

Macro Roundup Article

Headline: [Why American Manufacturing is Increasingly Inefficient](#)

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Author(s)	Economist Staff
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Tweet: Productivity in America's manufacturing sector has been in decline since 2011. Fourteen out of nineteen manufacturing sub-sectors, from machinery to textiles, saw declines during the 2010s.

Summary: America's GDP jumped by 4.9% at an annualised rate in the third quarter of the year. Nearly 80% of output is now made up of services, but one might expect manufacturing at least to pull its weight, given its supposed powers. In fact, labour productivity in manufacturing fell by 0.2% at an annualised rate, meaning that the boost to growth was driven by services. To make matters worse, productivity in the manufacturing sector has been in secular decline since 2011—the first decade-long fall in the available data. During the 1990s and 2000s manufacturing productivity soared, with the production of computers and electronics, especially semiconductor chips, leading the way. Gains seem to have topped out at around the time things went wrong more broadly, in the early 2010s. All told, more than a third of the overall slowdown in manufacturing since 2011 is accounted for by computers and electronics. Related: The Productivity Slowdown in Advanced Economies: Common Shocks or Common Trends? and Bottlenecks: Sectoral Imbalances and the US Productivity Slowdown and American Labor's Real Problem: It Isn't Productive Enough

Primary Topic: Investment

Topics: Database, Investment, News article, Productivity, Weekly

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