

Brother, can you spare a manufacturing job? White Voters' reaction to Deindustrialization

Catherine Darin and Zagreb Mukerjee

11/29/2021

Introduction

What led to Donald Trump's surprising 2016 election victory? This paper examines the potential contribution of deindustrialization. Counties differ by exposure to manufacturing, which we use in an instrumental-variable approach to identify the effect of manufacturing job loss on change in Democratic vote share. We find that Democratic vote share falls in counties with high manufacturing job loss since 2004. Disaggregating this result by race shows that the democratic vote share fell where layoffs affected white populations, and rose where layoffs affected nonwhites. This suggests a racial component to how voters process economic hardship.

Base paper: Baccini and Weymouth 2021, "Gone For Good: Deindustrialization, White Voter Backlash, and US Presidential Voting." *APSR*.

Outline

Framing story To do: Qualitative description of the trajectory of XYZ county that swung from O to T and suffered big manufacturing layoffs. This will establish the stakes and connect this to the broader conversation.

Substantive importance

Why did Trump win in 2016? A longstanding debate about relative importance of race and economic factors. Complicated by the interaction of the two. We hope to identify the importance of manufacturing job losses, both in aggregate and for different racial groups.

Empirical strategy

Differential manufacturing exposure across counties allows for identification of the causal effect of deindustrialization on change in Dem vote share. Further differences in racial exposure to mfg layoffs allows for identification of the interaction between race and deindustrialization.

Data and methods

Data is Census Quarterly Workforce Indicators, which break down county employment by industry, race and ethnicity. Augmented with public data on vote shares, employment, etc.

We look at total employment and manufacturing employment (NAICS 31-33, see extensions below). We then compute net change in mfg jobs (long term job loss) from 2004 to 2015, relative to employment in 2004.

We might be worried about endogeneity for manufacturing job losses. So we use a shift-share instrument: we predict net job losses per worker with county-level manufacturing as a share of total employment, plus controls.

Controls: unemployment in 2015, college educated share of population, male share of population, layoffs in service sector, white share of population (to control for demographic trends). We want to know if there's something singular about manufacturing jobs.

Extension Relative to Baccini and Weymouth (2021)

In their main model, Baccini and Weymouth looked at the effect on gross manufacturing job losses from 2012 to 2015 on the change in Democratic vote share in the 2016 presidential election.

Our key extension of Baccini and Weymouth's analysis is changing the quantity of interest from **gross** manufacturing job losses to **net** manufacturing job losses. For example, in Baccini and Weymouth's model, if a county lost 400 manufacturing jobs from 2012-2015 and also gained 400 manufacturing jobs over the same period, they would count 400 overall layoffs. Using our measure of *net* manufacturing job lossess, we would consider this example a 0 net change in manufacturing employment. Given that job destruction and creation is a natural dynamic within the economy (i.e., creative destruction), we think that *net* job lossess is a more meaningful measure.

Using *net* manufacturing job losses as our outcome, we replicate Baccini and Weymouth's main model, which uses 2012-2015 manufacturing (gross) job losses to explain the change in democratic vote share in 2016. Using their specifications, we find totally opposite results - that a *net* increase in white manufacturing jobs *increased* democratic vote share, while a *net* increase in non-white manufacturing jobs *decreased* democratic vote share. (See Tavble X)

However, we do not trust the result of this specification, because, from 2012 to 2015, the national economy experienced a net increase in manufacturing jobs following the 2008 recession (see Figure 1). During this time of recovery, counties that experienced the most pronounced manufacturing job losses in prior years were also likely to experience the most pronounced recovery. Therefore, because manufacturing job losses pre-2012 are likely negatively correlated with manufacturing job gains from 2012-2015, it is misleading to segment the analysis data to just include job losses from 2012 to 2015. [To DO: Empirically show negative correlation describe here]

If we expand our measure of net manufacturing job losses to include the 2004 to 2011 period - which covers most of the period when the U.S. manufacturing economy was hit most

intensely (see figure 1) – we get a result that is consistent with Baccini and Weymouth’s overall conclusion. That is, we find that net white manufacturing job losses decreased democratic vote share, while net non-white manufacturing job losses increased democratic vote share.

