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Common Error No. 58 [1]

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58. "We owe it to our labour force to protect their jobs by limiting imports."

If we prohibit imports, it is because they undercut domestic production. Always the cry goes up about cheap foreign goods, usually raised by organized labour and the political parties which depend on it. Sometimes the cry is about sweated labour paid starvation rates overseas. The arrival of many Asian goods made with high priced labour is, of course, glossed over.

When we restrict imports we can temporarily keep going with our own high-priced production, and thus, for the moment, save the jobs. But it also means that we have to pay more than we need do for those goods. After all, we could be buying them more cheaply from overseas. So we have less money than we could have to spend on other goods and services, and to develop more modern job opportunities there.

We get locked in to a fortress economy in which we produce high-priced goods which cannot sell overseas. We finish up with a collection of out-of-date industries unable to make their way in the world market.

The best way to respond to competitive imports is by cutting our own costs with up-to-date methods, or by moving into other areas. If South Korea can produce high quality and low priced steel, we should not try to sustain a production of our own which is much more expensive. If we do, then every industry which uses steel will be paying more than it needs to. This means higher prices for domestic consumers, and exports unable to compete with goods using the cheaper steel.

We should use our resources instead to alleviate social burdens, and to transform our economy into one which develops what we can do better and more competitively. By encouraging mobility and the retraining of labour, we will do very much better than by trying to raise walls of sand against an inexorable tide.

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