vocational competitiveness. Failure of these workers to continually upgrade or expand their competitive skills, resulting in unemployment, would be solely their fault--not their company's or that of foreign competitors.

Globalism, technology, migration, sluggish economic growth, and a loss of faith in political parties and institutions are a 21st century reality. Their impact on labor markets has created great anxiety, stress, and distress for the American worker. Doing nothing is not an option. Industries, companies, communities and, above all, individual workers need to enhance their competitiveness to both hold their own and come out ahead in an increasingly challenging global economy.

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