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DOLLAR & SENSE PODCAST  
How will COVID-19 reshape America's logistics workforce?  
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**DOLLAR:** Hi, I'm David Dollar, host of the Brookings trade podcast, [Dollar & Sense](#). My guest today is [Adie Tomer](#), a fellow in the Metropolitan Policy Program at Brookings.

The big headlines right now are the job losses in the U.S. economy as it shuts down to stop the spread of the coronavirus, but there's some jobs that are continuing on, even increasing. The most obvious being medical personnel, but there are a lot of other essential workers in our economy, including a lot of workers and logistics – people who move stuff around. So we're going to be looking at the role of logistics in the economy and the labor market, particularly in this crisis environment, but also some general trends as well.

So let's start by talking about the role of logistics in the economy, Adie. How large a sector are we talking about? And give us a flavor for some of the specific jobs.

**TOMER:** Yeah, totally. Well, first of all, thanks for having me, David. Great to talk with you. The labor force in logistics is huge. And for many of us who are basically stuck at home now, all across the country, really all across the world, we're stuck – oftentimes, if we're lucky and we have a home office that looks out the window outside – we are seeing these logistics workers hit our suburban, urban, and rural streets more than we have probably in the past. Amazon's got this massive wave of trucks, and you see that kind of light blue smile on that dark navy background of those trucks hitting the American streets all the time now. That is kind of the tip of the iceberg labor force, that's the visual side. But in total, we're talking about 9.2 million workers here. So it's about 6.3 percent of the U.S. labor force. They are, relatively speaking, concentrated in metropolitan areas, but honestly, not in an absurd rate, right? It's not like, let's say, like tech workers that are highly focused in the coastal markets or specific university cities, et cetera. It's pretty evenly distributed, but there is some really heightened concentrations in a few places. So it depends on where you live on how often you'll touch them.

Now I kind of talked about how the Amazon workers are the tip of the iceberg. Another side of this though is that's what you see, but really the army of logistics workers is what you don't see. And that's kind of by design. So these are folks that are laborers inside whether it's distribution hubs or even within manufacturing plants that focus on the freight side of the work for those companies once things roll off the assembly line. You've got truck drivers of the long-distance variety, and then a huge number of local delivery drivers, too. And they kind of have their own form of the supply chain. And then there's all the packers, right? All the folks who need to get things in boxes so the drivers can move it. Those four occupations alone – laborers, long-distance drivers, short-distance delivery drivers, packers – there are 6.2 million of those people in the United States alone. And kind of as you alluded to, we're seeing demand go up for them right now. So they're experiencing a really weird moment like the rest of us, just a different kind of weird during this outbreak.

**DOLLAR:** Right. It seems to me there are in general some occupations that are clearly tremendously in demand – medical personnel. Others, like manufacturing workers, we know are being thrown out of

work at dramatic rates. My instinct would be that logistics would be a complicated mix. Some of that is involved in moving things among factories, and that's probably declining. And then there's other things you were describing. So is this hitting different parts of the industry differently?

**TOMER:** Yeah, I mean, it's both. My gut is yours, and the reality is that it's still kind of early days. We are not totally sure how we're going to see the employment numbers shake out over the coming months.

For listeners, I think one of the ways to think about the infrastructure workforce is it's actually a leading indicator once you get it. So think of it as the goods that we all get for the kind of Christmas-time holiday. They get delivered to ports on the West Coast in about two months – they'll start coming in. So this is a really long time lag here. What I'm watching for, and what our team over at Brookings is looking for, is what's the difference between consumer-side demand, and then effectively the producer-side demand are really deeper within the supply chains of the economy.

So on the consumer side, so many of us are getting deliveries at home now. So what we expect to see is that a drop in retail employment – which of course, we're already seeing really just tragic and sad numbers coming out of that side of the labor force – but it's probably a bump in logistics workforce. On the flipside though, we just don't know yet how big the demand shock is going to be here and how that's going to filter down into the traded sector economies, in particular manufacturing, and what that's going to do kind of downstream, if you will, for the people who move all their goods. So we could see actually some really different results within the logistics industry at the same time.

**DOLLAR:** Adie, [your most recent blog post](#) is about the issue of protecting essential workers – all the different types, but including these workers in logistics that we're talking about. So what are some of your thoughts about how we can protect essential workers during this terrible pandemic?

