



COUNTY OF KENDALL, ILLINOIS

ECONOMIC DEVELOPMENT COMMITTEE

**County Office Building
County Board Rooms 209 & 210
111 West Fox Street
Yorkville, IL 60560**

**Friday, March 17, 2017 at 9:00 AM
MEETING AGENDA**

- 1. Call to Order**
- 2. Roll Call**
- 3. Approval of Agenda**
- 4. Approval of February 17, 2017 Meeting Minutes**
- 5. New Business**
 - *Revolving Loan*
 - o *Approval: Lucky's Beef N Dogs*
 - *March 6, 2017: Kendall County Manufacturing Site Tours*
- 6. Old Business**
 - *Revolving Loan*
 - o *Update: Pre-Applications*
 - o *Monthly Loan Statements*
 - *March 23, 2017: Chicago Regional Growth Initiative Bi-annual Meeting*
- 7. Chair's Report**
- 8. Public Comment**
- 9. Executive Session**
- 10. Adjournment**



KENDALL COUNTY ECONOMIC DEVELOPMENT

Memorandum

To: Audra Hendrix, Economic Development Committee Chairwoman; Economic Development Committee
CC: Jeff Wilkins, County Administrator
From: Andrez Beltran, Economic Development and Special Projects Coordinator
Subject: March 2017 Committee Report
Date: 3//17/17

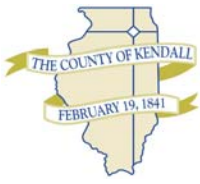
Please find below the report for March 2017 on the items of Economic Development Committee.

Revolving Fund Loans

- *Approval: Lucky's Beef N Dogs*

Lucky's Beef N Dogs is a starting restaurant at 1890 Douglas Road in Montgomery serving beef and hot dogs. The owner is Priscilla Liberatore would be assisted by her two sons, James and Michael Manfre. The loan details are as follows:

- Working Capital: \$41,000
 - Collateral: Home at 119 Hamlet Circle, Montgomery – \$219,000 appraised, \$150,000 owed. Appears to be recently refinanced.
 - Good credit score
 - Create 7 jobs
 - Debt to Income Ratio: between 41% (before Lucky's) and 35% (speculative after). That did not include loan payments. Typically, anything over 35% is considered a higher risk.
- *March 6, 2017: Kendall County Manufacturing Site Tours*
On March 6, 2017, Chairman Scott Gryder along with Congress Randy Hultgren (IL-14), Plano Mayor Bob Hausler, County Administrator Jeff Wilkins, and Economic Development Coordinator Andrez Beltran visited two manufacturers in Plano: MTH Pumps and Fabtek. Both are growing companies. The accompanying news release in included in the packet.
 - *Review: Monthly Statements*
The current Revolving Fund Loan Reports are from January 1, 2017 to January 31, 2017. All current payments are in for the month. Current available loan amount is approximately \$1.7 million.
 - *Update: Pre-applications*
No new pre-applications this month.



KENDALL COUNTY ECONOMIC DEVELOPMENT

March 23, 2017: Chicago Regional Growth Initiative Bi-annual Meeting

On March 23, 2017 from 8:30 a.m. to 12:00 p.m. Kendall County will host the Chicago Regional Growth Initiative Bi-annual meeting. The location is to be Whitetail Ridge Golf Club located at 7671 Clubhouse Dr, Yorkville, IL 60560. ComEd is the sponsor for the event. Items on the agenda include updates on regional economic efforts and inclusive economic growth.

KENDALL COUNTY ILLINOIS

Economic Development Committee

Meeting Minutes
Friday, February 17, 2017

Call to Order

The meeting was called to order by Chair Audra Hendrix at 9:00 a.m.

Roll Call

Committee Members Present: Chair Audra Hendrix, Matt Kellogg, Lynn Cullick, Elizabeth Flowers (entered at 9:04 a.m.)

Committee Members Absent: Scott Gryder,

Staff Present: Andrez Beltran, Economic Development and Special Projects Coordinator; Jeff Wilkins, County Administrator

Approval of Agenda – Member Cullick made the motion to approve the agenda with that amendment. It was seconded by Member. Kellogg. **Approved 3-0.**

Approval of Meeting Minutes – Member Kellogg made a motion to approve the meeting minutes from the January 20, 2017 meeting. Seconded by Member Cullick. **Approved 3-0.**

New Business

Revolving Loan

- *Approval: Recapture Strategy Modification*

Mr. Beltran stated that with the increased flexibility awarded to the loan program, loans to municipalities were now an option. As municipalities often have economic development projects in their communities they bring to the County for loans, Mr. Beltran stated it would be a sound strategy to loan it to the municipality rather than the project. This would create a low risk, low administrative burden loan for the County while giving the municipality greater local control.

Member Cullick made the motion to approve. Member Flowers seconded. **Approved 4-0.**

- *Update: Pre-Applications*

Mr. Beltran stated there was a municipality looking to do a very large loan for a project in their downtown. He stated if the exemption passed through the board he would be hoping to loan it to the municipality.

- *Review: Monthly Loan Statements*

Mr. Beltran stated the current Revolving Fund Loan Reports are from January 1, 2017 to January 31, 2017. All current payments are in for the month. Current available loan amount is approximately \$1.7 million.

KENDALL COUNTY ILLINOIS

Economic Development Committee

March 23, 2017: Chicago Regional Growth Initiative Bi-annual Meeting

Mr. Beltran stated the event will be held at Whitetail Ridge Golf Club with ComEd hosting. The agenda had yet to be finalized.

Old Business - None

Chairwoman's Report - None

Public Comment – None

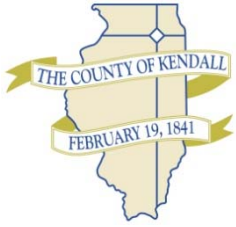
Executive Session - None

Adjournment

With no further business to discuss, Member Kellog moved to adjourn. The motion was seconded by Member Flowers. There being no objection, the Economic Development Committee at 10:14 a.m., adjourned.

