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Opinion

Wanted: Working class jobs

How to help lower-income New Yorkers climb the city's increasingly slippery economic ladder

BY RICHARD FLORIDA / NEW YORK DAILY NEWS

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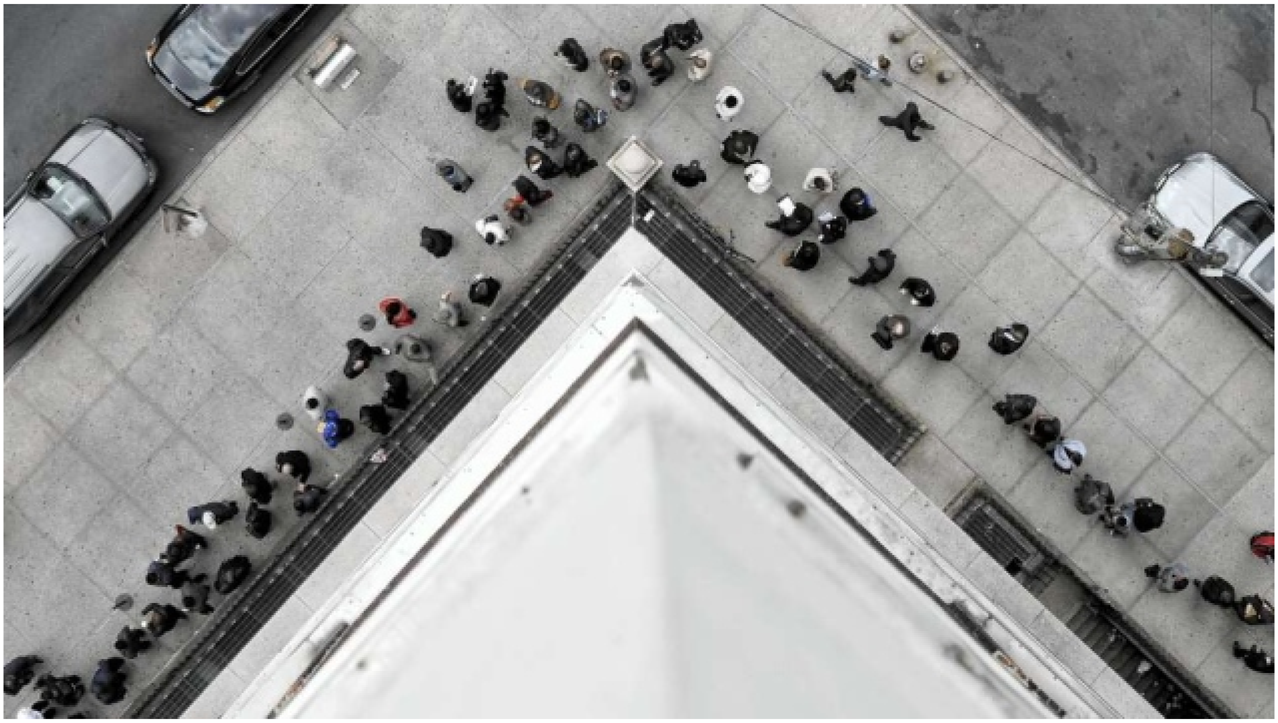

JUSTIN LANE/EPA

in April, people wait in line to attend a job fair at a state office building in Brooklyn.

Just as they did after the Sept. 11 attacks, pundits were quick to count New York City out after the economic meltdown of 2008. Four years later, it's clear how wrong they were: The city's recovery has been remarkable.

While much of the nation remains mired in a housing slump, Manhattan real estate is on fire. And despite the continuing nationwide jobs crisis, underscored by Friday's dismal numbers, the city added 75,000 jobs over the past year. New York now ranks as the world's most economically powerful city, outclassing London, Hong Kong, Shanghai and the rest.

But behind this encouraging news is a troubling trend: Huge numbers of middle and especially lower-income people continue to struggle. To complete its transition, New York must develop strategies that enable many more of its workers to benefit from the ongoing transformation of its economy.

As the Nobel Prize-winning economist Joseph Stiglitz explained in these pages, the U.S. is "going through a transformation from a manufacturing economy to a service economy (just as, in the years of the Great Depression, it was moving from agriculture to manufacturing.)"

New York's economy exemplifies this shift. Nearly half of all workers in Manhattan — and more than a third in the broader metropolitan area — are now employed in the highly skilled professions that make up the creative class: science and technology, arts, culture, media, entertainment and management and knowledge-based jobs in law and health care. And New York has surpassed Boston and its storied Route 128 tech corridor as a magnet for high-tech startup capital; only the vaunted Silicon Valley attracts more.

Simultaneously, and not surprisingly, the economic gaps separating New Yorkers have deepened. The greater New York region ranks among the 20 worst in the country for wage inequality and in the top 10 for income inequality.