**TOMER:** Yeah. Now we're getting into enormous numbers. So you're talking 49 to 62 million workers by the Department of Homeland Security's kind of industry definition. These are all folks who, it doesn't mean they need to leave their home, I want to be really clear, but these are folks who need to keep working. And that number is just enormous. You're talking 25, 30, 35 percent of the labor force, depending on markets you're looking at.

And one of the hardest things for me to stomach, I would love to know your thoughts on this, too, David, is that these are oftentimes, relatively speaking, they're lower-income workers. And I say lower meaning just lower than the median. And they already did not have health insurance coming into this crisis and are far more likely to not have life insurance. And there is just something especially disconcerting, and really dispiriting, about the idea of the workforce that we're sending out there quite literally to keep the clean water running through our homes, to keep the power running so we can turn on our computers to work from our desks to, of course, deliver all this food and other goods to our doorsteps. They're not protected, and they're more likely to get the virus in the first place. So we have a proposal out there – other folks do, too – but to us what seems like kind of low hanging fruit, especially when Washington is such a

spending splurge here, is let's get these folks health insurance and life insurance if they're going to be outside the home. It just seems unconscionable at this time of ideally civic unity that that we're not really helping these workers right now.

**DOLLAR:** Right. So we have this two trillion dollar so-called stimulus bill. "Stimulus" is probably the wrong adjective because we're not at the moment to stimulate the economy. So it's mostly a relief bill. It definitely includes some good things, but it's not doing a lot on these issues you're talking about.

**TOMER:** Yeah, look, I mean we're transparent about it, right? I mean, we're not lobbyists here. So it's like we're waving our hands as best we can like "hey, can we get some life insurance and health insurance for these folks? No one wants them getting sick." And the irony of all this is it's actually good economic practice, too, because we want to incentivize those workers to continue to go to work, too. We don't want them proverbially, or as some folks are literally doing, running to the hills to get away from population areas. We need these folks showing up for work so the economy can keep running as best it can. You're totally right. It's about relief for these folks as much as it is peace of mind, too.

**DOLLAR:** Right. So it's a good humanitarian gesture. I mean, these people are out there putting themselves at risk. It's also common-sense public health policy because we don't want people getting sick and continuing to work and spread the disease. So having decent health care, health insurance, all of that is important for containing this pandemic.

Let me shift gears, Adie, and come back to the logistics workers in particular. Reading a number of your posts and articles on this, my instinct — and this is the trade podcast — so my instinct is that a lot of these workers in logistics have some connection to international trade, supply chains, and that we would be seeing a lot of these jobs along the coasts and in and around major ports. Let me put in a plug for the [Metropolitan Policy Program](#) at Brookings. They produce a lot of nice maps of the United States showing how various things differentiated across counties and cities of the United States. So I was looking at [your map about logistics workers](#) — logistic workers as a share of the labor force. A lot of the places where more than 10 percent of the labor force is in logistics happen to be cities in the center of the country. So not coastal ports; cities like Memphis, Allentown, Laredo, Fayetteville. They all have more than 10 percent of the labor force in logistics. So I'm curious, what's going on in these locations?

**TOMER:** We did a huge freight project a few years ago, David, which first all was just really fun. It's as fun as freight can be. It's pretty dorky, we totally get it. But you start to learn about all of this like underbelly, if you will, of the economy that really is essential. And one thing that really popped to us was kind of just transforming people's minds around the idea that that trade isn't just when it crosses our borders, right? And I know that sounds so intuitive, but in some ways we started to try to think about the U.S. and the 50 states similar to how we think about EU trade. If Airbus manufactures a plane, whether it's in Germany or France, and let's say ships it to the U.K., then that's foreign trade. Boeing manufactures a plane in Seattle and ships it all the way to Atlanta for Delta. That never shows up in our international trade, right? So there is this massive kind of supply chain that's operating within the U.S., and because we have

global value chains and global supply chains now, they're deeply intertwined. So in some ways, the way to think about this for trade and logistics hubs across the country, you've got accidents of history, some of them are strategic investments, it's kind of all over the place depending on where you're talking about. But let me give you two companies for you and folks to think about.

