WSI RECRUITMENT AND STAFFING

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IS AMERICAN MANUFACTURING COMING HOME?

Factories are rising again across the Midwest, but the question remains: can this reshoring boom survive its own growing pains?

America's manufacturing resurgence is not a simple comeback story but a complicated reconfiguration of the nation's industrial base. The reshoring movement, once viewed as a straightforward revival of domestic production, has become a balancing act shaped by global instability, shifting trade policy, and the renewed focus on national security. Between 2021 and 2024, massive federal incentives and tariff policies sparked an unprecedented factory construction boom. Now, the sector faces a reckoning as it contends with labor shortages, automation gaps, and productivity challenges that could determine whether this reshoring wave endures.

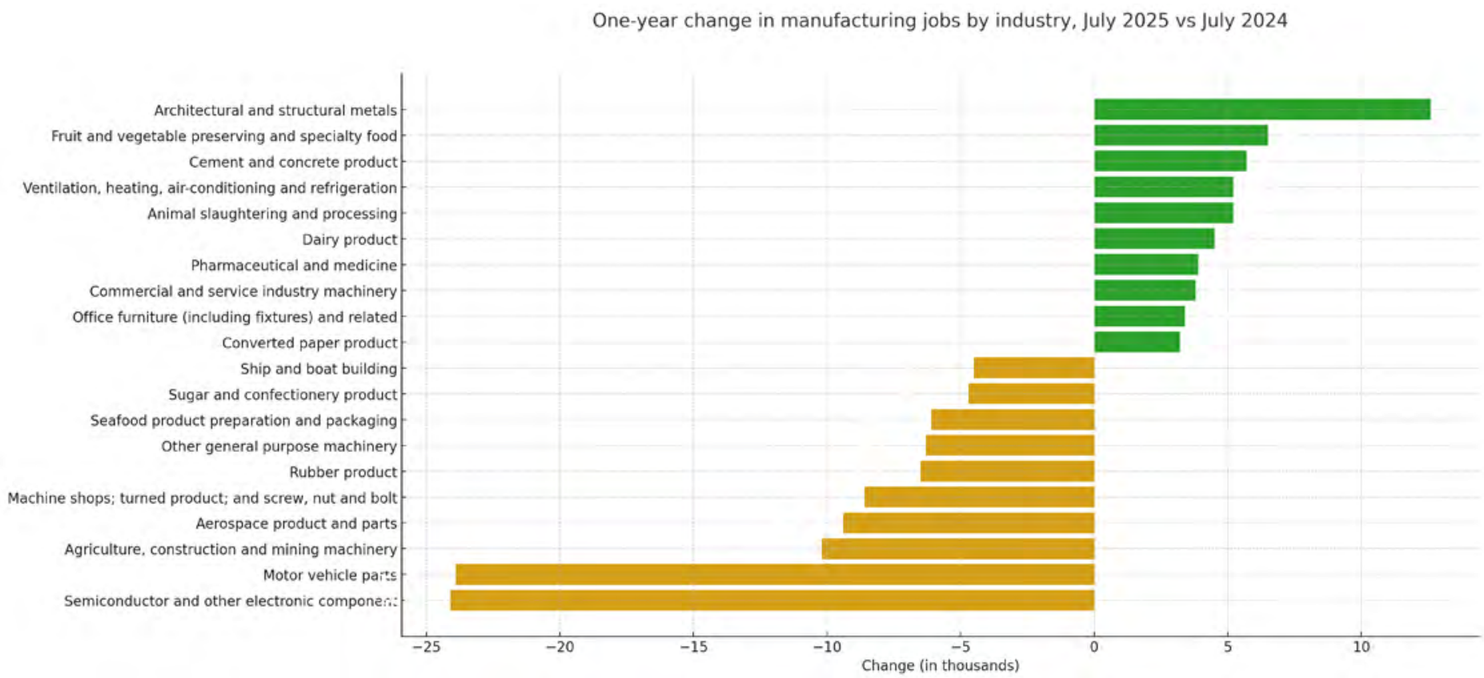
The Rebirth of Industrial Mainstays

Few sectors illustrate the reshoring shift more clearly than automotive manufacturing. Stellantis, a global auto giant, **recently announced** $13 billion in investments to bring production back to the U.S., a move auto expert John McElroy attributes directly to tariffs. The company plans to invest $230 million in metro Detroit facilities, including $100 million at the Warren Truck Assembly Plant to launch a new large SUV in 2028, and $130 million at the Detroit Assembly Complex–Jefferson to prepare for the next-generation Dodge Durango in 2029. These efforts are expected to create 5,000 jobs across Michigan, Illinois, Ohio, and Indiana.