While our main takeaway is consistent with Baccini and Weymouth’s story, it is important to highlight the substantive importance of the *timing* of manufacturing layoffs on political outcomes. Whereas Baccini and Weymouth’s analysis suggests that economic changes lead to immediate political consequences, our analysis shows that economic changes can have lagged and variable effects on political outcomes.

[Note: to demonstrate our point about **variable** effects, In our next iteration of the analysis, we will show that manufacturing job losses had little explanatory effect on changes in democratic vote share in other elections (2012 and 2020).]

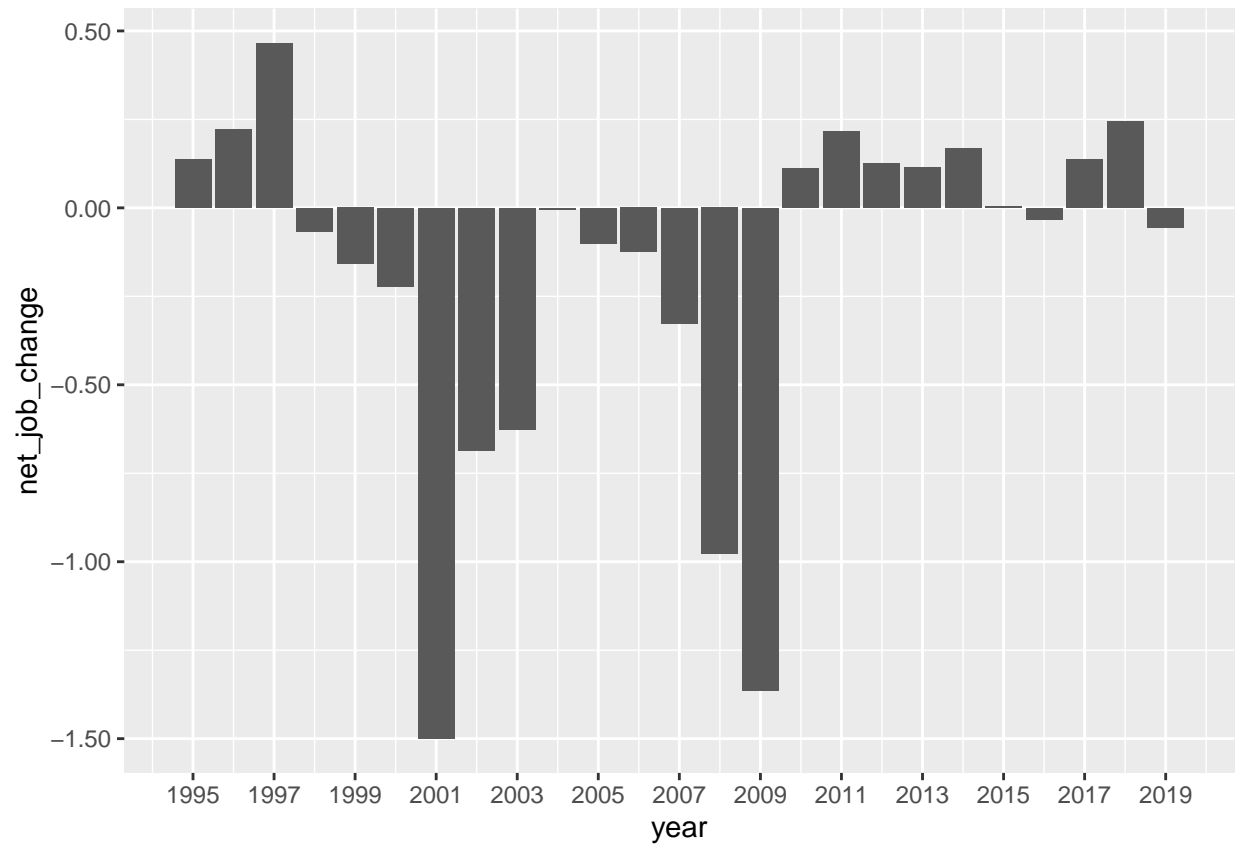
Key Findings

We find that, in aggregate, manufacturing job losses were a driver of change in Democratic vote share in the 2016 election. Breaking it down by race, we see that

