



REUTERS/REBECCA COOK

THE BLUE-COLLAR BLUES

MILLIONS OF LOW-SKILL, HIGH-PAYING JOBS DISAPPEARED DURING THE RECESSION AND MAY NEVER COME BACK

SPECIAL REPORT

BLUE-COLLAR, UNEMPLOYED AND SEEING RED

During the downturn, more than 8 million U.S. jobs vaporized. Many won't be coming back. As the manufacturing sector shrinks, Americans whose formal education stopped after high school are finding their paths to the middle class increasingly blocked -- and more and more of them blame Washington.

BY JAMES B. KELLEHER
FERNDALE, Michigan, September 15

Scott Stevenson was only 10 years old when he first heard grown-ups voice the gloomy words that, in retrospect, predicted the disappointing arc his life has taken.

"I remember them actually telling us that our generation would be the first not to be better off than our parents," said the 39-year-old Stevenson. "It was fifth grade and I remember thinking, 'How do you know?'"

Three decades later, the pessimistic prognostication he was so quick to dismiss as a boy now seems, as he put it, "like a prophecy."

Stevenson is one of the 14.9 million U.S. workers who are officially jobless, according to the latest statistics from the U.S. Department of Labor. More depressingly, he is also among the 6.2 million unfortunate enough to have been that way for 27 weeks or more -- a beleaguered cohort that the government dubs the "long-term unemployed."



"I HATE IT...I'M ALMOST 40 YEARS OLD AND I'M NOT ABLE TO TAKE CARE OF MYSELF. BUT I DON'T HAVE ANY OTHER OPTION."

SCOTT STEVENSON Ferndale, Michigan. August 31, 2010. REUTERS/REBECCA COOK



STATE OF THE UNION JOBS: Many say President Obama hasn't done enough to fight unemployment. Washington D.C., June 11, 2010. REUTERS/LARRY DOWNING

Over the past four years, Stevenson has lost almost everything. His \$38,000-a-year factory job as well as the three-bedroom home it helped him buy are gone. Two years ago, when his mortgage company finally foreclosed on him, he moved into the basement of his parents' home.

"I hate it," he said. "It's driving me nuts. I'm almost 40 years old and I'm not able to take care of myself. But I don't have any other option."

In June, after 99 weeks on the dole, his unemployment benefits ran out. He hasn't had to sell his truck and work tools -- yet -- and he recently picked up some temporary contract work that put a little cash in his pocket. But he spends most of his days at his parents' home, trawling the Internet for jobs that don't pan out or playing computer games -- "anything," he said, "that doesn't cost money."

On warm days, he takes his bike out for a ride around the neighborhood. It's an older subdivision than where he lived, filled with solid-looking but modestly sized brick homes.

It sits alongside I-696, a highway dedicated to Walter Reuther, the union organizer whose strikes against Ford Motor Co and General Motors in the early 1940s forced the U.S. car industry to recognize the United Auto Workers union. In the process, Reuther helped produce this country's blue-collar, middle class, a group whose prosperity helped shape the post-war U.S. economy and was, for decades, the envy of workers worldwide.

Reuther died in 1970 and the dream he helped create began unraveling soon thereafter as employment in manufacturing -- the sector that, together with construction, reliably sustained the blue-collar middle class -- steadily shrank.

“USED TO BE IF THE DEMOCRATIC PARTY WAS IN POWER EVERYBODY GOT A PIECE OF THE PIE...NOW, NOBODY IS GETTING A PIECE OF THE PIE.”

But the U.S. recession and the nearly simultaneous restructuring of the auto industry have delivered the most savage one-two punch that class has absorbed in a generation. Of the more than 8 million U.S. jobs lost in the downturn, nearly half were in either manufacturing or construction -- higher-wage sectors that traditionally provided entry-level jobs that turned into well-paying careers jobs for people like Stevenson, whose formal education stopped after high school.

In a midterm election year, where the economy is issue No. 1, his plight and that of millions of men and women like him helps explain the sagging support for President Barack Obama's Democratic party, which is expected to see its majorities in the House of Representatives and Senate eroded in the Nov. 2 vote.

