

August 4, 2016

Contact: Allison Courtin, acourtin@brookings.edu, 202.238.3556
Jordan Treible, jtreible@brookings.edu, 202.238.3160

Just seven industries propel high-value economic growth in U.S., new Brookings report finds

Washington, D.C. — High-value economic growth in the United States is heavily reliant on just seven industries, finds a new report from the Brookings Metropolitan Policy Program. While the advanced industries sector continues to grow overall in spite of slowing demand worldwide, three auto manufacturing and four high-tech digital services industries are now responsible for two-thirds of that growth.

The report, “America’s advanced industries: New trends,” by Brookings Fellow Mark Muro, former Research Analyst Siddharth Kulkarni, and Nonresident Senior Fellow David Hart provides both good and bad news about the advanced-industry sector, which consists of advanced manufacturing, energy, and high-tech services.

The report finds that high-tech advanced manufacturing bucked both global economic challenges and the longstanding shrinking of the traditional manufacturing sector over the last two years. While job losses were felt in other pockets of the production sector, advanced manufacturing continued to increase its output and add jobs. Even though growth slowed slightly from the pace of the 2010–2013 period, advanced manufacturing industries added more than 132,000 jobs during the 2013–2015 period, fully 20 percent of all advanced-sector employment growth. Roughly 70 percent of that employment growth originated in three auto-related industries: motor vehicle parts, motor vehicles, and motor vehicle body and trailers.

“The auto industry continued to impress in the last two years,” Muro said. “Although the auto boom may be beginning to slow it remains a significant anchor of high-value innovation, growth, and inclusive prosperity.”

The report also finds that a group of 12 high-tech service industries emerged as the nation’s leading source of advanced-sector growth in the 2013–2015 period. This group added 500,000 new jobs in the recent period, 80 percent of new advanced-sector jobs. Nearly two-thirds of that employment growth (307,000) originated in just four fast-growing digital services: computer systems design, web search and internet publishing, software and products, and data processing and hosting. Job creation in these industries occurred not just in big coastal tech hubs like Silicon Valley, but in dozens of other metro areas nationwide.

“The tech boom is real, and it is more broadly distributed and important than is typically recognized,” Muro said.

Finally, advanced-energy industries saw precipitous declines in both output and employment growth given the global oil and gas glut. The advanced-energy sector, a significant contributor in the 2010–2013 period, is now a non-factor in advanced-industry job creation.

“Oil and gas production has gone from a boom to a bust, and that has narrowed the nation’s advanced-sector job base,” Muro said.

“This report speaks to two of the nation’s most pressing economic problems: its serious inclusion crisis and its stubborn productivity slump,” he continued. “On both counts, the vitality and expansion of the advanced-industries sector is crucial because the sector is the main source of the productivity growth and productivity-driving innovations and business models that support higher wages and rising living standards for the average worker.”

The report authors, Mark Muro, Siddharth Kulkarni, and David Hart are available for interviews. Please contact Allison Courtin at acourtin@brookings.edu or 202.238.3556 to coordinate.

###