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Loss of high-wage, low-skill jobs hits reeling state hard

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The trend away from high-wage jobs with low educational requirements accelerated during the recession in Michigan and the United States. The biggest job losses wracked industries that require little education and left those with higher educational requirements nearly untouched.

In its third annual report, Ann Arbor-based Michigan Future Inc., a nonprofit think tank, found that the U.S. recession wiped out 7.9 million jobs in fields with low educational requirements, compared to 400,000 jobs -- just 5 percent of all jobs lost -- that require more education.

In Michigan, the ratio of job losses was about the same: 4 percent in highly educated fields and 96 percent in jobs requiring less education.

"It's even more apparent now than before, what made Michigan prosperous in the past is no longer our path to prosperity," said Lou Glazer, president of Michigan Future. "This is an inescapable truth."

The report stresses -- for a third consecutive year -- that growth in the Michigan economy depends on shifting the state to a knowledge-based economy and attracting mobile, well-educated workers. That means the state can no longer stake its growth on the high-wage auto manufacturing jobs that often required little more than a high school education.

"We've been in this position for years in term of moving toward knowledge-based industries," Glazer said, "but that whole trend has just gone off the charts in the recession."

While the painful restructuring of the auto industry seems to have mostly played out, and the state's worst-in-the-nation unemployment rate has stabilized around 14 percent, the industry won't be a major source of new jobs to rebuild the state economy, said Don Grimes, an economist with the University of Michigan's Institute for Research on Labor, Employment and the Economy, who co-authored the report.

"The ability to get these low-education attainment jobs to grow our economy, which has been Michigan's model, that seems to be really gone," Grimes said. "Manufacturing is not going to be a new jobs generator."

The state needs to stop choosing industries -- either reviving old or growing new -- for special attention, the report states. Instead, Michigan should take steps to make the state more attractive to mobile talent who both create new businesses and help attract knowledge-based enterprise.

Tempering steel dreams

Pittsburgh, the former city of steel, could teach a lot to the city that once put the world on wheels. And they are lessons Detroit and Michigan need to learn fast.

In Pittsburgh, once a prosperous, high-wage town, per-capita income plummeted after the steel mills shut down. Eventually, the region turned toward a knowledge-based economy and by 2008 per capita income was up to 104 percent of the national average.

"The people in Pittsburgh told me it took them about 20 years to give up trying to get steel back,"

Glazer said. "The difference is that while people were trying to get steel back, a whole bunch of other people were doing other things."

Call for mobile talent

What it will take to make this kind of turnaround in Michigan is less clear, but Glazer argues that it centers around creating lively central city neighborhoods that attract young, mobile talent; emphasizing a vibrant and agile higher-education system; changing the auto-centric Michigan mindset; and developing leadership that isn't trying to recreate the state's past -- no matter how glorious it once was.

"This is a place that for a century was one of the most prosperous places on the planet," Glazer said of Michigan. "Then, in a decade, we're in the bottom tier of income. It's like the whole 20th century economy collapsed. And people have not accepted that you can't rebuild that old economy."

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Additional Facts

Prosperous states

Below are the five states with the highest levels of per capita income in 2008 and the percentage of workers holding bachelor's degrees in their labor force. Michigan ranked 36th, and its per capita income is below the U.S. average.

State	Per capita income	Change from 2001	Educated workers
Connecticut	\$56,245	28.9%	35.6%
New Jersey	\$51,473	29.7%	34.4%
Massachusetts	\$50,897	28.9%	38.1%
New York	\$48,809	37.6%	31.9%
Wyoming	\$48,580	55.1%	23.6%
U.S.	\$40,166	28.9%	27.6%
Michigan	\$34,953	16.6%	24.7%

Source: *Michigan Future Inc.*