



Michigan Future Board of Directors

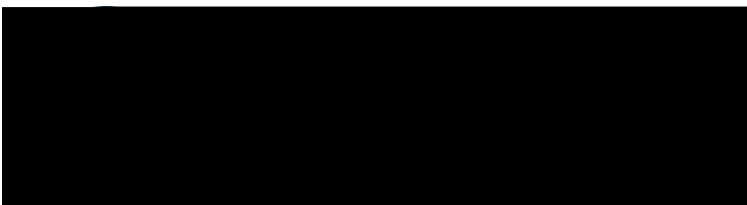




First Edition

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Workers in management as well as pre- and post-production occupations in such important Michigan industries as motor vehicles, office furniture, chemicals, and pharmaceuticals are no longer considered part of the manufacturing industry. They are now accounted for in the knowledge-based industries, primarily in management of companies and professional and technical services.

The data on employment by industry used in this report—compiled by the U.S. Department of Labor, Bureau of Labor Statistics (BLS)—utilizes the new industry definitions. Detailed description of industries are available at bls.gov (click on industries). For this report we use the BLS classifications except for education, where we combine both public and private K-16 education.

The new industrial classification system allows us to explore much more precisely the impact of the loss of good-paying factory jobs. These are the jobs that are seen by many as the backbone of a strong economy, and that seem to be most at risk, threatened by technology and trade. They are the jobs that have been identified by many as crucial to the future of Michigan's economy.

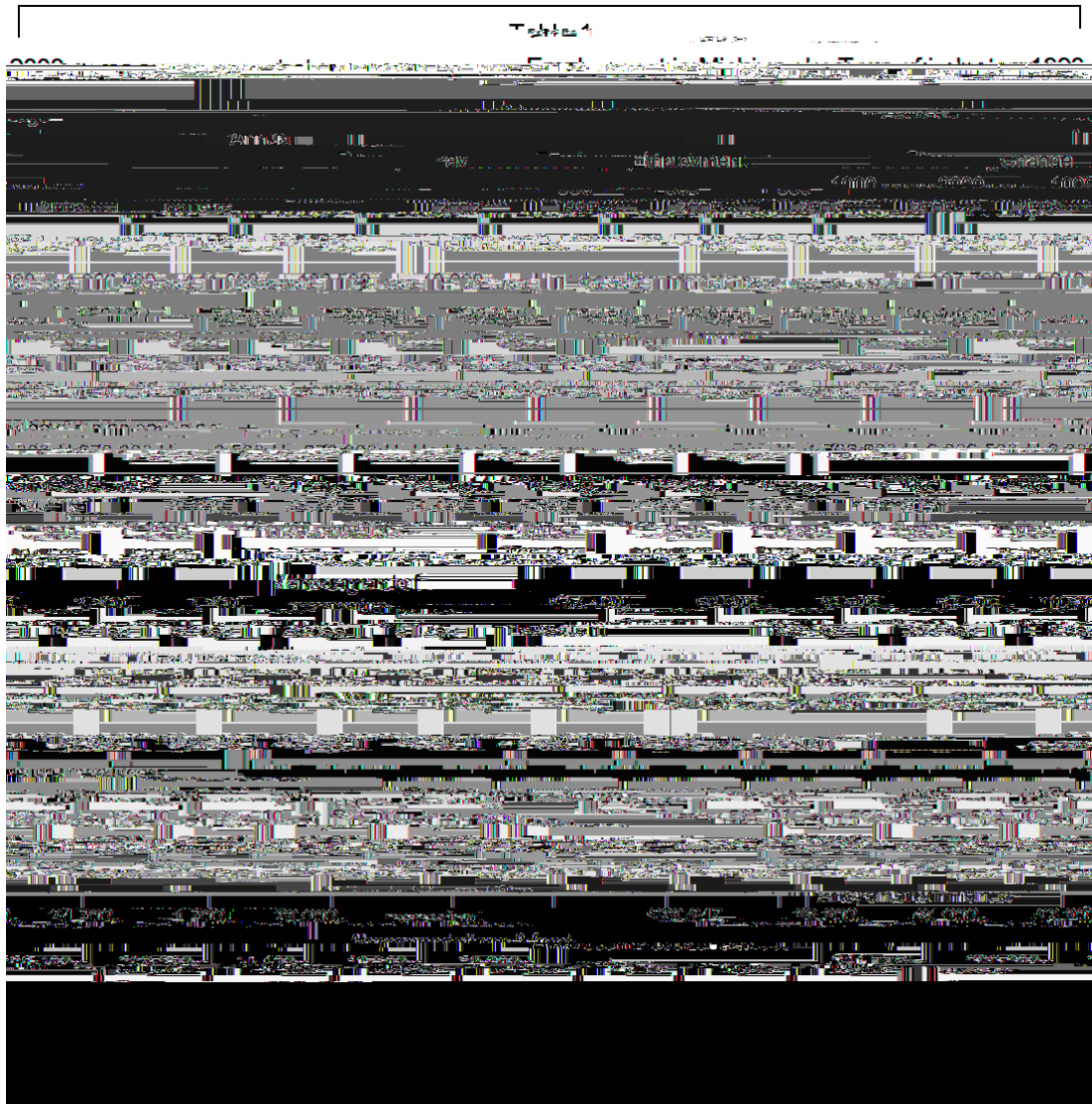
We begin with a look at employment by industry in Michigan from 1990 through 2003. We chose this time period so as to be able to look at structural, rather than cyclical, changes in the Michigan economy. With these data we can look at how employment by industry changed in Michigan in a period that includes the boom years of the nineties as well as the subsequent downturn.

As shown in Table 1 (page 11) we have divided the economy into three industry groupings:

- high pay, low education
- middle and high pay, high education (knowledge-based industries)
- low pay, low education

Michigan added 450,000 jobs (about 11 percent) from 1990 to 2003. Most noticeable is that manufacturing is virtually the only industry that lost jobs (more than 100,000) over this period. Small gains in manufacturing during the expansion years were more than offset by large job losses during the downturn.

The greatest employment gains (about 274,000) came in the



In 2003, knowledge-based industries employed slightly more than 2 million Michiganians, about 45 percent of all jobs in the state. The flip side of this long-term trend toward concentration of work in offices, schools, and hospitals is that Michigan jobs are increasingly less concentrated in factories. In 2003, manufacturing accounted for less than 17 percent of jobs in the state.

In Table 2 (page 12), we look at employment by industry over the same period for Michigan compared with the nation. The headline here is that overall employment in Michigan from 1990 to 2003 grew less than two-thirds as fast as it did in the nation. If Michigan's employment growth had been the same as the nation's, there would have been about 290,000 more Michigan workers in 2003.

Perhaps most surprising, Michigan's slower job growth was not caused by the loss of manufacturing jobs. In fact, manufacturing employment in Michigan declined at a significantly slower rate in Michigan than in the nation (-12.4 percent vs. -17.9 percent). If manufacturing employment in Michigan had declined at the same rate as it did in the nation, 45,000 more Michigan manufacturing workers would have lost their jobs by 2003.

Table 2