Respectfully Submitted,

Andrez P. Beltran
Economic Development and Special Projects Coordinator



Kendall County News Release

Kendall County
111 West Fox Street
Yorkville, IL 60560
Phone: 630.553.4171
Fax: 630.553.4214

Chairman Scott Gryder and Congressman Randy Hultgren Visit Local Manufacturers

For Immediate Release – On March 6, 2017, County Board Chairman Scott Gryder and Congressman Randy Hultgren (IL-14) visited local manufacturers in Plano to learn about products produced locally, and to hear any concerns at the local, state, and federal level. Plano Mayor Bob Hausler accompanied both men on the visits.

Chairman Gryder, Congressman Hultgren, and Mayor Hausler first visited MTH Pumps. President Tim Tremain gave the Chairman, Congressman, and Mayor a tour of his facility as well as a brief history. Started in 1971, MTH Pumps has steadily grown over forty years by providing excellent products to companies all over the world. In addition, President Tim Tremain has continually participated in the community by taking local students and community groups on tours, providing internships, and help developing trade skills programs across the County.



MTH President Tim Tremain (front) explains part of their manufacturing process to (from left to right) Congressman Randy Hultgren, Kendall County Board Chairman Scott Gryder, Plano Mayor Bob Hausler, Plano EDC Director Rich Healy, and Kendall County Administrator Jeff Wilkins.

Chairman Gryder, Congressman Hultgren, and Mayor Hausler also visited Fabtek. President Mike Chesnutt led the tour of the facility explaining Fabtek's long history from starting in the 1940's in Aurora until 2009 when he took over the company. Fabtek is expanding as demand for their stainless-steel boilers continues to grow.



Fabtek President Mike Chesnutt (left) shows a part of their completed boiler system to (from left to right) Chairman Gryder, Congress Hultgren, and Mayor Hausler

Both companies show that our local businesses are able to flourish both locally, nationally, and globally with the hard work of the owners and employees. With businesses like this, Plano and Kendall County's economy will continue to grow stronger. Their strength will help maintain the vitality of the community that is Kendall County.

If you are a business owner and would like to have us on a tour, or have challenges you wish to discuss, please contact Andrez Beltran at (630) 385-3000, or by email at abeltran@co.kendall.il.us. Also, for more information on this and other economic development events, please visit Kendall County's Economic Development page at <http://www.co.kendall.il.us/economic-development>.

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MarketWatch

- 10:51 A.M. ET UPDATED 86 of the biggest 100 U.S. cities missing out on tech-job growth
- 10:49 A.M. ET UPDATED Stock market nudged lower as oil prices weigh
- 10:46 A.M. ET Canada Goose shares down 7% in market debut
- 10:45 A.M. ET Canada Goose opens at \$18, above \$12.79 issue price, in market debut
- 10:45 A.M. ET UPDATED GoPro says sudden job cuts won't hinder product cycle



Log in

BULLETIN Canada Goose shares surge from IPO price but quickly cool ✕

Home > Economy & Politics > Rex Nutting

GET EMAIL ALERTS

Amazon is going to kill more American jobs than China did

By Rex Nutting

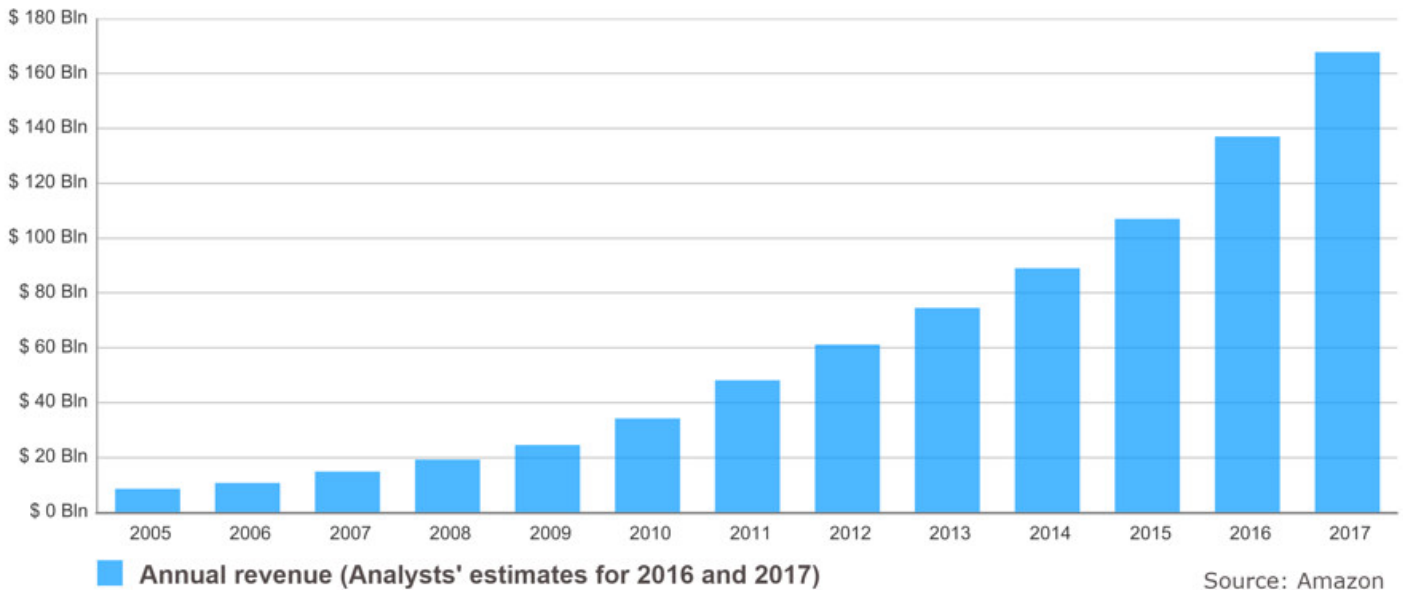
Published: Mar 15, 2017 9:11 a.m. ET



Aa

Millions of retail jobs are threatened as Amazon's share of online purchases keeps climbing

Amazon's revenue growth



Amazon's revenue has been growing at more than 20% a year.

