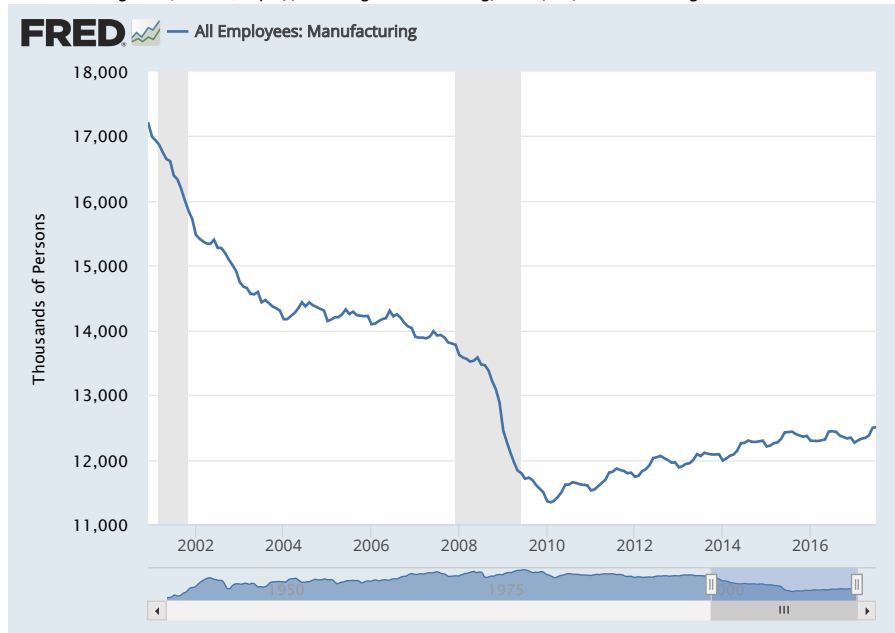


The FRED® Blog (/)

Characterizing the decline of manufacturing employment Are manufacturing workers being fired or quitting?
(<https://fredblog.stlouisfed.org/2017/08/characterizing-the-decline-of-manufacturing-employment/>)

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Posted on August 7, 2017 (<https://fredblog.stlouisfed.org/2017/08/characterizing-the-decline-of-manufacturing-employment/>)

