



The problem is that the broad decline of the manufacturing sector that has been underway in this country for decades now may threaten not just the long-term health of the economy but also the living standards of all but the wealthiest Americans.

"The whole country is now seeing the story that Michigan has been living with for a long time," said Diane Swonk, chief economist at Mesirow Financial. "We have kicked the can so far down the road that now all we have is a cliff to fall off."

"The recession merely revealed a reality that has been with us for a long time. We faced a growing gap in education and skills that we tried to fill with debt and credit, which gave us the illusion of growth."

After World War Two, unskilled blue-collar jobs in manufacturing -- typified and in many ways defined by the auto sector -- became America's easy path to the middle class. As U.S. manufacturing declined, starting in the 1980s Congress and successive administrations focused instead on the financial sector and relied on debt -- its own and that of the U.S. consumer -- to foster economic growth.

At the same time, U.S. companies faced a growing competitive challenge, largely from Asia -- both in terms of manufacturing prowess and lower wages and legacy costs -- that hastened the nation's exodus from the sector.

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