One of the people voting Republican that day will be Stevenson's mom, 63-year-old Joan Stevenson. The daughter of a machinist and a self-described "Jack Kennedy Democrat," she voted for Obama in 2008 but has been disappointed by how little his administration's policies have helped unemployed workers like her son.

"The Democratic Party isn't what it used to be for us," she said. "The philosophy used to be if the Democratic Party was in power everybody got a piece of the pie, and if the Republicans were in power the rich got a piece of the pie. Now, nobody is getting a piece of the pie."

'TOUGH TIME FOR SOME TIME TO COME'

Unfortunately, economists, executives and other labor-market watchers say many of the jobs lost in the downturn, particularly in manufacturing, are never coming back.

That's because in spite of the downturn, and in some cases because of it, companies have continued to invest in labor-saving, productivity-enhancing technology here in the United States as well as offshore high volume, low-margin and labor-intensive work abroad.

"It's competitive forces and technology that (are) taking those jobs and reducing them in both quantity and complexity," said Jeff Joerres, the chief executive of global employment services company Manpower Inc.

And while the construction market will eventually rebound, employment in the sector is unlikely to ever return to the record levels seen at the height of the housing bubble. "What seems very likely," said Gary Burtless, an economist at the Brookings Institution in Washington, D.C., "is that those people who made their living in construction and in manufacturing are going to have a tough time for some time to come."

Prospects for workers like Stevenson will be "much, much worse," according to Burtless. That's because the anemic labor market is forcing unemployed workers with college educations to settle for jobs that don't require their degrees.

Right now, those are just about the only kinds of jobs that seem to be out there, according to a recent analysis of Bureau of Labor Statistics data by the National Employment Law Project. The study, released just before Labor Day, found that while jobs paying \$17.43 an hour or more accounted for nearly half the positions lost in the downturn, they have accounted for just 5 percent of those created in the recovery. Most of the new jobs are concentrated below \$15 an hour and in service industries like retail sales, food preparation, waste removal, or health-care.

It's not that jobs aren't being created in manufacturing -- they are. But they are fewer in number and either pay far less than the jobs of old or require technical skills. Landing such work is often impossible without certifications from groups like the Manufacturing Skills Standards Council and the National Institute for Metalworking Skills, which can entail rigorous and lengthy course work.

The upshot, says Joerres, is that the relatively easy path blue-collar workers traveled for two generations to reach the middle class, a path that created millions of consumers with the purchasing power to buy the goods that U.S. companies produced, is narrowing if not altogether disappearing.

U.S. manufacturing, construction jobs

Nearly half of the more than 8 million U.S. jobs lost in the downturn were in manufacturing or construction -- sectors that traditionally provided higher paying entry-level jobs for workers with high school educations



“THE STORY ISN’T WHO IS BEING LEFT BEHIND. THE STORY IS EVERYBODY IS BEING SCREWED.”

The changes are affecting U.S. corporate culture, where Joerres said “we’re seeing a bifurcation between entry-level jobs and management.” But the implications extend well beyond the manufacturing industry and the Midwest states of Michigan, Ohio, Indiana, Iowa and Illinois where it is concentrated.

‘BROAD-BASED IMMISERATION’

In a speech in Michigan in August, Narayana Kocherlakota, the president of the Federal Reserve Bank of Minneapolis, drew attention to one of the great ironies of the current recovery: While the number of job openings has risen by about 20 percent over the past year, the U.S. unemployment rate has gone up, not down. “Workers want to find work,” he said, “but can’t find appropriate jobs.”

The reason, Kocherlakota went on to explain, is that there is a fundamental mismatch between employer needs and worker skills. “It is hard to see how the Fed can do much to cure this problem,” he said. “Monetary stimulus has provided conditions so that manufacturing plants want to hire new workers. But the Fed does not have a means to transform construction workers into manufacturing workers.”

But even if the Fed could perform that magic, those manufacturers that are hiring again aren’t creating anywhere near enough jobs to re-employ the more than 2 million workers they laid off during the downturn, never mind the 2 million construction workers who have lost their jobs.



