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U.S. not alone Other countries lose factories, too

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For hundreds, even thousands of displaced workers in Erie, globalization is a 13-letter word for what went wrong.

Jim Kurre, associate professor of economics at Penn State Behrend, offers his students a different definition. He explains the concept in terms of self-reliance.

It sounds good, he said, but in the end it's not a terribly efficient way to live. Who, after all, wants to grow their own food, build their own house, sew their own clothes and build their own car?
"Instead, we specialize a little bit," he said. "I work on teaching, and somebody else works on cars, and we trade. It winds up being more efficient."

Globalism is that same concept applied to nations, not individuals.
"Nations have different resources, different abilities. As a result, some countries can produce some goods cheaper," Kurre said. "Just like it makes sense for people to specialize, it makes sense for nations to specialize."

That's a concept that Mexico's economic development community came to grips with long ago.

The United States, after all, isn't the only country to lose factories and even whole industries to competitors with cheaper labor.

Mexico saw the textile industry leave for Asia, and more recently, the television industry has downsized dramatically.

It is the natural course of things, said Kurre, who stresses that each country, each city needs to find the things it can produce most efficiently.
Unfortunately, those things aren't always easy to identify.

Until Steris Corp. announced plans to leave Erie in early 2006, Kurre would have picked sterilizers as a perfect marriage of manufacturing and technology.

In short, these were jobs that made sense for Erie.

But as employees of a once-booming electronics industry in Mexico learned a few years ago, such things have a way of changing.

Kurre thinks Mexico has the right idea as it works to put its lower-cost workers on increasingly high-tech projects.
But that doesn't mean the United States always loses, not when companies like Apple and Microsoft have created thousands of jobs developing innovative technology -- even if the production of those innovations is moved elsewhere.

Kurre is quick to concede that in a world of global trade, people sometimes lose.

And there's little doubt that 450 employees of Steris Corp. lost a great deal with the company's decision to relocate.

It's hard, even now, to know where those losses will end.

As he guided a visitor through the new Steris plant in Monterrey, Mexico, operations manager Dave Gotchy said the company still contracts with suppliers back in Erie and has no plans to replace them. Some of those suppliers, no doubt, are wondering how long that arrangement will last.

For all those concerns, Kurre said globalism shouldn't be viewed strictly as a tale of gloom and doom.

There's plenty of opportunity, he said, for people and companies that innovate and embrace new technology.

"It's a dangerous thing with globalism to think of it in terms of a pie that we are sharing and that if China, India and Mexico get a bigger share then we get a smaller share," Kurre said.

"It doesn't work that way," he said. "The way it works is we build a bigger pie."
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