

SECTION 1 - THE MIGRATION OF JOBS FROM NORTH TO SOUTH

On our behalf, our governments undertake noble objectives: to provide foreign aid, to facilitate international trade, and to protect the local ecology, among other activities. All of these however, have unintended impact both on competition and employment.

When foreign aid is successful, this is one of the factors that leads to the actual economic development of the particular nation. This has the positive benefit of creating a new market for some industries' goods. At the same time however, it has the negative impact of creating a new competitor, often in different industries. The economic development successes of countries such as China and Mexico do eventually create a market for the goods and services from high income countries such as Canada. However, in the short term their immediate impact is to be a low cost manufacturing competitor.

Similarly, agreements such as NAFTA, GATT, and so forth, are all intended to reduce tariffs. The good news from these trade-facilitating agreements is that it makes it easier to export, which in turn makes some industries more profitable. On the negative side however, it similarly makes foreign imports easier, which makes other industries less profitable.

Third, if we look at ecological protection, we know that this has meant that we reduce, reuse, and recycle, all positive things, but which also result in reduced employment. Similarly, with an emphasis on ecological preservation, there is a slowing of businesses' ability to establish new enterprises, in part due to the need for things like impact studies. Again, slowing job creation.

At the same time as these three major activities are taking place, there is the relentless pressure to provide better customer value. This has meant increased quality, increased productivity, and downward pressure on prices. Improved quality and productivity have resulted in the creation of some additional design and engineering jobs. However, it has meant far fewer manufacturing jobs and the need for a much smaller number of after-sales service jobs since quality is now built in. Take for example, American Telephone and Telegraph. At one point they had a million employees. Their successor companies have 600,000 employees, yet they are able to handle 30 per cent more calls. This is productivity.

Overall then, there are two new realities. Less work is now required for equivalent output, and workers in the south, or in many other low income countries, will do an equivalent job for less pay. What does this mean for employment? First it means an increase in the overall number of unemployed in the OECD countries. The number of unemployed now stands at 32 million in the OECD countries alone, and this number is expected to increase. In addition, the relative number of unemployed in these countries, versus those who are employed, will continue its 30 year upward trend. This trend incidentally, is as true in Japan as it is in other parts of the world.