For autoworkers, this shift feels like a return to form. Stellantis will stop importing models such as the Jeep Compass and Cherokee, opting to build them domestically. One worker described the move as "a huge win" and evidence that "*the workforce is back stronger than ever.*"

Whirlpool offers a similar example in the appliance sector. Already producing 80 percent of its products in the U.S., Whirlpool recently **committed $300 million** to its Ohio laundry facilities. The investment, expected to add between 400 and 600 jobs, was directly linked to tariff policies that CEO Marc Bitzer said created *"a level playing field" and made domestic investment "much more attractive."*

Yet, even as traditional manufacturers expand, other parts of the industrial economy are shedding jobs. From July 2024 to July 2025, the motor vehicle parts industry lost 23,900 positions, while semiconductor and electronic component manufacturing fell by 24,100. Even Intel, despite federal support, **plans to cut** 25,000 employees, an illustration that reshoring does not always translate to net job growth. Recently, Amazon said it will lay off about 14,000 corporate employees in an effort to reduce bureaucracy as part of its multi-year plan to cut costs in the age of AI. The number could rise to 30,000 as well, according to multiple reports.



Areas of Promise: Defense, Tech, and Critical Minerals

Reshoring's next frontier lies in defense technology and critical materials, industries central to national security. Driven by state incentives and the Pentagon's domestic sourcing push, hundreds of defense tech firms are expanding across the Midwest and Northeast, including Michigan, Ohio, and Pennsylvania.

