

Trade agreements have disrupted labor markets but so has automation

Over the years we have written a number of columns that deal with agricultural trade. One of the most consistent pieces of information that we have tried to convey to our readers concerns grain exports, especially corn exports. We have pointed out that despite “trade-oriented” agricultural policies and international trade agreements, corn exports have been down-to-flat since they hit their peak in the 1979 and 1981 crop years. That was true when we began writing this column in 2000 and it is true today.

International trade agreements were a hot topic in the election that is now behind us and a number of agricultural groups were strong in their support of the recently negotiated Trans-Pacific Partnership (TPP) while others were equally opposed. As the new administration begins its work, the fate of the TPP is in limbo with some in Congress wanting it to be ratified while the President and others in Congress want a reset. As we wait to see what happens, we want to use this time to engage in a discussion of trade and jobs.

One of the accusations levied against earlier agreements is that they were job killers. In the textile industry we have seen mills and apparel manufacturers move from northern states to southern states in search of cheaper labor. The industry then moved across the border to Mexico and now you look inside the tee shirt you buy and it has the name of a country in South America or Asia. Those tee shirts represent a product that once was produced by US labor.

And it’s not just textiles, so it is understandable that people blame imports for the loss of US jobs. We wish that it were just that simple. In the early 1960s, Billy Edd Wheeler wrote a song, “Coal Tattoo,” that includes these lyrics:

Someday when I’m dead and gone
To Heaven, the land of my dreams,
I won’t have to worry on losin’ my job
To bad times ’n big machines.

A half-a-century ago, Wheeler identified one of the major factors we see in the current loss of jobs, not only in Appalachia, but all over the US. The factories that remain in the US now use far fewer employees than they did a couple of decades ago, not to mention when Wheeler wrote “Coal Tattoo.” Since Wheeler wrote those words we have moved from “big machines” to smart machines. All one has to do is to compare a 1962 tractor to one that is built today. The change is nearly as big as the shift from horses to gas tractors.

As agricultural economists, we are concerned about jobs as well as agricultural production. Over the last 50 years we have seen the consolidation taking place as one producer with big equipment can grow more than 5 farmers once grew. And many of those farmers and their children have moved to the city in search of jobs. Some of those who are unemployed or stuck in low-wage jobs were once members of a farm family.

With the issue of trade-related job losses, we are told that the US is moving into advanced manufacturing which will provide high-paying jobs. Some point out that there are a million jobs that are currently going unfilled because employers can’t find people with the needed skills. All people need to do is go back to school and get the proper training.

Certainly that has to happen, but education alone will not solve the employment problem for everyone. A million jobs will help, but that number represents just 5 or 6 months of the increase in civilian employment in the US. So what happens to everyone else who wants a higher

paying job? One of the movements in that area is the push for an increase in the minimum wage to \$15.00/hour. That would make a difference to a lot of people.

But even so, we need to look at the broader issue of employment. As we look at the population as a whole, we need to recognize that people have a wide range of intellectual skills from those with developmental disabilities to those who blow the top off the IQ chart. More education is not the answer for everyone, neither is entrepreneurship. Some people can run a successful business and some cannot.

Historically, periods of time with wage stagnation and the shortage of jobs have been times of civil unrest. It was true in England when the manufacturing of stockings shifted from a cottage industry with good pay to woolen mills with low paid workers and it was true in the 1930s.

So, for us, the question becomes, “How do we provide the full range of jobs needed so that all people have the opportunity to hold a job and/or receive an income guarantee that allows them to live with dignity?” We remember the discussion of the impact of automation on employment back in the late 1950s.

It is a discussion that we are lacking today; it is a discussion we need to engage in.

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