

Manufacturing and Trade: Future is Not Bright

Dean Baker

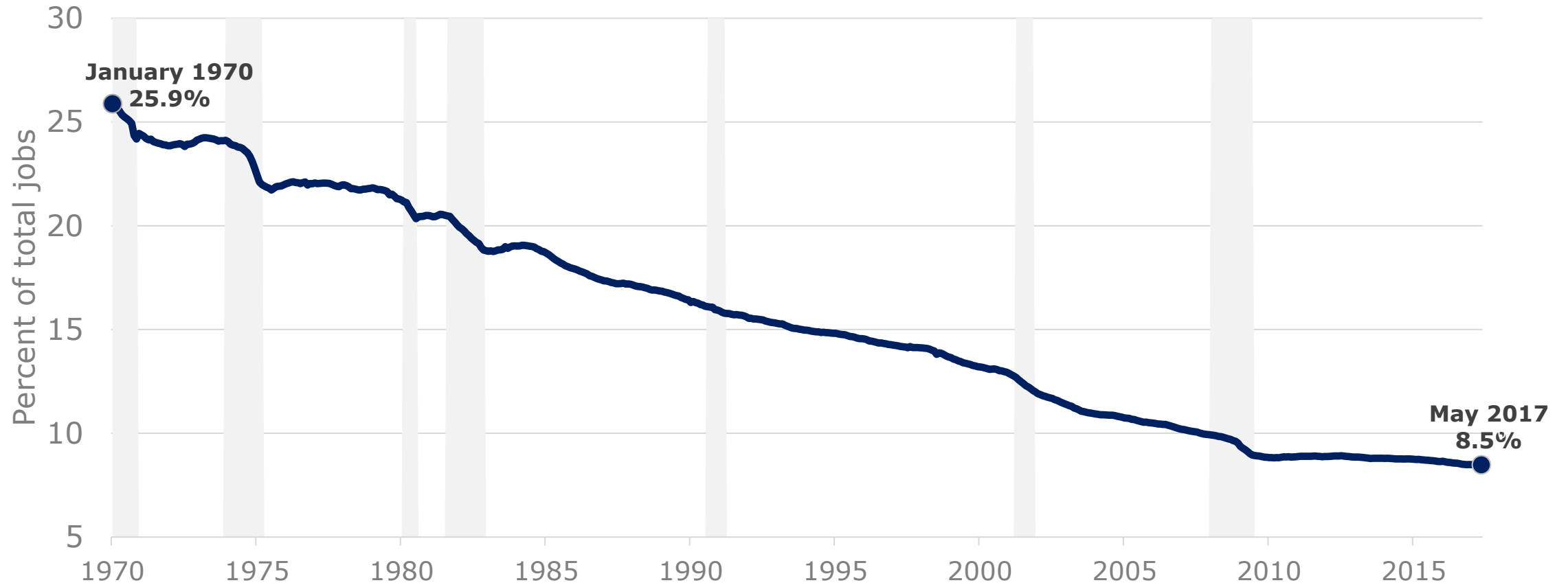
Co-Director

Center for Economic and Policy Research

Main Points

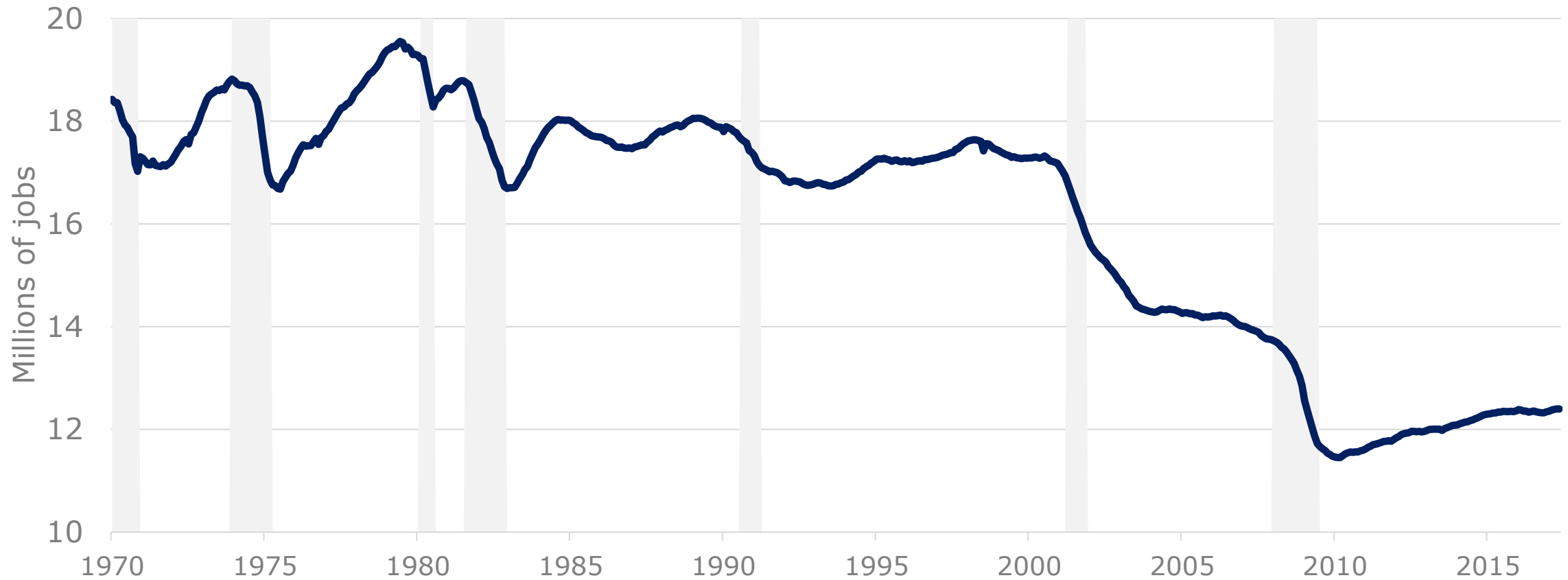
- 1) Employment in auto manufacturing, like all manufacturing, has been falling for decades.
- 2) Trade hastened this decline.
- 3) NAFTA was a factor, but an over-valued currency is more important.
- 4) Even a sharp reduction in trade deficit would have little impact in reversing decline.

