



# THE WAY WE WERE

THE CHANGING GEOGRAPHY OF  
US MANUFACTURING FROM 1940 TO 2016

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# Overview

- After reaching its peak of economic output in the 1940s, American manufacturing transformed dramatically through 2016.
- Increased foreign trade and offshoring contributed to steep manufacturing job losses, especially after China entered the World Trade Organization in 2001.
- Despite declines in manufacturing employment, output increased as a result of automation and other factors.
- The geographic center of manufacturing shifted from the Northeast, Great Lakes, and mid-Atlantic states to southern and central states.



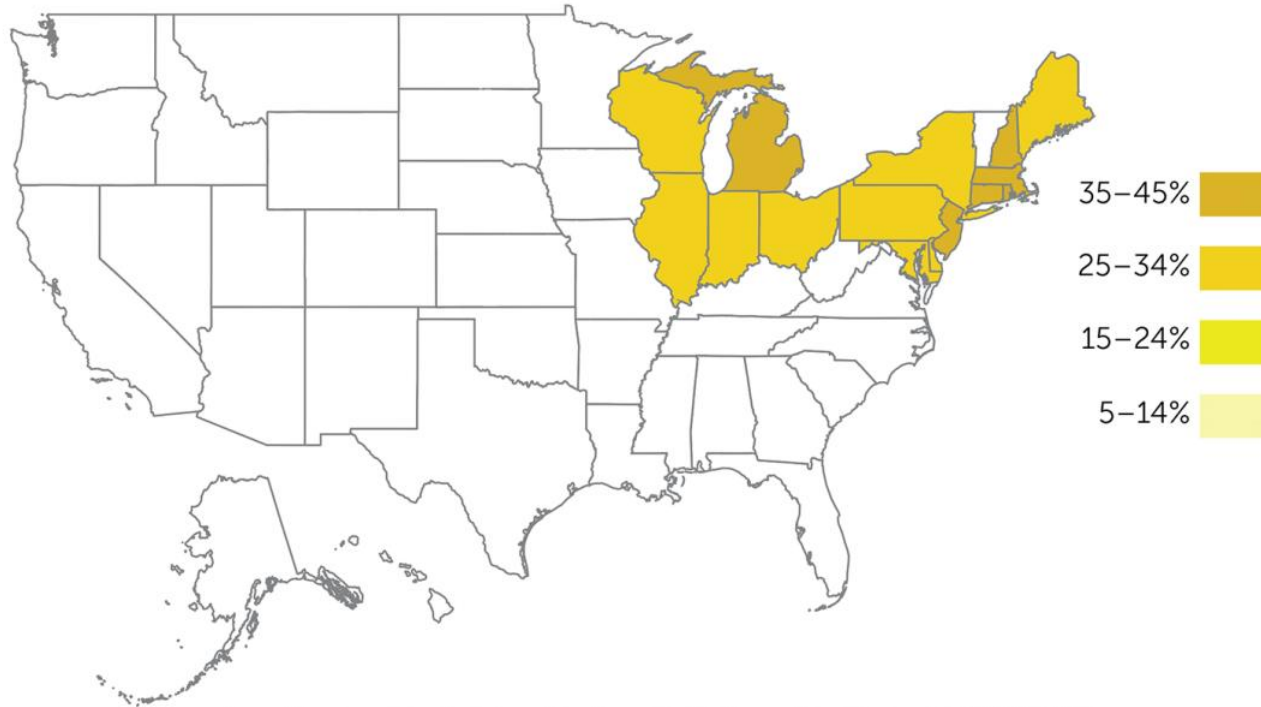
# The turn of the 20th century marked the shift to a services economy

- Manufacturing's share of US economic output shrank from 39% in 1947 to just 18% in 2016.
- Over the same period, the services sector more than doubled its output share from 20% to 49%.
- The share of all workers employed in manufacturing declined between 1940 and 2016 from 23% to 10%.
- Despite its smaller share of the US economy, manufacturing produced \$5.6 trillion in economic output in 2016, compared to only \$1.6 trillion in 1947.



# Manufacturing was originally concentrated in the Northeast

- In 1940, manufacturing workers were primarily employed in northeastern and Great Lakes states, including Connecticut, Massachusetts, Michigan, New Hampshire, New Jersey, and Rhode Island.



