

## Will that be Super Sized?

Ironically, those who have benefited greatly from the successes of the post-war labour movement have been companies. The manufacturing sector effectively negotiated blue-collar workers into the middle class and business has prospered as a result. The last four decades have witnessed an economy in North America that has been largely consumer-driven. Consumption has been fueled by working people with good steady incomes, which allowed them to leverage their spending through the acquisition of debt for capital and other purchases.

Now much of that is at risk. In the developed world, manufacturing jobs are now in decline. The reasons are many—automation, outsourcing and lean competition from emerging economies. It is clear to me that manufacturing companies, for competitive reasons, will have to keep improving productivity, with less and cheaper labour. Protectionist and other national strategies will not override this necessity.

So what will become of our economy that is premised on mass consumption? Is it sustainable? Not with a continual decline in average incomes. It would appear there is only one part of the value chain where we can afford to materially improve wages and benefits of workers. That is in retail.

At every other point, companies are facing international price competition that cannot be avoided. But when we get to retail, all competition is local. If Wal-Mart sells an article of clothing, or MacDonald's offers food at prices that cover the cost of well-paid labor, where is the harm to our national economies? If we are to avoid killing the golden goose of our consumer economy, can we afford to shed relatively high incomes in various sectors and not replace them elsewhere?