Manufacturing Share of Jobs



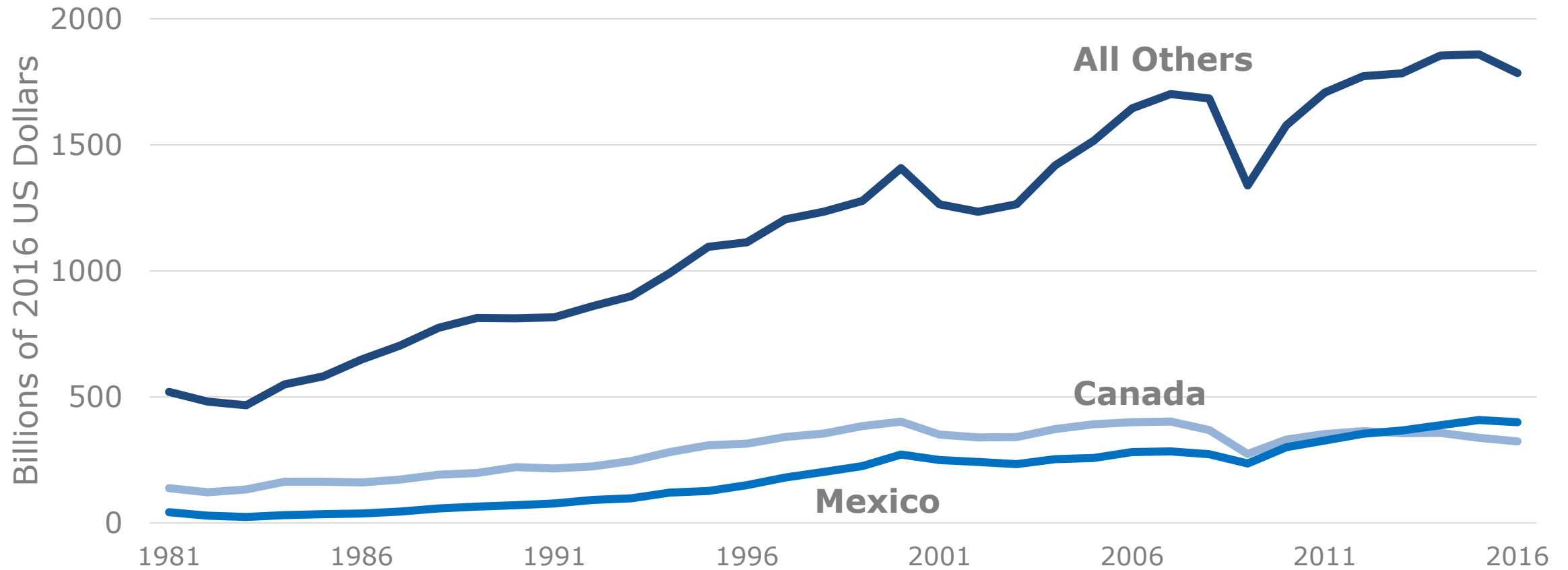
Source: U.S. Bureau of Labor Statistics

Manufacturing Jobs



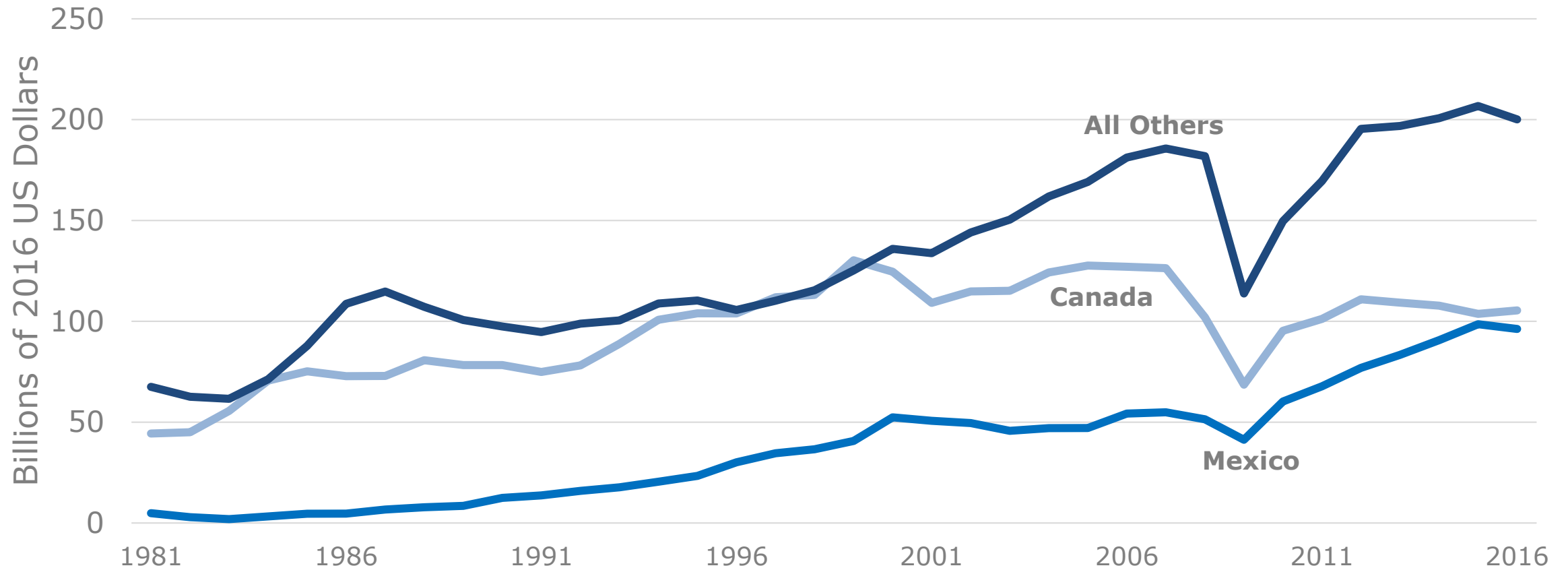
Source: U.S. Bureau of Labor Statistics

Manufacturing Total Trade



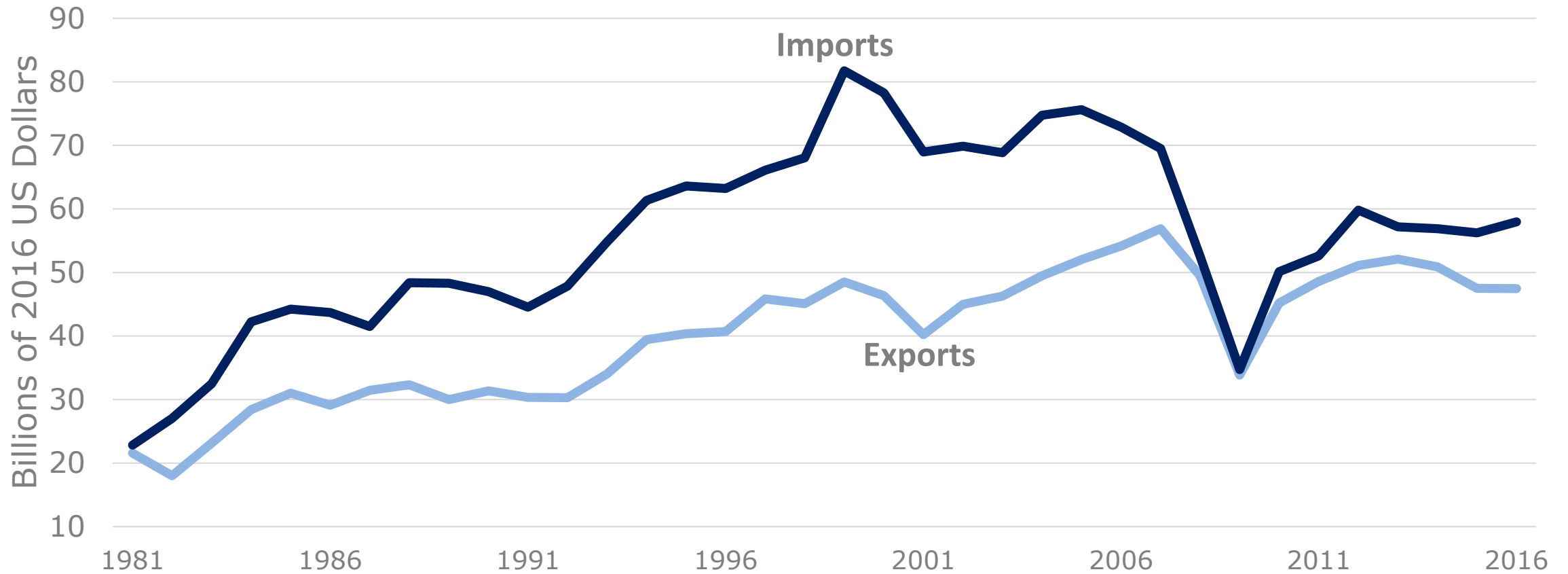
Sources: UN Comtrade, U.S. Census Bureau

