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THE RACE TO THE WHITE HOUSE

Jobs Grow, Optimism Shrinks in Wisconsin

Displaced workers find new employment, but they're earning less in a service economy.

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GREEN BAY, Wis. — For several months, the city known as "Tittletown" — for its football prowess — has been earning recognition of a different sort. Green Bay was the nation's fifth-fastest-growing job market in June. The previous month, it tied Laredo, Texas, for first place.

But Steve Anderson sees little to celebrate.

"Supposedly there's a whole mess of new jobs being created, but they're not jobs we can live with," said Anderson, a 50-year-old factory worker whose career in manufacturing will come to an end today.

"Look at this," he said, leafing through a stack of recent job postings. "They're paying \$9 an hour. Five years ago, it would have paid maybe \$18.... This one is paying \$12.... Here's one for \$8.75.... These are the great new jobs that are opening up in Green Bay."

Anderson's frustration reflects a characteristic of the current recovery. Yes, the U.S. economy is creating new jobs. But to some of the workers who have been displaced during the downturn of the last three years, the new jobs look a lot worse than their old jobs.

Since December, Wisconsin has recovered all of the jobs it lost over the previous three years, turning a 76,000-job deficit into a net gain of 700.

But not all jobs are created equal. Although the lion's share of Wisconsin's losses were in the high-paying manufacturing sector, most of the gains have been in service industries with widely varying pay scales, some quite low.

In effect, the state has been swapping well-paying factory jobs for positions in restaurants, hotels, casinos, hospitals, banks, insurance firms and temp agencies.

The tectonic shifts within Wisconsin's labor force help explain why some workers are still feeling grumpy, despite six months of job growth. In manufacturing-intensive swing states such as Wisconsin, where George W. Bush trailed Al Gore by a mere 5,708 votes in 2000, the issue could pack a punch in this year's presidential race.

"The pain and suffering is a little more acute here," said Dennis K. Winters, vice president of NorthStar Economics in Madison, the state capital.

Nationwide, employers have added 1.5 million jobs since last August, restoring more than half of the 2.6 million lost during the first 2 1/2 years of President's Bush's term.

But new Labor Department figures released Friday called into question the strength of the recovery and returned job creation to the forefront of the election debate.

Employment growth slowed to an anemic 32,000 new payroll positions in July, and June's gain was revised down to 78,000 — far short of the 295,000 average of the previous three months.

The new numbers also brought attention to the nagging question of job quality: As the nation struggles to recover from the longest employment slump since World War II, are the new jobs as good as the jobs that were lost?

Democratic challenger Sen. John F. Kerry refers to statistics suggesting that most of the job growth has been in industries such as leisure and hospitality that pay below-average wages. One study cited by his campaign concluded that jobs in the growing industries pay on average \$9,160 less per year than jobs in contracting industries.

The president and his supporters insist the new jobs are as good or better than the old jobs. They offer their own set of statistics suggesting that the majority of the jobs created over the last year are in occupations paying above-average wages, such as management, education and healthcare.

Mark Zandi, chief economist of Economy.com in West Chester, Pa., has crunched the numbers that both the Kerry and Bush campaigns use. He is convinced that the quality of jobs has declined.

"We lost a large number of very highly compensated jobs. That was unique to this downturn," Zandi said. "The jobs that are being created now, at least over the past year, are still predominately lower-paying." Some analysts said the shift helped explain why workers' average hourly earnings failed to keep pace with inflation in recent months.

The issue of job quality is a growing concern in Green Bay, which may be a harbinger of workplace changes coming to other factory towns.

Employers in the Green Bay metro area, which has a population of 235,000 and a labor force of 146,000, added 6,100 jobs during the 12 months ended in June. Of those, 1,300 were in higher-paying manufacturing and construction, and 4,800 in services with varying pay scales.

The biggest increase in the services sector — 2,200 jobs — was in the leisure and hospitality fields, which paid its workers an average of \$9 an hour last year, less than half the \$18.55 average for all Green Bay employees.

"As the mayor, I'm trying to promote the higher-wage job ... but we do our share of food service here," said James J. Schmitt. "When you lose some high-end, union paper-making jobs, I'll admit, it is difficult to replace that dollar for dollar."

Home to the oldest NFL franchise, the Packers, Green Bay's economy long has been dominated by the paper industry and the big industrial machinery makers who serve it. A display at a downtown museum highlights the importance that tissue and toilet paper have played in the city's history.

The paper industry has been consolidating in recent years, and Green Bay is caught in the squeeze. Procter & Gamble Co. shut down its East River Mill this year, laying off 135 workers. Georgia-Pacific Corp., the city's biggest employer, has announced plans to eliminate 200 mill jobs.

Some of the growth in services has produced higher-wage jobs. The healthcare sector is booming, spurred by the opening of a fourth regional hospital, Aurora BayCare. And several big insurers and banks have beefed up the ranks of business professionals and white-collar support staffers.

Then there is the Packerland factor: Green Bay's storied football team has turned the city into a major tourist destination, with 1.9 million visitors last year. Lambeau Field, the Packers' stadium, completed a \$295 million renovation last year, and the city is sprouting new hotels, restaurants, sports bars and retail outlets.

Another big draw is the Oneida Bingo and Casino complex, located next to the airport on land owned by the tribe. With 3,050 people on their payroll, the Oneidas are the metro area's second-biggest employer.