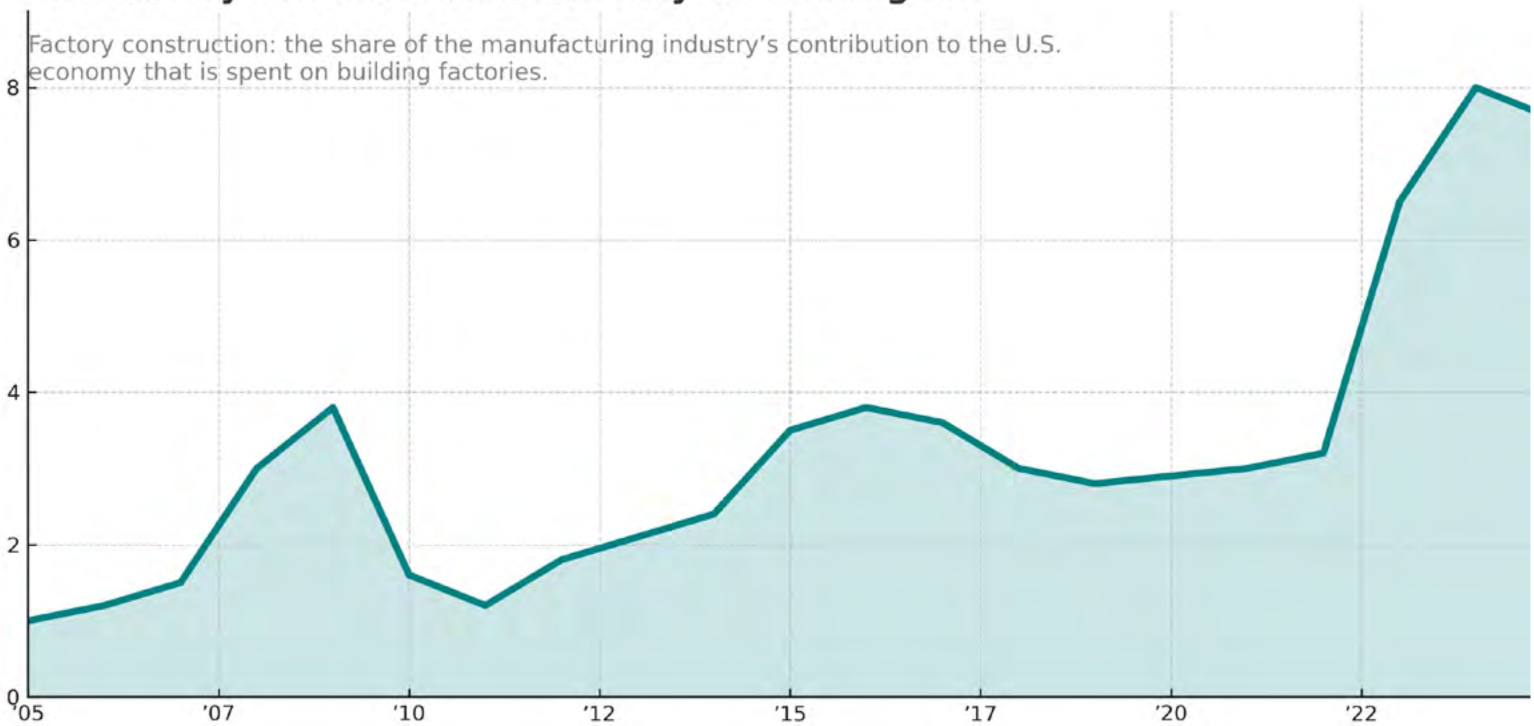
Swarm Defense Technologies, a military drone manufacturer, recently repurposed a 14,000-square-foot former auto facility in Auburn Hills, Michigan. Its co-founder said the decision "felt right" because building drones there is "in the DNA of this place.
Other firms are scaling up rapidly. Anduril Industries, an artificial intelligence defense contractor, is constructing a five-million-square-foot facility in Ohio supported by $310 million in state incentives. The plant will employ roughly 4,000 workers. In Rhode Island, Regent is developing electric sea gliders for military use, capitalizing on the region's shipbuilding expertise and lower labor costs. Ohio Senator Jon Husted summarized the shift: "*America is waking up to the fact that our national security depends on making more stuff in America*."

The same logic extends to critical minerals. Cleveland-Cliffs announced plans to produce rare earth elements domestically, identifying promising mineral deposits in Michigan and Minnesota. CEO Lourenco Goncalves emphasized that American manufacturing "*cannot rely on foreign nations for essential materials.*"

Headwinds and Structural Deficits

The reshoring story is impressive but fragile. After a surge that lifted factory construction to 8 percent of manufacturing GDP, momentum began to ease in late 2024. Tariff uncertainty, rising input costs, and cutbacks in clean energy incentives have caused several major projects to pause or scale down.

The factory construction boom may be leveling off.



Source: Bureau of Economic Analysis, via UBS

Structural weaknesses compound these pressures. Labor availability remains tight, **worsened by immigration restrictions** that have reduced eligible workers. Automation adoption also lags. U.S. factories average about 300 robots per 10,000 workers, compared to 470 in China and more than 1,000 in South Korea. Many smaller manufacturers lack the capital and technical expertise to modernize.

Productivity growth has stagnated for over a decade, falling behind the gains seen in professional and technical services. Without significant advances in efficiency and automation, the U.S. risks losing its manufacturing edge even as it builds new facilities.

A Crossroads for U.S. Manufacturing

For industry leaders, this moment represents both revival and reckoning. Billions in capital investment are rebuilding domestic capacity, yet sustaining the reshoring wave will require solving fundamental challenges in labor, technology, and productivity.

America's manufacturing base is being rebuilt, but whether this becomes a durable industrial renaissance or a short-lived surge will depend on how effectively companies and policymakers adapt to the realities of global competition.