Motor Vehicle Total Trade



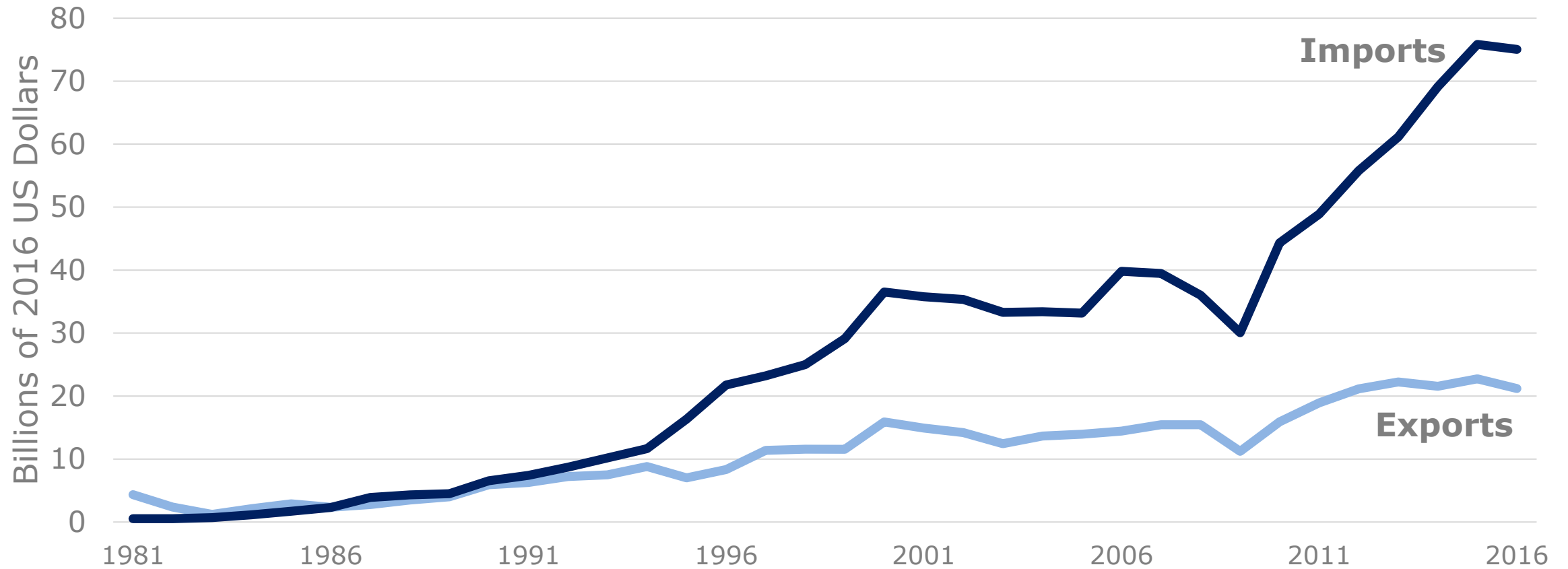
Sources: UN Comtrade, U.S. Census Bureau

Motor Vehicle Trade with Canada



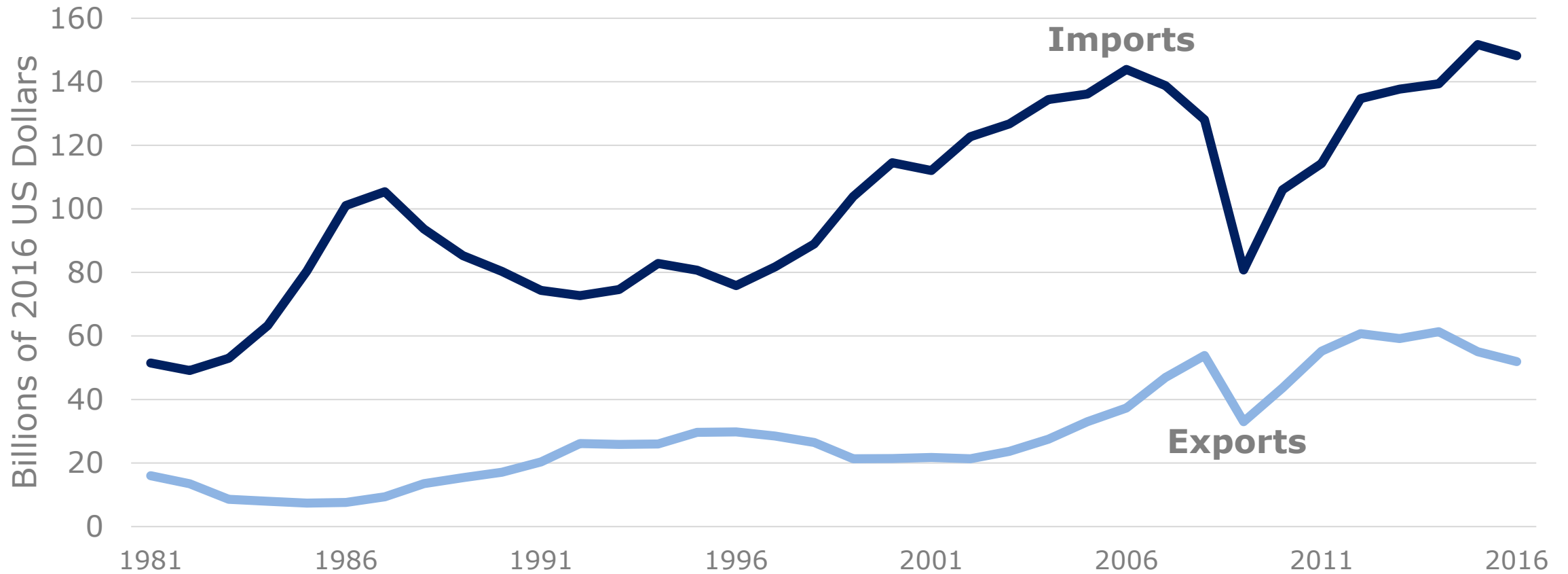
Sources: UN Comtrade, U.S. Census Bureau

