

Downsizing is a Symptom, not the Problem

By Professor James Hite

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The failure of American public schools is the source of our economic trouble, and that failure must be corrected if our standard of living is to rise again.

By all international standards, the United States economy is doing extraordinarily well in the 1990s. Still, there is a lot of doom and gloom among working Americans who may or may not care that even in international trade, where a worrisome unfavorable trade balance has dogged our trail for decades, our exports have grown faster than our imports for the last 10 years. And they probably won't care as long as the word "downsizing" fills the airwaves and printed pages and wracks the nerves of working people and their families.

Average weekly earnings have been declining, and both blue- and white-collar workers feel economically insecure. There are calls for something to be done to stop corporate downsizing and the shift of jobs overseas.

Yet there is nothing that can be done that would not cause more harm than good. Like it or not, we are in a global economy, and that has real consequences for every American regardless of where they are on the economic ladder. If our schools fail to produce a work force that is more productive than that of other countries, American workers will have to compete for wages with a mass of workers around the world willing to work hard for a few dollars a day.

We did not move into the global economy by choice. We got hauled into it by communications and transportation technology that eliminated some of the economic protection afforded by two wide oceans that separated us from competitors in the rest of the industrialized world.

The distance-eating technology that allows an enemy's missiles to attack us suddenly from thousands of miles away also allows competitors thousands of miles away to move in on American markets and bankrupt American firms that cannot better such competitors in price or quality, or both. American business is not downsizing and moving production offshore out of choice, it is doing so to hone a competitive edge that allows survival of American business in the global market. Jobs are lost here at home, at least in the short-term, but if American businesses do not make such moves, the businesses fail, and even more American jobs will be lost.

There is no way just to pass a law and make the foreign competitors go away. We might try to erect trade barriers, but about the only jobs those barriers would create in the long-term are jobs for smugglers. Markets for American exports would dry up as other nations retaliated, and soon ordinary Americans would be in a worse fix than they are now.

Americans in every walk of life have to make up their minds that the great decades of ever-rising living standards after World War II, when the American economy had no real competition in the world, have gone, and they are not going to return. There is nothing government can do about that.

There is no way an American worker can avoid competition from workers overseas who may be willing to work harder longer hours for less pay. Each one of us needs to have something to sell that cannot be found in overseas labor markets and that employers are willing to pay a premium to get. Otherwise, our level of living must inevitably sink to that of the least-cost workers. wherever in the world they happen to be.

Right now, most experts would concede that the top 20 percent of the American work force has such skills to sell. The few in that category are tops in the world, and Americans in the top 20 percent, mostly with post-high school education, have rising incomes. But the bottom 80 percent of the American work force is not up to world standards in their education and skills. Some studies rank the productivity of the average American worker as low as 16th among the 16 most industrialized nations. That is why average weekly earnings are falling in the United States.

The average American worker is not stupid or lazy. The underlying problem for which downsizing is only a symptom is the failure of American public schools. We can explain away that failure, and find excuses. But the failure remains, and it must be corrected if the American standard of living is to recover and begin rising again.

Our living standard in this country will never be higher than the rest of the world unless we have the best educated population in the world. If we want to live well, we have to resolve to do whatever it takes to make sure something close to 100 percent of America's young people enter the work force as the best educated young workers in the world.

No one knows exactly how to accomplish that end. But we know that competition is the best way to find what will work. The public school bureaucracy has to be challenged by competition, and mediocre schools have to be forced to turn off their lights and shut their doors by parents who reject them and send their children elsewhere. It won't be easy and it can't be done overnight. Yet nothing else will get to the underlying economic problems in the United States.

And what of economic security? Forget it. There is no such thing. It is never anything more than an illusion in the form of political snake oil. Outlawing downsizing won't give us what cannot be had. The curse of Adam is upon us all, and we have to struggle for our daily bread in the jungle, not the garden. Most of us know that, but we need to be reminded now and then.

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