

VIEWPOINT

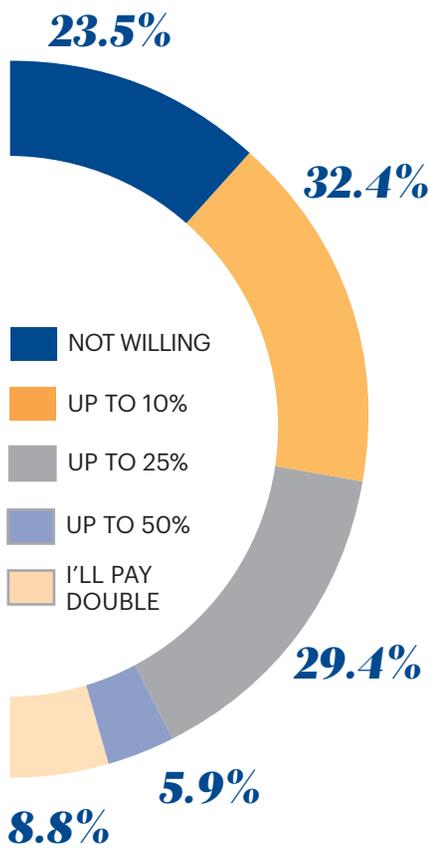
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► BUSINESS PULSE SURVEY

WE ASKED

ARE YOU WILLING TO PAY MORE TO SHOP LOCAL?



THIS WEEK'S QUESTION

DO YOU SUPPORT BRANDING GREENSBORO'S "MIDTOWN?"

POINT OF VIEW

Can President Trump bring back manufacturing jobs?

One of president-elect Donald Trump's key campaign promises was that he would bring manufacturing jobs back to the U.S. by upending international trade agreements and slapping a stiff tariff on products from China. It was a rallying cry that resonated with supporters whose communities have fallen on hard times after depending on manufacturing jobs for decades.

Is it possible to bring those jobs back? For the most part, no. But in an interesting twist, the same logic might imply a glimmer of hope for North Carolina.

Why won't Trump be able to bring manufacturing jobs back from overseas? Because that's not where they went. Yes, a lot of people believe we don't make anything anymore and that jobs were sent to Mexico and Asia. Often they echo Trump and blame NAFTA. Mostly, this reflects the general unpopularity of trade (or at least imports).

But contrary to popular opinion, NAFTA didn't cause manufacturing jobs to disappear. Those jobs were in decline long before NAFTA was enacted in the 1990s. In fact, NAFTA is generally viewed by economists as a small plus for the U.S. economy; at worst it was a wash. International trade has certainly helped reshape our manufacturing sector, but it's not the biggest story.

The single most important fact in American manufacturing has been automation and rising productivity. We produce more manufactured output than ever, but we produce it with fewer people.

The value of manufactured goods has



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risen steadily over time and has maintained a near-constant share of national output. But manufacturing's share of total employment has fallen from 20 percent in the early 1980s to less than 9 percent now.

The only way this could have happened is through rising labor productivity. American manufacturing workers are more than twice as productive as they were 30 years ago. The pattern of rising labor productivity is present in individual manufacturing industries, from food to chemicals to machinery.

But not apparel manufacturing, and that's interesting for North Carolina. In apparel, the pattern is reversed. Productivity did rise for years, but it's actually lower now than it was 30 years ago. In many respects, apparel manufacturing stands apart from other manufacturing industries. Apparel makers weren't able to harness labor-saving technologies the way

other industries did. As a result, the apparel industry had no choice but to move around in search of ever-cheaper wages.

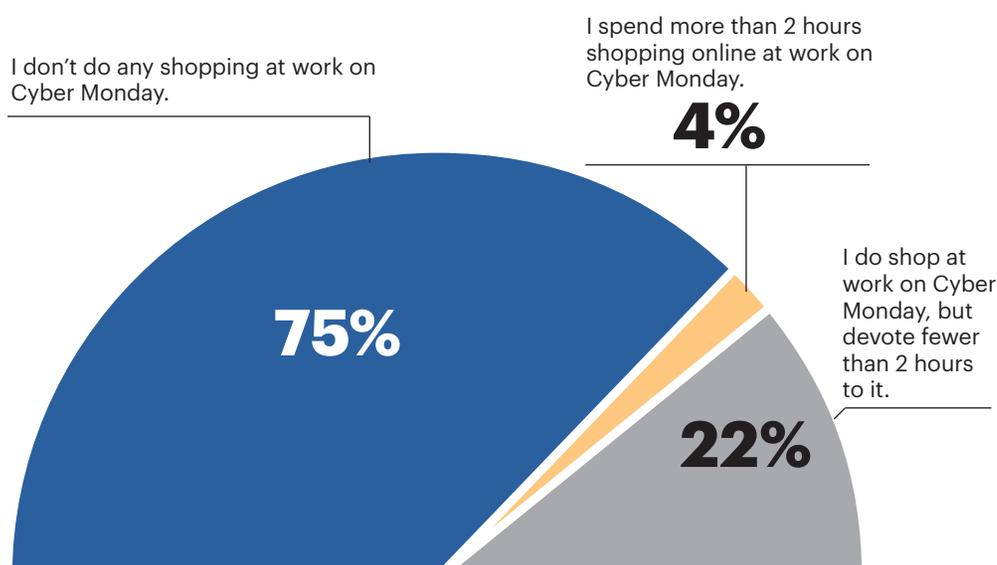
First the industry came from New England to the Southeast. Then it moved to Latin America and later to Asia. In other words, while people may be off the mark when they talk about manufacturing jobs going overseas, they're basically right about the specific industry of apparel manufacturing. In other industries, production rose over time while employment fell, reflecting the effects of automation and rising productivity. But in apparel manufacturing, domestic production and employment both fell, because the companies went elsewhere.

Trump's bombastic trade promises are risky. They're likely to spark a trade war with China and perhaps other countries as well, creating pain in many sectors of the economy. The globalized supply chains of many American companies flow through China. Apple's iPhone is just one of many popular products currently made there. A trade war would make imported products more expensive, and severely hamper our ability to export to the growing Chinese market.

And yet, if there is a silver lining in this for North Carolina, it's related to what happened to the apparel industry. Apparel manufacturing was a huge part of our state's manufacturing portfolio. Cutting our trade ties won't bring most manufacturing jobs back from overseas because that's not where they went. But it is where our apparel jobs went.

► YOUR OPINION

How much Cyber Monday shopping do you typically do at work?



IBM plans to have its Watson technology integrated into Slack chatbots in an attempt to make IT queries better. But that means people will be interacting with machines even more, and they may not be entirely comfortable with that.