Motor Vehicle Trade with Mexico



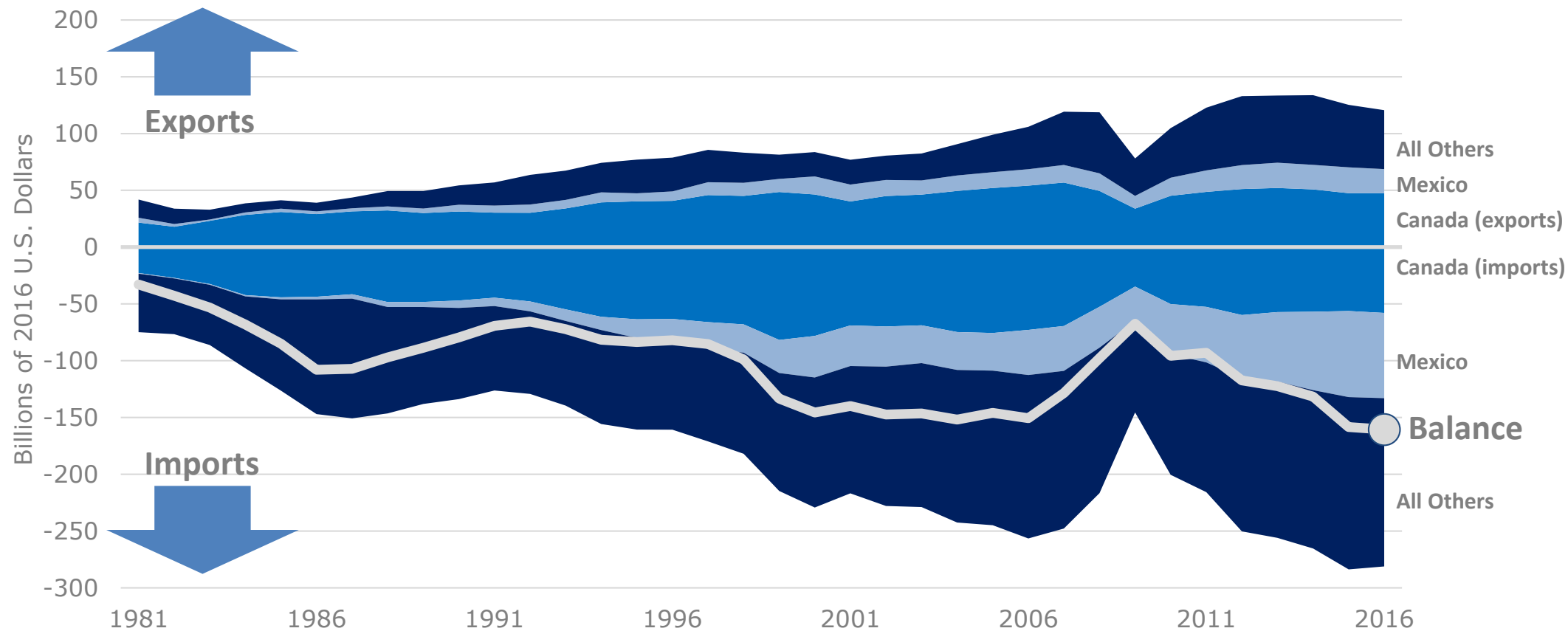
Sources: UN Comtrade, U.S. Census Bureau

Motor Vehicle Trade with All Others



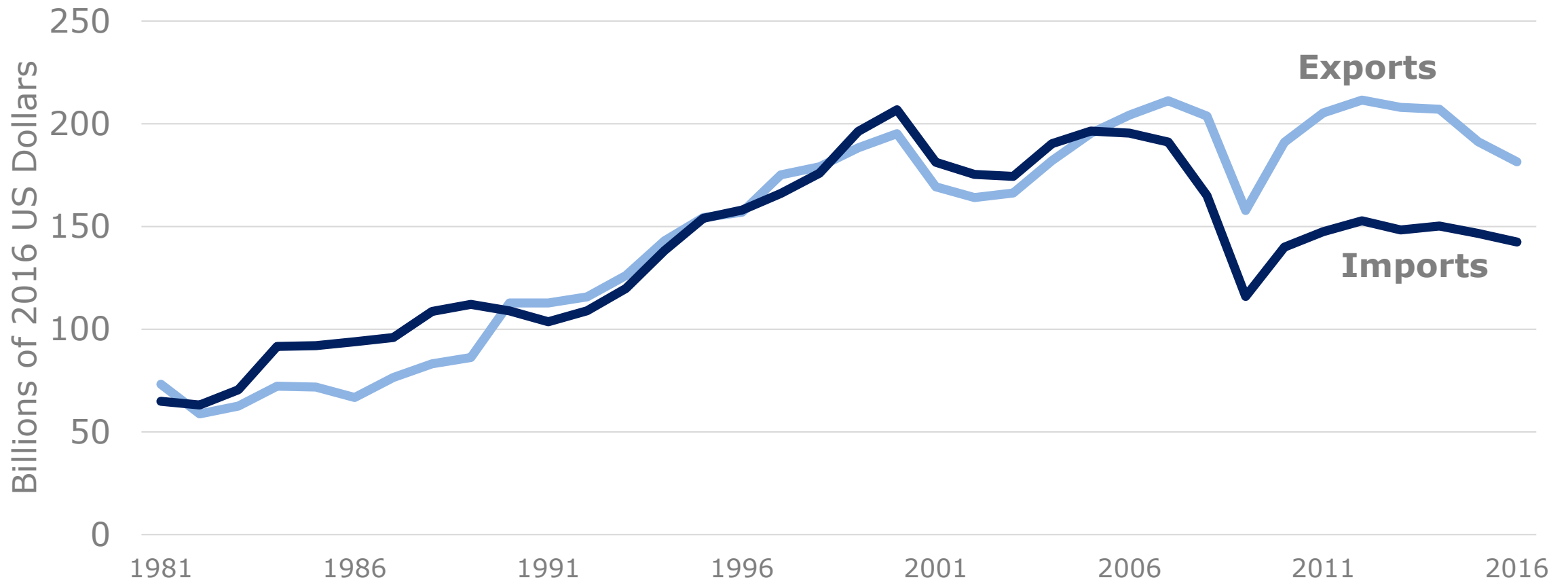
Sources: UN Comtrade, U.S. Census Bureau