MAKING A POINT: President Obama has lost public support since entering office, partially due to the slow recovery and high unemployment. July 7, 2010. **REUTERS/KEVIN LAMARQUE**

Sherle Schwenninger, an economist at the New America Foundation, a progressive policy group in Washington, worries that the prolonged joblessness for blue-collar workers that mismatch implies will swell the country’s permanent underclass, disconnecting millions more Americans from the mainstream and making them more prone to a litany of social ills.

“That should be quite disturbing to Americans,” he said. “They lose their social capital, they lose their skills, they lose their confidence and -- as we’ve seen with regard to black males in certain locales -- you have a coarsening of the social fabric, a breakdown of community and increasing resort to criminal and anomalous behavior simply because people aren’t part of a healthy economic and social community.”

Even workers lucky enough to have kept their jobs -- or found new ones -- are feeling the effects of these blue-collar blues in the form of suppressed wage growth, economists say. As a result, Lawrence Mishel, the president of the Economic Policy Institute, a liberal research group in Washington, D.C., predicts the coming years will be marked by what he calls “broad-based immiseration.”

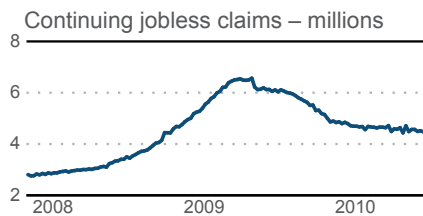
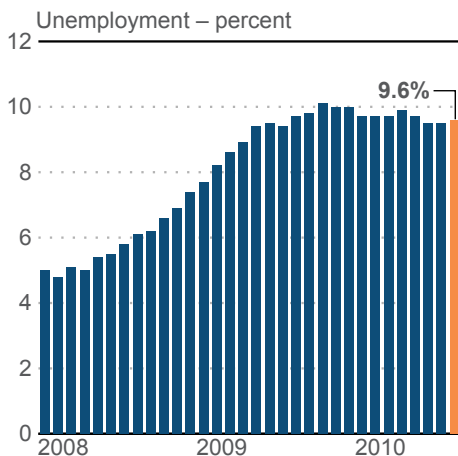
“The story isn’t who is being left behind,” he said. “The story is everybody is being screwed.”

‘IT WAS ALL HERE’

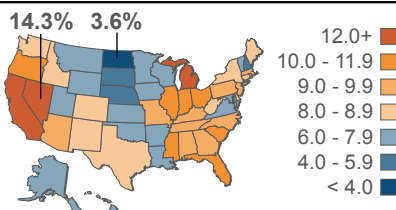
Stevenson was born in 1971 and grew up in the suburb of Ferndale, where I-75 and I-696 freeways cross just north of Detroit, a community that was chock-a-block with tool-and-die shops, iron works, coil makers and other small manufacturers tied to the region’s all-powerful auto industry.

U.S. unemployment picture

August unemployment rate edged up to 9.6 percent even as fewer people continued to receive jobless benefits. California, Nevada and Michigan maintained the highest rates in the U.S.



Unemployment by state (July) – percent



Source: U.S. Labor Department

Reuters graphic/Stephen Culp



NEXT GENERATION: Scott Stevenson has had a much different experience from his father Mike's, who worked in manufacturing for years. September 9, 2010. REUTERS/REBECCA COOK

"Up to 10 years ago, you could have had anything made within 45 minutes of the intersection of I-75 and I-696," Stevenson said. "It was all here. It was booming."

The buildings that housed them are still there along commercial streets with names like 9 Mile and John R, reminders of those good old days. But most now sit vacant with FOR LEASE and FOR SALE signs.

Stevenson's father worked as a pipefitter at Ford; his mother was a clerk at the local office of the automobile club. Nearly every household in the neighborhood was connected to the car business. "I'm so Detroit I bleed motor oil," Stevenson said.

He attended high school in neighboring Hazel Park, where he worked on the yearbook and hung out in the school's new media lab, shooting short video sketches inspired by the TV program "Saturday Night Live" with friends.

After high school, Stevenson went to a trade school hoping to become a broadcaster. But entry-level opportunities in a big media market like Detroit were few and he quickly fell into the trades. Since then, he's done it all, from digging ditches and running blueprints to welding heavy equipment and repairing hydraulic and pneumatic equipment.

