

# WORK IN THE TWO SOUTHS: CHALLENGES AND PROSPECTS

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Work was the factor that led to development of the South, especially industrialization.

FDR characterized the South in 1938 as the “nation’s number one economic problem”: lowest per capita income in 1937, about half the figure for the rest of the country; half of the South’s LF was farmers (half of those were tenants or sharecroppers who didn’t own the land they farmed); Southern farms were small and inefficient; industrial wages were low (mfg industries such as textiles paid low wages). So people migrated away from the South.

By the 1990s, the South led the nation in manufacturing employment, with NC the state having the highest proportion of its LF in manufacturing.

Still, the South lags behind U.S. on many quality-of-life indicators (life expectancy, suicide rates, health problems, literacy rates, crime). Legacy of poverty in various areas of the South.

Thus, **work** in the South remains a policy lever for addressing the variety of ills that Southerners face.

In this brief talk, I will examine recent changes in the work that Southerners do. I will argue that this development has been uneven, resulting in the creation of TWO SOUTHS. Thus, policies need to be targeted accordingly at these two Souths.

## Changes in Jobs in the South

### --Increase in jobs

**1980-2000: total employment in the South increased by 42%**; increase of 14.6 million jobs (25.4 million to 40 million).

1990-2001: Jobs in South increased 58% vs. 42% for US  
Population in South increased 35% vs. 21% for US

Though job growth has stagnated since 2000 (growth flat or less than 1.5% increase in all Southern states except for VA and FL; MS has declined slightly). UR in 11 Southern states increased from 2000 to 2004 (though are lower than in 1980 in every Southern state).

A reason for this growth has been largely the **specific structural context of the South**: low cost of living; cheap, abundant land; access to cheap labor—not just for businesses but for professionals; and a beneficial tax structure; low unions). The South's success was due to “stark differences in operating costs” and “attitudes toward business.” These include subsidies, low wages. Source of foreign investment.

**--Where are these jobs?**

--Located in **metro** areas. The vast majority of new jobs in the South were in Texas, Florida and about a dozen metro areas.

Job growth in metro South, 1980-2000:  
67% vs. 31% in Nonmetro South

Population growth in metro South, 1980-2000:  
42% vs. 14% in Nonmetro South

--**Service industries**, not manufacturing or agricultural. **Industry** sector of jobs gained in the South, 1978-1997:

Service industries increased 45%  
FIRE 5% (Charlotte as banking center)(Bank of America)  
Retail trade increased 20% (Wal-Mart)(Food Lion)  
Government increased 10%

Manufacturing 2%  
Agriculture 2%  
Construction 5%

**--Occupations** in the South, 1970 vs. 1999

Increase in Managerial and Administrative (10% to 13%)  
Increase in Professional and Technical (11% to 17%)

Increase in sales occupations (6%-13%)  
Increase in service occupations (12% - 14%)

Big declines in clerical, semi-skilled and unskilled blue-collar and farmers

Shift from Outdoor and factory work (1960s) to indoor and office work

Growth in contingent workers

## **Three Challenges Related to Work in the South**

The problems of work in the South are not so much about **unemployment**, or quantity of jobs: unemployment in South is not all that high relative to other regions in the U.S. (and unemployment in the U.S. tends to be relatively low by historical standards).

However, most states have seen increases in share of L-T unemployed workers and discouraged workers (so joblessness situation is more complex than URs suggest).

### **1. What is the Quality of the jobs that are being created in the South?**

**Growth in polarization/Bimodal:**

**“2 Souths”** (*State of the South*) in at least three senses:

--one urban and prosperous, the other rural and declining in jobs, population and confidence.

--Atlantic Seaboard South doing well, sister states to the west doing poorly

--One white, one black.

Here: ***Good Jobs, Bad Jobs***

**Good Jobs:**

--Knowledge work

--High wage/GJ require high skills and high education

Many of these jobs are in the growing metro areas

States' policies of economic development have been somewhat successful in attracting branch plants and offices of Northern and foreign companies. Governments do provide tax incentives, etc. to attract businesses (this is still the typical pattern—a relatively small percentage of Fortune 500 companies are headquartered in the South). But there are limitations on their ability to do this, and these strategies often put states in competition with each other.