Motor Vehicle Trade with Mexico, Canada, All Others



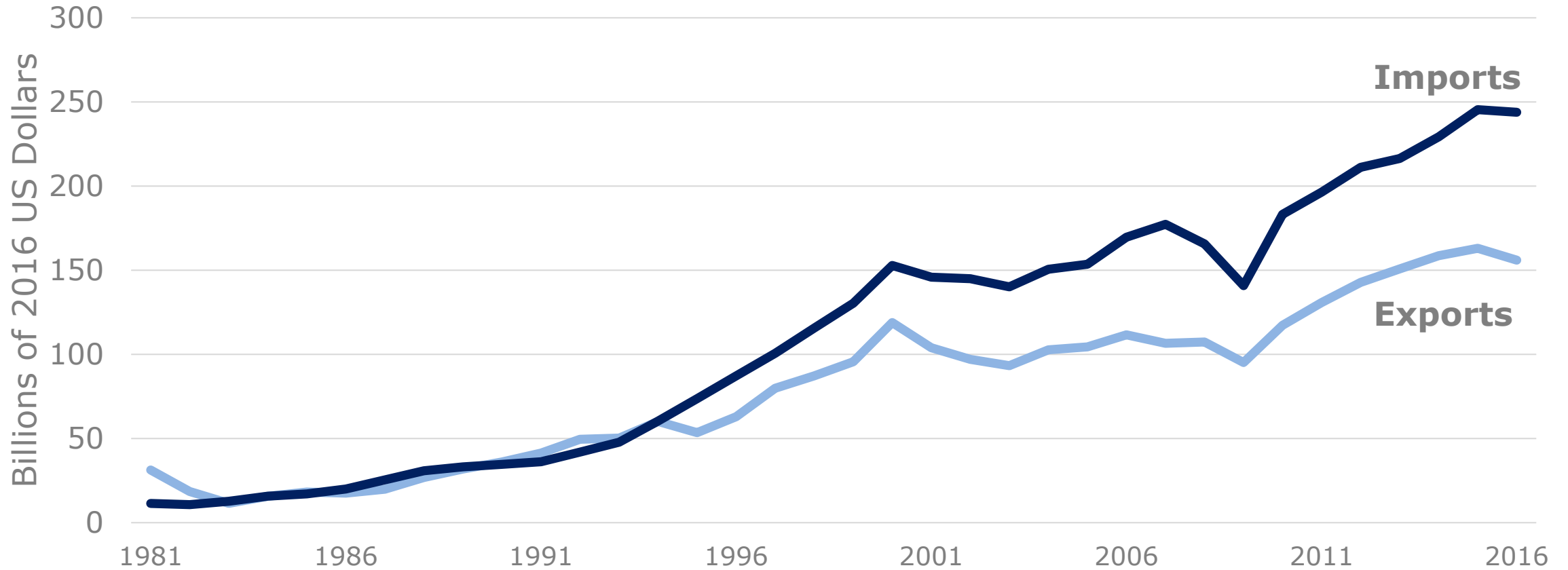
Source: UN Comtrade and U.S. Census Bureau

Manufacturing Trade with Canada



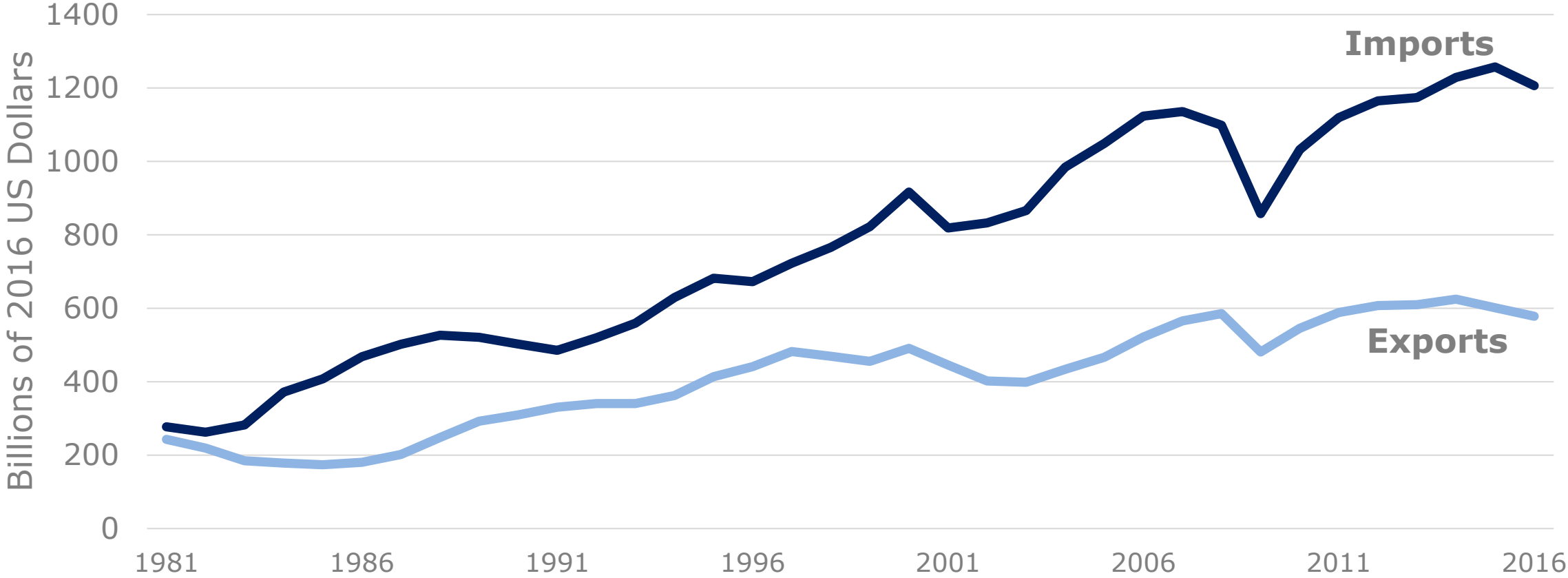
Sources: UN Comtrade, U.S. Census Bureau