"If I'd grown up in California, it probably would have been completely different because of Silicon Valley," he said. "If I'd grown up in Washington, I definitely would have been looking at Microsoft as opposed to Ford, GM or Chrysler. Location kind of dictated where you went."

"THEY HAD THEIR BOOT ON YOUR NECK AND WERE YELLING, 'GET IT DONE, GET IT DONE... NOW GET OUT.'"

But instead of experiencing a rising standard of living over time like his dad, who worked at a number of smaller manufacturers before getting into Ford, Stevenson has suffered setback after setback in his career.

Gone was the security and stability his father knew. "When the work was there," Mike Stevenson, 66, remembered, "you could say, 'I don't want to work for you anymore,' walk out the door and have a job down the street."

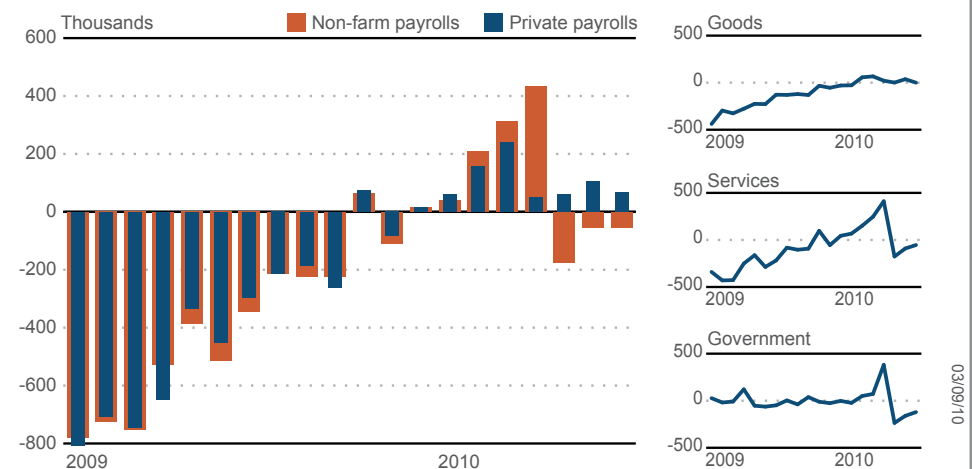
In its place was a more cut-throat environment -- "They had their boot on your neck and were yelling, 'Get it done, get it done, get it done. Now get out,'" Scott Stevenson said -- with no benefits, few breaks and frequent layoffs.

Still, he managed to buy his first new vehicle when he was 29 -- the 2000 Ford Ranger pickup truck he continues to drive today. Five years later, he bought a house about 40 miles away from Ferndale for \$130,000. And in 2006, he had his best year ever, earning \$38,000 a year at a plant that built material handlers for GM. But he accomplished that by clocking 15 to 20 hours of overtime almost every week, a schedule that left him little personal time.

"One of the reasons I'm not married is I've always been working," he said. "Or not working. You're either 60 hours a week or not at all."

U.S. payrolls

Payrolls declined less than expected in August from upwardly revised June and July data. While the private sector added 67,000 jobs, decreases in government payrolls led to the overall loss of 54,000.



Source: U.S. Labor Department

Reuters graphic/Stephen Culp



"HOW IS MORE PEOPLE, KEEPING MORE OF THE MONEY THEY EARN, BAD FOR THE ECONOMY? THE ANSWER IS – IT'S NOT."

But beginning in 2007, "it went straight downhill." First the overtime disappeared. Then the job vanished, too. Stevenson was able to cobble together some temporary work but when the real estate bubble popped and pulled the world into a financial crisis, even that dried up.

Two years ago, as Stevenson was falling further and further behind on his mortgage payments and the bank was beginning to foreclose on him, a tornado touched down nearby. "I was half hoping the half-dead tree I had in the backyard would fall on the house so the insurance would pay for it and I'd get out," he said. "But it didn't happen. As far as I know, the tree's still there mocking me."

Stevenson insists he holds no grudge against the business community for its unwillingness to hire. "I understand they have to hoard the money because they don't know what's coming around the corner," he said. "They wonder what DC's going to do. ... They know healthcare reform is around the corner. Everybody's real tentative."

