The True Cost of Deindustrialization

Executive Summary: County-Level Analysis of Manufacturing Decline in America

Overview

This comprehensive study analyzes the economic impact of manufacturing decline across 3,200+ U.S. counties from 2000 to 2023. Using data from 9 federal sources including BLS, Census Bureau, USDA, and FDIC, we trace the full chain of effects from factory closures to community-wide economic distress. The findings reveal that deindustrialization didn't just eliminate jobs—it eliminated **good** jobs, with lasting consequences for wages, employment, poverty, and population stability.

Key Findings

4.6 Million	Manufacturing jobs lost nationwide since 2000
-26%	Median county manufacturing employment decline
568 Counties	Lost more than half of manufacturing jobs
$38,636	Annual wage gap between manufacturing and replacement jobs
16.9% vs 11.8%	Poverty rate in severe decline vs. growth counties
$13,000	Median income gap between decline and growth counties
6.3 pp	Lower labor force participation in deindustrialized counties
1,025 Counties	Lost population between 2000-2020

The Causal Chain

Our analysis identifies a clear economic cascade: **Manufacturing Decline** → **Wage Loss** → **Business Closures** → **Home Value Stagnation** → **Population Exodus** → **Persistent Poverty**. Counties with severe manufacturing losses (40%+) show consistently worse outcomes across all economic indicators, including lower business formation rates, reduced bank branch access, and higher rates of labor force exit.

The China Shock Effect

Integration of Autor, Dorn & Hanson trade data confirms that counties with higher exposure to Chinese import competition experienced significantly greater manufacturing losses. High-exposure counties lost manufacturing jobs at nearly twice the rate of low-exposure counties, with effects persisting two decades later.

Regional Concentration

The Rust Belt (OH, MI, PA, IN, IL, WI, WV) was hit hardest, with manufacturing decline rates exceeding national averages. Iconic cities like Detroit, Youngstown, and Gary lost 50-90% of manufacturing employment. However, decline was nationwide—affecting textile regions in the Southeast, furniture manufacturing in the Carolinas, and electronics in the Northeast.

Statistical Validation

OLS regression analysis with robust standard errors confirms statistically significant ($p<0.05$) relationships between manufacturing decline and: higher poverty rates, lower median income, and increased unemployment—even after controlling for education levels and baseline economic conditions.

Data Sources

BLS QCEW (employment/wages) • Census ACS (demographics) • County Business Patterns (establishments) • Zillow ZHVI (home values) • FDIC SOD (bank branches) • USDA ERS (poverty/education) • Census BDS (firm dynamics) • Census Population Estimates • Autor-Dorn-Hanson Trade Data

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Full study with interactive maps and visualizations: tomlewis250-coder.github.io/deindustrialization-study

Analysis completed February 2026 • 2,702 counties analyzed • ~1GB of federal economic data