Industry in USA

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Although the United States remains one of the world's preeminent industrial powers, manufacturing no longer plays as dominant a role in the economy as it once did.

Between 1979 and 1998, manufacturing employment fell from 20.9 million to 18.7 million, or from 21.8% to 14.8% of national employment. Throughout the 1960s, manufacturing accounted for about 29% of total national income; by 1987, the proportion was down to about 19%. In 2002, manufacturing was experiencing a decline due to the recession that began in March 2001, according to the Institute for Supply Management's (ISM) gauge of manufacturing activity.

Industrial activity within the United States has been expanding southward and westward for much of the 20th century, most rapidly since World War II. Louisiana, Oklahoma, and especially Texas are centers of industrial expansion based on petroleum refining; aerospace and other high technology industries are the basis of the new wealth of Texas and California, the nation's leading manufacturing state. The industrial heartland of the United States is the east–north–central region, comprising Ohio, Indiana, Illinois, Michigan, and Wisconsin, with steelmaking and automobile manufacturing among the leading industries. The Middle Atlantic states (New Jersey, New York, and Pennsylvania) and the Northeast are also highly industrialized; but of the major industrial states in these two regions, Massachusetts has taken the lead in reorienting itself toward such high-technology industries as electronics and information processing.

Large corporations are dominant especially in sectors such as steel, automobiles, pharmaceuticals, aircraft, petroleum refining, computers, soaps and detergents, tires, and communications equipment. The growth of multinational activities of US corporations has been rapid in recent decades.

The history of US industry has been marked by the introduction of increasingly sophisticated technology in the manufacturing process. Advances in chemistry and electronics have revolutionized many industries through new products and methods: examples include the impact of plastics on petrochemicals, the use of lasers and electronic sensors as measuring and controlling devices, and the application of microprocessors to computing machines, home entertainment products, and a variety of other industries. Science has vastly expanded the number of metals available for industrial purposes, notably such light metals as aluminum, magnesium, and titanium. Integrated machines now perform a complex number of successive operations that formerly were done on the assembly line at separate stations. Those industries have prospered that have been best able to make use of the new technology, and the economies of some states—in particular California and Massachusetts—have been largely based on it.

In the 1980s and 1990s, the United States was the world leader in computer manufacturing. At the beginning of the 21st century, however, the high-tech manufacturing industry registered a decline. Employment in high-technology manufacturing fell by 415,000 jobs from January 2001 to December 2002, a decrease of 20%. Semiconductor manufacturing had been migrating out of the United States to East Asian countries, especially China, Taiwan, and Singapore, and research and development in that sector declined from 1999–2003. Certain long-established industries—especially clothing and steelmaking—have suffered from outmoded facilities that (coupled with high US labor costs) have forced the price of their products above the world market level. In 2002, the United States was the world's 3rd-leading steel producer (after China and Japan). Employment in the steel industry fell from 521,000 in 1974 to 190,000 in 1992. The steel industry at the end of 2002 was operating at less than 65% of capacity, the lowest level in 14 years, and 50,300 steelmaking jobs had been lost from 1997–2002.

Automobile manufacturing was an ailing industry in the 1980s, but rebounded in the 1990s. The "Big Three" US automakers—General Motors, Ford, and Daimler-Chrysler—manufactured over 60% of the passenger cars sold in the United States in 1995. Passenger car production, which had fallen from 7.1 million units in 1987 to 5.4 million in 1991, rose to 6.3 million by 1995 and to 8.3 million in 1999. In 2001, over 11.4 million automobiles were produced, an 11% decrease from the 12.8 million produced in 2000.

The United States has a total of 153 oil refineries, with a production capacity in 2002 of 16,785,000 barrels per day. Crude oil and refined petroleum products are crucial imports, however.

The five Industries Driving the U.S Economy

The U.S. economy is finally recovering from the 2008 Great Recession. Jobs are being created by the millions, wage growth is picking up, and foreign exports accounted for only 11.9 percent of the nation's GDP in 2016, according to the latest data by Statista. These signs indicate a prosperous recovery and a healthy, self-sufficient economy.

