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Manufacturing lost 200,000 scientists and engineers, a 10.7% drop according to a study by the Economic Policy Institute.

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By

The increasing U.S. trade deficit with China has cost 2.3 million American jobs between 2001 and 2007, including 366,000 last year alone, according to a study released on July 30 by the Economic Policy Institute (EPI). These displaced workers lost an average of \$8,146 last year, a total of \$19.4 billion, as they moved to lower-paying jobs.

Workers producing exports are not doing as well as those who were effected by imports, the EPI study reveals. U.S. exports to China are heavily commodities, including scrap products and agricultural goods, while 98% of Chinese imports were manufactured products, and average wages earned producing U.S. exports to China paid 4.4% less than jobs lost to imports from China. Thus, continuing trade deficits with China are shifting jobs from higher-wage manufacturing to low-wage commodities.

"Since China gained entry into the World Trade Organization in 2001, the U.S. has lost millions of good-paying jobs," said Leo W. Gerard, International President of the United Steelworkers. "This new study shows how trade with China, on their terms, is undermining hard-working American families' earnings. This is an unbalanced trade relationship that must be changed, and Congress should act now."

Scott Paul, executive director of the Alliance for American Manufacturing (AAM) points out that the affect on workers in advanced technology. "As China diversifies its export base -- and it's already expanding into electronic products, aircraft, auto parts and machinery -- more American products will be unfairly disadvantaged," he said.

Rapidly growing imports of computers and electronic parts accounted for nearly half of the \$178 billion increase in the trade deficit between 2001 and 2007. More than a quarter of last year's trade deficit, \$68 billion, was due to advanced technology products, nearly six times the deficit in 2002. In contrast, the U.S. has a \$15 billion trade surplus with the rest of the world in advanced technology products.

More than half (55.6%) of the jobs displaced by trade with China were in the top half of American wage earners. Nearly a third (31%) of the jobs lost were among workers with a college degree. A dramatic example is the loss of 200,000 scientists and engineers within the manufacturing sector, a 10.7% drop.

Competition from low-wage countries like China affects 80% of the U.S. private-sector workforce -- roughly 100 million workers. The study estimates that, in 2006 alone, low-wage competitive pressures reduced the annual wages of these workers by an average of \$1,400 each.

The job losses are having a major impact on minority Americans. The growing trade deficits displaced 230,065 African American workers and 339,065 Hispanics. Asian American and other minorities lost 219,235 jobs.

"We can strengthen jobs and manufacturing in America, but only if we first take steps to stop China's cheating," said Terry Straub, Vice President of Public Affairs and Government for U.S. Steel. "Until we address distortions of the free market, such as dumping, subsidies and illegal currency manipulation, we'll continue to see a hollowing out of our high-tech productive capacity, as well as the very good jobs that go with it," he said. "As the candidates campaign this fall, we expect to see these very real issues discussed."

The full report, including state-specific data, is available at www.epi.org and <http://www.americanmanufacturing.org/inyourstate/>

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