Amazon.com has been crowing about its plans to [create 100,000 American jobs](#) in the next year, but as with [other recent job-creation announcements](#), that figure is meaningless without context.



3 New Comments ✕



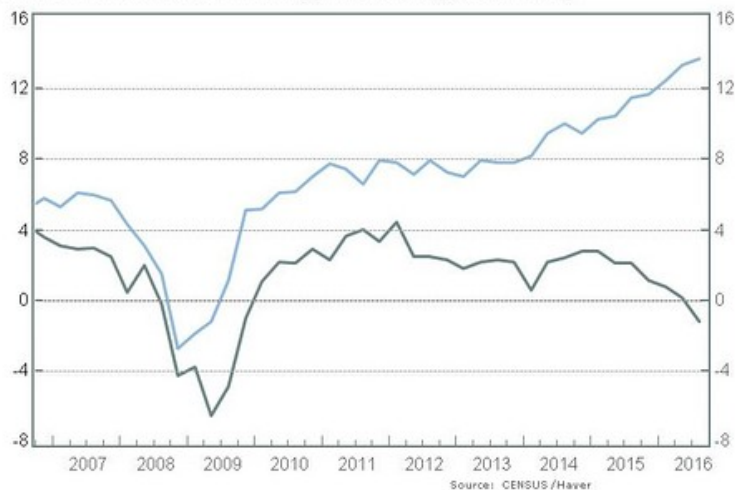
Amazon has revolutionized the way Americans consume. Those who want to shop for everything from books to diapers increasingly go online instead of to the malls. And for about half of those online purchases, the transaction goes through Amazon.

For the consumer, Amazon has brought lower prices and unimaginable convenience. I can buy almost any consumer product I want just by clicking on my phone or computer — or even easier, by just saying: “Alexa: buy me one” — and it will be shipped to my door within days or even hours for free. I can buy books for my Kindle, or music for my phone instantly. I can watch movies or TV shows on demand.

But for retail workers, Amazon is a grave threat. Just ask the 10,100 workers who are losing their jobs at Macy’s. **M, +0.08%** Or the 4,000 at The Limited. Or the thousands of workers at Sears **SHLD, +0.68%** and Kmart, which just announced 150 stores will be closing. Or the 125,000 retail workers who’ve been laid off over the past two years.

Retail moving online

Growth of online sales (blue line), in billions
Growth of sales at mall-type stores (green line)



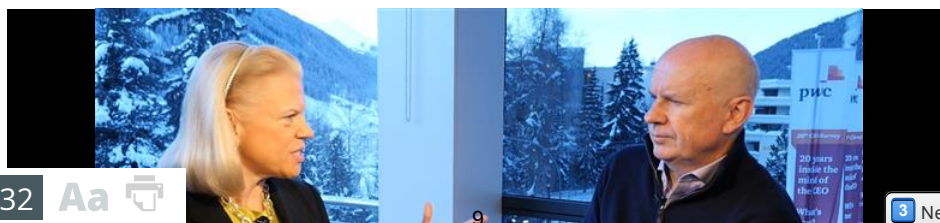
Online sales are growing much faster than sales at stores found in malls and shopping centers.

Amazon and other online sellers have decimated some sectors of the retail industry in the past few years. For instance, employment at department stores has plunged by 250,000 (or 14%) since 2012. Employment at clothing and electronics stores is down sharply from the earlier peaks as more sales move online.

“Consumers’ affinity for digital shopping felt like it hit a tipping point in Holiday 2014 and has rapidly accelerated this year,” Ken Perkins, the president of Retail Metrics, wrote in a research note in December. And when he says “digital shopping,” he really means Amazon, which has increased its share of online purchases from about 10% five years ago to nearly 40% in the 2016 holiday season.

It’s only going to go higher, as Amazon aggressively targets other sectors such as groceries and even restaurants with delivery services for restaurant-prepared meals.

(For more background, read [“Amazon’s Stranglehold: How the Company’s Tightening Grip Is Stifling Competition, Eroding Jobs, and Threatening Communities”](#))





IBM CEO: AI will be man and machine, not man vs. machine (3:20)

Ginni Rometty, CEO of IBM, said that she believes that believes artificial intelligence will help to create jobs and that clients will have a "symbiotic relationship" with AI.

At the end of 2016, the retail sector employed 16.5 million workers, and the restaurant industry employed another 11.4 million. Together, that's nearly one out of every five workers in America, the same share of employment accounted for by the manufacturing sector in 1982.

Many of those jobs are threatened by Amazon's incredible growth. But some are relatively safe: Most of the 11.4 million restaurant jobs are safe from online competition, for instance, because people still love going out to eat, and someone has to cook and wash the dishes. The 1.3 million working at car dealerships probably won't be affected anytime soon, and neither will the 925,000 at gas stations, or the 1.1 million working at building materials stores. You won't buy a new car, or a gallon of gas, or 50 sheets of drywall online.

However, about 12 million jobs in retail are facing increasing competition from Amazon, particularly the 6.2 million people who work in the kind of stores that are typically found at malls or shopping centers — furniture, appliance and electronics, clothing, sporting goods, bookstores, and general merchandise stores — what the statisticians call GAFO (General Merchandise, Apparel and Accessories, Furniture and Other Sales).

GAFO is the heart of what we think of as retail, and that's where Amazon has revolutionized the market. After years of barely holding their own, sales at GAFO stores have stalled, falling \$1.8 billion (or 0.6%) in the past year while the rest of retail was growing 4%.

Meanwhile, online sales jumped by \$13.7 billion through the third quarter of 2016, with Amazon accounting for most of that. It is expected to overtake Macy's as the country's top retailer of apparel this year.