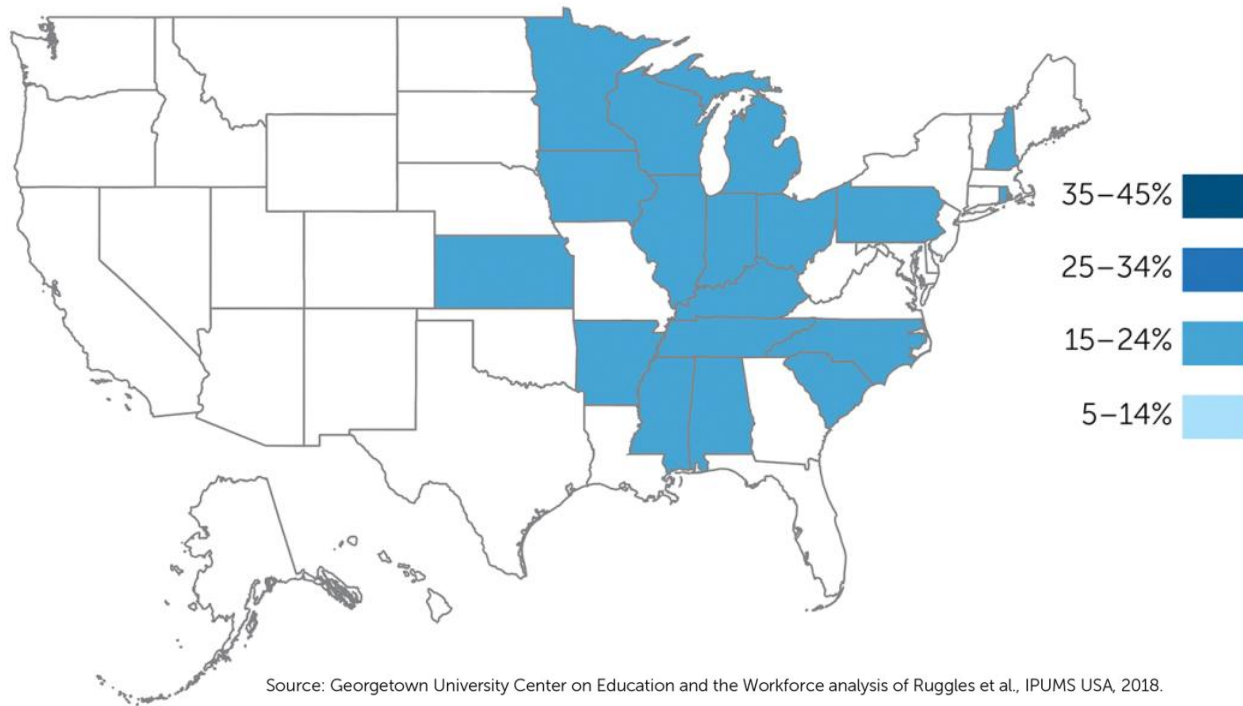
Source: Georgetown University Center on Education and the Workforce analysis of Ruggles et al., IPUMS USA, 2018.

Note: Figure features only states in which manufacturing was the largest source of employment in 1940.



# As manufacturing employment declined, the industry shifted south

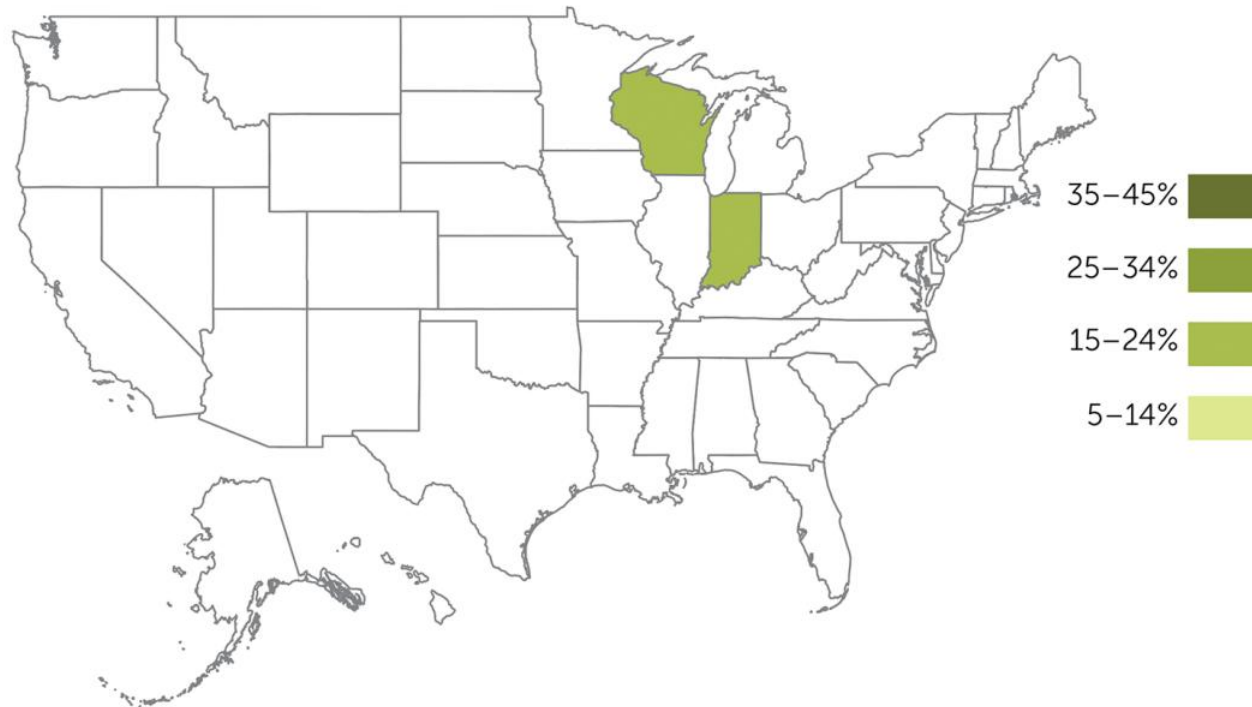
- The industry shifted toward southeastern and central states, where labor costs were lower.
- In 2000, manufacturing was the largest employer in 18 states.





# By 2016, manufacturing remained the largest employer in only two states

- After decades of decline, Indiana and Wisconsin were the only states where manufacturing was the largest source of employment in 2016.



Source: Georgetown University Center on Education and the Workforce analysis of Ruggles et al., IPUMS USA, 2018.

Note: Figure features only states in which manufacturing was the largest source of employment in 2016.



# Conclusion

- Today, manufacturing is no longer the primary source of employment within most states.
- The continued industrial strength in Indiana and Wisconsin reflects the enduring legacy of manufacturing in the Midwest.



# More Information

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[cew.georgetown.edu/manufacturingstates](http://cew.georgetown.edu/manufacturingstates)



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