

The authors of the study calculated the size of the entire US manufacturing value chain, and found that in 2010, manufacturing, narrowly defined, employed 11.5m workers in the US, but broadly defined, it employed 32.9m workers.

The fourth industrial revolution is not stealing manufacturing jobs

With the advent of the fourth industrial revolution technological breakthroughs associated with things like artificial intelligence, robotics, the Internet of Things, autonomous vehicles, and 3D printing there is a growing fear that manufacturing will become less reliant on human labour. But this fear is not borne out by evidence.

The share of current jobs in OECD countries that stand at risk of automation is only 6-12%. In developing countries, this number is found to be even lower, at 2-8%. And keep in mind that these studies only talk about the risk of automation. So far, 3D printing and robotics have had a negligible impact on labour markets in most countries.

Even if we assume the doomsday scenario of 3D

printers and robots stealing most of our jobs, we don't know if the manufacturing sector will experience larger job losses than the service or agricultural sector. For example, a recent McKinsey report shows that transport and warehousing services are among the most automatable activities, and that sorting of agricultural products is 100% automatable at this point.

So, while it is true that some services are increasingly contributing to economy-wide productivity growth, these services cannot thrive without a vibrant manufacturing sector. Governments in high-income countries shouldn't let their factories rot away, and governments in developing countries are wrong to think that they can skip the industrialisation phase. Manufacturing still matters, a lot.

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