Amazon Challenges Victoria's Secret With \$10 Bras (4:16)

Amazon has its eye on being shoppers' destination for books and bras. WSJ's Laura Stevens and Tanya Rivero discuss the online retailer's plans to sell women's intimate apparel at discount prices to compete with companies such as Victoria's Secret. Photo: Parker Eshelman/The Wall Street Journal

At current growth rates, Amazon would have annual revenue of \$500 billion in five years. As traditional retailers close stores and dismiss workers, shopping at the mall will make less and less sense.

There's not much retailers like Macy's, The Gap **GPS, +0.54%** , Best Buy **BBY, +0.59%** and Barnes & Noble **BKS, +12.21%** can do about it. Their business will be much, much smaller. And now that Amazon is getting serious about groceries, even Wal-Mart **WMT, +0.06%** is threatened.



So what's the big deal? Won't the people who once worked at Macy's just work at Amazon instead? Well, no. Amazon needs about half as many workers to sell \$100 worth of merchandise as Macy's does. Macy's has floor walkers, and saleswomen at the makeup counter to give personal attention, and cashiers, if you can find one.

By contrast, Amazon has "pickers" in warehouses who grab hundreds of items off the shelves every hour. Amazon just announced it would hire a lot more pickers this year as it opens more distribution centers. But even those jobs are threatened by Amazon.

That's because Amazon is at the forefront of automating retail. More and more of the work in the warehouses will be done by robots, and Amazon contemplates deploying flying drones (robots) to deliver the packages to your door. Amazon's concept for selling groceries includes almost no workers, because customers will check themselves out and robots will restock the shelves.

What's most troubling to brick-and-mortar retailers and their workers is that Amazon's sales growth is accelerating (19% in 2014, 20% in 2015 and 28% in 2016), and shows no sign of plateauing. Amazon isn't just taking sales from brick-and-mortar stores; it's also taking market share from traditional retailers' online stores.

Read: [U.S. retail sales barely budge in February](#)

Amazon is also moving aggressively into warehousing and package delivery services, which combined employ 2 million workers, including 600,000 at the post office. How many of those jobs will Amazon's drones take?

Could Amazon actually kill more American jobs than China did? It's quite likely. Economists David Autor, David Dorn and Gordon Hanson [have estimated](#) China's manufacturing exports to the U.S. may have cost as many as 2 million jobs.

If Amazon can capture 40% of the GAFO market within five years (as seems likely), about 1.5 million jobs at brick-and-mortar stores could be lost. Add in the jobs Amazon will kill at grocery stores, drugstores, warehouses and delivery services, and the total would be well over 2 million.

And unlike the manufacturing jobs lost to China, which were clustered in a comparatively few counties, those retail jobs are located in every city, town and hamlet in America.

Don't worry, though. Economic theory says the displaced workers will find other jobs as the economy grows more productive. And Amazon will pay you a couple of bucks if you'll use your own car to deliver packages to your neighbors.

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It's not Amazon, it's technology and adaptation. If it wasn't Amazon, it would be another large online retailer. A lot of people can't, don't want to or don't have time to drive around to brick and mortar stores. Retailers like Amazon have met that need. The world and the market keeps changing, nothing is stagnant, adapt and survive.

Manufacturing Jobs Are Never Coming Back

By Ben Casselman

Filed under In Real Terms



This is [In Real Terms](#), a column analyzing the week in economic news. Comments? Criticisms? Ideas for future columns? [Email me](#) or drop a note in the comments.



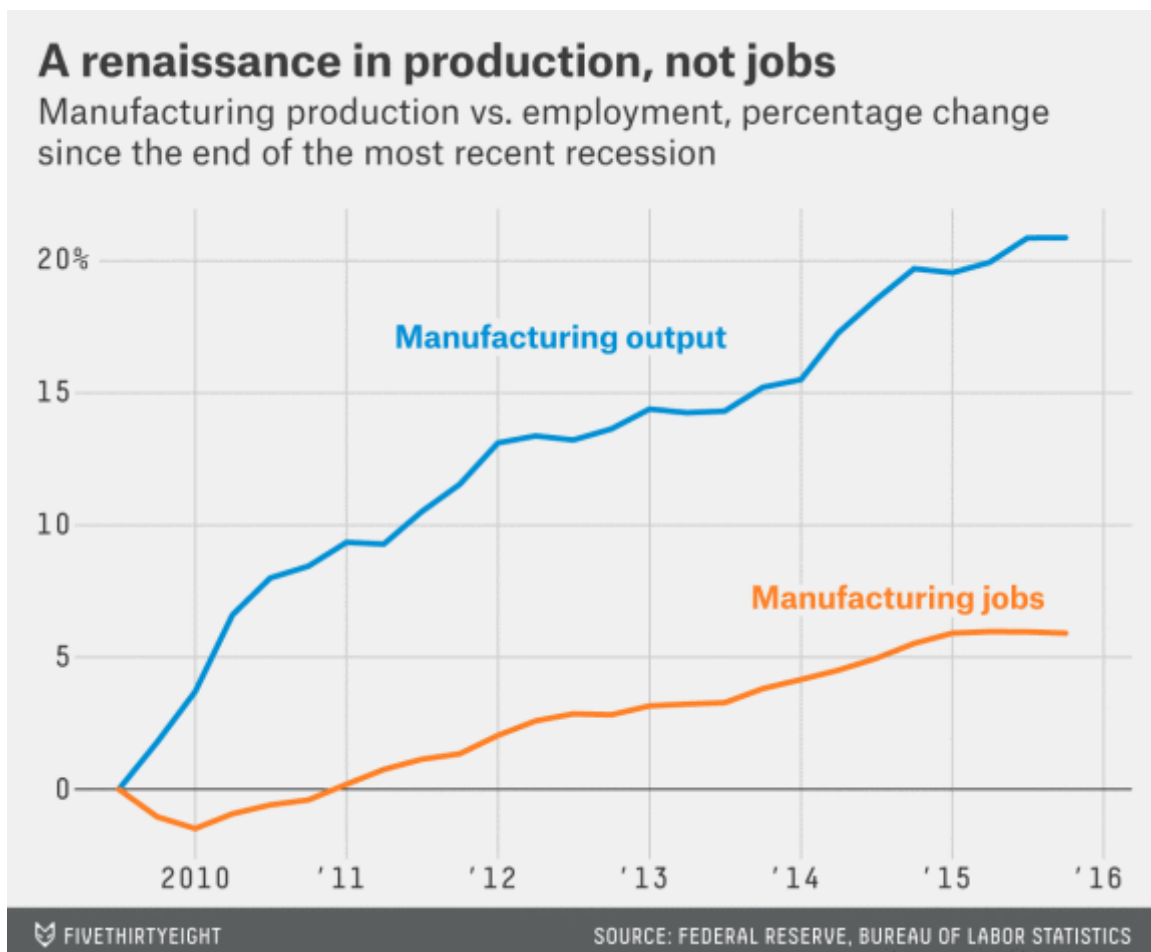
A plea to presidential candidates: Stop talking about bringing manufacturing jobs back from China. In fact, talk a lot less about manufacturing, period.

