

# Explaining the Slump in Manufacturing Productivity in the United States

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Historically, manufacturing labour productivity growth has outpaced that of the overall business sector as opportunities for the substitution of capital for labour have generally been greater in manufacturing than other sectors. Since 2011, this pattern has reversed. BLS data show that while business sector output per hour advanced at a 1.5 per cent average annual rate from 2011 to 2022, output per hour in manufacturing fell 0.5 per cent per year. Eighteen of 21 three-digit NAICS industries had negative labour productivity growth in 2011-2022 and 20 out of 21 industries had a slowdown in productivity growth between 2011-2022 and 1997-2011.

This paper sheds light on this slump in manufacturing productivity through a detached examination of trends in output (both sectoral output and value added), hour worked, labour productivity (both sectoral output and value added based) and total factor productivity for two-digit NAICS industries and three-digit NAICS manufacturing industries since 1997. The computer and electronics industry is found to have made by far the largest contribution to the post-2011 labour productivity growth slowdown in US manufacturing, accounting for around half,