

Hey Welcome back. Today we will be talking about structural unemployment in the rust belt.

Steel manufacturing was first introduced to the United States, by the philanthropist or robber baron however you view it, Andrew Carnegie. Bringing the Bessemer process to America, coupled with Carnegie's vertical integration allowed middle America to boom. Cheaper steel allowed automotive manufacturers to flourish as well. With Henry Ford's invention of the assembly line parts of Illinois, Indiana, Michigan, Missouri, New York, Ohio, Pennsylvania, West Virginia, and Wisconsin were once home to manufacturing hubs. Access to easy shipping routes through the Great Lakes and railroads, gave the whole nation access to mass produced products on a never before seen scale.

Today those areas in Illinois, Indiana, Michigan, Missouri, New York, Ohio, Pennsylvania, West Virginia, and Wisconsin are all home to what is colloquially known as the Rust Belt. When the world went to war again in 1939, American factories produced war goods for their ally, Britain. This employed America's middle class. When America entered the war in 1941, women took over working in the factories that shifted their production from mostly peace goods like family friendly automobiles to mostly war goods like tanks. After the war ended in 1945, European manufacturing was low. Years of war on their soil left their industries incapable of producing for their needs. Again, American manufacturing provided industrial goods for the world. Then the demand began to decline, and thousands of Americans found themselves structurally unemployed.

By the 1970's the population of this region had peaked, and has been in decline ever since. The story is the same across the region today, factories continue closing their doors, towns are becoming empty, and some areas can't even keep a grocery store local. This is best evidenced by my dear grandmother who lives in what was once known as the Carbon Capital of the World. My grandma misses being able to shop and any store within an hour radius besides Walmart. Her favorite clothing store closed. The local appliance store closed. Walmart also has little to no competition in her area of rural Pennsylvania giving the company no reason to maintain product quality. So, she has access to a grocery store, but not one with consistently fresh fruits and vegetables.

The effects of outsourcing and technological advancements are obvious in areas where factories were the main employer. But, they stretch beyond just the plant, they affect the whole community, just as outsourcing steel affects the construction, energy, packaging, appliance, and automotive industries. The monetary benefit to these industries of purchasing their inputs for a cheaper price is certain. But domestic production then declines as these industries follow suit in outsourcing and developing technology to make products faster with less people.

I believe the most important impact this has on America is the decline of the middle class and the rise of structural unemployment. There becomes a larger gap between richer and poorer, the have's and the have not's, and who can afford to send their children to college. The quickest, and easiest way to break out of this cycle is to go to college and graduate with a job in the service industry. But that is becoming increasingly difficult for those who find themselves in the middle or lower classes.

When Carnegie opened his factory he was creating jobs for the middle class. When companies today develop new technology, they are often taking jobs and opportunities from the middle class leading to unemployment that affects all areas of the American economy.

Additional consideration needs to be given to areas where manufacturing once flourished, the American Dream isn't an attainable reality for many left there. Ensuring the livelihood of people that depend on these jobs should be more important than a large company saving some money. It is unrealistic to rid our nation of jobs that create a comfortable middle class for the sake of a net economic benefit. Maintaining a range of jobs ensures the health of the economy as a whole since less people are unemployed. The Rust belt shows what can happen when profit becomes more important than people.