



SCHOOL OF ECONOMICS

# SEMINAR

PRISM (Policy Research in International Services and Manufacturing) is launching yet another seminar series in the School of Economics. All staff and postgraduate students are welcome to attend.

The first seminar is the 'UCT launch' of the new book, '*Rising Tide: Is Growth in Emerging Economies Good for the United States?*' by Lawrence Edwards and Robert Lawrence (see below) and will be held in the **Seminar Room (4<sup>th</sup> floor) at 13h00 on Friday, 10<sup>th</sup> May.**

## NEWS RELEASE

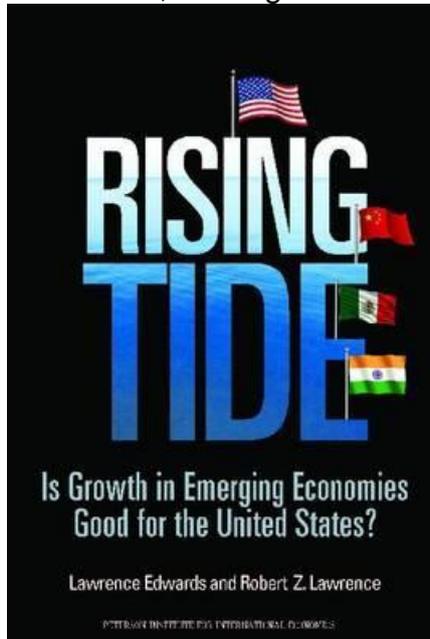
### New Study Examines Benefits to the US from Growth in Emerging Economies

WASHINGTON—Free trade agreements and the surge in American foreign direct investment in emerging market countries overseas have stirred fears in the United States about job losses and other ill economic effects. In the Peterson Institute's newest study, *Rising Tide: Is Growth in Emerging Economies Good for the United States?* Lawrence Edwards and Robert Lawrence undertake an extensive survey of the empirical literature to date and more importantly conduct their own in-depth analyses of the evidence. They conclude that rapid growth in emerging economies is part of the solution to America's economic problems rather than their source.

Their conclusions contradict several popular theories about the negative impact of US trade with developing countries, demonstrating that trade has been tagged a villain far out of proportion to its actual impact on America's problems of slow income growth and rising inequality. Although many critics maintain that the decline in manufacturing in the United States has been caused by trade and "off-shoring" of jobs, the authors argue that the decline reflects a shift in domestic demand away from spending on goods, and faster productivity growth in the manufacturing, in which fewer workers are needed to maintain the same output.

"Some of the public's fears are well founded and recognized," Edwards and Lawrence say, noting that increased trade can cause "short-term pain in the form of

job losses, lower profits, and the dislocation of people and communities." But Edwards and Lawrence say that trade and investment strategies that encourage growth in emerging economies will continue to be beneficial for both the United States and its trading and investment partners for the foreseeable future. Citing the phrase attributed to President John F. Kennedy that "a rising tide lifts all boats," the authors say: "Developing country growth has therefore contributed toward faster US export growth, an increase in the variety of imports available to Americans, and higher terms of trade associated with any given trade balance."



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