

Title: **Overhaul Capitalism to Save the Middle Class?**
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Overhaul Capitalism to Save the Middle Class?

As the political campaigns for president heat up, you will hear phrases from the left like “capitalism is dead” or that the middle class has been “hollowed out.” Such claims are meant to evoke a feeling of general economic discontent

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because of disappearing employment opportunities and sliding incomes. The data offer a much different picture.

Total nonfarm employment stood at about 152 million by the end of 2019. The U.S. Bureau of Labor Statistics (BLS) uses this measure to

gauge the overall health of the national labor market. Is that number good or bad? For perspective, 20 years ago it was 131 million. This means that our economy has generated

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some 21 million new jobs since 2000. This is roughly equivalent to expanding employment equal to the population of the state of Florida. That does not sound like a dysfunctional economy.

Naysayers respond by saying it could be better. Maybe, but remember that this jobs increase occurred during a time that included the most wrenching economic and financial calamity since the Great Depression. The Great Recession, which lasted from 2007 through 2009, was a significant blow to the economy’s job-creating ability, and recovering from that shock took far longer than anyone expected.

But the recovery did occur and it continues to this day. Spanning two very different White House administrations, total employment has increased to where it now stands at its highest level since 1940.

Even if there are more jobs, haven’t those good old middle-income jobs of the past disappeared? Depends on what you mean by middle-income jobs.

Say middle-income jobs and many think of factory jobs, machine operators or, more generally, those folks who worked with their hands. True, those manual-labor jobs are not as plentiful as they once were. Even so, the BLS reports that the

number of jobs in manufacturing increased about 12 percent since the recession ended a decade ago.

So what has changed? What has changed is the composition of what constitutes a middle-income job. Capitalist economies require successful businesses—businesses that continue to employ workers—to keep abreast of advances in their industry. That basic fact of survival in business means that if advances in robotics and software make it cost-effective for your company to replace some workers with machines and programs to handle repetitive tasks, you probably will.

Competition works

that way, like it or not. If the vast majority of us have swapped out our wood-fired stoves and rotary phones for their modern versions, why shouldn’t we expect businesses to act similarly when it comes to using the least costly means available to produce whatever good or service they provide?

Michael Strain of the American Enterprise Institute suggests that focusing only on job displacement misses the bigger picture. Yes, some jobs become obsolete with progress—think buggy makers during the rise of the automobile. But other new job opportunities emerge.

Strain points to an

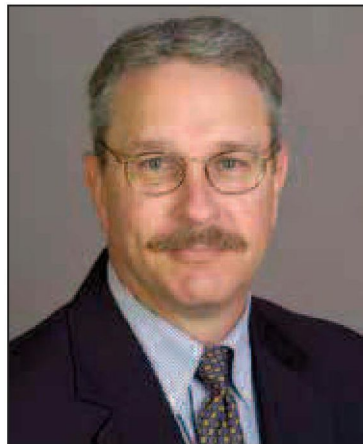
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emerging set of “new middle” jobs. Jobs representing this new middle are defined by a more modern set of skills, such as computer know-how, adaptability across tasks, and social awareness.

The new middle jobs that are displacing the so-called traditional jobs include sales representatives, managers of personal services, computer support specialists, health technologists and technicians, audiovisual technicians, chefs and head cooks, and food service managers. Jobs in this new middle now comprise about 13 percent of total employment while the more traditional middle-income jobs have fallen to about 8 percent of the total.

The economy and its workplace are ever-changing. Skills once thought to guarantee a middle-income life are being transformed with changes in production technologies. Change is disruptive, for good and not so good. The reality is that today’s middle-income job just isn’t what it used to be. Knowing this can throw a very different light on the condition of the labor market, and the middle-income household.

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