And even though he's been forced to move back in with his parents and has virtually no income, he opposes Obama's proposal to let some tax cuts for the wealthy, dating back to George W. Bush's presidency, expire at year's end in order to raise revenue and reduce the deficit.

"How is more people, keeping more of the money they earn, bad for the economy?" he said. "The answer is -- it's not."

Perhaps most surprisingly, Stevenson says he's worried Obama and the Democratic Congress may move to extend unemployment benefits past 99 weeks early this fall in an effort to curry popular support ahead of the midterm vote.

"That could be the October surprise," he said, "to try to buy people's votes."



DOWN THE LINE: Manufacturers are using technology to streamline operations. They're requiring fewer – but more educated – workers. Detroit, Michigan, March 31, 2010. **REUTERS/HO NEW**



AMERICAN BREAD & BUTTER: GM shocked the nation and shook the working middle class in Detroit when it filed Chapter 11. Detroit, Michigan, May 28, 2009. **REUTERS/MARK BLINCH**

DOING MORE WITH LESS

In the two years since he lost his job, millions of manufacturing workers have joined Stevenson on the unemployment line as companies in the sector responded to the downturn by slashing their payrolls with unprecedented speed.

In 2009 alone, the sector laid off 11.4 percent of its total workforce -- the largest one-year percentage drop in manufacturing employment since the Great Depression, dwarfing even the 10.4 percent drop seen in 1945, when America's victorious industrial war machine throttled back production.

Over the past year, industrial America has rebounded. Leading manufacturers like General Electric Co, United Technologies Corp, Caterpillar Inc, Honeywell International Inc and Ingersoll Rand Plc have posted stronger-than-expected profits. And some, like Caterpillar, which laid off 30,000 workers worldwide in 2008 and 2009, have also begun hiring again.

But a couple of things are happening simultaneously that dim the prospects even further for manufacturing workers like Stevenson idled in the slump.

First, the embrace of lean manufacturing techniques and investment in labor-saving technology -- both of which continued despite the slump -- means the industry does not need as many workers here as it did in the past. As Doug Oberhelman, the new chief executive of Caterpillar, told investors in New York this summer, "we will do more for less."

Second, when manufacturers decide they do need workers, they don't always need them here. Caterpillar, for instance, says it hopes to rehire a total of 9,000 workers before year's end. But only a third of the promised jobs will be inside the United States as the company continues to align its manufacturing footprint and headcount with its sales, 62 percent of which now come from overseas.



THE HUNT: People wait in line to enter the City University of New York Big Apple job fair in New York, New York City, April 23, 2010. **REUTERS/SHANNON STAPLETON**

“YOU CAN’T SWEEP THE FLOOR ANY MORE WITHOUT A PH.D.”

Third, the work that remains here in the United States often requires more technical skills than the manufacturing jobs of old.

Consider, for instance, the job of a machinist. True, the basic job function hasn’t changed: machinists produce precision metal parts. But the drills, lathes and mills and other tools they use on the modern factory floor are almost always computer numerically controlled -- CNC for short -- and only as precise as the instructions provided by their operators.

As a result, machinists today not only need to be able to write basic computer programs -- they’re expected to be able to troubleshoot those programs, and rewrite them if necessary, if they encounter problems during production.

“They’re massively better educated, massively better trained and massively more productive today than they were back in the old days,” said Mike Montgomery, an economist at IHS Global Insight. Stevenson’s mom puts it more bluntly. “You can’t sweep the floor any more without a PhD,” she said. “That’s what he’s up against.”

Of course, some corners of U.S. manufacturing are doing worse than others. Companies that make the big, pricey products that the blue-collar middle class once purchased with their better-than-average wages and played with on the weekend -- the heavyweight motorcycles, the aluminum fishing boats, the campers and motorhomes -- continue to suffer.

Two prominent companies in the space, Harley-Davidson Inc and Brunswick Corp, have spent the last few years radically resizing their manufacturing operations for what is likely be the new normal in the United States -- one that reflects the downward mobility of the blue-collar middle class. They are, in essence, hacking away at their traditional customer base. That’s having a ripple effect on employment up and down their supply and distribution networks.

