Lost manufacturing jobs

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What does international trade have to do with US employment? Not as much as you would think.

Consider long-term job loss in three sectors: Manufacturing, Coal, and Agriculture.
Long-term job loss in three sectors

• Manufacturing employment has fallen steadily as a share, from 32% of total in 1950,
  – to 10% in 1950.
  – Similar declines in other major industrialized countries.
  – Manufacturing output has continued to rise.
  – That means productivity has gone up a lot:
    • It takes fewer workers to make an auto than 65 years ago,

• By analogy, farm employment fell from 90% in 1790,
  – to 2% today.

• And coal miners have fallen from 800\(^{th}\) in 1923,
  – to 100\(^{th}\) now.
Manufacturing jobs were 32% of the national total in 1950, and had declined to 10% by 2010.

Those jobs are not coming back.
Similar declines in other major industrialized countries.

Similarly, we are not going back to the number of coal miners that were employed in 1923 (800\textsuperscript{th} vs. 100\textsuperscript{th}).
Bottom line of lost manufacturing jobs.

Analogously to lost ag and coal jobs,
• they have been offset by jobs gained elsewhere, particularly services.
  – with admittedly long and painful adjustment costs for some individuals & communities, for all 3.
• The primary cause of the job shift is not trade
  – but technological & productivity growth.
  – Indeed, in the case of ag & coal, trade is a plus.