

The summer of 2017 marks the eighth year of economic expansion from the depths of the Great Recession. As the U.S. upturn has matured and as major fiscal policy changes have been proposed by the new administration in Washington, more and more questions have been raised about the prospects for continued job growth. Here I first briefly summarize the latest labor market indicators, both nationally and in the New York metropolitan area. Then I highlight two major sources of past job growth now undergoing changes that may have potentially important implications for our employment future.

Job growth nationwide has continued with record-breaking regularity since 2010. For 84 straight months through this March, the private sector has posted more job gains than losses. Even including the public sector (where job cuts lasted far into 2010), overall payroll jobs have increased for 78 consecutive months. By the end of the first quarter this year, these job gains had driven down the official unemployment rate to 4.5% – the lowest since the pre-recession months of 2007. The broader underemployment measure (U6), taking into account adults marginally attached to the labor force

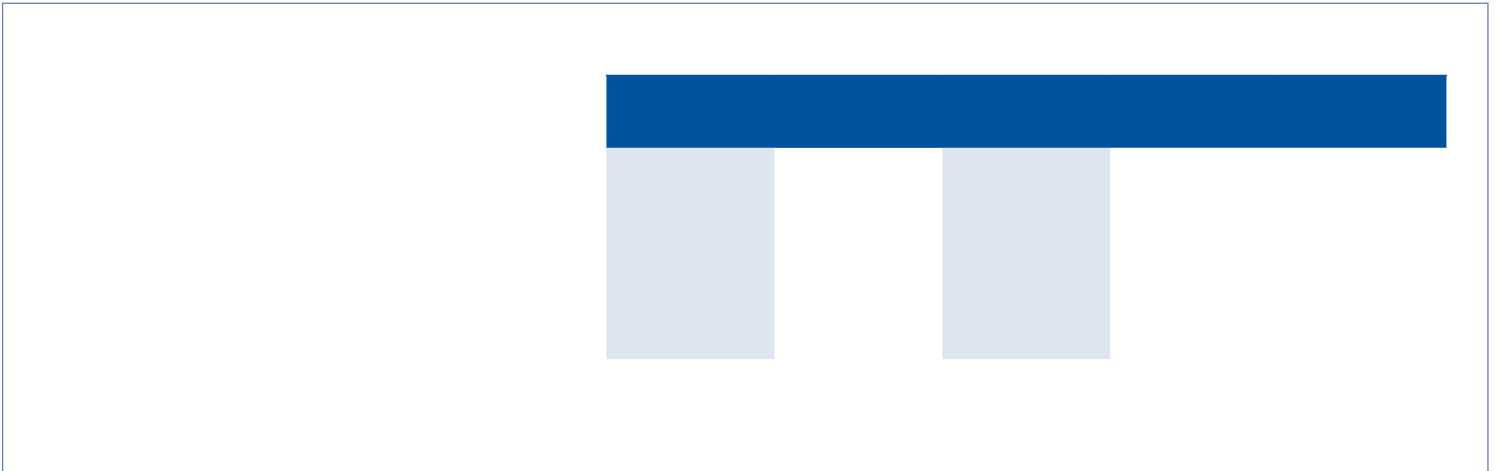
each mall's customer base. In contrast to politicians' noisy focus on factory workers and coal miners in recent months, there is said to be a "silent crisis of retail employment" in which the number of department store jobs has fallen 18 times more than the number of coal miners since 2001.<sup>5</sup>

It is true that nationwide department store employment today is one-half million lower than at this time in 2001. But the 15.9 million total retail jobs today are 1.03 million more than there were then.<sup>6</sup> In New York City, total annual retail employment has been flat over the past three years. Still, at 350,000, the city's retail job count is 78,000 higher than in 2001. So far, only a handful of the Macy's, Sears and JC Penney store closings have been announced for New York State.<sup>7</sup>

E-commerce is routinely singled out as the main threat to department stores. It will no doubt continue to be a serious challenge to most brick-and-mortar retailers and their responses may well be wrenching and costly for employers, employees and the labor unions that seek to represent them. But several trends are already visible in what is likely to be a complex transition period. First, most analysts expect the decades-long power shift from traditional department stores to big-box stores to persist. Their advantages include not only generally lower prices but also more effective expansion of online sales. WalMart's purchase of Amazon rival Jet.com last summer is the most recent, so far successful example of this. Second, as suggested by the continuing job growth at New York area brick-and-mortar stores selling clothing and

accessories (among the most vulnerable to e-commerce competition), some retailers are finding ways to Amazon-proof themselves. These include niche brands, artisanal foodmakers, luxury goods and flash-fashion stars like H&M and TJ Maxx.