Judith Crocker, who works for an industry-supported group that helps retrain industrial workers in northeast Ohio, where manufacturing employment tumbled nearly 40 percent over the past 25 years, sums it up well. She talks about the effect the 2005 closure of Ford’s Lorain Assembly Plant, outside Cleveland, had on local workers and the lifestyles they once considered their blue-collar birthright.

“If you knew somebody at 17, you could get in there and you could work for 30 years, work on the production line, make a good leaving, live the American dream,” she said. “In the Ford plant, thousands of the workers -- my guess is probably a third of them -- barely finished high school. And they didn’t have to. They made a great living. They had an RV. They had a boat. They had this and that. Those jobs are gone.”

GOVERNMENT RESPONSE FAULTED

Manufacturing executives like Ron DeFeo, who runs Terex Corp, and labor union chiefs like Bob King, the new head of the UAW, rarely see eye to eye. But ask them to assess the federal government’s response to the unemployment crisis, and their responses are remarkably consistent -- and not just in the critical tone they take.

Both fault lawmakers, including President Obama, for failing to make job creation the No. 1 priority over the past two years and insist Washington, D.C. could have put millions of construction and manufacturing workers back to work by funneling more money into infrastructure improvements.

In early September, Obama belatedly signaled his support for some added infrastructure investment along the lines that DeFeo has urged and King has marched for. But his proposal, outlined in a Labor Day speech in Milwaukee, falls short of what even leading members of his own party have advocated.

A year ago, the so-called transportation bill, the legislation used to pay for the country’s bridges and highways and rail network that comes up for renewal every six years and typically wins bipartisan support, expired -- smack dab in the middle of the worst downturn since the Great Depression.



GET IN LINE: People wait in line to enter the NYC Hires Job Fair after the Senate passed a modest jobs creation bill in February. New York City, February 24, 2010. **REUTERS/SHANNON STAPLETON**

The chairman of the House Transportation and Infrastructure Committee, U.S. Rep. James Oberstar (D-Minn.), proposed increasing spending on roads, bridges and high-speed rail to \$500 billion during the next six years, up from about \$286 billion over the past six years and 10 times the \$50 billion that Obama proposed in his Labor Day speech.

Such an outlay would be welcome news for the construction industry, where one in five workers is jobless. But it would have also bolstered the fortunes of equipment manufacturers like Terex, Caterpillar and Deere & Co -- and the thousands of smaller manufacturers who supply them -- by showering money on the construction contractors who are their customers, and who have been reluctant to buy new earth-moving equipment ever since the housing bubble popped.

"It's in the American historical experience," said Schwenninger at the New America Foundation, referring to President Franklin Roosevelt's massive Works Progress Administration, a Depression-era effort that funneled \$11.4 billion -- about \$166 billion today -- into the economy and provided jobs and income to millions of unemployed by putting them to work building highways, bridges and other public projects.

"A MAJOR COMMITMENT TO PUBLIC INFRASTRUCTURE INVESTMENT WOULD HAVE THE BENEFIT OF REVERSING A LOT OF THOSE UNEMPLOYMENT TRENDS."

"A major commitment to public infrastructure investment would have the benefit of reversing a lot of those employment trends," he said. "But it would also provide the foundation for a broader-based economy to work and function because whether it's the electrical grid or relieving traffic congestion or putting in new hydroelectric plants, they all make it easier for business to grow and create both profits and jobs."

But because funding for Oberstar's bill would have come either by raising the federal fuel tax, which has been unchanged since 1993, or through some other tax, toll or fee, the Obama administration chose to play it safe, politically if not economically.



HIT THE ROAD: New Hampshire started the Route 101 project to create jobs for construction and stimulate the state's economy. Exeter, New Hampshire June 3, 2009. **REUTERS/HO NEW**



TALKING JOBS: Case worker Jessica Yon discusses eligibility for unemployed people at a jobs center in San Francisco, California. February 4, 2010. **REUTERS/ROBERT GALBRAITH**

Already focused on reforming Wall Street and healthcare, the White House failed to line up behind the Oberstar bill and instead backed a temporary extension. Its thinking was that it could take Oberstar's bill up once the midterm elections were behind and its majorities in the House and Senate reelected.