Moreover, we find that, given the evolution of the business cycle, considering only recent job losses can paint a misleading picture of the relationship between manufacturing job losses and changes in vote share. In fact, we find that net manufacturing job losses from 2004 to 2011 are crucial to explaining Trump’s 2016 win. This finding suggests that economic changes, like manufacturing layoffs, can have lagged and variable political consequence.

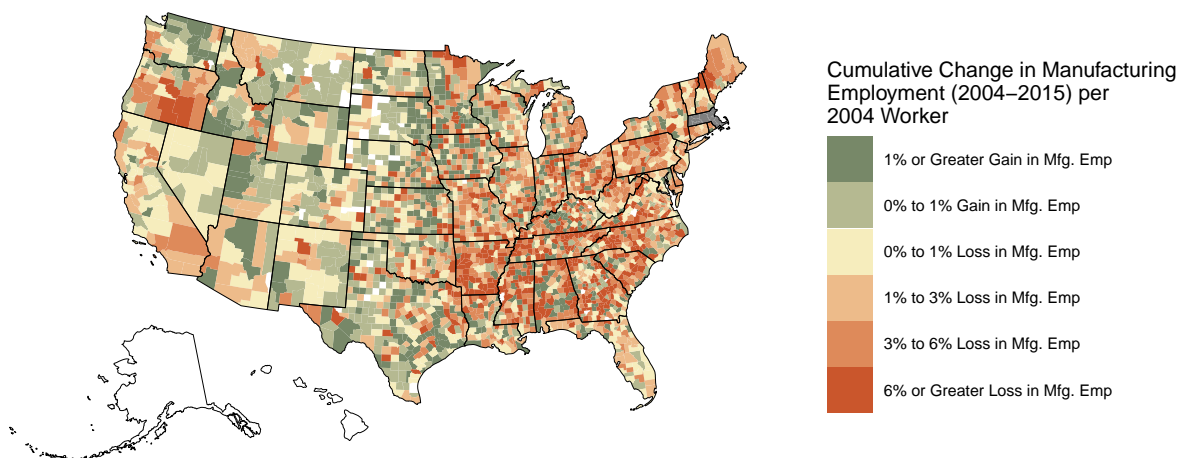
Findings

```
## Warning: Removed 2 rows containing missing values (position_stack).
```



Geographic Concentration of Layoffs

Figure X:
Net Change in Manufacturing Employment from 2004 to 2015
Normalized by 2004 Overall Employment Levels



Descriptive Statistics

Table 1: Manufacturing Job Changes 2004-2015

	Mean	Std Dev	25th Pctile	Median	75th Pctile
Mfg Share of Emp	0.20	0.15	0.09	0.17	0.29
Mfg Share of Emp (White)	0.16	0.13	0.06	0.13	0.22
Mfg Share of Emp (Nonwhite)	0.05	0.07	0.01	0.02	0.06
Change in Mfg Jobs/ Worker	0.04	0.09	-0.01	0.02	0.06
Change in Mfg Jobs/ Worker (W)	0.03	0.07	0.00	0.02	0.06
Change in Mfg Jobs/ Worker (NW)	0.00	0.04	-0.01	0.00	0.01

Table 2: Manufacturing Job Changes 2012-2015

	Mean	Std Dev	25th Pctile	Median	75th Pctile
Change in Dem Vote Share	-0.06	0.05	-0.10	-0.05	-0.03
Mfg Share of Emp	0.20	0.16	0.08	0.16	0.28
Mfg Share of Emp (White)	0.15	0.13	0.06	0.12	0.22
Mfg Share of Emp (Nonwhite)	0.05	0.07	0.01	0.03	0.06
Change in Mfg Jobs/ Worker	-0.01	0.05	-0.02	0.00	0.01
Change in Mfg Jobs/ Worker (W)	0.00	0.03	-0.01	0.00	0.01
Change in Mfg Jobs/ Worker (NW)	0.00	0.02	-0.01	0.00	0.00