States can provide incentives to start-ups, and there are many examples of successful companies started in the South, including: Dell and Compaq computers and Texas Instruments, Coca-Cola, banking, etc.

**Bad Jobs:** (Under-employment)

--Sales and services (child care workers, nursing home attendants, janitors and cashiers)

--Low wage/bad jobs

Some of these are in metro areas, increasing in response to the needs of the growing upper middle class jobs created in these areas.

Others are in rural areas. Decline in manufacturing sector has had a devastating impact on many rural communities.

Decline in manufacturing due in large part to globalization: the offshoring of relatively well-paid manufacturing jobs in the South to low-wage countries.

3 of the 4 major concentrations of **rural poverty** are in the South.

28.5% of jobs in the South paid less than poverty wages in 2005 (about \$9.60) (compared to 27.3% in the U.S. as a whole)

46% of jobs in the South did not provide health insurance in 2005 (compared to 44.9% in the U.S. as a whole)

***Polarization of income:***

The polarization of jobs is related to polarization of income.

5 Southern states (TN, FL, LA, KY, NC) are among the top 10 states in terms of the size of the gap between the top 20% and bottom 20%.

4 Southern states (KY, FL, TN, NC) are among the top 10 states for their gap between the top and the middle.

**2. Challenges for the Government Produced by the Growth of Good and Bad Jobs**

Creating more good jobs, and avoiding bad jobs, requires **government intervention**. This is a big challenge for the South, since in many states there is a tradition of government laissez-faire (reflected in low or no state income taxes). Tendency to let “markets do it.”

Economic growth is the highest priority; not much role for public sector, except for supporting education.

There is little in the way of government intervention except for education.

Three pillars of state's workforce development policies:

- Education and training programs
- Economic development policies
- Work supports

### **Education Deficits**

Creating more good jobs and attracting good jobs to the South requires a greater commitment to education.

Education deficits are seen especially in rural areas, when manufacturing companies are discouraged from locating in an area due to the lack of a skilled labor force.

A recent *State of the South* report shows that the South has gained on the rest of the country in the percent of adults aged 25+ who have at least a college degree (22% in 2000, vs. 24% for U.S.) and closed gap in the percent of adults aged 25+ who have less than a HS education (23% in 2000 vs. 20% for the U.S.)

Gap in public schools: Article in *Raleigh News and Observer* (October 30, 2007) reported a study by the Atlanta-based Southern Education Foundation that found that the South is the only region where low-income students are a majority in public schools. In the South, 54% of students in public schools are low-income (an increase from the 37% in the late 1980s). A majority of public school students in 14 states are poor; 11 of these states are in the South (84% in Louisiana, 75% in Mississippi, 62% in Florida; 49% in NC; 33% in Virginia).

South, as a region, spends less per pupil on education than do other parts of the country.

This story does not mention that in many areas, people who can afford it are sending their children to private schools.

This underscores important mission of community colleges and regional public universities to provide access to college for people who are the first generation in their families to attend college.

### **Bad Jobs**

Need health insurance and other help in dealing with insecurity

Lingering poverty. Also lots of NEAR-POOR people.

Health issues: making people ready to work.

Living wages.

### **3. Challenges for educators, legislators, worker advocates produced by the growth of multi-ethnic character of the South.**

South is a multi-ethnic society. This is true of non-South too, but the phenomenon of multi-ethnicity is newer in the South. **Increase in immigration** (domestic and foreign): Latinos and the Continuing Legacy of Race. South largest recipient of domestic migration. Large foreign immigration, mostly from Latin America (so growth of Hispanic population likely to be very important).

There is a **convergence between bad jobs and race/ethnicity** (Latinos and Blacks are more likely to have the Bad Jobs). Race disparities in job quality, income. Race gap is greater in South than in non-South.

(In Atlanta, there may be polarization within African-American community. Atlanta is unique and the home of the black middle class and blacks returning to the South)

Immigration: identity politics.

What is role of undocumented immigration in the policy agenda?

1) Need to equalize educational attainment, and access to education for all.

2) Need to provide immigrant workers and African-Americans with a voice and build their social capital:

--Worker Centers

--Community partnerships (with religious, environmental, immigrants rights groups, etc.); Industrial area foundations.

--Living wage campaigns