

**“Manufacturing confusion” by Thomas Sowell**  
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"Manufacturing jobs" has become a battle cry of those who oppose free trade and are sounding an alarm about American jobs being exported to lower-wage countries overseas. However, manufacturing jobs are much less of a problem than manufacturing confusion.

Much of what is being said confuses what is true of one sector of the economy with what is true of the economy as a whole. Every modern economy is constantly changing in technology and organization. This means that resources -- human resources as well as natural resources and other inputs -- are constantly being sent off in new directions as things are being produced in new ways.

This happens whether there is or is not free international trade. At the beginning of the 20th century, 10 million American farmers and farm laborers produced the food to feed a population of 76 million people. By the end of the century, fewer than 2 million people on the farms were feeding a population of more than 250 million. In other words, more than 8 million agricultural jobs were "lost." Between 1990 and 1995, more than 17 million American workers lost their jobs. But there were never 17 million workers unemployed during this period, any more than the 8 million agricultural workers were unemployed before.

People moved on to other jobs. Unemployment rates in fact hit new lows in the 1990s. None of this is rocket science. But when the very same things happen in the international economy, it is much easier to spread alarm and manufacture confusion.

There is no question that many computer programming jobs have moved from the United States to India. But this is just a half-truth, which can be worse than a lie. As management consultant Peter Drucker points out in the current issue of Fortune magazine, there are also foreign jobs moving to the United States.

In Drucker's words, "Nobody seems to realize that we import twice or three times as many jobs as we export. I'm talking about the jobs created by foreign companies coming into the U.S.," such as Japanese automobile plants making Toyotas and Hondas on American soil. "Siemens alone has 60,000 employees in the United States," Drucker points out. "We are exporting low-skill, low-paying jobs but are importing high-skill, high-paying jobs."

None of this is much consolation if you are one of the people being displaced from a job that you thought would last indefinitely. But few jobs last indefinitely. You cannot advance the standard of living by continuing to do the same things in the same ways.

Progress means change, whether those changes originate domestically or internationally. Even when a given job carries the same title, often you cannot hold that job while continuing to do things the way they were done 20 years ago -- or, in the case of computers, 5 years ago.

The grand fallacy of those who oppose free trade is that low-wage countries take jobs away from high-wage countries. While that is true for some particular jobs in some particular cases, it is another half-truth that is more misleading than an outright lie.

While American companies can hire computer programmers in India to replace higher paid American programmers, that is because of India's outstanding education in computer engineering. By and large, however, the average productivity of Indian workers is about 15 percent of that of American workers. In other words, if you hired Indian workers and paid them one-fifth of what you paid American workers, it would cost you more to get a given job done in India. That is the rule and computer programming is the exception.

Facts are blithely ignored by those who simply assume that low-wage countries have an advantage in international trade. But high-wage countries have been exporting to low-wage countries for centuries. The vast majority of foreign investments by American companies are in high-wage countries, despite great outcries about how multinational corporations are "exploiting" Third World workers.

Apparently facts do not matter to those who are manufacturing confusion about manufacturing jobs.