Manufacturing Trade with Mexico



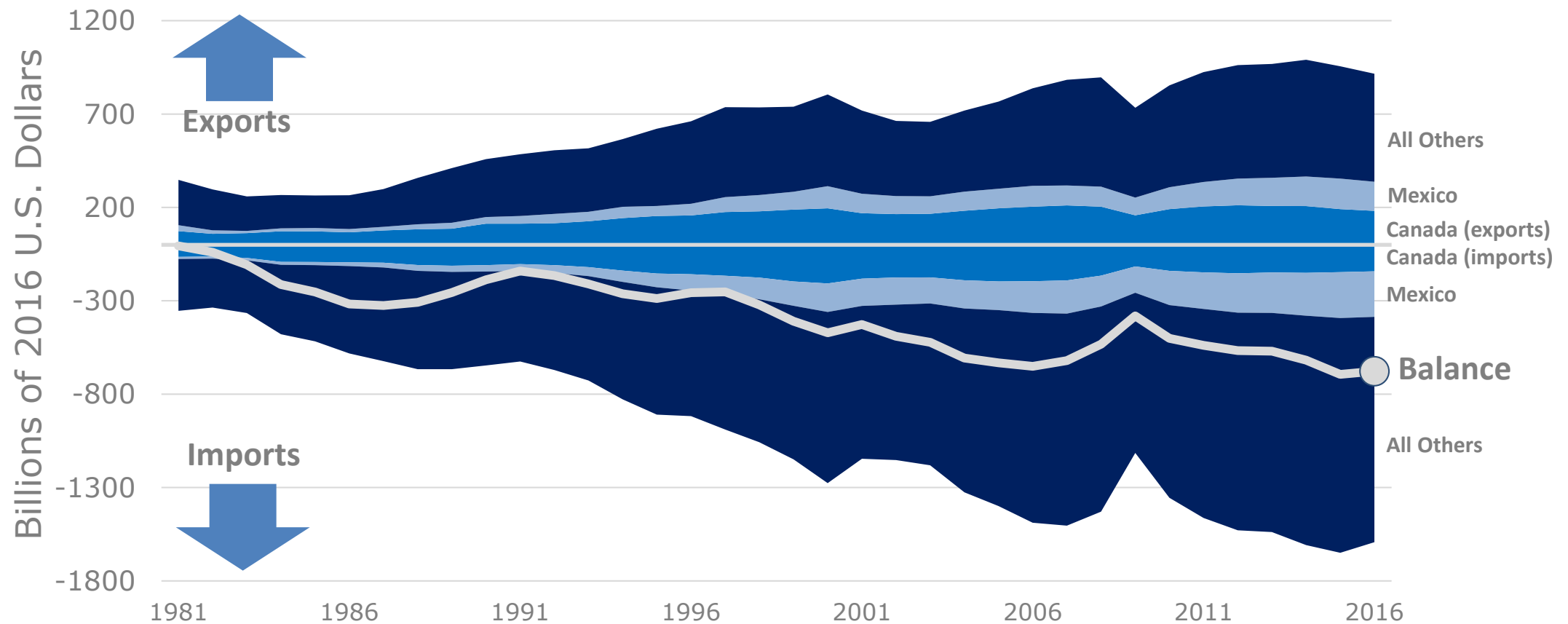
Sources: UN Comtrade, U.S. Census Bureau

Manufacturing Trade with All Others



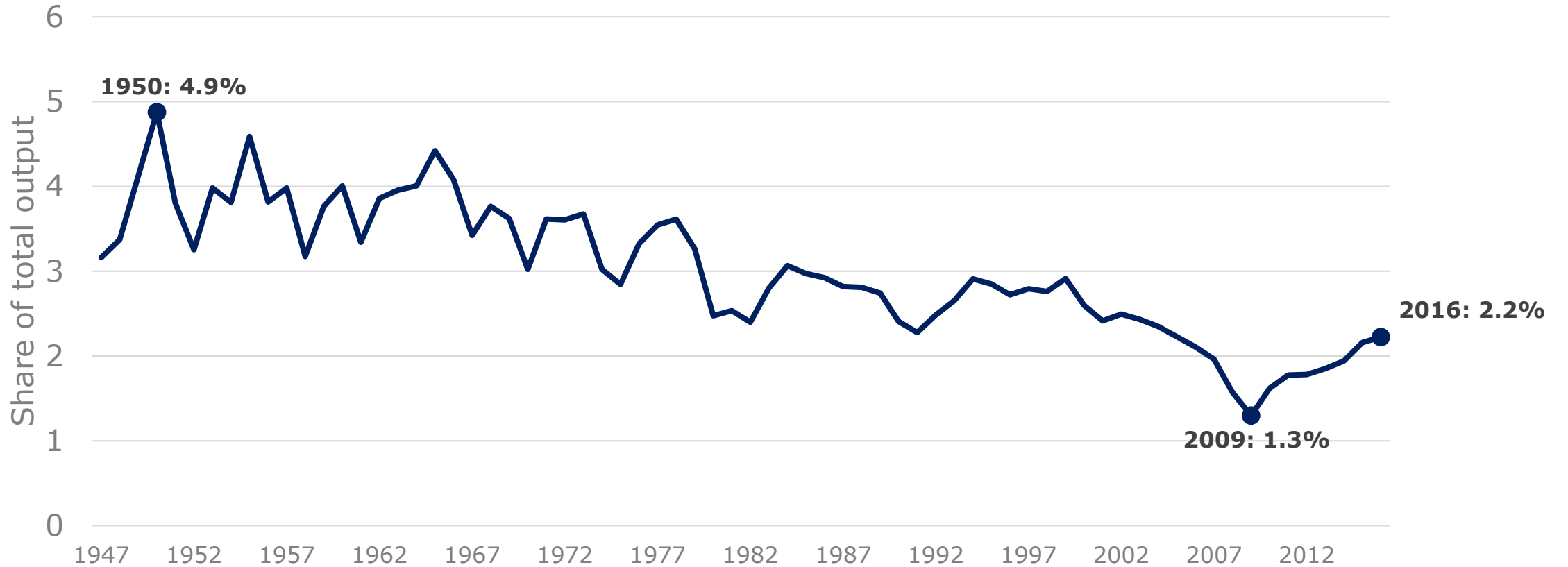
Sources: UN Comtrade, U.S. Census Bureau

Manufacturing Trade with Mexico, Canada, All Others



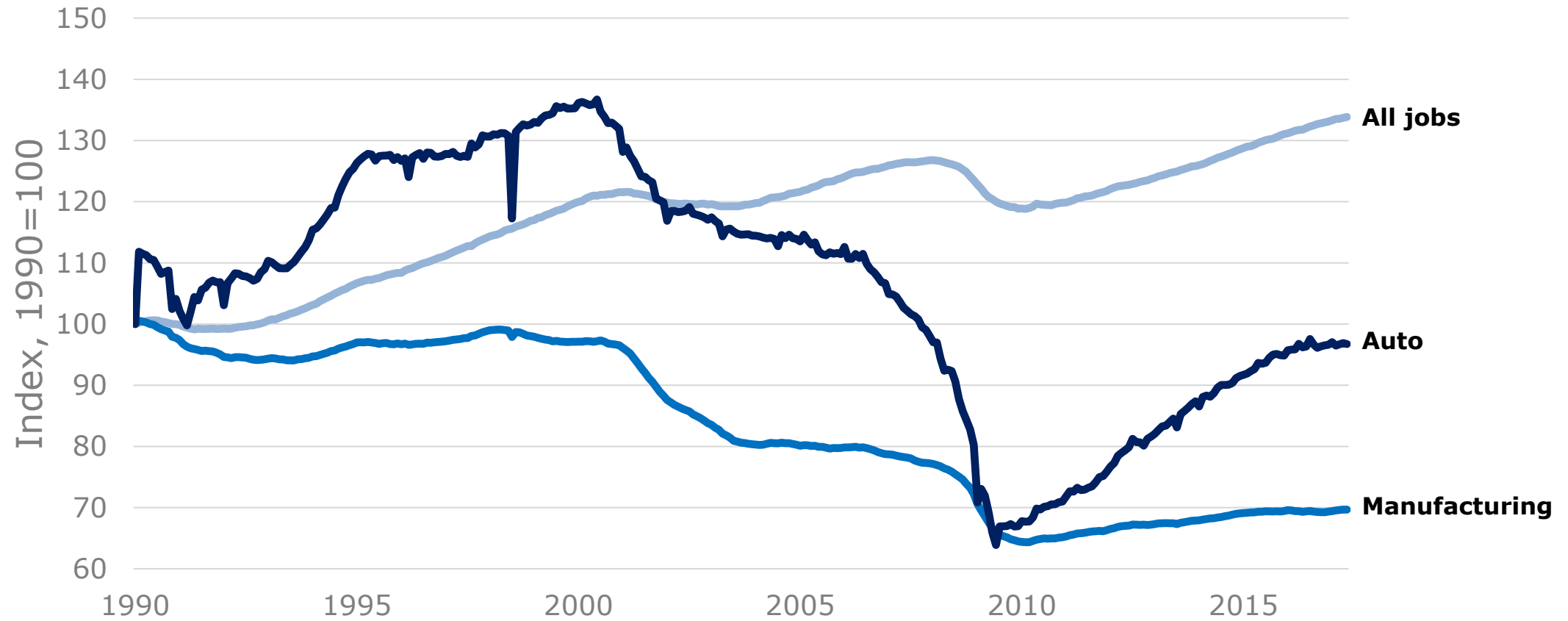
Source: UN Comtrade and U.S. Census Bureau