THE K SHAPED ECONOMY

> The U.S. economy is not bouncing back for all Americans equally.
>
> The data points to a K-shaped recovery, where winners and laggards are defined in part by income and political outlook.

At the national level, the U.S. economy continues to expand in headline terms. Yet beneath that surface lies a striking divide — what economists call a "K-shaped" recovery, where higher-income households and lower-income households are moving in very different directions. That divergence is increasingly layered with political and regional dynamics, and for a manufacturing-heavy state like Michigan, the implications for hiring and labor markets are especially acute.

According to a recent survey by JPMorgan Chase Institute (via media coverage of its **Cost of Living Survey**), higher-income respondents rated their economic confidence at approximately 6.2 out of 10 on average, while lower-income respondents rated it around 4.4 — a gap that signals widely different experiences in the same macro-economy.

Higher-income consumers are more likely to say their **monthly bills are getting easier** to pay and to plan increased spending on non-essential items, while lower-income consumers face persistent inflationary pressures and weaker income growth.

A companion finding from the Institute shows that real take-home incomes for many households have been roughly flat since early 2024, and lower-income workers, while showing relative gains since 2019, are still lagging the pre-pandemic trend of income growth. In short: the economic expansion is real for some, but not uniformly felt.

What makes the picture more complex is that perceptions of the economy now align not only with income brackets but with political identity. **National surveys show** sentiment improving among higher-income households and those earning over $200,000 annually, while confidence among households earning below $75,000 has declined.

Turning to Michigan, the **state-level survey** conducted by the Detroit Regional Chamber in partnership with the Glengariff Group reinforces these themes — but adds a regional wrinkle tied to manufacturing, tariffs, and trade exposure. The poll of 600 registered Michigan voters (Sept. 10-14, 2025) finds that just 42.4 % of respondents believe the state economy is on the "right track," with 42.8 % saying it is on the "wrong track."

For Michigan's manufacturing-based labor market this matters in concrete ways. The poll shows only 52 % believe "good paying jobs" are available — down eight points since May. Among households connected to the automotive industry, 31.3 % say they are worried about job loss, versus 13 % of non-auto households.

Many respondents, across party lines, oppose the current tariff policy: 71.5 % say tariffs have increased what they pay for goods, and 60.3 % believe tariffs are hurting Michigan's auto industry.

Plants and suppliers in West Michigan should be alert to cost shocks, labor concerns and slower hiring momentum in segments tied to non-luxury demand.

Perhaps most telling: while more than half of Michigan voters say the state is heading in the "right direction" (51.5 %), confidence in personal economic conditions remains split and politicised. Independents and Republicans are more likely than Democrats to believe the economy is improving.

