BROOKINGS INSTITUTE: 6 MILLION MANUFACTURING JOBS LOST DURING 2001-2009 COULD HAVE BEEN EASILY SAVED

According to research published by the Brookings Institution on Wednesday, "*The United States did not have to lose all of the 6 million manufacturing jobs that disappeared between the beginning of 2001 and the end of 2009. Nor does it have to continue to bleed manufacturing jobs.*" Calling to end the two major misperceptions that continue in the industry about inevitability of manufacturing job loss, Brookings Institution Fellow Howard Wei claimed that their research clearly shows those two arguments forwarded by proponents of job cuts to be false. Wei argued that the two arguments of those who claim manufacturing job losses are inevitable are:

1. U.S. manufacturing wages are too high to be internationally competitive
2. Productivity growth means loss of manufacturing jobs

And that proper research adequately refutes both of these notions. On the first premise, Wei mentions that "high wages" can never be the culprit, because wages in U.S. manufacturing are not too high by global standards. As of 2009, Australia, and 12 European countries had higher average manufacturing wages than that in U.S. In fact, the highest wage-giver, Norway, had a average wage in manufacturing that was 60% higher than that in U.S. Wei also mentioned that from among the ten countries from where the BLS tracks manufacturing employment data, 6 countries had higher manufacturing wage rates than U.S. but also had a lower rate of job loss in the sector between 2000 and 2010. On the second premise, Wei argues that productive technology cannot be blamed on the premise that greater mechanization leads to lesser numbers of workers. This is not true because with the growth of productivity, products become cheaper and their market experiences expansion in turn leading to greater demand for workers. The extra demand outweighs the small impact of productive technology on labor retention. In fact Wei blames that the job losses are more to be blamed on insufficient productivity growth leading to loss of competitiveness of U.S. manufactured goods in the international arena. Another culprit for job loss in the manufacturing sector according to Wei was the incentives for offshoring work to low-wage countries, especially China. After China joining the WTO, the U.S. trade deficit with China grew at a rapid rate being affected by manipulated currencies and artificially low wage rates. At the same time, Wei observes, that Chinese wages are growing faster than productivity.