Manufacturing Revival Meets Economic Reality

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- "Liberation Day" has fueled calls to revive U.S. manufacturing, but economists warn a manufacturing job renaissance is unrealistic.
- The emotional pull of a manufacturing revival is strong, but experts urge a pivot toward future-focused industries like AI, robotics, and biosciences.
- Manufacturing jobs follow a global "inverted U" pattern—rising with industrialization, then falling with automation and productivity gains. Economists viewing the labor market in phases of structural change see large-scale manufacturing job recovery unlikely in the U.S.
- Tariffs and reshoring face headwinds: high labor costs, automation, and a shrinking workforce. An even bigger challenge: China's dominance in high-tech sectors.
- Industrial and labor policy shifts may affect **municipal bond credit quality**, but **economists expect only modest reshoring and job growth**. Our base case **is a neutral outcome, with a resurgence seen as unlikely**.

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