It's understandable that voters are angry about trade. The U.S. has lost more than 4.5 million manufacturing jobs since NAFTA took effect in 1994. And as [Eduardo Porter wrote this week](#), there's mounting evidence that U.S. trade policy, particularly with China, has caused lasting harm to many American workers. But rather than play to that

anger, candidates ought to be talking about ways to ensure that the service sector can fill manufacturing's former role as a provider of dependable, decent-paying jobs.

Here's the problem: Whether or not those manufacturing jobs could have been saved, they aren't coming back, at least not most of them. How do we know? Because in recent years, factories *have* been coming back, but the jobs haven't. Because of rising wages in China, the need for shorter supply chains and other factors, a [small but growing group](#) of companies are shifting production back to the U.S. But the factories they build here are heavily automated, employing a small fraction of the workers they would have a generation ago.

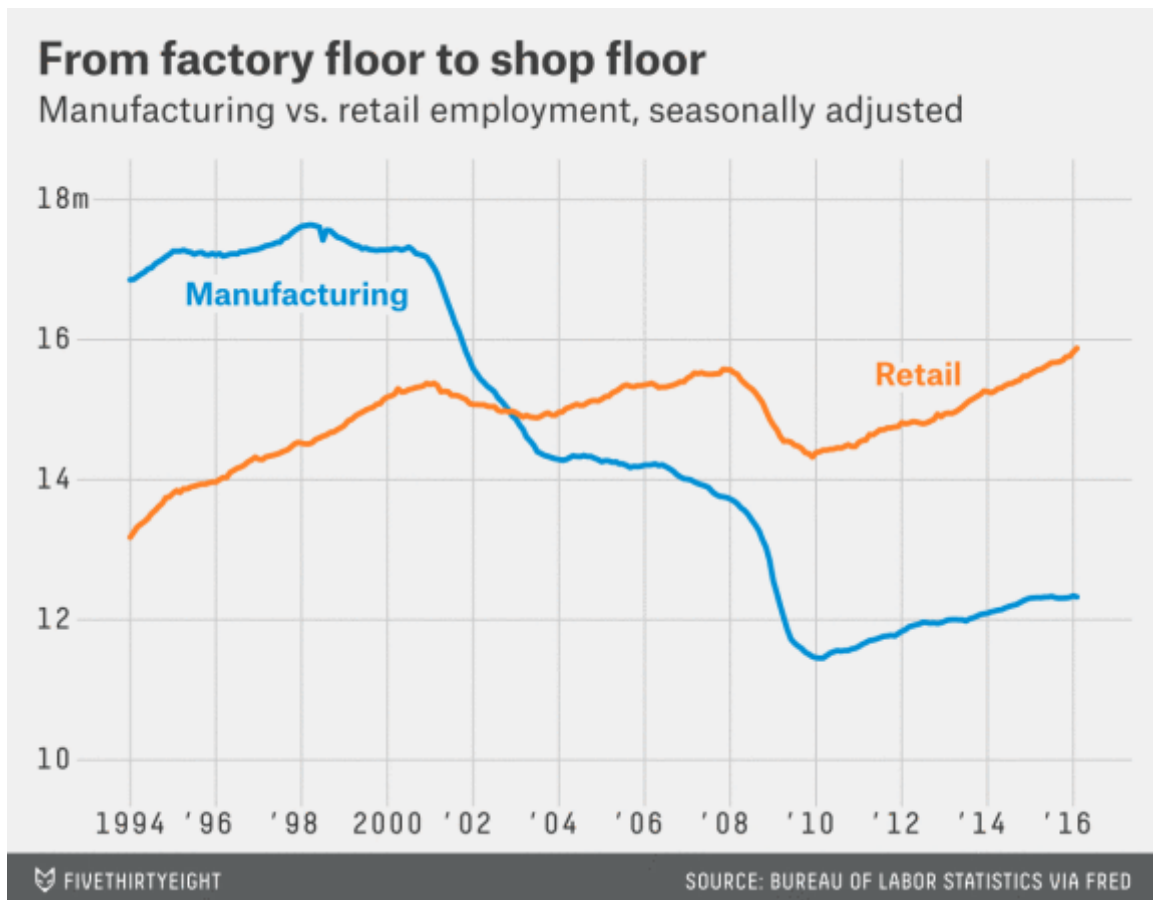
Look at the chart below: Since the recession ended in 2009, manufacturing output — the value of all the goods that U.S. factories produce, adjusted for inflation — has risen by more than 20 percent, because of a combination of “reshoring” and increased domestic demand. But manufacturing employment is up just 5 percent. And much of that job growth represents a rebound from the recession, not a sustainable trend. (The Washington Post's Abha Bhattarai had a [great story this week](#) on what the much-touted “manufacturing renaissance” really looks like through the eyes of one Georgia town.)



