

Is China the boogeyman ?

害怕中国？

Did China steal jobs from the US?

Part 1: Whatever is happening to manufacturing jobs started a long time ago

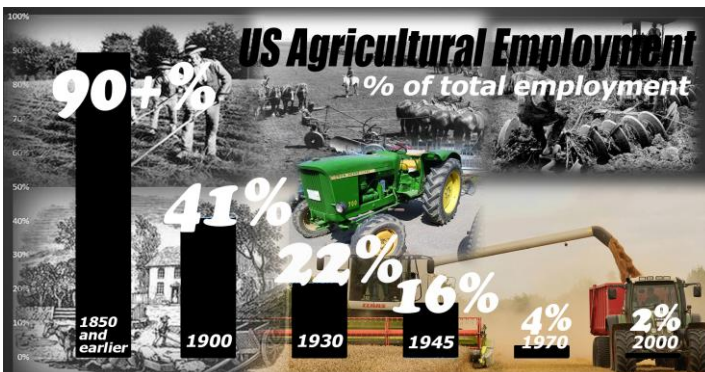
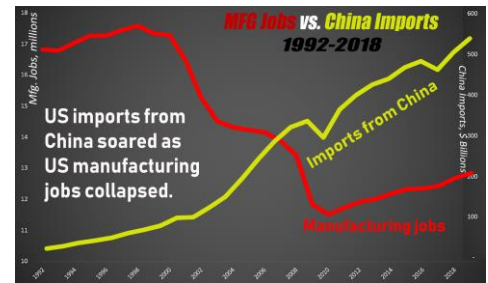
The relative decline in manufacturing jobs began more than 70 years ago. Total manufacturing jobs peaked in 1980, 20 years before China joined the WTO.

US Manufacturing Jobs Plummeted as Chinese imports increased

There is no doubt that an accelerated decline in US manufacturing jobs coincided with a surge in US imports from China. **But is China really the cause of falling manufacturing jobs in the US?**

A trend that began more than 70 years ago

The US has far fewer farmers than it used to have, a natural result of the industrial revolution. A similar trend is impacting manufacturing as the US economy continues to evolve toward an information and services economy.



Farm jobs fell for a century before leveling off as US economy matured and evolved.



MFG has a similar trend. By 1950 service jobs were already double MFG jobs.



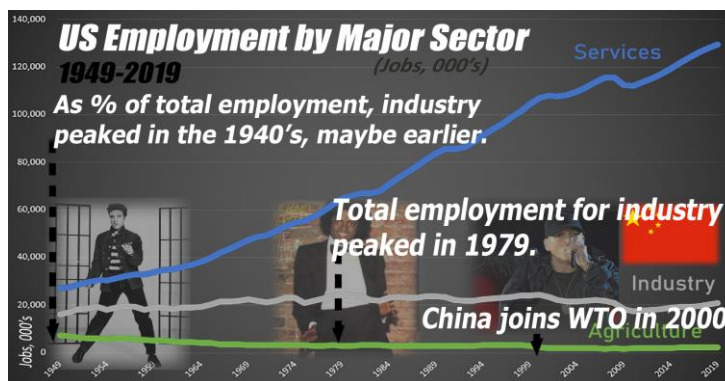
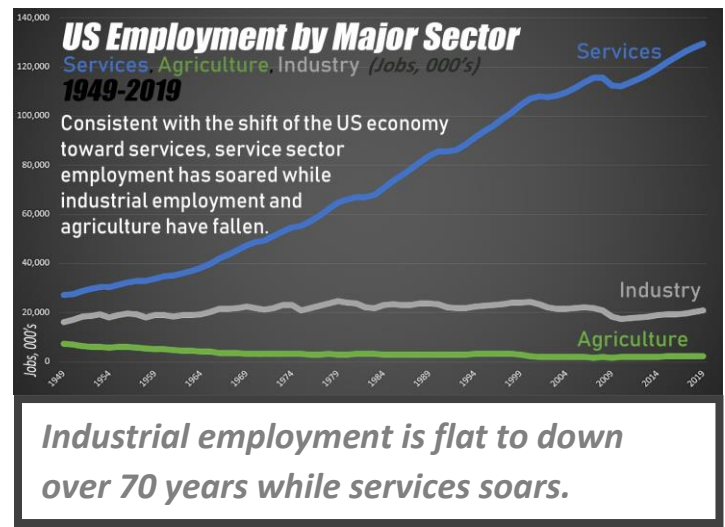
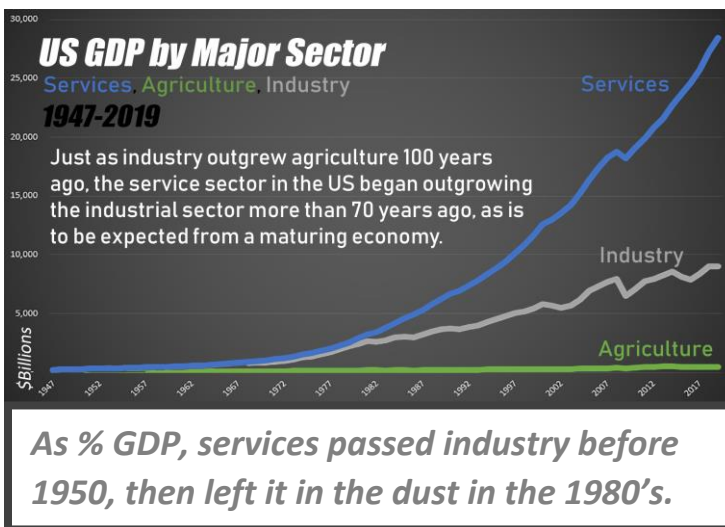
Post 1950, manufacturing jobs barely rose while service jobs soared.



MFG jobs peak in 1980 and then fall. Over 50 years, service jobs dominate 40 to 1.



This trend is evident across all advanced economies, as the chart “% Employment by Sector, G7 Countries” shows. Each sector is shown as a percent of total employment. For all the major, advanced economies, services are rising above 70%, industrial jobs are falling below 30%, and agriculture is less than 3%. This is even true of Germany and Japan, the two major, advanced economies that most often have trade



Manufacturing employment peaked 20 years before China joined the WTO and its export became a major factor in the US.

surpluses.

Germany and Japan losing jobs faster than US

You might notice that, as a percentage of total employment, industrial jobs in Germany and Japan are higher than the

US. But this is not what you think. Actually, since 1990, Germany and Japan have been losing industrial jobs faster than the US. Combined with the US's more rapid growth (US per capita GDP is at least 15% higher than both countries) and lead in the high tech sector, this suggests the US is simply a decade or so ahead of Germany and Japan in making it economic transition.

中国仪表板

The China Dashboard

Population, not trade, explains Germany and Japan But the major factor behind the higher ratio of industrial jobs is population growth. While the US workforce has doubled in the last 50 years, Germany and Japan's has only grown by 30%. So those countries aren't retaining industrial jobs, they just aren't adding people.

Difficult to reverse broad, long-term trends

The fact that these employment trends have persisted for so long and are consistent across so many countries that have had differences in policies and results relative to factors such as trade, growth, taxes, spending, etc. suggests that this is simply a natural part of economic evolution, much like the move from the farm to the factory more than a century ago. In trying to reverse a trend that is a natural part of the growth process must be approached very carefully, less the cure becomes worse than the original condition.

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