What industries are propelling America's self-contained economy? This article looks at the respective sectors that are both sustaining and fueling the economy's continued growth in the wake of the latest economic downturn. The selection is based on data from the Bureau of Labor Statistics and industry perspectives.

Health Care

The health sector has helped the United States to recover from the financial crisis of 2007 to 2008. The sector added 2.8 million jobs between 2006 and 2016, which was a rate almost seven times faster than the overall economy. There has been a 20-percent growth in health care sector jobs since 2008, while the average rate for the economy was only 3 percent. According to the Bureau of Labor Statistics, health care jobs are expected to grow at a rate of 18 percent from 2016 to 2026, again, much faster than the rate of the rest of the economy.

According to Healthcare Management, a guide to healthcare degrees for prospective students, there are a few reasons for the booming health care sector. An increasing and aging population is creating a need for additional services, and providers, chronic conditions suffered by the aging population are increasing the demand for health care workers, medical advances and improvements are expanding the type and number of jobs and Federal health care insurance reform (also called the Patient Protection and Affordable Care Act) has increased the number of people seeking routine medical care.

As a share of the nation's Gross Domestic Product, health spending accounted for 17.9 percent in 2017. Additionally, investor interest in healthcare and biotech stocks continues. According to Real Money, the first half of 2018 saw a rebound in the IPO market that had not been seen for 20 years, and it was driven partly by investor appetite for healthcare and technology stocks. From July 2017 to July 2018, over 60 percent of IPOs were for healthcare and tech stocks, according to data from Renaissance Capital.

Technology

The tech sector is a huge component of the U.S. economy, according to Cyber states 2018, an annual analysis of the nation's industry published by CompTIA. Employment between computer and IT is projected to grow 13 percent from 2016 to 2026, faster than the average for all occupations. Demand for additional workers is stemming from cloud computing, the collection, and storage of big data and information security.

The impact of the tech industry has affected nearly every state, and, according to Cyber states 2018, the industry is ranked in the top five economic contributors in 22 states and in the top 10 of 42 states. Technology plays a role in almost all other sectors, such as health care, advanced manufacturing, transportation, education, and energy. The Internet of Things, artificial intelligence, machine learning, autonomous vehicles, and augmented and virtual reality are all changing society and industries.

Construction

Construction in all areas is a growing industry. This includes residential and nonresidential builders; contractors that install or service mechanical systems like electricity, water, elevators, and heating and cooling; and civil engineering construction. According to the Bureau of Labor Statistics, construction and extraction occupations are projected to grow by 11 percent from 2016 to 2026, which is a rate faster than the average for all occupations, and are expected to add nearly 750,000 new jobs. The growth is stemming from overall economic and population growth, which is increasing demand for new buildings, roads, and other structures.

Construction spending hit a seasonally adjusted annual rate of $1.329 trillion during the first eight months of 2018, according to data from the Associated General Contractors of America.

Retail

The retail trade accounts for 6 percent of the nation's GDP, with a GDP value-added of $905 billion. The retail industry is the largest employer in the United States, according to World Atlas, and 10 percent of total employment in the United States is in retail. According to the National Retail Federation (NRF), retail supports one in four U.S. jobs, or 42 million working Americans, and because the sector's employment rate has improved, retailers have less of a need to hire seasonal workers. The sector includes online retailers such as Amazon and eBay and brick-and-mortar establishments. The NRF reported an increase of 4 percent in retail sales in November and December of 2017 compared to the same period in 2016.

Nondurable Manufacturing

The non-durable manufacturing industry produces commodities that are defined as having a lifespan of less than three years, such as gasoline, electricity, and clothing. Non-durable manufacturing is a predominant pillar in the United States with a GDP value-added of $821 billion or 6 percent of the national GDP, according to World Atlas. The non-durable manufacturing sector is less valuable than durable manufacturing; however, it employs more people and accounts for 4.4 million jobs compared to 349,000 jobs from durable manufacturing.

The MAPI Foundation projects that annual export growth will average 6 percent annually between 2018 and 2021 because of increased manufacturing productivity. The Foundation points to increasing capital spending, improved global economic conditions, and business tax reform that are motivating businesses to invest in the manufacturing industry as factors that will boost manufacturing in the next few years.

Sources:

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