But with Republicans, who are focused on slashing the deficit and cutting taxes, now widely expected to gain ground in the Nov. 2 vote, an ambitious highway bill along Oberstar's lines now looks dead in the water.

In the meantime, the agenda Obama has pursued has alienated many business groups, making it unlikely that he'll be able to build support for any second stimulus after the midterms.

Schwenninger says Obama miscalculated, focusing on reform ahead of recovery. "They wanted to capitalize on what political capital they thought they had. And they virtually destroyed that and in the process created big obstacles to economic reform," he said.

'DOING PRETTY WELL'

No section of the country has been more buffeted by the changes sweeping U.S. manufacturing than the Midwest, home to the largest concentration of factories making everything from passenger cars and commercial trucks to construction equipment and food products.

The irony is that as the sector's profit rebounds, employers here complain they can't find enough qualified workers -- despite the millions of former manufacturing workers desperate for a job. The problem, Crocker said, is the gap between the legacy skills most unemployed manufacturing workers have and the skills employers are looking for.

To help bridge that gap, groups like the National Association of Manufacturers are working with community colleges around the country to develop programs to give workers the skills and certifications employers want today.

"YOU WANT YOUR CHILDREN TO GO ON TO BIGGER, BETTER THINGS. THAT'S WHY YOU WORK HARD ALL YOUR LIFE. BUT WHAT CAN YOU DO?"



KEEP TRUCKIN': Stevenson, seen outside his parents' house, hopes he can find work outside of the manufacturing sector. Warren, Michigan, August 31, 2010. **REUTERS/REBECCA COOK**

One of them is offered outside Cleveland at Lorain County Community College. Originally, the idea was to provide a vocational training path to new high school graduates who weren't interested in college. But in places like Lorain, where the closing of the Ford plant five years ago was just the latest in a series of layoffs, closures and retrenchments by industrial firms, that's been a hard sell.

"Manufacturing is still the big dog around here," said Greg Krizman, who works with Crocker and is helping the college on the program. "But one of the challenges we have here in northeast Ohio is how to get kids motivated into wanting to have careers in manufacturing given the fact that in every family there's probably been some brother, sister, uncle, father, mother who has experienced a job loss and doesn't speak kindly of the industry."

The program has been having more success with laid-off workers like Mark Lute, a 48-year-old electrician who lost his job at Republic Engineered Products, a maker of axles, drive shafts and suspension rods, after 22 years.

Lute is now enrolled in a two-year program at Lorain, where he's learning wind turbine maintenance and automation robotics, a program that has forced him to brush off his math skills and put in as many hours at school as he once did the foundry. Halfway through the two-year program, Lute says he's discovered that people can be retooled, too. "I didn't think I would be able to comprehend, absorb it and retain it," he said in late August, as classes began again after the summer break. "But I'm doing pretty well."

Kelly Zelesnik, the dean of LCCC's engineering technologies department, which oversees the program, says the school also offers an intensive, four-month program called "Transformations" that gives laid-off workers "the core technology skills they need to find a job quickly." The program, which meets 40 hours a week for between 16 to 18 weeks, has been able to place 95 percent of its graduates with new jobs in the area within three months of graduation because it provides employers with exactly what they're looking for.

"When you spend millions of dollars on a machine that does four things, and improves your productivity and accuracy, you can't just hire somebody out of high school who can't even do the computations to do the setup," said Crocker. "You want someone highly skilled, very technical, very knowledgeable."

'TIME TO MOVE ON'

Back in Detroit, Stevenson has despaired of finding full-time work in the manufacturing sector. With the car industry staggering through a second year of lackluster sales, and the bankruptcies of two of the city's Big Three automakers still fresh in his mind, he says he thinks it will be 10 years, at best, and probably more like 15 years, before the industry starts hiring again.

Prosperity may eventually return to Detroit and the rest of the industrial Midwest, he said, but "it's going to skip over my generation."

He has always dreamed of starting his own company, making the BMX bikes he loved as a child and continues to ride today. "Lack of money and fear of the unknown," stopped him 20 years ago, he said. Now his circumstances make it impossible.

So he's thinking about going back to the media trade school he attended two decades ago -- though he understands that industry is in as much flux as the car business.



"It's time to move on," he said. "There comes a time, like with the house, when you just have to cut loose. It didn't work."