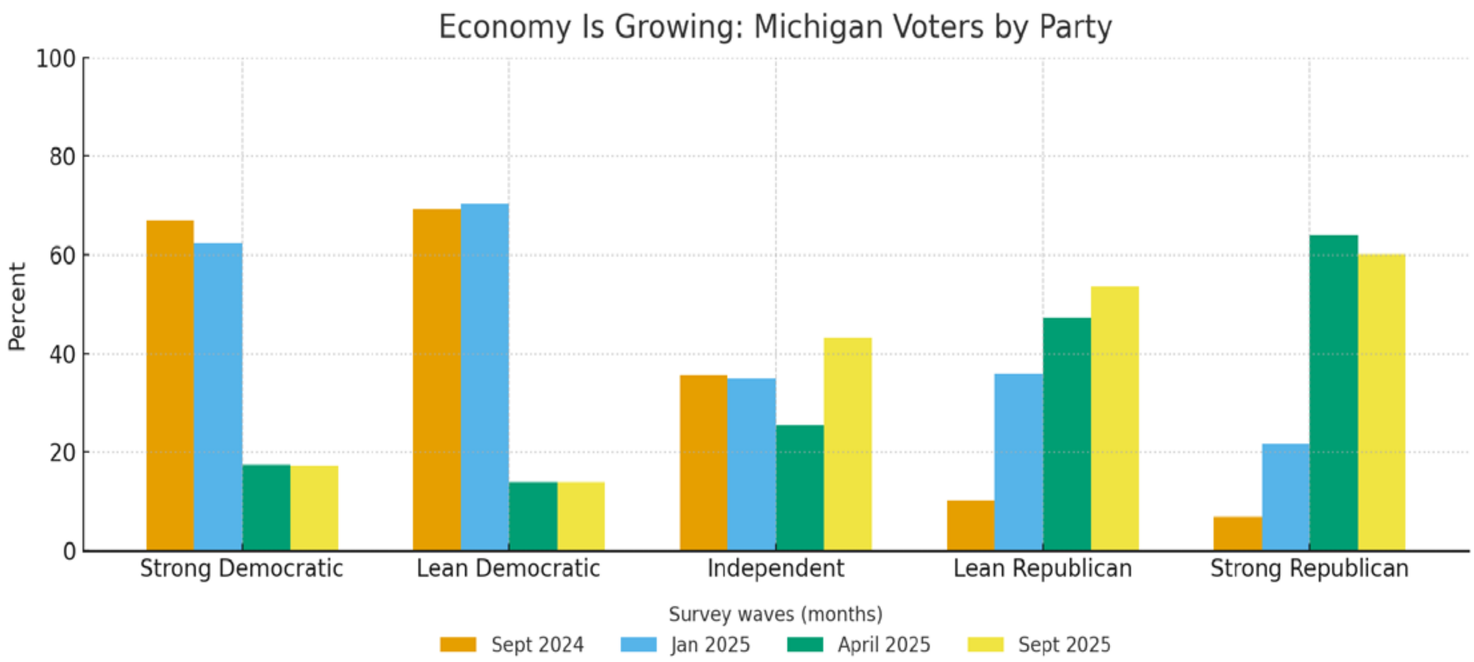
Worker sentiment varies by wage level. Those in lower-wage roles are feeling squeezed: higher everyday costs, weaker income growth, and uncertainty about job quality. That contrasts sharply with higher-income segments who remain confident. For recruiters, this means retention risk may be higher for roles at the lower end of the pay scale, even in a tight labor market.

Spending patterns diverge. Higher-income households continue non-essential spending, supporting segments of demand and easing sales for suppliers and production lines. By contrast, lower-income households are delaying purchases and pulling back — meaning downstream demand uncertainty for goods tied to those consumers. The "top-end" being healthy does not guarantee broad-based strength.

Regional pressures are elevated. In Michigan, job sentiment and cost pressures are coloured by tariffs, supply-chain shifts, and auto manufacturing exposure.

Political views influence workplace sentiment.
The poll reveals that political identity is now a stronger filter for how people view the economy. That means in the workplace, employer messaging around economic conditions, labor market competitiveness, and future prospects may require greater nuance — different segments of the workforce **may interpret the same data** very differently.

Waves: Sept 2024, Jan 2025, April 2025, Sept 2025. Independent optimism rose from 25.4% to 43.2% (April to Sept 2025).



Tailored recruitment and retention strategies are required.

For manufacturing sites and staffing managers in Michigan: It may pay to segment communication and engagement strategy by income-tier and role. For higher-pay skilled roles, leveraging optimism into recruitment momentum is viable. For lower-pay roles, emphasis may need to shift toward stability, cost-of-living adjustment discussions, and benefits that buffer inflation and uncertainty.

In Michigan, that divide is reinforced by the state's manufacturing profile, trade exposure and cost-pressures on households. For HR, plant and hiring leaders operating in WSI's footprint, the key takeaway is that labor-market strategy cannot be one-size-fits-all: the experience of a confident, high-income production manager differs sharply from a lower-wage operative facing inflation-driven stress.

Understanding where your workforce sits on that spectrum will be vital as you compete for talent in a fragmented economy.

INTEREST RATES GO DOWN, BUT... IT AIN'T ALL ROSES.

The U.S. economy faces significant headwinds characterized by persistent inflation, growing household stress, and profound instability stemming from policy uncertainty and government dysfunction. These negative forces combine to create a challenging environment, particularly for lower-income households and the manufacturing sector.

