

# Why are politicians so obsessed with manufacturing?

By Binyamin Appelbaum

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When Donald J. Trump landed in Pittsburgh a few weeks ago, the city was buzzing about Uber's deployment of the world's first fleet of driverless taxicabs. Political leaders were thrilled that Silicon Valley was hiring highly paid workers and investing hundreds of millions of dollars in western Pennsylvania. Local taxi drivers were understandably less excited that robots were coming for their jobs.

Pittsburgh's football team may still be called the Steelers, but the city has, like the rest of the country, become predominantly a service economy. More than 80 percent of local jobs are in the service sector, roughly on par with the national average. The largest private-sector employer is not U.S. Steel but the University of Pittsburgh Medical Center. The city's jobs, however, increasingly are divided between a prospering college-educated elite of lawyers and doctors and bankers and a struggling mass of fast-food workers and security guards and nannies.

Uber's arrival suggests those disparities are likely to intensify. The company says it plans to create a total of 1,000 high-paying jobs at a Pittsburgh research center, presumably with the goal of eliminating the region's 1,360 taxi-driving jobs. That may be a good deal, in the end, for the regional economy: Workers earning higher wages are also consumers who spend more money. But the trade-off would be little comfort to drivers, who are unlikely to move from that job to programming robots. And cabbies aren't the only ones with cause for alarm. Self-driving vehicles presumably will also begin to replace the region's 19,490 truck drivers and 9,390 bus drivers.

The Republican presidential nominee had not come to Western Pennsylvania to talk about any of that. He looked out over his audience and promised, as he does at most of his rallies,

that he would revive the American steel industry.

There's nothing new about nostalgia in politics. American presidential candidates spent the better part of the 20th century promising to help family farmers in the face of urbanization. Now they promise to help factory workers in the face of globalization. Trump has made the revival of American manufacturing a signature issue, presenting his economic plan in an August speech in Detroit, the nation's official postindustrial wasteland. Hillary Clinton has campaigned on a broader economic agenda, but when it came time to describe those plans, she chose a factory outside Detroit as her backdrop.

The manufacturing boom of the postwar years was an oddity, and it isn't coming back. But some of what made it vibrant could be reproduced for the service sector. Credit Illustration by Tim Enthoven

Manufacturing retains its powerful hold on the American imagination for good reason. In the years after World War II, factory work created a broadly shared prosperity that helped make the American middle class. People without college degrees could buy a home, raise a family, buy a station wagon, take some nice vacations. It makes perfect sense that voters would want to return to those times.

From an economic perspective, however, there can be no revival of American manufacturing, because there has been no collapse. Because of automation, there are far fewer jobs in factories. But the value of stuff made in America reached a record high in the first quarter of 2016, even after adjusting for inflation. The present moment, in other words, is the most productive in the nation's history.

Politicians of all persuasions have tried to turn back time through a wide range of programs

best summarized as “throwing money at factory owners.” They offer tax credits and other incentives; some towns even build whole industrial parks, at taxpayer expense, so they can offer free space for manufacturers. By and large, those strategies haven’t helped. One of Trump’s keynote proposals is to encourage domestic production by taxing imports — an idea more likely to cause a recession than a manufacturing revival. Clinton is promising to basically extend the efforts of the Obama administration, which said it would create a million factory jobs. With just a few months left, the president is still more than 600,000 jobs short.

This myopic focus on factory jobs distracts from another, simpler way to help working Americans: Improve the conditions of the work they actually do. Fast-food servers scrape by on minimum wage; contract workers are denied benefits; child-care providers have no paid leave to spend with their own children.

According to the Bureau of Labor Statistics, there were 64,000 steelworkers in America last year, and 820,000 home health aides — more than double the population of Pittsburgh. Next year, there will be fewer steelworkers and still more home health aides, as baby boomers fade into old age. Soon, we will be living in the United States of Home Health Aides, yet the candidates keep talking about steelworkers. Many home health aides live close to the poverty line: Average annual wages were just \$22,870 last year. If both parties are willing to meddle with the marketplace in order to help one sector, why not do the same for jobs that currently exist?

Each candidate has walked down this road, Clinton significantly farther than Trump. He has suggested he might support a \$10 federal minimum wage, and he has proposed new tax benefits to reduce the cost of child care. She has backed a \$12 minimum wage and more generous tax benefits for child care. She has also promised to support paid leave and

increased protection for unions. In August 2015, she met with a group of home health care workers in Los Angeles, and returned to the issue in her Detroit speech. “The people taking care of our children and our parents, they deserve a good wage, good benefits, and a secure retirement,” she said. But no one is basing an entire presidential campaign around ideas like this.

The manufacturing boom of the postwar years was an oddity, and there will be no repeat of the concatenation that made it happen: The backlog of innovations stored up during the Great Depression and World War II; the devastation of other industrial powers, Germany in particular, which gave the United States a competitive edge. Yet some parts of the formula that created the middle class may be possible to replicate. Unions played a large role in negotiating favorable work rules, many of which have since entered into law. Stronger unions — or federal regulators, who have increasingly replaced unions as the primary advocates for workers — could improve conditions in the service sector, too.

The enduring political focus on factory workers partly reflects the low profile of the new working class. Instead of white men who make stuff, the group is increasingly made up of minority women who serve people. “That transformation really has rendered the working class invisible,” says Tamara Draut, the author of “Sleeping Giant,” a recent book about this demographic transformation and its political consequences.

The old working class still controls the megaphone of the labor movement, in part because unions have struggled to organize service workers. Manufacturing was, logistically speaking, easier to organize. There were lots of workers at each factory, and most knew one another. Service work is more dispersed and done in smaller crews. Workers living in the same city and employed by the same retail chain, for example, would likely

know only a handful of their compatriots. Fostering a sense of trust and shared purpose under these conditions is difficult.

At the same time, more and more men are plopping down on the sidelines of the economy. The Harvard economist Lawrence H. Summers estimates that by midcentury, one-third of men in their prime working years, between the ages of 25 and 54, will not be working. Politicians are paying attention to them perhaps because they've demonstrated a willingness to switch parties. David Autor, an economist at M.I.T., says in a recent paper he helped write that voting patterns have been disrupted in the parts of the country that lost the most jobs to trade with China. The study, which focused on congressional elections, found that voters in those areas have tended toward ideological extremes. In predominantly non-Hispanic

white districts, voters have tended to install conservatives in place of moderates.

This is a dynamic that Trump, in particular, has capitalized on. "People are tired of lies, they're tired of losing their jobs, they're tired of seeing their companies being ripped out and going to other places," he said at a rally in Erie, Pa. "That's why the steelworkers are with me, that's why the miners are with me, that's why the working people, electricians, the plumbers, the Sheetrockers, the concrete guys and gals, they're all — they're with us."

In all likelihood, many more of Mr. Trump's supporters are people who *once* worked in those kinds of jobs, or whose parents did. They are now caregivers, retail workers and customer-service representatives. When will they start to demand that candidates address the lives they actually lead?