None of that, though, stops Donald Trump from promising at every debate and campaign stop to “take our jobs back from China and all these other countries.” Nor does it stop the other candidates from visiting factories in Southern and Midwestern towns and promising — albeit in less grandiose terms — to restore the lost luster of American manufacturing. “I’m tired of seeing them creating jobs all over the world while they’re laying off American workers,” Bernie Sanders told a crowd in Youngstown, Ohio, last weekend. “Not acceptable. That is going to end.”

There’s no mystery why candidates love to focus on manufacturing and trade. The U.S. economy faces deep structural challenges — stagnant wages, rising inequality, falling employment rates among men and other groups — and China presents an easy scapegoat. (Wall Street often plays a similar role, especially on the Democratic side.) And manufacturing in particular embodies something that seems to be disappearing in today’s economy: jobs with decent pay and benefits available to workers without a college degree. The average factory worker earns more than \$25 an hour before overtime; the typical retail worker makes less than \$18 an hour.

But those factory photo ops ignore an important reality: In 1994 there were 3.5 million more Americans working in manufacturing than in retail. Today, those numbers have almost exactly reversed, and the gap is widening. More than 80 percent of all private jobs are now in the service sector.



There is nothing wrong with politicians’ trying to save what remains of U.S. manufacturing, nor with trying to avoid repeating old mistakes on trade. But like it or not, the U.S. is now a service-based economy. It’s time candidates started talking about making that economy work for workers, rather than pining for one that’s never coming back.

Bern medicine?

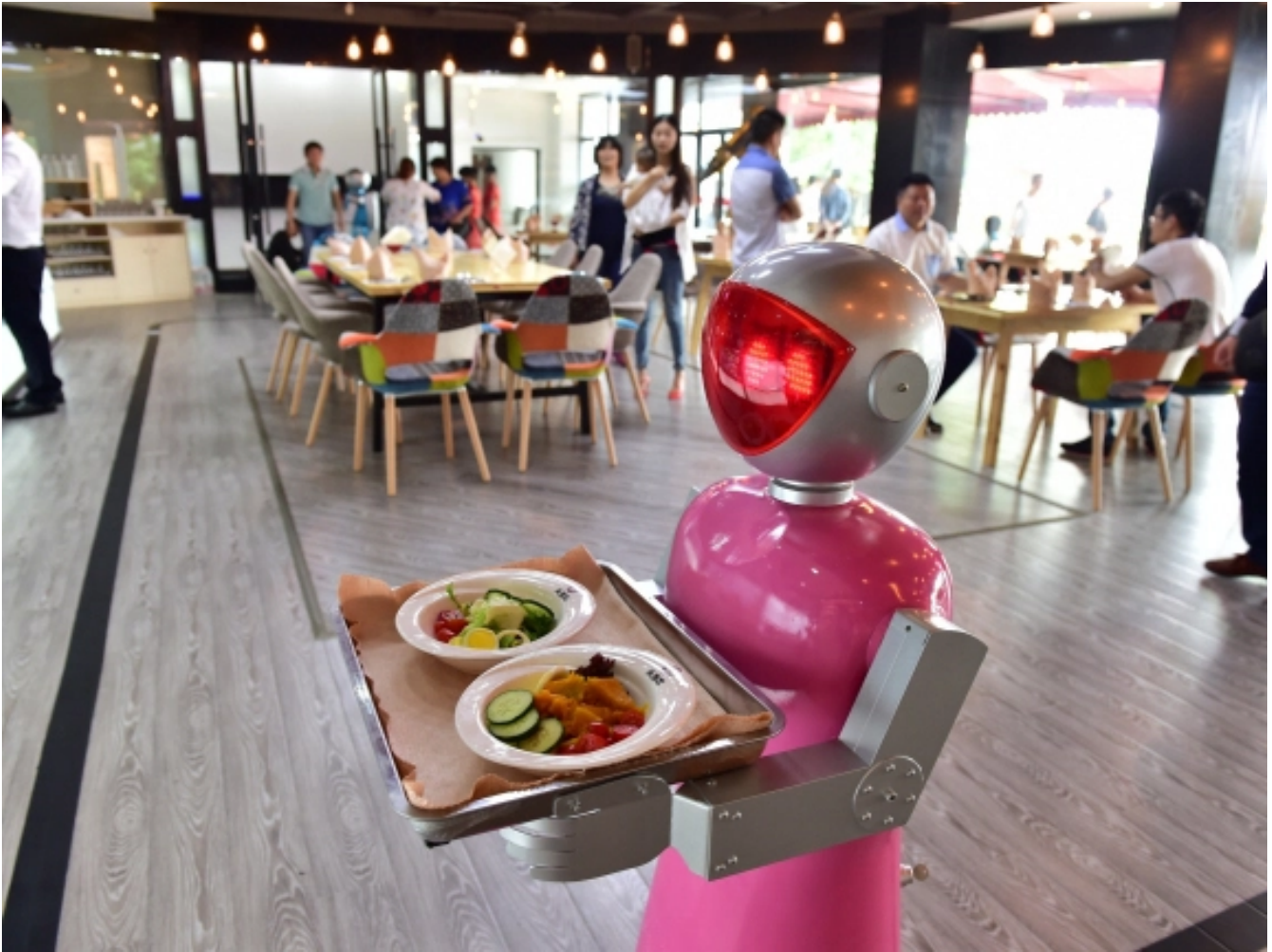
Justified or not, railing against NAFTA seems to be popular, at least among a vocal segment of the Democratic base. So it was a bit odd that when the Progressive Policy Institute this week released a [new policy agenda](#) aimed explicitly at countering Bernie Sanders’s populist message, one of the key proposals was the liberalization of trade policy.

PPI is a centrist Democratic think tank that, while not formally affiliated with the Clinton campaign, is effectively an organ of the party establishment; it [bills itself](#) as “the original ‘idea mill’ for President Bill Clinton’s New Democrats.” Its new report was [widely interpreted](#) as a bid by centrists to show they could compete with Sanders on big economic ideas.