So you've got FedEx and you've got UPS — two monsters. You could frankly bundle Amazon in there, too. But for FedEx and UPS, what that really means is Memphis, Tennessee, and Louisville, Kentucky. That's where those companies are headquartered. That's where they try to drive so much of their consolidation through because they work on scale economies like everyone else. It really is about trying to figure out how they can filter goods as efficiently as possible. No different than you and I. All of a sudden when we fly we have to go through O'Hare or Atlanta, et cetera. So there is a tremendous amount of activity that goes through those hubs. UPS kind of puts their headquarter operations and office operations in Atlanta. For FedEx, it's all centralized in Memphis. So what that does though is it makes these different airports and places pop.

Now, what we also have is this extra fascinating layer of towns that are either right border-crossing — so that you're like mega-sized, like the combined port complex of L.A. and Long Beach, which of course, is the second biggest metro area. But you've got places like Laredo, Texas, which is a massive border crossing. By most accounts — it's kind of hard to get exact data on this — but potentially the highest-valued land crossing for trade anywhere in the world is between Detroit and Windsor, Ontario. So that's a huge logistics hub, too.

But then you've got these markets like Allentown, Pennsylvania, where a tremendous amount of warehouse and distribution hubs have come, really in the last two to three decades. Some of that correlated with the loss of manufacturing jobs, which is all connected to global trade anyways. But it turns out Allentown is really well situated effectively between Metro New York and Metro Philly and it even gets you to some other markets in that area. So it really makes a lot of sense, and frankly, they had a workforce that was there looking for the jobs. So again, through a mix of accidental history, strategic investments and just corporate preferences, we really see these jobs placed all over the place.

**DOLLAR:** Right. So in some of these locations, as manufacturing jobs have declined have some of these supply companies deliberately moved into areas where they know there's a labor force?

**TOMER:** Yeah, absolutely. Where it hits really hard is let's say the old Massachusetts mill towns, which I feel are proverbial towns at this point. They're not situated as well, if you will, in terms of how many metro areas within two or three hundred miles whereas Pennsylvania, really well situated; northeast Ohio, really well situated. Columbus, Ohio, too. So we've seen this expansion. And to be frank, that's one of the advantages — and Fred Smith is constantly talked about this — Memphis is really well situated. And especially as the New South continues to grow in population, it's going to continue to need more and more goods.

So there's some real advantages here. I hesitate to use that word because it's been so tough on many of these communities to lose those manufacturing jobs, that blue-collar work that came with health benefits, with other collectively bargained benefits. And that's just not the same kind of quality of the jobs that come in, but you can see how conflicted I am. You can immediately spin it again, but at least jobs came. At least there was something there that provided some kind of floor here for folks.

**DOLLAR:** Well that raises an interesting question. So are some of these what we would call good jobs with regular hours and benefits and pay above the median, or are we seeing increasing gig employment and lower wage employment? I'm sure it's quite varied, but what's your sense of the tapestry?

**TOMER:** It depends who you talk to. If it's on the positive side, what our numbers kind of clearly show – and others pick up on this, I want to be clear – if you're at the bottom end of the income spectrum in these in these logistics occupations, the pay is relatively good.

So you're talking above minimum wage, honestly multiple dollars above minimum wage, and often times in communities where the cost of living is low. So it really is a higher effective wage and it's definitely higher often than food retail.

These jobs don't require a lot of formal education. So really low barriers to entry. And then at the same time, they train you on the job, sometimes creating actual portable benefits. So these are ideas of you're a certified forklift operator now. So that means you could you actually move your family and you really have some skills that could facilitate you being rehired in another market.

Now, that's the positive side. On the negative side, we're hearing a lot of really good national reporting right now on what's going on within some of these major national distribution hubs. I'm going to say the word Amazon, but it's not just limited to them what the working conditions are like. As you kind of pointed out, very low probability of having health benefits. Typically no paid sick leave. Maybe there is sick leave to keep your job, but it's not paid. Very, very small, if any, annual leave to take some time with your family or whomever and get some get some rest and relaxation. And they are physically grueling jobs. So it's not just about not having health benefits. These are folks – it's not like you and I who sit behind a desk, this is really tough work. So it really does depend on your vantage point.

I think coronavirus is going to raise some new questions, not just for this portion of the labor force, but they are going to be included in it: Do we have the right kind of social contract with these workers right now? They are so essential to how the economy is operating. They're clearly not safe and secure. But, yet, there's a tremendous amount of employment. So in some ways, that's a positive sign. The economy wants these jobs. How do we create an environment that creates more family-sustaining wages, that gives them security, and ideally that can create a positive multiplier through the economy? Right now, it feels like too much of the wins on this one are going to the owners of capital rather than the labor force.