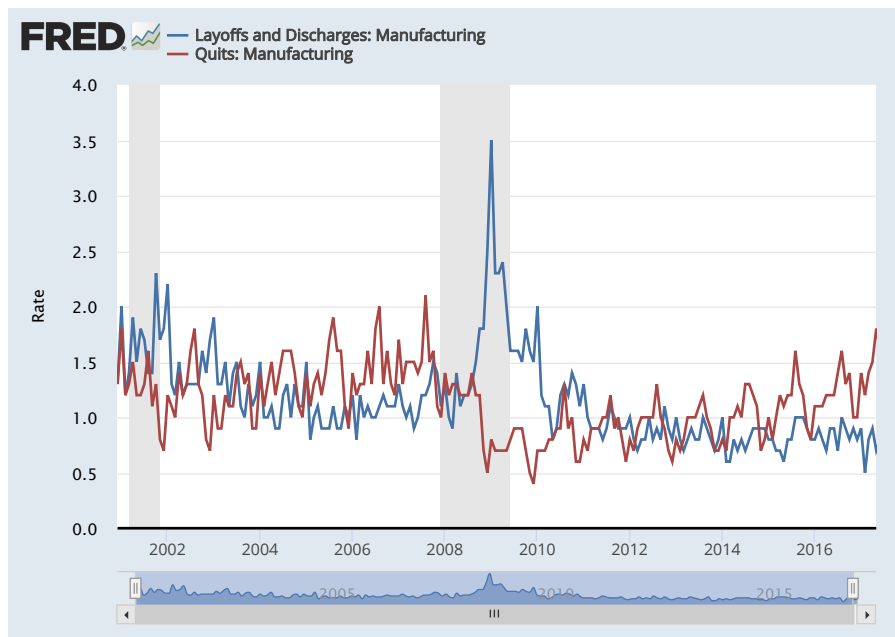


Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

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Many lament the decline of manufacturing employment. The graph above illustrates this decline since 2000; expanding the sample period reveals that manufacturing employment hasn't increased in any notable fashion since the 1960s, despite a steady increase in the working-age population. The question we're asking today is whether this decline is due to workers leaving the manufacturing sector voluntarily or not. The graph below shows that there's no clear answer: Quits and layoffs are roughly of the same magnitude. They also fluctuate considerably through the year, with seasonal factors being quite important. Obviously, there are more layoffs during recessions, but this isn't something specific to manufacturing.

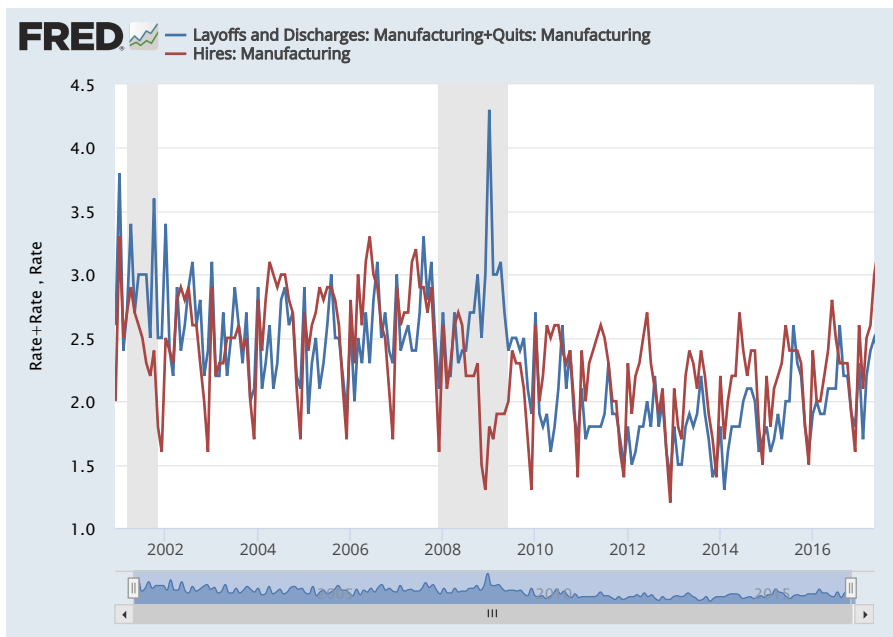


Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

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The next graph tries to put these numbers into perspective: Adding the layoffs and the quits highlights the considerable churn in the labor market. Indeed, it's not that obvious that there's a decline in employment or that hires are systematically lower. In other words, there's considerable movement in the market for manufacturing workers and only a small part of it is about the sector downsizing its labor force.



Shaded areas indicate U.S. recessions

Source: U.S. Bureau of Labor Statistics

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How these graphs were created: For the first graph, search for “manufacturing employment” and select the series that isn’t seasonally adjusted. Start the sample period in December 2000. For the second graph, search for “manufacturing layoffs” and select the monthly rate without seasonal adjustment. From the “Edit Graph” section, use the “Add Line” option to search for “manufacturing quits” and again select the monthly rate without seasonal adjustment. For the third graph, start with manufacturing layoffs as in the second graph, from “Edit Graph” edit the existing line by adding “manufacturing quits,” and apply the formula $a+b$. Then use “Add Line” again to search for and add “manufacturing hires.”

Suggested by Christian Zimmermann. (<https://research.stlouisfed.org/econ/zimmermann>)

View on FRED, series used in this post: CEU3000000001 (<https://fred.stlouisfed.org/series/CEU3000000001>), J TU3000HIR (<https://fred.stlouisfed.org/series/JTU3000HIR>), J TU3000LDR (<https://fred.stlouisfed.org/series/JTU3000LDR>), J TU3000QUR (<https://fred.stlouisfed.org/series/JTU3000QUR>)

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