

America needs to make its bad jobs better

By Richard Florida

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A growing chorus of commentators believes America faces an increasingly jobless future. They argue that the US economy can no longer create meaningful numbers of high-paying jobs, especially for less skilled workers who lack college or more advanced degrees.

There is no question that millions of high-paying jobs have been eliminated and private sector job creation has been anaemic. The US unemployment level did fall to 9.5 per cent in the [latest figures](#) released on Friday, but this decrease was mostly because more than half a million people gave up looking for work at all.

Periods of crisis and creative destruction such as the current one are when new categories of jobs are created as old categories of jobs are destroyed. The key to a sustained recovery is to turn as many of these – as well as existing lower-paying jobs – into better, family-supporting jobs.

Consider this simple fact: the US economy remains on track to generate 15m new jobs over the next decade, according to the most recent Bureau of Labor Statistics projections, more than double the 7.4m that have been lost during the economic crisis.

Roughly half of these jobs – 6.8m of them – will be well paid to begin with: high-skill, high-wage work in the knowledge, professional and technical sectors. Interestingly, not all require college degrees. Though nearly three-quarters (72 per cent) of college graduates go on to do “knowledge work”, four in 10 knowledge workers do not hold college degrees, according to analysis by my colleagues at the University of Toronto’s Martin Prosperity Institute. Steve Jobs, Michael Dell and Bill Gates, it is worth noting, are in the second category.

The other half of 15m newly created jobs – 7.1m of them – will be much lower-paying, low-skill work in the routine service sector: among them are 835,000 home health and personal care aides, 400,000 new customer service positions, 400,000 food preparation workers and 375,000 retail sales clerks. More than 60m American workers already do this kind of work, or 45 per cent of the workforce.

Although some such jobs, at call centres for example, have proven vulnerable to offshoring, a great many are not: it is impossible to cut hair, serve food or care for the

elderly from Bangalore or Mexico. The problem is that on average, service workers earn only half of what factory workers make – and only a third of what professional, technical and knowledge workers are paid. The key is to upgrade these jobs and turn them into adequate replacements for the higher-paying blue-collar jobs that have been destroyed.

It has happened before. Yet the blue-collar jobs we pine for were not always good jobs: we made them good jobs. When my father came back from the second world war, his poorly paid factory job had been transformed. He was able to buy a house, put his two sons through college and participate fully in the American dream. Some of this was due to the power of unions. Most of it was because of the enormous improvements in productivity wrought by improved technologies and management techniques.

The same thing can and must happen in the service sector. It is starting already. Companies such as Wegmans, [Whole Foods](#), the Container Store, [Best Buy](#) and Zappos already account for a fifth of the top 100 best places to work in America. A typical hourly worker at the Container Store earns about \$30,000 a year, not nearly as much as a GM factory worker but about 50 per cent more than the average for hourly-wage retail workers. Retail outlet Trader Joe's mandates that full-time workers earn at least their community's median household income, while its "store captains" can make six-figure salaries. These companies recognise that better conditions lead to better customer experiences – and an improved bottom line.

A century ago the US government set up an Agriculture Extension Service, designed to provide technical assistance to farmers. In our own day programmes such as the Malcolm Baldrige Award for Quality and ISO certification initiatives help to spread ideas throughout the manufacturing sector. Service jobs are the last frontier of inefficiency, providing abundant low-hanging fruit for the innovation and productivity improvements that can undergird higher wages. Yet they have no comparable assistance.

Thousands upon thousands of corner stores, dry cleaning shops, day care centres, restaurants and hair salons open and close every year. But while governments bend over backwards to help high-tech start-ups and university spin-offs, they do next to nothing for new service companies. This is part of the reason such companies have a high rate of failure.

Last fall, the City of Toronto and the Martin Prosperity Institute organised a summit with representatives from the public, private and non-profit sectors to develop new strategies for upgrading service work. President [Barack Obama](#) should now do the same thing on a national scale. Such an agenda could push measures that would help service businesses learn what it takes to succeed – from advice about business planning, to budgeting and sales, to quality management and marketing, to efforts to engage employees and develop their skills. Such a movement is badly needed. Without it, those who warn of a jobless future in America are much more likely to be proved right.

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