Auto output as share of total



Source: Bureau of Economic Analysis

Job growth



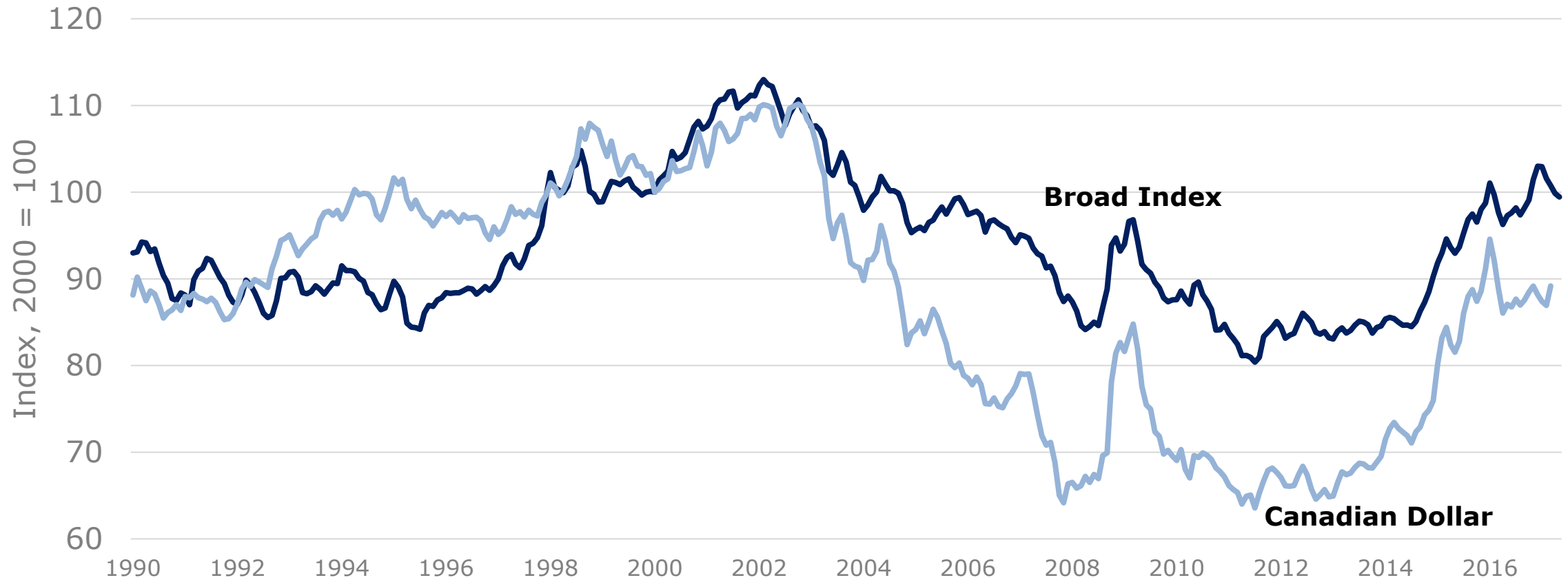
Source: Bureau of Labor Statistics

Employment (in thousands of jobs)

Year	Total	Manufacturing	Autos
1990	91,034	17,797	975.5
1995	97,095	17,262	1,232.5
2000	110,438	17,284	1,328.1
2005	111,060	14,257	1,107.2
2010	107,310	11,460	661.2
2015	118,653	12,299	894.5
2017 (May)	123,831	12,398	943.7