His dad tries to put the situation in perspective, pointing out that some of his friends have stories that are more tragic. "I know guys at Ford who had to adopt their grandchildren because their kids just couldn't cope," he said.

But for his mom, Stevenson's predicament and the predicaments of the millions of U.S. workers just like him are that much harder to watch because of how much easier things seemed for workers not so long ago.

"Of course it's sad," she said. "We lived in the best of times. And you want your children to go on to bigger, better things. That's why you work hard all your life. But what can you do? You just have to stand by them."

(Additional reporting by Nick Zieminski in New York; Editing by Jim Impoco and Claudia Parsons)

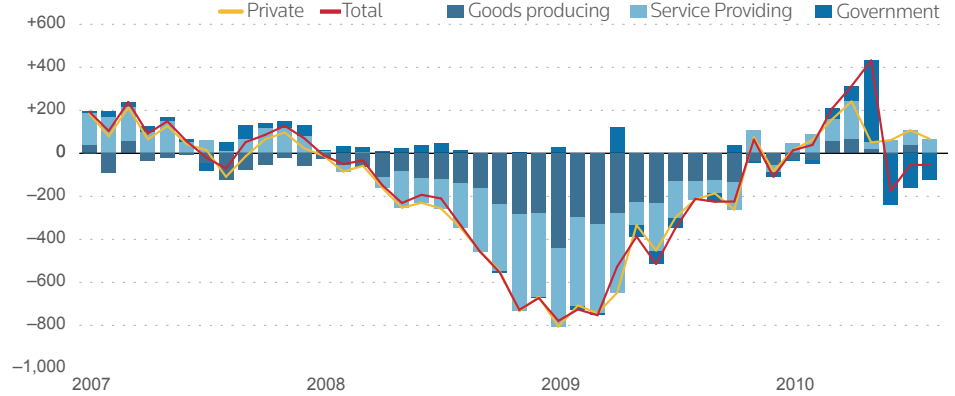
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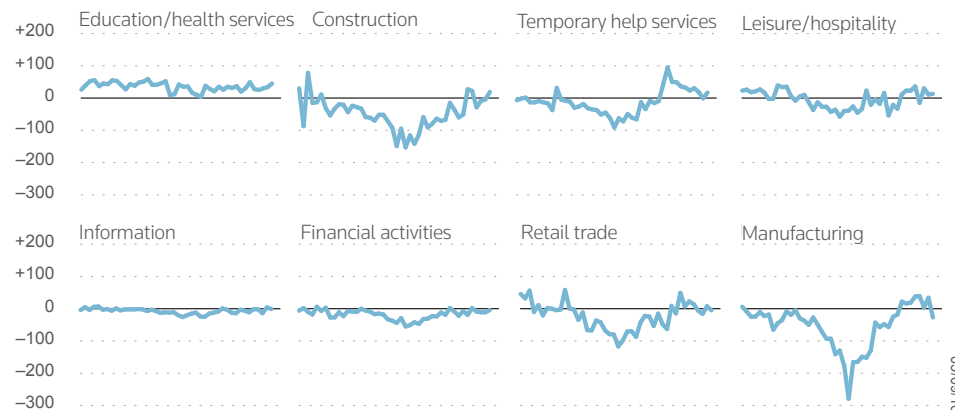
Jobs report snapshot

U.S. total payrolls fell for a third straight month in August, but the drop of 54,000 was far less than analysts' estimate of 100,000. Private-sector employment – considered a better gauge of labor market health – has been adding jobs every month since the beginning of this year.

Monthly change in nonfarm payrolls by major group (in thousands)



Monthly change in employment by select industries since 2007 (in thousands)



Source: U.S. Bureau of Labor Statistics Reuters graphic/Van Tsui

COVER PHOTO: Scott Stevenson (left) watches television with his mother Joan in his parents' house in Warren, Michigan. Over the past four years, Stevenson has lost almost everything, including his \$38,000-a-year factory job and the three-bedroom home it helped him buy. Two years ago when his mortgage company finally foreclosed on him, he moved into the basement of his parents' home. Warren, Michigan, September 9, 2010. **REUTERS/REBECCA COOK**

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