Republican-Leaning Cities Are At Greater Risk Of Job Automation

By Jed Kolko

Filed under Automation



A robot waiter delivers meals for customers at robot-themed restaurant. CHINAFOTOPRESS VIA GETTY IMAGES

More and more work activities and even entire jobs are at risk of being [automated](#) by algorithms, computers and robots, raising concerns that more and more humans will be put out of work. The fear of automation is widespread — President Obama cited it as the No. 1 reason Americans feel anxious about the economy in his [State of the Union address](#) last month — but its effects are not equally distributed, creating challenges for workers and policymakers. An analysis of where jobs are most likely to face automation shows that areas that voted Republican in the last presidential election are more at risk, suggesting that automation could become a partisan issue.

So-called “routine” jobs — those that “[can be accomplished by following explicit rules](#)” — are most at risk of automation. These include both “manual” routine occupations, such as metalworkers and truck drivers, and “cognitive” routine occupations, such as cashiers and customer service reps.¹ Whereas many routine jobs tend to be middle-wage, non-routine jobs include both higher-wage managerial and professional occupations and lower-wage service jobs.

Non-routine jobs account for all — yes, all — of the job growth since 2000. From 2000 to 2014, the number of non-routine jobs in the U.S. increased by 30 percent, while the number of routine jobs fell by 1 percent. As a result, the share of U.S. jobs that were routine fell from 51 percent in 2000 to 45 percent in 2014.²

How much of the workforce holds a routine job varies across the country and by metropolitan area. Among large metros in 2014, Washington was the one where the smallest share of jobs were routine, with 32.2 percent. [Tech hubs](#) dominate the list of metros with fewer routine jobs, including San Jose, California; San Francisco; Boston; Seattle; San Diego; Raleigh, North Carolina; and Austin, Texas. All of the 10 metros with the lowest routine-job share favored Obama in the 2012 presidential election.³

Metros with the smallest routine-job share

	METROPOLITAN AREA*	SHARE ROUTINE JOBS, 2014	2012 OBAMA MARGIN OVER ROMNEY	ANNUALIZED JOB GROWTH, 2009-15
1	Washington, DC-VA-MD-WV	+32.2%	+36	+0.9%
2	San Jose, CA	+34.6	+42	+2.9
3	San Francisco, CA	+34.8	+54	+2.3
4	Boston, MA	+35.8	+22	+1.6
5	Baltimore, MD	+37.8	+18	+1.0
6	Seattle, WA	+38.9	+30	+1.8
7	San Diego, CA	+39.0	+8	+1.5
8	Raleigh, NC	+39.3	+6	+2.6
9	New York, NY	+39.4	+31	+1.3
10	Austin, TX	+39.8	+7	+3.5

*Metropolitan area names have been shortened from the official census versions

SOURCES: BASED ON DATA FROM AMERICAN COMMUNITY SURVEY, DAVE LEIP'S ATLAS OF U.S. PRESIDENTIAL ELECTIONS, BUREAU OF LABOR STATISTICS

The metro where routine work accounts for the largest share of jobs is Riverside-San Bernardino in California (the “Inland Empire” east of Los Angeles). Southern metros account for four of the top six. Eight of the 10 metros with the highest routine-job share favored Mitt Romney in 2012; Riverside-San Bernardino and Memphis, Tennessee, were the only exceptions.

Metros with the largest routine-job share

	METROPOLITAN AREA*	SHARE ROUTINE JOBS, 2014	2012 OBAMA MARGIN OVER ROMNEY	ANNUALIZED JOB GROWTH, 2009-15
1	Riverside-San Bernardino, CA	50.3%	+4	+2.0%
2	Memphis, TN	48.8	+12	+0.4
3	Louisville, KY	48.6	-2	+1.5
4	Salt Lake City, UT	48.0	-22	+2.3
5	Birmingham, AL	47.4	-20	+0.5
6	Nashville, TN	46.9	-16	+2.5
7	Oklahoma City, OK	46.8	-27	+1.6
8	San Antonio, TX	46.2	-8	+2.3
9	Houston, TX	46.1	-12	+2.5
10	Indianapolis, IN	46.0	-8	+1.8

*Metropolitan area names have been shortened from the official census versions

SOURCES: BASED ON DATA FROM AMERICAN COMMUNITY SURVEY, DAVE LEIP'S ATLAS OF U.S. PRESIDENTIAL ELECTIONS, BUREAU OF LABOR STATISTICS

