Manufacturing’s share of total U.S. employment has been dropping for at least 60 years. Since 1975 alone, the share plummeted from about 22% to roughly 11% of all nonfarm jobs. Since 1977, manufacturing employment has dropped roughly 18% in Japan and a whopping 49% in the U.K. In contrast, manufacturing employment has risen slightly (about 3%) in Canada, and most dramatically in Taiwan, where it has jumped nearly 40% in the last 25 years or so. In 2004, manufacturing employment fell in the U.S., U.K., Canada, and Japan, but rose in Korea and Taiwan.

Increased productivity generally slows employment growth. In 2004, manufacturing employment posted its largest declines in the U.S., U.K., and Japan, three countries where productivity growth exceeded historical average annual growth rates. However, higher productivity does not necessarily correspond to lower manufacturing employment. For example, although Taiwan has experienced substantial productivity growth since the mid-1970s, manufacturing employment rose for a decade after the late 1970s and has remained relatively unchanged since the early 1990s.

Manufacturing employment rose in the countries that have relatively low hourly compensation costs. Over the past 20 years or so, manufacturing employment has risen in Korea and Taiwan, where hourly compensation costs have ranged between 10% and 50% of those for U.S. manufacturing workers.