Middle class, family supporting jobs in manufacturing have largely disappeared. Investment houses and brokerages began exporting back office and call center jobs long before the crisis. Lately they have begun "near-shoring" middle-level services like accounting, trading and legal support to places with cheaper labor and overhead costs, like Salt Lake City and Jacksonville, Fla., leaving thousands of middle class New Yorkers high and dry.

What's replaced them are low-wage, low-skill service jobs. Many of the region's leading and fastest growing jobs in fields like food preparation, personal care, health care support, retail sales, clerks, cashiers and home health aides pay average salaries between $20,000 and $30,000. And lest we forget, black and Latino workers, new immigrants and single mothers are tremendously overrepresented in these jobs.

How is that kind of paycheck supposed to feed a family, much less produce any social mobility, in a high-cost city like New York?

The city's already-sky-high housing costs are soaring ever higher. The average monthly rent for a one-bedroom apartment in Manhattan is $2,800, impossibly out-of-reach for much of its workforce. One-third of New York City households currently devote more than half their paychecks to rent.

There are several things the city and region can do to address these social and economic divides.

The first step must entail upgrading the more than 3.8 million low-wage, low-skill service class jobs in the metro area, which employ nearly half of the metro's workforce.

It's not a pipe dream. Upgrading service work and improving pay can lead to productivity improvements and greater profitability. As Zeynep Ton of the MIT Sloan School of Management recently wrote in the Harvard Business Review, "bad jobs are not a cost-driven necessity but a choice."

The retail companies that invest the most in their lowest paid workers — that offer the most intensive training, the best chances for advancement, and the highest possible pay — "also have the lowest prices in their industries, solid financial performance and better customer service than their competitors." Most importantly, they provide a model that can be "applied in other service organizations.… These include hospitals, restaurants, banks and hotels."

The service economy provides countless opportunities for the same kinds of productivity improvements that helped raise wages in the manufacturing sector generations ago. My own father saw his job in a Newark factory transformed from low wage work — it took nine family members to make ends meet during the 1930s — into a good middle-class job when he returned from the war, enabling him and my mother to buy their own home and put my brother and I through college.

A century ago, the Agricultural Extension Service provided demonstration education in soil management and growing techniques to farmers. More recently, improvements in U.S. manufacturing have helped boost productivity and quality, laying the groundwork for their rising competitiveness today.

Imagine the gains in productivity, as well as wages, if this same kind of approach were implemented across the city's many service businesses large and small. My own research at the Martin Prosperity Institute at the University of Toronto has shown that the addition of knowledge, management and leadership skills to service jobs boosts pay at even higher rates than it does for manufacturing and even for high-end professional work.

It would also improve customer service and make the city a better, friendlier place for locals, tourists and businesses alike.

There is no better person to lead this effort in New York and nationally than Mayor Bloomberg. He has the business background and is an ardent believer in identifying and building upon best-practices in management.

He could kick this off by calling together leading service companies – in food service, hoteling, retail sales and personal care — as well as thought-leaders, labor organizations and nonprofit organizations in a summit meeting aimed at developing concrete initiatives to identify and spread new strategies to innovate, improve productivity and raise wages in the service sector.

The second step is to add the same kind of modern management to the city's rapidly growing creative economy. The city has hundreds of thousands of artists, designers, musicians, writers, filmmakers chefs, hair and makeup artists and other creatives with oodles of talent. What many lack is the business and management savvy that propel the likes of Donna Karan, Jay-Z or Mario Batali to the top.

The third and related step is to expand the fruits of the creative economy to more traditional fields. The surge in craft manufacturing in Brooklyn and elsewhere is bringing more creativity and higher wages to traditional industries like precision machining, glass cutting, specialty printing and textile finishing. The city has also been a veritable laboratory for the upgrading of traditional trades as young creative types reinterpret barbering and butchering, brewing, distilling and more.

These jobs pay well and don't demand grad school degrees. They also help the city as a whole become a more attractive and productive place to be.

The city can use its extensive training infrastructure of its high schools, community colleges and continuing education programs to instill much-needed management and business skills in these varied enterprises. It could partner with nonprofits and neighborhood organizations to put in place low-cost creativity incubators across the city to help people and businesses acquire the strategy, marketing and financial skills that will improve their chances for success.

Unleashing the talent and productivity of the city's millions of service and creative workers would build a stronger middle class, enhance social cohesion and boost the productivity and demand that will drive the city's whole economy forward.

"While nations talk, but too often drag their heels — cities act," Bloomberg likes to say. While the nation drags its feet on jobs, New York City can lead the way.

Florida is author of "The Rise of the Creative Class, Revisited" just released by Basic Books. He is a professor at the University of Toronto and NYU and senior editor of The Atlantic.

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