



Promoting High-Wage Jobs by Revitalizing Our Manufacturing Communities

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Family-supporting manufacturing jobs were a mainstay of the American middle class in the twentieth century. The sharp decline of manufacturing work—a loss of 5.7 million jobs in the decade from 2000 to 2010—has accelerated the erosion of the middle class, especially in hard-hit Midwest communities, from Pennsylvania to Wisconsin, that lost 36 percent of their jobs over that period.¹ Manufacturing still matters to these heartland communities, where 1 in 4 private sector jobs still reside in factories.²

The good news is that manufacturing is making a comeback: the sector has added back 1.26 million jobs since 2010.³ But, there's more work to be done. The United States is still suffering from atrophied critical manufacturing capacities that are undermining both our national security⁴ and our ability to be world leaders in environmental sustainability.⁵ Much more needs to be done to recruit young people, women (who only represent 7 percent of middle skill factory jobs),⁶ and people of color to the reviving sector's boom of new jobs. While there are a variety of factors in the lack of draw to these jobs—including drops in unionization and the increased use of temporary labor—it's also the case that manufacturing pays 10 percent more than other similar work,⁷ and stereotypes and misinformation about these jobs might be keeping away workers who would want and need them.

While Congress has made a number of important investments in the competitiveness of the manufacturing sector, most notably the Revitalizing America Manufacturing and Innovation Act of 2014,⁸ our investments pale in comparison to international

competitors such as China and Germany (which maintains 20 percent of its GDP in manufacturing, compared to 11 percent in the United States).⁹ The next Congress represents an ideal moment to seize on the momentum to help communities build a more a competitive, high-wage, and sustainable manufacturing sector in their community.

For the past year, The Century Foundation's High Wage America project toured Midwest manufacturing communities to have conversations about what our nation's next steps in the sector should be. We found these communities shaking off their Rust Belt image and embracing high-tech advanced manufacturing, as Cleveland's ArcelorMittal steel mill (the first in the world to produce a ton of steel in a single man-hour) has done. These communities are transforming by turning away from the old, ineffective tactic of throwing large tax giveaways to lure factories from other states. Our summits across the Midwest, culminating in a national conference in Washington, D.C., highlighted many of these tactics, as well as what the federal government can do¹⁰ to support them.

Congress's role in this is crucial. While so much is needed, to get started, Congress should take these three steps:

- + Catalyze deeper partnerships targeting strategic advanced manufacturing clusters by appropriating \$30 million dollars to the newly authorized Defense Manufacturing Community Partnerships Support Program. This new initiative is based on a successful 2012

Department of Commerce pilot which provided technical assistance to designated communities bringing in new federal resources for infrastructure and job training.¹¹

+ Attract more young people, people of color, women, and skilled workers into manufacturing by granting a \$100 million to fund thirty communities across the nation to develop innovative education efforts. This would accelerate current federal efforts on the behalf of career awareness and preparation, such as the Carl Perkins Career and Technical Education Act, to draw the people needed to fill sectoral hiring demand that hasn't been seen in a generation. The 2014 Youth Career Connect grant program and proposals like the PARTNERS Act and the Gateways to Careers Act provide excellent models.¹²

+ Improve the implementation of the layoff aversion provisions of the Workforce Innovation and Opportunity Act (WIOA). WIOA requires states to use a portion of their funding to prevent layoffs through measures like finding new markets, business consulting, identifying new owners or investors, and retraining incumbent workers. But implementation has been highly uneven, and WIOA appropriations should require the administration to work with states to bolster these services.¹³

Our nation has the seeds of a real renaissance in our past status as a high-tech manufacturing powerhouse. If we take these steps to support traditional manufacturing communities in our heartland, all Americans will benefit

Notes

- 1 Andrew Stettner and Joel S. Yudken, "A Federal Agenda for Revitalizing America's Manufacturing Communities," The Century Foundation, September 12, 2018, <https://tcf.org/content/report/federal-agenda-revitalizing-americas-manufacturing-communities/>.
- 2 Andrew Stettner, Joel S. Yudken, and Michael McCormack, "Why Manufacturing Jobs Are Worth Saving," The Century Foundation, June 13, 2017, <https://tcf.org/content/report/manufacturing-jobs-worth-saving/>.
- 3 U.S. Bureau of Labor Statistics, All Employees: Manufacturing [MANEMP], retrieved from FRED, Federal Reserve Bank of St. Louis, <https://fred.stlouisfed.org/series/MANEMP>.
- 4 Gordon Lubold and Doug Cameron, "Report Cites Weaknesses in Industries Vital to U.S. National Defense," *Wall Street Journal*, October 4, 2018, <https://www.wsj.com/articles/report-cites-weaknesses-in-industries-vital-to-u-s-national-defense-1538694184>.
- 5 Susan Helper, Timothy Krueger and Howard Wial, "Why Does Manufacturing Matter? Which Manufacturing Matters? A Policy Framework," Brookings Institution, February 2012, https://www.brookings.edu/wp-content/uploads/2016/06/0222_manufacturing_helper_krueger_wial.pdf.
- 6 Madeline Janis, Roxana Aslan, and Katherine Hoff, "Harnessing Government Spending to Revitalize Good Manufacturing Jobs," The Century Foundation, October 3, 2017, <https://tcf.org/content/report/harnessing-government-spending-revitalize-good-manufacturing-jobs/>.
- 7 "American manufacturing workers still enjoy a compensation premium over other similar workers," Economic Policy Institute, March 12, 2018, <https://www.epi.org/press/american-manufacturing-workers-still-enjoy-a-compensation-premium-over-other-similar-workers/>.
- 8 H.R.2996—113th Congress (2013–14), <https://www.congress.gov/bill/113th-congress/house-bill/2996>.
- 9 "Manufacturing, value added (% of GDP)," World Bank, <https://data.worldbank.org/indicator/NV.IND.MANF.ZS?locations=DE-US>, accessed on August 31, 2018.
- 10 Andrew Stettner and Joel S. Yudken, "A Federal Agenda for Revitalizing America's Manufacturing Communities," The Century Foundation, September 12, 2018, <https://tcf.org/content/report/federal-agenda-revitalizing-americas-manufacturing-communities/>.
- 11 Amanda Novello, "Revitalize American Manufacturing by Nurturing the Industrial Commons," The Century Foundation, April 12, 2018, <https://tcf.org/content/commentary/revitalize-american-manufacturing-nurturing-industrial-commons/>.
- 12 HiB training funds were equal to \$176 million in FY 2017. See "FY 2019 Budget Appendix: Department of Labor," U.S. Office of Management and Budget, <https://www.whitehouse.gov/wp-content/uploads/2018/02/lab-fy2019.pdf>, accessed July 12, 2018.
- 13 Department of Labor, "Workforce Innovation and Opportunity Act; Final Rule" Federal Register 81, no. 161, August 19, 2016: 56072 <https://www.gpo.gov/fdsys/pkg/FR-2016-08-19/pdf/2016-15975.pdf>