FEDERAL RESERVE CUTS INTEREST RATES

The Federal Reserve cut its benchmark interest rate by a quarter of a percentage point on October 29th for the second time this year, bringing short-term borrowing costs to below 4 percent for the first time since late 2022. The policy statement noted that economic activity has been "expanding at a moderate pace" and that unemployment remains low, but flagged rising "downside risks to employment" in recent months.

While the Fed sounded more optimistic about the economy overall, it made clear it is still closely watching labor-market vulnerabilities.

Inflation remains a central concern, driving up costs for consumers and complicating monetary policy. Consumer prices rose 3% year-over-year in September, marking the highest level since January. This acceleration in price increases has coincided with a flurry of tariffs. Economists specifically note that lower-income households are struggling to afford goods amid higher prices, including those resulting from President Donald Trump's broad tariffs on imports.

The impact of rising costs is felt sharply in staple goods: beef prices soared nearly 15% over the year ending in September, and the price of coffee surged 19%. Overall, consumers' average inflation expectations for the next 12 months increased to 5.9% in October.

These inflationary pressures, combined with a slowdown in hiring, pose a substantial risk of an economic double-whammy known as "stagflation".

STAGFLATION

stag·fla·tion *noun: persistent high inflation combined with high unemployment and stagnant demand in a country's economy.*

Labor Market and Consumer Stress

Despite some positive indicators, consumers are increasingly weary. U.S. consumer **confidence eased** to a six-month low in October. The economy is exhibiting a "K-shaped" trajectory, where confidence is declining among consumers making an annual income of less than $75,000, even as high-income households are keeping consumer spending robust.

FEDERAL RESERVE CHAIR JEROME POWELL HAS NO GOVERNMENT STATISTICS TO MAKE DECISIONS DUE TO THE SHUTOWN.

Worries regarding the availability of jobs in the near-term are also rising. The share of consumers expecting fewer jobs over the next six months reached a six-month high of 27.8%. Consequently, consumers are showing mixed buying intentions, with fewer people planning to buy big-ticket items like refrigerators, television sets, and clothes dryers, and the share **planning to purchase a home** dropping, despite easing mortgage rates.

Policy Instability and Operational Risk

Government dysfunction exacerbates economic fragility. The ongoing government shutdown has been mentioned multiple times as a key concern in consumer write-in comments. The shutdown has severely hampered the release of official economic data and is expected to result in no inflation report for October, which will leave businesses, markets, families, and the Federal Reserve "in disarray".

Furthermore, the shutdown creates immediate operational risk for key sectors like manufacturing through the **potential suspension** of the Supplemental Nutrition Assistance Program (SNAP) benefits. Tens of thousands of manufacturing families, particularly those in entry-level production roles earning around $16.25 per hour, rely on SNAP benefits (which can be about $395 per month for a family of three) to maintain food security. This modest benefit often represents the margin between stability and instability.

If SNAP benefits halt, the financial strain on these working families will manifest as productivity killers in the workplace, including increased errors, missed shifts, and higher turnover, compromising line efficiency and safety. This fragility means that the disruption caused by the safety net unraveling will quickly compromise the entire manufacturing ecosystem.

MICHIGAN TRYING TO FILL THE PANTRY ONE MORE MONTH

As the federal government shutdown threatens to halt November SNAP payments, Michigan House Democrats plan to introduce bills allocating more than $600 million to keep food assistance flowing for 1.4 million residents. The proposal would draw on unused state project funds and add $25 million for food banks strained by rising demand.

Supporters argue Michigan can afford the temporary fix, citing the state's $2 billion rainy day fund. The legislation faces an uncertain path in the Republican-led House.

TARIFF ROUNDUP

An ongoing effort to keep you informed about the latest changes in tariff rates affecting countries and products.

