Ten reasons to be cheerful, part 5: Employment [1]

Written by **Dr Madsen Pirie** [2] | Friday 26 October 2012

In the US Presidential election of 1992, candidate Ross Perot talked of the "giant sucking sound" of US jobs draining South of the border if the US signed into the North American Free Trade Area. It did; there wasn't; it won't.

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The pessimists seem to think that the advanced economies have had their day as far as jobs are concerned. They say we can't compete against low-cost labour in the developing world, and they urge protective tariffs against imported goods to protect jobs at home.

No. What happens if government follows that course is firstly that they make their own citizens poorer by making them pay more than they need for their goods. Secondly they make their own manufactures uncompetitive by cocooning them in a protective domestic market, but unable to sell elsewhere in the world.

When we buy cheaper foreign goods we have money left over to buy other things with. It is true that some jobs go abroad and help people in poorer countries to step onto the road that leads to wealth. But it is also true that as people in those countries become richer, we can sell them more of what we produce. We no longer compete on cheap textiles, but many jobs have been created in added value areas of textiles. Developed countries face growing demand for fashion labels and designer goods from countries such as China.

It is true that electronic goods can be out-sourced to countries with low-cost labour, but those goods generate thousands of jobs in developed countries, including ones in design, in advertising and promotion, in marketing and retailing, and it is also true that those products bring convenience and utility into the lives of those who use them.

People might want to do the same job producing the same goods for the whole of their lives, but there is no civil right to do that, and the real economy embodies constant change. People become wealthier and their aspirations change. New product and processes emerge to tap those new demands. Successful economies are ones which keep moving. As goods from poorer countries undercut their cheap goods on price, people in developed economies move into areas where higher value is added, or into service jobs less susceptible to foreign competition.

As we become richer on a global scale, there will be more demand for goods and services, and therein lie the opportunities that will create tomorrow's employment.

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