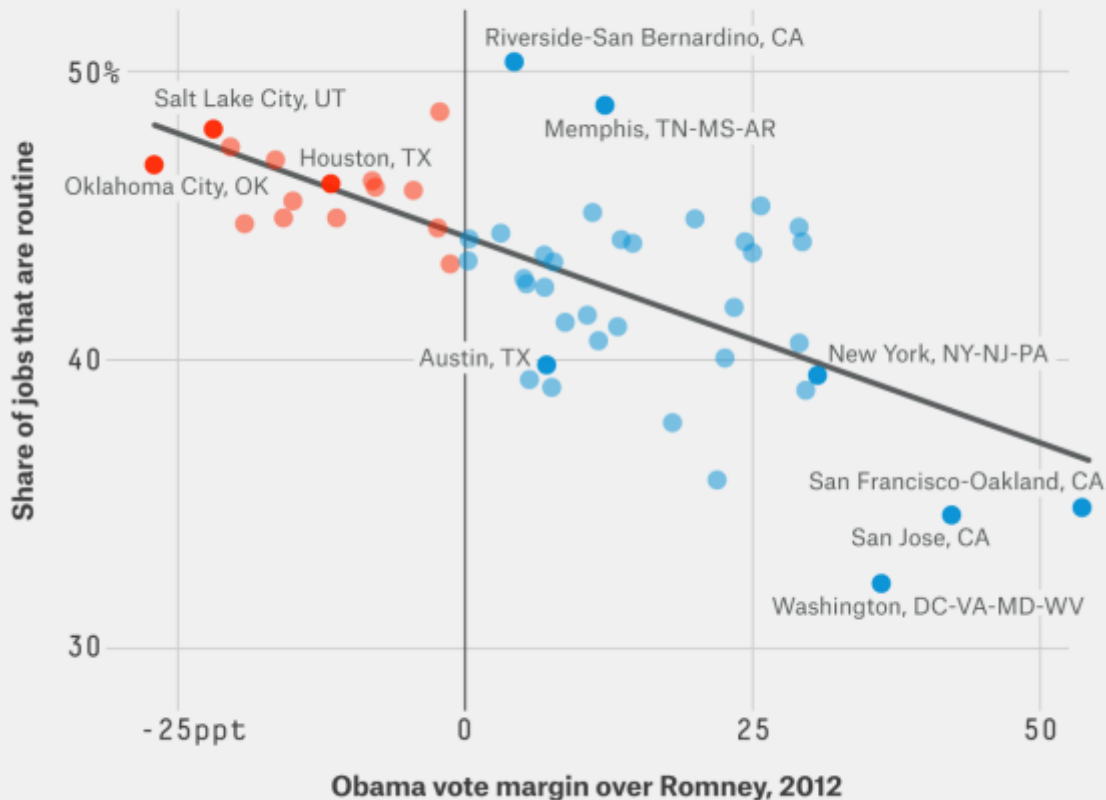
Note the absence of Midwestern manufacturing centers such as Detroit, Cleveland and Milwaukee from this list. With the decline of American manufacturing employment, “production” occupations now account for a small share even of routine jobs. Routine jobs are more likely to be behind a desk than on the factory floor.

There are other clear patterns to these rankings. Larger metros, where professional services such as banking and consulting tend to cluster, have lower routine-job shares.⁴ Metros with low routine-job shares also tend to have higher median household incomes and, to a lesser extent, greater income inequality.⁵

More striking and surprising is the strong relationship between routine-job share and political partisanship. The correlation between a metro's routine-job share and its vote margin for Obama in 2012 is -0.60.⁶

Republican-leaning metros have more routine jobs

Share of jobs that are routine vs. Obama's vote margin over Romney in the 2012 presidential election, by metropolitan area*



*Metropolitan area names have been shortened from the official census versions



BASED ON DATA FROM THE AMERICAN COMMUNITY SURVEY, DAVE LEIP'S ATLAS OF U.S. PRESIDENTIAL ELECTIONS

None of this data suggests that routine jobs make people vote Republican, or that red-leaning metros attract routine jobs or repel non-routine ones. But the simple correlation alone — without any causality — suggests that automation may turn out to be a partisan issue. Red metros have a higher share of routine jobs, and their economies are therefore more at risk from automation. Blue America is not only at lower risk from automation, but stands to reap more of its benefits because tech hubs — where the developers of the algorithms and robots are — lean strongly blue.

The higher risk of automation suggests that red America should feel more economic anxiety than blue America, despite the fact that red America's economic performance has kept up with blue America's in the Obama years. At the end of 2015, the unemployment rate was 4.7 percent in counties that voted for Romney, slightly below the 4.9 percent rate in counties that voted for Obama. From 2009 to 2015, both Romney counties and Obama counties saw a 1.2 percent annual increase in job growth. Although average wages rose 0.5 percent annually in Romney counties versus 0.6 percent in

Obama counties, blue America’s wage growth lead was due entirely to the strongly Democratic San Francisco Bay Area, which had by far the fastest average wage growth in the country over these years. Excluding the Bay Area, wage growth was 0.4 percent in blue America, slightly behind red America.⁷

No single factor, such as the risk from automation, will determine a metro area’s economic fate. Other factors matter too. For instance, high housing costs [hold back job growth](#), and [housing affordability is a bigger challenge in blue metros than in red metros](#). Furthermore, the pace of automation and its net impact on jobs is uncertain, and many local markets will adapt: The economies of cities such as Seattle and, more recently, Pittsburgh have been reshaped as the U.S. economy has evolved from manufacturing to services. And automation — like other technological innovations — [creates new jobs](#) while making other jobs obsolete. Ultimately, the net effect of automation on employment is still up for debate.

But whether automation, on balance, ends up being a net creator or destroyer of jobs, people whose jobs are automated away face difficult transitions and uncertain prospects. Those difficulties and uncertainties will be felt more in areas that currently lean Republican.

Footnotes

1. A [standard definition](#) of routine jobs includes production, operations, sales and clerical occupations; non-routine jobs include professional, managerial and service occupations.
2. Data on the share of routine jobs, for the U.S. overall and for individual metropolitan areas, comes from the 2000 decennial census (Table [QT-P27](#)) and the 2014 American Community Survey (Table [B24010](#)). Farming-related occupations were excluded.
3. Data on 2012 presidential vote for metropolitan areas was calculated from county election results as published in Dave Leip’s [Atlas of U.S. Presidential Elections](#).
4. Small metros with low routine-job shares tend to be college towns, such as Ann Arbor, Michigan; Boulder, Colorado; and Durham-Chapel Hill, North Carolina.
5. The correlation between routine-job share and population is -0.37; the correlation between routine-job share and median income is -0.79; and the correlation between routine-job share and the Gini coefficient of household income inequality is -0.24. These correlations are for the 207 metros that were large enough for the census to report occupational data in the 2014 American Community Survey. These correlations were weighted by metro population and are statistically significant.
6. The relationship between routine-job share and vote margin is statistically significant even after controlling for median household income, which is itself strongly correlated with voting for Obama in 2012.
7. Data on job growth and wage growth comes from the Bureau of Labor Statistics [Quarterly Census of Employment and Wages](#). The data shown is the annualized growth rate from the

second quarter of 2009 through the second quarter of 2015. Wage growth is adjusted for inflation. County unemployment data is not seasonally adjusted and therefore differs from the headline national rate, which is seasonally adjusted.