Country	Global Tariff & Trade Developments (as of October 30, 2025)
CHINA	On Oct. 29, the U.S. cut tariffs from ~57% to 47% on select Chinese goods following Beijing's pledge to restrict fentanyl precursor exports and resume semiconductor cooperation.
JAPAN	Oct. 28 trade deal: Japan agrees to invest US $550 billion in U.S. in exchange for reduced "reciprocal" tariffs and an auto tariff set at 15%.
ARGENTINA	Tariff-rate quota for Argentine beef quadrupled to 80,000 metric tons at a lower duty. U.S. cattle ranchers denounced the plan to quadruple Argentina's beef quota as a threat to domestic producers after years of drought-shrunk herds pushed beef prices up more than 25 percent.
CANADA	Oct. 25, the U.S. slapped an additional 10% tariff on a broad range of Canadian imports following trade tensions over media campaigns critical of U.S. policy.
BRAZIL	Trump imposed 50% tariffs on Brazilian goods including coffee, beef, soybeans, and iron ore. On Oct. 28, the U.S. Senate voted 52–48 to block the tariffs, though the House is expected to sustain a veto.
MEXICO	A planned tariff increase from 25% to 30% on Mexican goods was delayed for several weeks after talks between President Claudia Sheinbaum and Trump. Negotiators are working through 54 trade barriers; no new tariffs expected before Nov. 1.
GERMANY / EU	Over 56% of German machinery exports to the U.S. could be hit by expanded steel/ aluminium tariffs. Tariffs could reach 50% or even 200% for mis-reported goods.
SOUTH KOREA	On Oct. 29, Seoul and Washington finalized a trade agreement lowering tariffs from 25% to 15% and easing U.S. investment terms. Korea will invest $200 billion overall, including $150 billion in American shipbuilding.

TALENT HACKERS

Candidates are deploying AI-powered bots to automate applications, manipulate assessments, and outsmart traditional screening systems—creating an uneven hiring battlefield that HR teams must learn to defend.

The modern job interview, across industries from software to steel, has devolved into an “arms race”. Candidates are now secretly using AI to generate “perfect answers in real time,” often reading from hidden prompts to appear “confident and polished”. This practice, demonstrated by viral content showing job seekers acing interviews with AI apps, accelerates an existing frustration for manufacturing and HR teams: hiring individuals who can “talk the talk” but ultimately fail to “perform on the floor”.

AI is crashing the traditional job interview. While employers previously adopted AI to scan résumés or run initial screenings, candidates now deploy their own bots to “even the playing field—or tilt it further”. This suggests that what looks like cheating is a symptom of a hiring process built to reward performance over proof.

The resulting strategy from leading firms has been decisive: bring parts of the process back into the real world. Cisco and McKinsey are reintroducing in-person interviews after discovering how easily virtual ones can be gamed. When a chatbot can outperform a human at your interview questions, the source argues the issue is not the technology, but the flawed measurement.

For manufacturers, the solution aligns with common sense. Future-proof hiring must focus less on how candidates answer and more on how they act. This means prioritizing skills tests, on-site demos, and situational problem-solving over verbal polish. Success is now defined by practical proof—such as fixing a broken circuit, managing a line change, or collaborating in real time. AI hasn’t broken hiring; it has exposed what was broken all along, providing HR a chance to build something better.

America's economy is still moving forward. Factory and defense-tech investment continues, from Stellantis building SUVs in metro Detroit to Whirlpool expanding Ohio production, signaling real onshore momentum.

The Fed's recent second quarter-point cut lowered short-term rates below 4 percent, supporting equipment buys, training, and working capital. Inflation remains firm, with prices still pressing household budgets, and trade shifts continue to reshape costs across industries. Political gridlock adds risk, with a shutdown halting key data and threatening food assistance, though Michigan leaders are working to keep families supported.

As Thanksgiving approaches, it's worth pausing to recognize the persistence behind the progress—the workers who keep showing up, the companies still investing, and the communities that keep adapting. In uncertain conditions, advantage belongs to the flexible. WSI helps build that resilience with surge teams, cross-trained talent, and adaptable staffing models that keep production steady and costs under control. Let's be ready—and thankful—for what comes next.

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