Another, if still-embryonic trend is the building of physical stores by well-established e-commerce firms. Amazon's moves in this direction have drawn the most attention, though they so far have just experimented with five bookstores (in Seattle, San Diego, Portland, Dedham, MA and, as of late May, Manhattan). New York-based Warby Parker began to market its eyewear seven years ago exclusively online. As its modern styles, \$95 frames and free-return



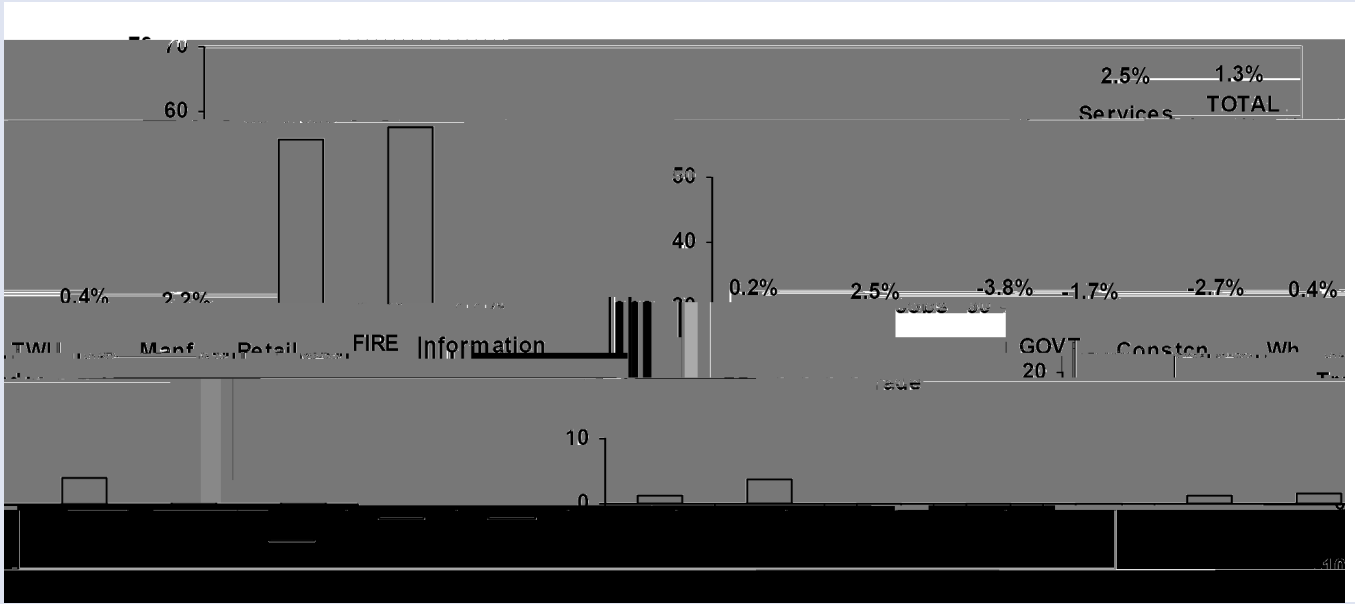
U.S.-based employment by 100,000 by mid-2018.<sup>9</sup> But most corporations do not regularly make public their payrolls. So, in order to estimate employment for all of e-commerce, one must rely upon the large monthly establishment surveys of the U.S. Bureau of Labor Statistics. However, this data is organized by industry categories which imperfectly capture the full scope of modern e-commerce. For example, Amazon early this year listed its employment in Kentucky as 12,000, but the BLS only counted 2,640 payroll workers at all Kentucky establishments in its “electronic shopping and mail-order houses” industry (NAICS 4541). Its state employment figure for the related “general

warehousing” industry (NAICS 49311, which includes e-commerce fulfillment centers) was nearly 10 times larger.

