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Common Error No. 29 [1]

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29. "We should ban cheap imports made possible by low wages and poor working conditions."

The opportunity to sell us goods gives some people in poorer countries their start on the road to economic growth. The wages which might look like "subsistence" to us, might look like survival to them.

If other countries can make goods more cheaply than us, we should be buying those goods, and diverting our production to what we can do best. Everyone benefits from this. It is called the Law of Comparative Advantage, and has countries committing their economy to what they do best, each buying the goods they need at the price of the most efficient producer.

In a healthy economy, capital is continually being turned over from industries which are no longer competitive to the new ones which are. The world economy grows, and the poorer countries get richer by doing some of the things we used to do. We, in turn, do new things. To ban cheap imports is to leave us paying more than we need for goods which we cannot sell in the rest of the world.

Some industries in developing nations pay much less than our workers would accept, and have conditions well below those we would tolerate. The question is how those wages and conditions compare with what else is available in their countries. In most cases they represent a step up from peasant agriculture and malnutrition. It was the same when Britain industrialized.

It is those low wages which give them entry to our markets, and which set their feet on the first rungs of the economic ladder. We are better off because we buy cheaper goods; they are better off because they get our money. As economies become richer they can afford better working conditions; we should be helping them do that as fast as possible. Far from banning their goods, we should be buying more.

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