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## President Delivers Same Zero-Sum Message on Jobs to U.S. Chamber

Posted By [Daniel Griswold](#) On February 8, 2011 @ 9:04 am In [International Economics and Development, Trade and Immigration](#) | [Comments Disabled](#)

[In his speech at the U.S. Chamber of Commerce yesterday](#) <sup>[1]</sup>, President Obama tried to make nice with U.S. business. While the speech contained some positive elements about promoting trade and a lower corporate tax rate, the president also pounded the tired theme that we are locked in a battle with other countries over a fixed number of jobs.

Notice how the president framed the otherwise good news of expanding domestic production:

Right now, businesses across this country are proving that America can compete. Caterpillar is opening a new plant to build excavators in Texas that used to be shipped from Japan. ... A company called Geomagic, a software maker, decided to close down its overseas centers in China and Europe and move their R&D here to the United States. These companies are bringing jobs back to our shores. And that's good for everybody.

The strong implication is that U.S. companies add jobs at home by closing production facilities abroad and thus "bringing jobs back to our shores." This kind of win-lose, zero-sum accounting is out of step with the reality of our global economy. More often, when U.S. multinationals ramp up production and hiring abroad, they do the same at their factories and offices in the United States, and vice versa.

Take Caterpillar, the global equipment company based in Peoria, Ill. [According to its recent quarterly earnings report](#), <sup>[2]</sup> the company added 19,000 jobs to its global workforce in 2010, 7,500 of those in the United States. This is common practice among U.S. multinationals.

As I noted in my 2009 Cato book [Mad about Trade](#) <sup>[3]</sup>, studies show that the jobs added by U.S. multinationals at home and abroad are strongly and positively correlated. More production and sales abroad typically require the hiring of more managers, accountants, engineers and production workers at the parent company's facilities in the United States.

Despite the president's rhetoric, the creation of jobs in today's global economy is a win-win, positive sum proposition.

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[1] In his speech at the U.S. Chamber of Commerce yesterday: [http://blogs.suntimes.com/sweet/2011/02/obama\\_to\\_chamber\\_of\\_commerce\\_w.html](http://blogs.suntimes.com/sweet/2011/02/obama_to_chamber_of_commerce_w.html)

[2] According to its recent quarterly earnings report,: [http://www.herald-review.com/news/local/article\\_9c988a00-a415-58ef-bb6a-2822c7c42abf.html](http://www.herald-review.com/news/local/article_9c988a00-a415-58ef-bb6a-2822c7c42abf.html)

[3] Mad about Trade: <http://www.amazon.com/dp/193530819X/?tag=catoinstitute-20>

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