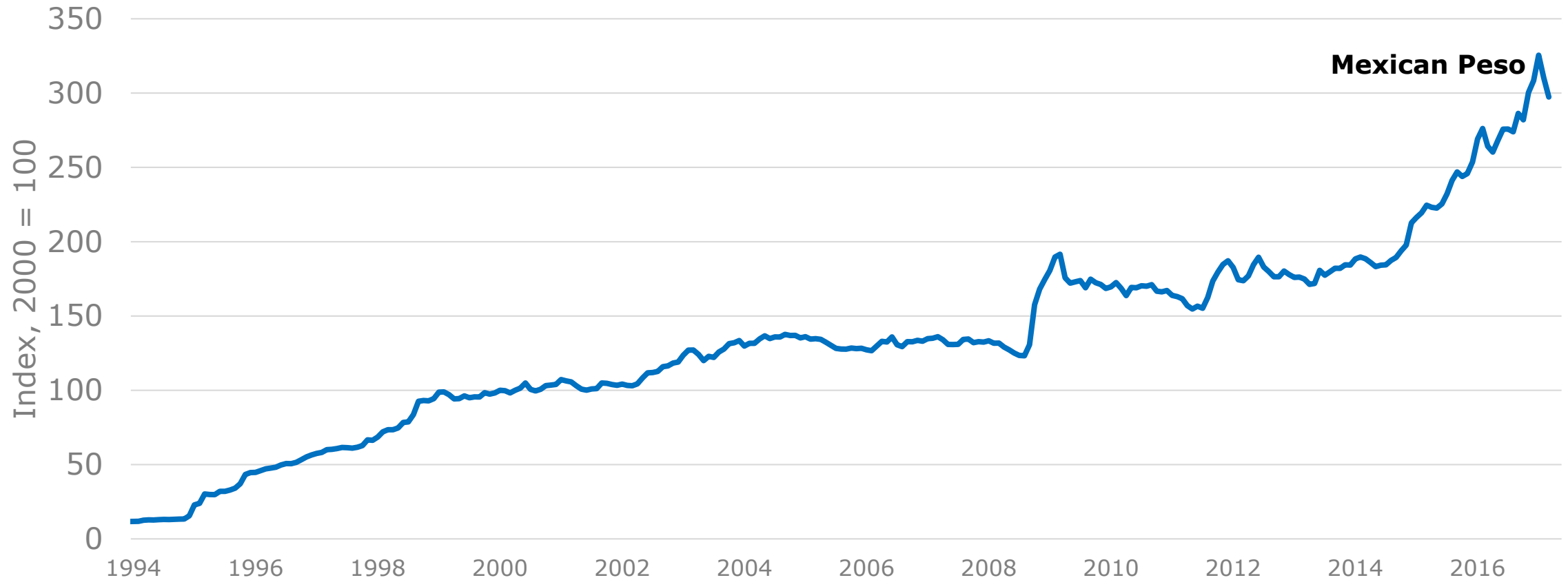
Source: Bureau of Labor Statistics

Real exchange rates



Source: FRED

Real exchange rate: USD-MXN



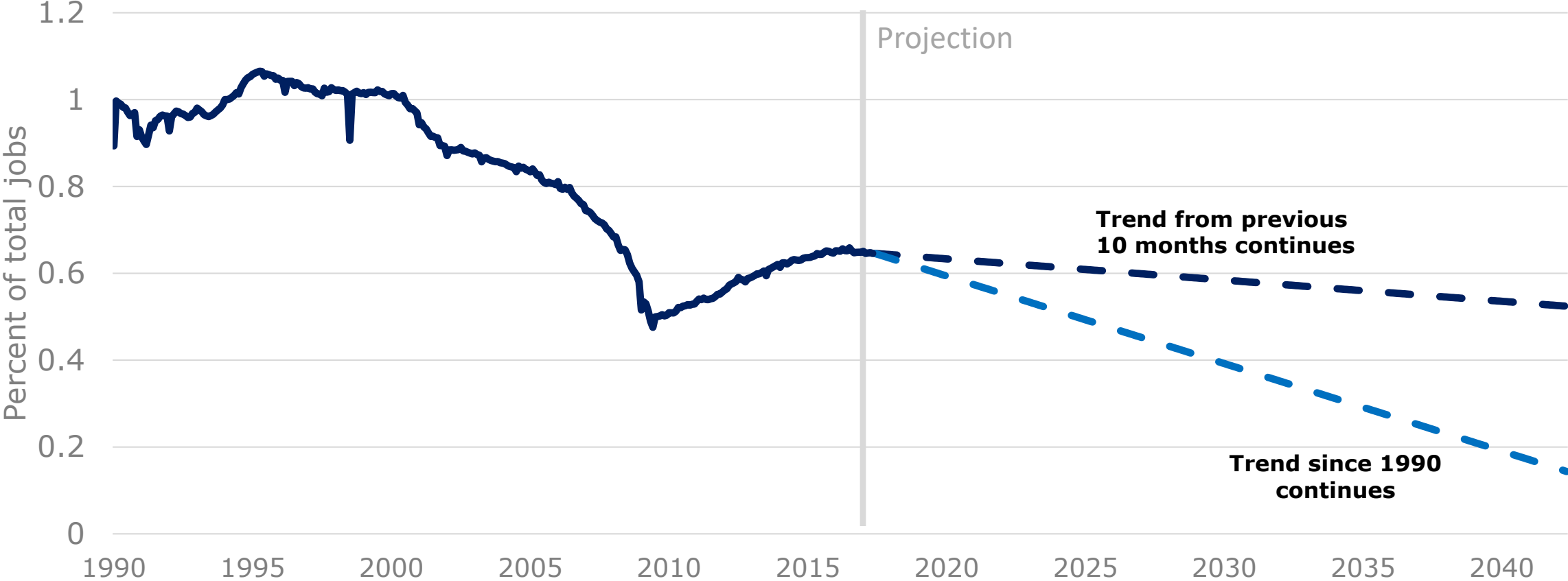
Source: FRED

Auto workers' real wages



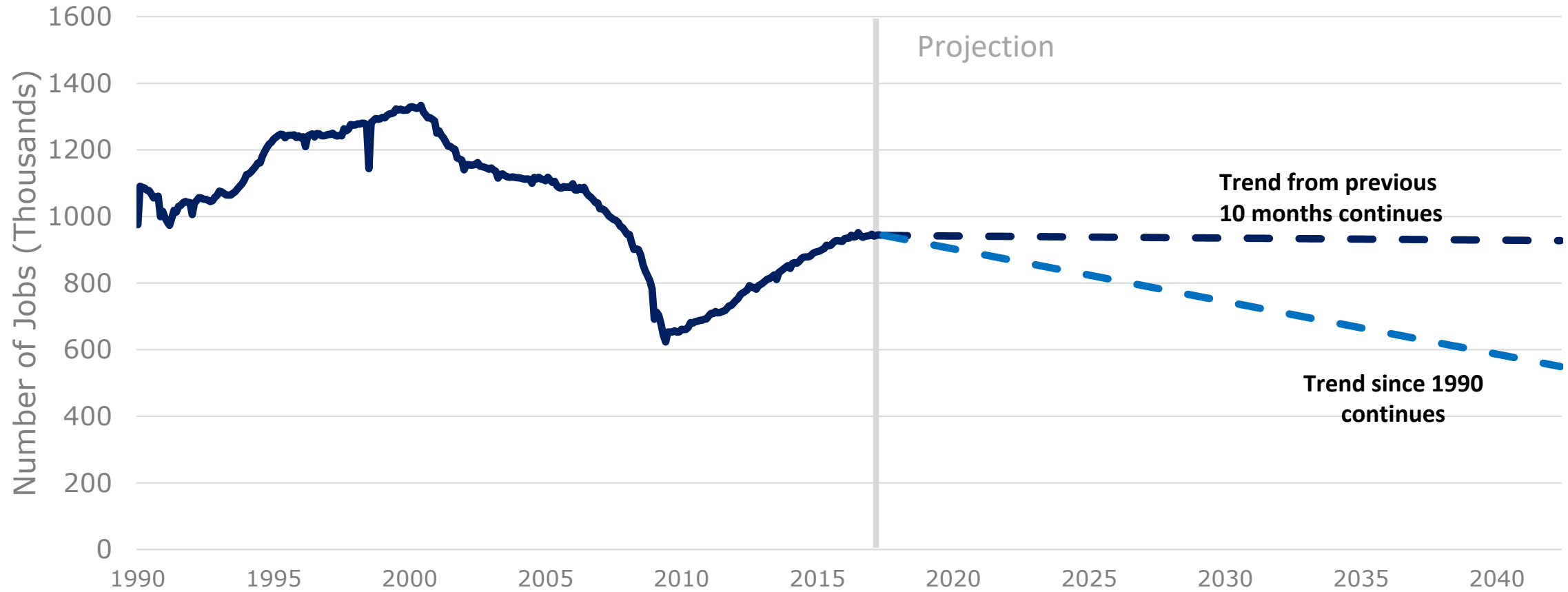
Source: Bureau of Labor Statistics

Auto industry share of US jobs



Source: Bureau of Labor Statistics

Auto industry jobs



Source: Bureau of Labor Statistics

Possible alternatives

- 1) U.S. companies regain market share
- 2) Uber
- 3) Self-driving cars

Conclusion

- 1) Manufacturing employment will continue to decline in importance.
- 2) Trade has made the picture worse.
- 3) This has hurt wages for large segments of the labor market.



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