**DOLLAR:** So that raises the question about unionization. Some of these are very big employers. That's normally a good environment for labor organizing. What's the situation with unionization in the sector? What are the prospects?

**TOMER:** Yeah, totally. Well, first of all, I'll put a plug in for the Metro program here and potentially give you some ideas for other folks to sit down with in the future, David.

So [Molly Kinder](#) and [Annelies Goger](#) on our team, they are doing a lot of analysis in this area, and what folks see in the news is kind of what's happening. Traditionally, they're not unionized. There has been a real push to unionize all of a sudden, and for good reason, but it's making headline news now. Just since this outbreak has happened, we've seen we've seen Instacart workers protest. We've seen Whole Foods workers protest. Now that's a different category of employment, but under the common Amazon umbrella. We've seen workers inside Amazon facilities, but also other ones that are not owned by Amazon, threaten to walk out in particular because folks have coronavirus inside the facility. And I want to be transparent, I'm not a labor economist. I'm just following this in particular and it is showing clear signs that these are early tremors of what could lead to more widescale unionization. And again, this crisis raises all these questions now about how do we protect workers? Where are we protecting workers enough? I'm reminded of the Rahm Emanuel quote, "Don't let a crisis go to waste." This feels like it really could be one of the major elements here because their unionization rates are so low, but employment demand before the crisis and during it is, relatively speaking, so high. Something's probably going to have to give here.

**DOLLAR** So we've mentioned Amazon several times as one of the big employers in this sector. They've announced the hiring of 100,000 additional workers, which is an impressive number. Did we have a sense of where this hiring is going to take place?

**TOMER** Everywhere. I mean, they're everywhere. It feels like Amazon is ubiquitous now. We don't have an exact idea yet, but I think the way to think about it is – you can find these maps online, actually, and some pretty good graphical work by folks – of exactly where Amazon's larger scale distribution hubs are. It is kind of implicit in their announcement that that's where the hiring is going to be highest. Whether that's higher in Cleveland or Allentown or in Washington, we don't know yet.

And I think what's going to be fascinating to watch, and what's looming over so much this conversation too, is the digital connectivity of Americans. How quickly we are adopting basically an e-commerce platform for our own lives. I don't want to sidestep, but business to consumer it's about 12 to 13 percent right now, according to census. That number is rising what looks like almost logarithmically. So that slope just keeps going up. But business to business e-commerce rates is almost 100 percent. So there's actually a huge amount of retail in the country that can continue to digitalize. As that continues to happen, which we expect to only accelerate during this crisis, Amazon has enough facilities to be incredibly nimble here and think about where they want to put folks. And oddly enough, the same places where demand will probably go up for their labor force locally is the same place where, unfortunately, labor force might be available to be hired because we could see closures of retail. There is so much kind of interwoven here with where they're going to hire as well as how the local economy is going to do. I'm certainly fascinated to watch it.

**DOLLAR:** The last question I want to ask you follows naturally from what you were just talking about. And it's speculative, but it's deliberately speculative. Before this pandemic, it was a very clear trend for a long time in the U.S. for the share of workers in manufacturing to be going down. Workers who make stuff. Actually, manufacturing production is pretty solid, but it's so automated it doesn't really employ people – fewer people. And meanwhile, these logistic jobs have been on the increase. So let's just brainstorm a little bit about how, once this pandemic is over, we think those trends might continue or change or accelerate.

**TOMER:** That's such a great question. I want to I want to hear your thoughts too, David. It certainly shows a new kind of vulnerability. The insiders knew, I want to be clear, but to the general public a new kind of vulnerability of global supply chains, and really, global value chains, which I kind of prefer that term here. In the U.S., we've seen, it's not like we're losing ownership of our companies. We're just shipping effectively our manufacturing processes, often to an ever-growing portion of the coastline in Eastern Asia. What you realize is it creates these new sets of vulnerabilities, in particular, that a pandemic on either side of the equation can effectively jam up that kind of process.

The famous led by Toyota but now everyone just-in-time manufacturing – well, that sounds kind of nutty a little bit, right? Like, why don't we have any amount of durable goods reserved? It's like our own pantries and our kitchens, right? Why is the pantry not stocked? We are underprepared for this kind of thing.

