

# Let's Admit It - We're Just Too Good

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Search the term “globalization” in the opinion sections of major American newspapers, and you get an interesting mix of wariness and suspicion – it seems like this mysterious, relentless force is out to get us – to steal our jobs and cart them away to a dark underworld (read: India and China). Phrases like these abound: “Globalization has sucked factory jobs from the United States”<sup>i</sup> and “competition from foreign workers...has slammed the American working class.”<sup>ii</sup> The overall sentiment can be summed up by the title and main argument of a piece in the New York Times: “Let’s Admit It: Globalization Has Losers” and the losers are the workers in the American manufacturing sector.<sup>iii</sup>

This fearful portrayal of globalization in the media is reflected in the views of the American public. The Pew Research Center found that 50% of Americans believe that trade destroys jobs; 81% ranked protection of American jobs as a foreign policy priority.<sup>iv</sup> And it seems like our policymakers responded – Congress has seen the development of 27 pieces of anti-China legislation since early 2005.<sup>v</sup>

Is there a basis for this fear? Not really.

It is true that we’ve seen a decrease in manufacturing jobs – a large decrease, in fact – from 2000 to 2010, US manufacturing employment fell by 33 percent (an estimated 5.8 million jobs). But in a recent in-depth analysis, McKinsey and Company found that trade and offshoring only explain around 20 percent of this decline.<sup>vi</sup> Trade is a significant contributor but not the main culprit. So who’s to blame?

Awkwardly, we are. It seems we (the US) have outdone ourselves to our own detriment. Productivity growth – advances in technologies and processes that allow us to produce goods more efficiently - accounted for 3.7 million (64%) of lost manufacturing jobs.<sup>vii</sup> Because demand growth did not keep up with these productivity gains, we are more efficiently producing goods that fewer people want, which translates to fewer jobs.

Certain industries were hit harder by increased trade – half of the US electronic job loss can be attributed to trade, as can 42% of textile and apparel job loss. However, the bulk of US manufacturing employment (80%) is concentrated in industries that are only partially traded. And the most highly-visible, oft-cited industry to be ravaged by globalization, the automotive sector, actually added employment as a result of trade.<sup>viii</sup>

Let’s admit it – we’re just too good. The availability of capital in the US and our advances in productivity have put many of our manufacturing workers out of jobs. But they don’t have to stay jobless. It’s time to shift the narrative away from “Run for your livelihoods! Globalization is coming!” to a conversation about training our workforce for these new economic demands.

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<sup>i</sup> [http://www.washingtonpost.com/opinions/robert-samuelson-can-globalization-survive-2013/2012/12/30/84f89dba-52b2-11e2-bf3e-76c0a789346f\\_story.html](http://www.washingtonpost.com/opinions/robert-samuelson-can-globalization-survive-2013/2012/12/30/84f89dba-52b2-11e2-bf3e-76c0a789346f_story.html)

<sup>ii</sup> <http://www.theatlantic.com/business/archive/2014/01/the-dark-side-of-globalization-why-seattles-1999-protesters-were-right/282831/>

<sup>iii</sup> [http://www.nytimes.com/2011/10/16/opinion/sunday/lets-admit-it-globalization-has-losers.html?\\_r=0](http://www.nytimes.com/2011/10/16/opinion/sunday/lets-admit-it-globalization-has-losers.html?_r=0)

<sup>iv</sup> <http://www.pewresearch.org/fact-tank/2014/09/17/americans-have-dim-view-of-trades-impact-on-jobs-and-wages/>

<sup>v</sup> <http://www.economist.com/node/8554819>

<sup>vi</sup> [http://www.mckinsey.com/insights/manufacturing/the\\_future\\_of\\_manufacturing](http://www.mckinsey.com/insights/manufacturing/the_future_of_manufacturing)

<sup>vii</sup> *Ibid.*

<sup>viii</sup> *Ibid.*