Community leaders are grateful for the employment growth but acknowledge they may have a problem on the

quality front.

"While tourism brings a lot of money, it brings low-paying jobs," said business owner Paul Linzmeyer, who is chairman of the 10-county Bay Area Workforce Development Board.

Linzmeyer said it irks him that politicians and policymakers tended to focus on the monthly job count, as if the number of payroll positions was all that mattered. "The system doesn't reward you for the quality of jobs," he said. "It just rewards you for the quantity."

Interviews with about a dozen displaced factory workers in northeast Wisconsin seemed to reflect his concern.

Some of the workers found new jobs, but at reduced pay. Some were still looking, but unable to find jobs they considered acceptable. And others were completing government-financed training programs in such fields as healthcare, information technology and accounting. But even those in the education programs anticipated substantial pay cuts as they launched their new careers.

"It's going to take me probably five to seven years to get back to where I was," said Rick Rolain, 34, a laid-off electrical assembler who was training to become an X-ray technician. "In my mind, though, it's worth the trade-off. They can't ship these older people that need hospital care overseas. So those jobs are here to stay."

Randy Zeuske, another laid-off assembler, figured it would take him at least five years to catch up financially once he earned a bachelor's degree in accounting in December. But Zeuske had a more immediate concern: He has been trying for months to find a new employer, and so far no one seems interested.

"I've been applying for anything and everything ... entry-level bookkeeping jobs up to jobs that require a bachelor's degree," said Zeuske, 42. "The letters I get all say about the same thing.... 'Your qualifications are nice, but you just don't meet the criteria. All your experience is in manufacturing, and that just doesn't translate well into accounting.' "

But some workers were still holding out for what they had before.

"I'm a highly trained electrician," said Craig Miller, a 50-year-old union worker who lives in Manitowoc, about 40 miles south of Green Bay. He has been jobless since March. "I've got years and years of continuous schooling. What am I supposed to do, go to Wal-Mart and work for \$8 an hour as a greeter? I shouldn't have to do that."

Many of Green Bay's displaced workers had been on the payroll of Paper Converting Machine Co., one of Green Bay's bigger and better-paying employers. The family-owned firm makes the big machines used by paper mills to spin and slice raw tissue into finished paper towels and toilet paper, a thousand rolls per minute.

For several years, Paper Converting has been engaged in a Darwinian competition with overseas rivals that have the advantage of lower costs and undervalued currencies. It has reduced its Green Bay workforce from 1,625 to 918. The company has also wrangled wage concessions from its production workers, lowering the average hourly pay from \$22.50 to about \$19.

"It's still too high," said chief executive Rick Baer, whose grandfather took over the firm in 1936. "But I have a hard time trying to imagine how people can have a reasonable standard of living [if they make] much lower than that."

Baer acknowledged that some of the company's problems were of its own making. But he said he was worried about what he called the "Wal-Mart effect" and its role on the quality of U.S. jobs.

"Long-term, I really struggle with their constant mania of driving prices down, down, down, down, down," Baer said. "People are displaced into lower-paying jobs.... Their purchasing power goes down, so they can't go into Wal-Mart and buy as much as they used to. How will that work in the end?"

Dan Aude, who lost his job as a maintenance electrician at Paper Converting last October, said very few of its displaced workers would be able to maintain their previous standards of living.

"There are not many jobs out there, and if there are, the pay is significantly lower," said Aude, 39. "After so many years you develop a lifestyle, not a rich and famous one, but it's based on your wage. To go backward that much, a lot of guys can't do it."

Still unemployed, Aude is running for a seat in the state Assembly, telling potential constituents he would work to bring manufacturing jobs back to Green Bay.

To be sure, not all workers in the Green Bay area are dissatisfied. In fact, some seem quite happy working for wages far below those earned by disgruntled factory workers.

Three years ago, Jerry Cornelius lost his job as a welder at Lindquist Machine Shop after 23 years with the company. He took a \$5-an-hour pay cut to get a job with the Oneida Nation, where he works as an inventory clerk in the groundskeeping department. "We have better benefits, so there's a whole package.... I'm glad I'm over here," said Cornelius, 57.

Steve Anderson, the factory worker whose manufacturing career was about to end, has been laid off and rehired several times during his 18 years at Paper Converting. Earlier this year, he accepted a pay cut and a reduced job classification as conditions of coming back to work. He was put on notice that another layoff was likely this month.

For several years, Anderson has been preparing for life after manufacturing. Last year, he received an associate's degree as a computer specialist. He has been searching ever since for an entry-level tech job. "I thought I would get a job as soon as I got out of school," he said. "But I probably have a few strikes against me. I'm 50 years old."

Last week, Anderson's luck appeared to turn. IBM offered him a temporary job as a desktop support staffer in Racine, a three-hour drive from Green Bay. He plans to sleep on the couch in his son's apartment in Milwaukee and drive home on weekends. The job pays about \$5 an hour less than he once made, provides no benefits and is short-term — good for only 12 to 18 months.

Today, Anderson will exercise his right to go on layoff ahead of schedule. He will start with IBM a week later.

"I've taken a real hit," he said. "If there were jobs in the area here, I wouldn't be doing something like this. But I'm at a point where I really don't have a choice. If I want to continue working, this is what I have to do."