I don't have good answers on it, of course. I'm wondering, how much does this connect to the great work that folks like David Autor up at MIT have done on how badly some communities have been hit by the loss of manufacturing jobs. Is there an appetite to bring back more manufacturing? What kind of labor rights in particular? It's funny, you could imagine the flip side here of the Amazon and logistics conversation. Would workers in the U.S. be willing to maybe accept less than they were getting to have these jobs that are higher paying and better quality than, let's say, the logistics jobs that replace them. That's been a big part of the under- or un-unionized work in automobile manufacturing in the New South. They are just much more competitive from an economic perspective than some of their peers further north. Could we see an attitude like that permeate the north now all of a sudden, where folks would love to get these jobs back? And honestly, I'm wondering, does the federal government see that they may have a role here? What is the role of resiliency for the federal government on these supply chains when it's clearly so essential for our competitiveness going forward?

**DOLLAR** So among people who focus on China, there's a lot of talk about what is the reaction of the big multinational companies to this pandemic. Initially, there was the thought that companies may want to diversify out of China. Personally, I'm a little bit skeptical about this.

First, you're going to find that the Chinese response has been pretty effective. And a lot of other developing countries, I'm afraid to say, seem to be heading into pretty tragic situation. So I'm not sure it's going to be a logical conclusion that you want to shift your production to Indonesia or Vietnam. Maybe



diversification is a good idea, but remember, China is this enormous place with more than 100 cities that have over a million people. So you can diversify pretty extensively by moving around different parts of China. So I'm skeptical that we're going to see that much readjustment vis-a-vis China. Also skeptical that it would be economic to bring a lot of this back to the U.S. Probably there'll be some supply chains – I like your phrase value chains – that have national security implications where the U.S. will take a hard look, but that's going to be a relatively small part of the economy. I think if we really try to seriously reduce our role in international trade, which is what we're talking about, it's going to have a pretty significant effect on living standards in the U.S. I think, in the end, we'll find a compromise where we bring some value chains back, but not most of the stuff that we consume.

**TOMER:** That's generally my gut, too. Weirdly enough, Asia's been dealing with more of these pandemics than we have. And my gut is that the owners of capital here, they've been ready for this; they know what's been coming. And the question is how much of a blip will this feel like, or will it give us a sense that we need some kind of some kind of wholesale adjustment? I'm with you. I think the economic fundamentals were here for a long time to shift this production, and your per capita income is still so, so wide. The gulf between many of the Asian countries – East Asia, and where the U.S. is – I just don't see how the how the labor side can compete. Even if transportation costs, let's say, go up a little bit from all this too.

**DOLLAR:** Let me be clear, Adie. I share your concern that we need a new kind of social contract. I'm skeptical if we go down a protectionist road, that's going to end up dramatically changing people's lives in the U.S. in a beneficial direction. There's a lot we could do in terms of strengthening the safety net and having a new social contract. You look at what some countries in Europe, like Denmark, how they're responding to this keeping everybody employed and having the government pick up I think it's 80 percent of the wage bill. You will have to see how long the crisis goes on and if that's sustainable. I really enjoyed some of your earlier points about how this could fundamentally lead to some new thinking about the social contract in America.

**TOMER:** It's going to do something here. We're probably going to have unemployment levels that we haven't seen since the Great Depression – let's not compare it to the Great Recession. GDP drops – we didn't really have clear, great data then, but clearly it's going to look like the biggest drops we've ever had in U.S. history. I think we should all be ready for some high-level changes that we would have never predicted even a couple of months ago. These are trying economic times for sure.

**DOLLAR:** So I'm David Dollar, and you've been listening to Dollar & Sense. I've been talking to Adie Tomer about his work on logistics workers in the U.S. economy, but we branched out into how this pandemic could shake up a lot of things in the labor market and the social contract. Really look forward to seeing some good ideas, new ideas, coming out of your group at Brookings. Thank you very much.

**TOMER:** Thanks, David.

**DOLLAR:** Thank you all for listening. We at Brookings are working at home now, working remotely in response to COVID-19, but we'll continue to record new episodes and publish episodes of Dollar & Sense.

If you haven't already, please subscribe and stay tuned. Send any questions about the podcast or episode suggestions to [bcp@brookings.edu](mailto:bcp@brookings.edu), and until next time, I'm David Dollar, and this has been Dollar & Sense.