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Manufacturing's false promise of a decent payday

By Catherine Ruckelshaus and Sarah Leberstein

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Manufacturing, economists say, is the key to our nation's economic recovery.

Manufacturing jobs built America's middle class, after all. So providing generous government supports to companies that promise to build or expand U.S. plants seems to make perfect sense.

President Barack Obama recently [announced](#) that he will unveil new executive actions to strengthen manufacturing and help make the United States a magnet for new jobs and investment. [Nine out of 10](#) Americans say a strong manufacturing sector is critical to the health of our economy.

But lost in our national obsession with manufacturing is the fact that many industry jobs no longer resemble the ones that had us so smitten in the first place.



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From 1976 to 2006, manufacturing workers did earn more than the average U.S. worker. But by 2013, the median wage for workers in manufacturing was 7.7 percent less than that of the typical American worker, [a new report by the National Employment Law Project shows](#). Half of all U.S. manufacturing workers now earn wages so low they are eligible for public assistance — including food stamps and free school lunches for their kids. More than 600,000 manufacturing workers are paid just \$9.60 per hour or less. Roughly 1.5 million manufacturing workers — one out of four — make \$11.91 per hour or less.

The low-wage crisis in manufacturing is likely even worse than these numbers show. Industry's heavy reliance on staffing agencies obscures its deeper problems because government data fail to include staffing-agency workers in official counts of manufacturing workers and don't factor their wages into industry averages.

Consider auto workers. Perhaps no other type of worker has so clearly embodied the family-supporting, blue-collar job in the public eye — or seen such a dramatic decline in income and working conditions.

Auto plant employees, in a one-paycheck family, used to earn enough to buy a house and send children to college — putting them solidly in the middle class. The typical auto worker today, however, is more likely to have a job at an auto-parts manufacturer — which account for three out of every four autoworker jobs — than at a traditional assembly plant.

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She is likely someone like Erma Lawson, who earns \$11.60 at Faurecia Automotive Seating in Cleveland, Mississippi, a major seat supplier to Nissan. After 10 years on the job, she gets paid \$11.60 an hour. Lawson has no prospects of a raise because she has already hit the company's wage ceiling.

Nationally, workers at auto-parts plants are paid one-third less, on average, than workers at assembly plants — and have seen real wages plunge 14 percent in the past decade. And the jobs are getting worse. In five of the 10 so-called Auto Alley states (Michigan, Indiana, Ohio, South Carolina and Tennessee) new hires at auto-parts plants are paid roughly one-quarter less than the median for parts workers in the state.

Workers' dwindling paychecks may not even come from the auto manufacturer whose cars they're making but from a "temporary" agency that offers few if any benefits and little job stability. In some plants, as many as half the workers are hired by agencies on a temporary basis. Though they may work for years in the same plant, they have no real shot at a permanent position.

Overall, about 14 percent of auto-parts workers are employed by staffing agencies. Data suggest this domestic outsourcing may rise further.

Despite the poor quality of auto jobs, states are spending big to lure auto manufacturers. Alabama, for example, has given **\$400 million** in incentives to Mercedes-Benz over the past 20 years to boost the local economy.

Similar generous economic incentives have been a huge boon to foreign automakers — including Toyota, Honda, Nissan, BMW and Hyundai — that have expanded their manufacturing base in the United States. Taxpayers, however, have failed to get a return on their investment. Few of these subsidy packages contain any meaningful requirements that new jobs pay decently or offer benefits.

There is good news, though. Manufacturing jobs are on the rebound. Due to on-shoring and state promotions, the sector grew 4.3 percent from 2010 to 2012 and boasted more than 12 million jobs as of 2013. In the auto sector, U.S. and international companies invested more than \$38 billion in their American assembly plants since the auto crisis in 2009, suggesting that these jobs are here to stay.

But we should pay attention not just to job creation but also to the quality of the jobs. Unless the downward trajectory in manufacturing wages is interrupted, the trends threaten to heighten economic inequality.

The promise of manufacturing — particularly automobile production, its largest component industry — is not lost. By better tracking data of the prevalence temporary work, and holding the recipients of hard-earned taxpayer

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dollars accountable for the quality of jobs they create, manufacturing jobs can again help build the U.S. middle class.

PHOTO (TOP): An employee works on the assembly line at the General Motors plant in Asaka, August 29, 2012. REUTERS/Shamil Zhumatov

PHOTO (INSET): The first Corvettes produced in Flint, Michigan, June 30, 1953. REUTERS/General Motors

PHOTO (INSET 2): Ford Assembly workers Calvin Thompson (R) and Jimmie Lackey install a battery in the back of a partially assembled C-MAX Hybrid vehicle at the Michigan Assembly Plant in Wayne, Michigan, Nov. 7, 2012. REUTERS/Rebecca Cook

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