Figures

Example

Regression summaries

Table 3: Effect of Manufacturing Layoffs on Democratic Vote Share

	<i>Dependent variable:</i>			
	Change in Share (2012-2016)			
	(1)	(2)	(3)	(4)
Nonwhite Manufacturing Layoffs			-3.99*** (1.36)	-1.42*** (0.47)
Controls For White Share/Service Layoffs	No	Yes	No	Yes
Observations	3,064	3,064	2,765	2,765
Adjusted R ²	0.73	0.73	0.75	0.75

Note:

*p<0.1; **p<0.05; ***p<0.01

Table 4: Effect of Manufacturing Layoffs on Democratic Vote Share (since 2004)

	<i>Dependent variable:</i>			
	Change in Share (2016-2012)			
	(1)	(2)	(3)	(4)
Nonwhite Manufacturing Layoffs			0.15*** (0.05)	0.20*** (0.06)
Controls For White Share/Service Layoffs	No	Yes	No	Yes
Observations	3,049	3,049	2,750	2,750
Adjusted R ²	0.72	0.72	0.75	0.75

Note:

*p<0.1; **p<0.05; ***p<0.01

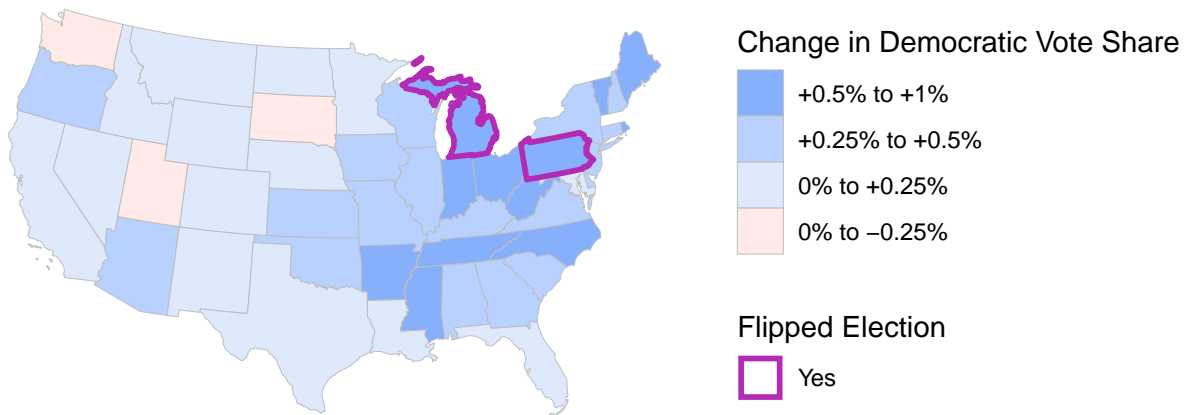
Counterfactual assessment of election

(Using 2004-2015 Layoffs)

Figure X:

Without Manufacturing Layoffs, Democrats Would Have Won 2016 Election

Change in Democratic Vote Share Assuming Counterfactual Manufacturing Layoffs (25th Percentile)



Potential Future Work

- Temporal: Finding a better way to characterize the potentially lagged effect of manufacturing job losses on Democratic votes. Incorporating study of the 2008, 2012, 2020 elections.
- Disaggregation: Instead of instrumenting by manufacturing share, perhaps we can look at layoffs by industry in each county. While aggregate manufacturing employment may be endogeneous, there's less reason to believe that specific industries would be (cf. Autor, Dorn and Hanson). This may also allow us to get further away from ecological inference problems.
- Trend-cycle estimation: There are techniques from econometrics and other places that could potentially be used to decompose gross layoffs into seasonal and non-seasonal components.
- Mechanisms: survey work to examine where the racial difference in economic voting behavior comes from. Is it expressive? Is it because information is transmitted along racially segregated networks?