

Is China the boogeyman ?

害怕中国？

Did China steal jobs from the US?

Part 2: US trends are actually global trends. G7 all losing manufacturing jobs

The pattern of manufacturing giving way to services, which began more than 70 years ago in the US, exists in all advanced economies, even those with trade surpluses.

All advanced economies are losing manufacturing jobs

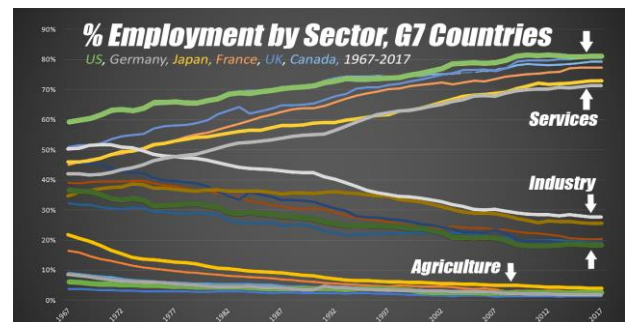
The trend away from manufacturing employment and toward services is evident across all advanced economies, including the G7, the seven largest advanced economies in the world. The chart to the right shows each major sector as a percent of total employment. For all G7 economies, services are above 70% and industrial jobs are below 30%,

Germany and Japan are losing mfg. jobs faster than the US

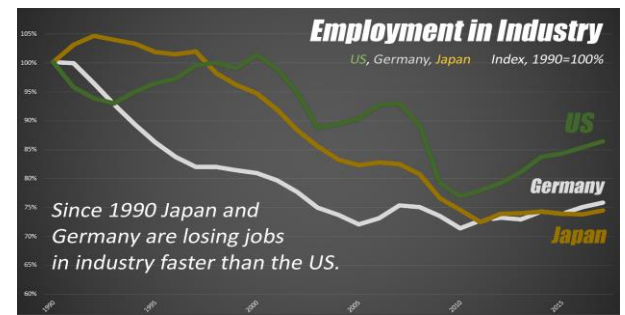
This is even true of Germany and Japan, the two major, advanced economies that most often have trade surpluses. Yet, as a percentage of total employment, industrial jobs in Germany and Japan are higher than the US. Does that mean a trade surplus helps preserve manufacturing jobs? Not exactly. Since 1990, Germany and Japan have been losing industrial jobs faster than the US.

Birth and border control, not trade, explain the difference

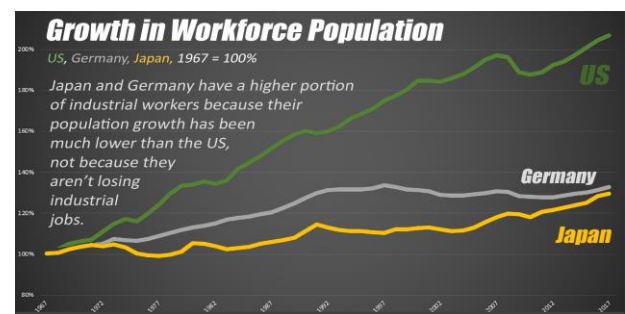
While the US workforce has doubled in the last 50 years, Germany and Japan's has only grown by 30%. So the major factor behind the higher ratio of industrial jobs is population growth. Germany and Japan aren't retaining industrial jobs, they just aren't adding people.



All advanced economies are experiencing decrease in mfg. jobs.



Germany and Japan losing mfg. jobs faster than US since 1990



Slower population growth, not trade, explains Japan & Germany

A trade surplus doesn't reverse the trend

In Part 1 of our “Did China steal jobs from the US?” series, we made the point that the relative downsizing of manufacturing in the US started more than 70 years ago. In this article we note that the same trend applies to all advanced economies. We also make our first direct point about trade and manufacturing jobs, showing that, having a trade surplus, like Germany and Japan, does not seem to have much of an impact on manufacturing jobs. In the remaining parts of this series, we dig deeper into the question as to whether trade is driving job losses or other factors are at work.

Presented by Daniel R. Joseph (www.theglobaldashboard.com)