Persistent trade deficits in the United States since 1971, and growing
foreign competition have revived debate about the net effects of trade
on the domestic economy. Focusing on the employment consequences
of trade, this study examines the demographic and industrial character-
istics of trade sensitive manufacturing industries in the United States.
The findings reveal two significant trends. Firstly, there has been a
decline in the importance of high-tech manufacturing as a source of
trade related employment opportunities since 1975. Secondly, while
trade enhanced industries still employ relatively fewer women and
minorities than industries adversely affected by trade, the gap has
narrowed, especially for women. Since 1975, the proportion of all
women employed in adversely affected industries actually declined;
for every 1 percent decline in female employment in an adversely
affected manufacturing industry there was a corresponding 0.6 percent
gain in employment in a trade-enhanced manufacturing industry.

Growing foreign competitiveness and record trade deficits since the
1980s, have revived interest about the sensitivity of the domestic economy
in general, and the manufacturing sector in particular, to developments in
the open economy. However, besides speculation about the current ef-
facts of foreign trade on U.S. manufacturing, recent studies have not
systematically analyzed this relationship. This study examines current
demographic and industrial characteristics of trade sensitive manufactur-
ing industries in the United States. Trade sensitive industries are defined
as industries whose employment levels are either adversely or favorably
affected by trade. Estimates of the employment effects of changes in
exports and imports are computed with an input-output model.

Consistent with the factor endowment theory of international trade,
previous studies have shown that trade-enhanced industries in the United States are relatively more skill-intensive than industries adversely affected by trade.\(^2\) Furthermore, such studies revealed that trade-enhanced industries were high-tech in nature and employed fewer women and minorities than trade-affected industries.\(^3\) However, the growing importance of foreign competition, particularly in the market for high-tech products, makes it important to re-evaluate these findings.

The objectives of the study are to i) review past trends in the demographic and industrial characteristics of trade-sensitive manufacturing industries, ii) to identify manufacturing industries that are currently sensitive to trade, and iii) to examine the demographic and industrial characteristics of such industries. Demographic characteristics focus on the proportion of women and minorities employed in trade sensitive manufacturing industries. The industrial characteristic of primary interest is the level of technical intensity of trade sensitive manufacturing industries.\(^4\)

The significance of this study is that it provides policy makers with a rough estimate of the profile of dislocated workers. Such information could in turn improve the effectiveness of trade adjustment programs by tailoring them to the needs of an increasingly heterogeneous group of dislocated workers. Since the job training needs of skilled workers are qualitatively different from those of the unskilled or semiskilled, the cost and nature of the training programs will differ for both categories of workers.

Related to this is the fact that since workers with industry-specific skills tend to be less occupationally mobile than those with less specialized skills, the former may experience relatively longer periods of displacement; hence the need for specific programs targeted at such workers.

Finally, as the pool of dislocated workers becomes increasingly segmented into skilled and unskilled categories, the criteria for allocating limited trade adjustment funds among competing groups may generate controversy. A priori awareness of such trends can help policy makers plan ahead.

The focus on the manufacturing sector is particularly important because of the disproportionate effects of trade on this sector. A study by the U.S. Department of Commerce in 1986 indicated that the adverse employment effects of trade on the manufacturing sector were largely attributable to deficits in the balance of trade and increased productivity.\(^5\) Between 1980 and 1984, decreased export-related employment accounted for 80 percent of the total job losses in the manufacturing sector. Approximately 11 percent of the 1.8 million reduction of export-related jobs