## **EDWARD CONARD**



## **Macro Roundup Artcile**

**Headline: What Happened To U.S. Manufacturing?** 

Article Link: <a href="https://eig.org/wp-content/uploads/2024/07/TAWP-Handley.pdf">https://eig.org/wp-content/uploads/2024/07/TAWP-Handley.pdf</a>

Author(s)	Kyle Handley
Publication	Economic Innovation Group
Publication Date	July 25, 2024

**Tweet:** .@KyleLHandley argues the "China Shock" has likely run its course; as of 2020 import penetration was well under the 2000-2010 and 2010-2018 trends.

**Summary:** First, while about half of the job destruction from the China Shock is from plant closure, surviving plants have positive net job creation. Second, the negative manufacturing employment effects from Chinese import competition can be decomposed into firm adjustment margins. About 40% of the relative effect is from plant industry switching: continuing plants that switch their primary activity from manufacturing to services. This employment switching shift is oriented almost exclusively away from hard-hit durable goods sectors towards the service sectors in research, design, management, and wholesale, but would otherwise appear as manufacturing jobs loss in public-use aggregated regional employment data. Third, most job destruction in manufacturing in response to the China Shock occurs within firms that are contemporaneously expanding services employment. This factor, plus industry switching, drives positive overall net job creation in services such that overall employment is unaffected by the shock, as the job gains in services offset losses in manufacturing.

**Related Articles:** The Mysterious Slowdown in U.S. Manufacturing Productivity and Labor Market Conflict and the Decline of the Rust Belt and Can Trade Intervention Lead to Freer Trade?

Primary Topic: Growth

Topics: Database, GDP, Growth, Op-Ed/Blog Post, Productivity

**PDF File** 

URL: 'https://www.edwardconard.com/wp-content/uploads/2024/07/TAWP-Handley.pdf

**Permalink:** <a href="https://www.edwardconard.com/macro-roundup/kylelhandley-argues-the-china-shock-has-likely-run-its-course-as-of-2020-import-penetration-was-well-under-the-2000-2010-and-2010-2018-trends?view=detail">https://www.edwardconard.com/macro-roundup/kylelhandley-argues-the-china-shock-has-likely-run-its-course-as-of-2020-import-penetration-was-well-under-the-2000-2010-and-2010-2018-trends?view=detail</a>

**Featured Image Link:** https://www.edwardconard.com/wp-content/uploads/2024/07/22529-what-happened-to-u-s-manufacturing-featured-thumbnail-image.png