A recent economic study merged national BLS establishment data on both general warehousing and the electronic shopping and mail-order industries to estimate employment and wages in e-commerce.<sup>10</sup> Its findings will surprise many. In the past 10 years, e-commerce jobs grew by 355,000 – dwarfing the decline of 51,000 general retail jobs. How does pay compare? Hourly wages of non-supervisory production workers average \$17.41 in e-commerce—26% higher than the \$13.83 wage in general retail. This pay

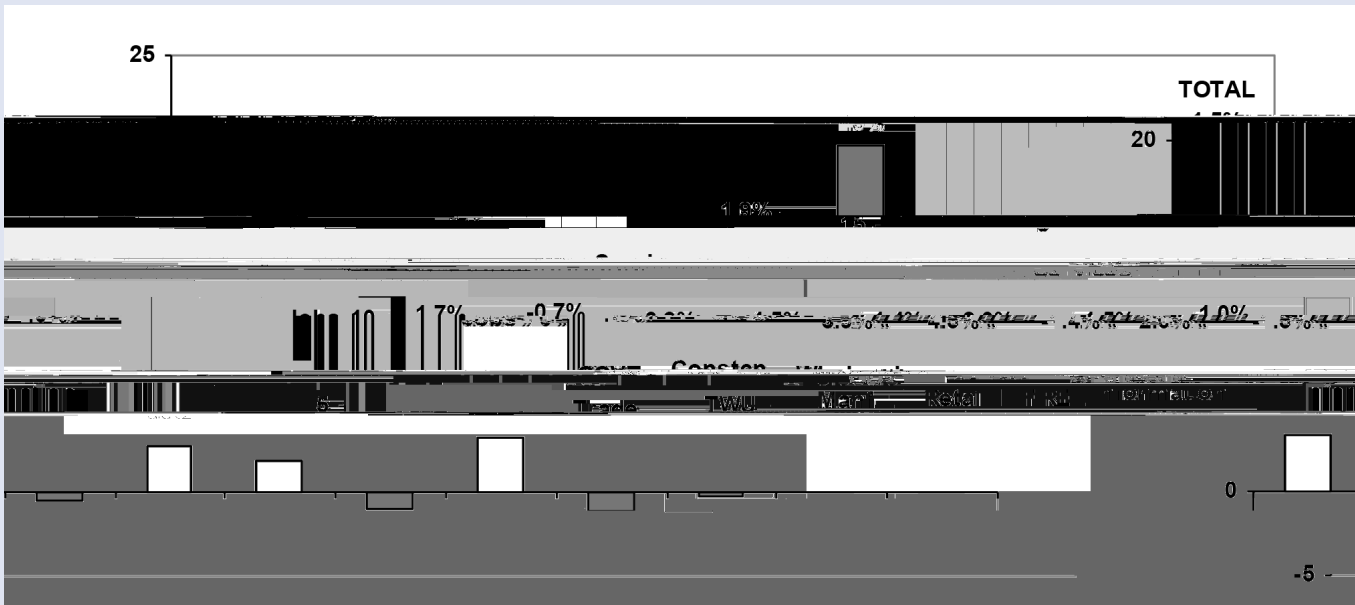
### FIGURE 2

NYC Job Growth by Industry: March 2016-March 2017  
(in thousands of jobs, and percent change)




### FIGURE 3

Long Island Job Growth by Industry: March 2016-March 2017  
(in thousands of jobs, and percent change)



Figs. 2-3 Source: NYS Dept. of Labor: nonfarm payroll job data from CES establishment survey in Nassau & Suffolk counties. Year-to-year changes, not seasonally adjusted. Note: FIRE = Finance, Insurance & Real Estate; TWU = Transport, Warehousing & Utilities.



premium reflects in part the web design and other high-skill jobs more common in e-commerce, as well as the sector's higher productivity growth. But sizeable pay differentials were found even in similar occupations. For example, customer service representatives average 17% higher hourly pay in e-commerce than in general retail.

If average pay and job growth are higher in e-commerce, they in e-commerce are 7.1% higher than in general retail, 21.6% higher than in general services, 19.9% higher than in general manufacturing, 23.6% higher than in general construction, 6.8% higher than in general transportation and warehousing, and 16.2% higher than in general information.

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