

Wealth is much more than the baubles you can count

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The [IMF](#) has [published](#) two blogs that suggest that we should stop being so worried about the decline in the number of manufacturing jobs in the world.

They attach caveats of course. Some of these are important, including ensuring there is an appropriate transition when manufacturing jobs are lost. They also say that planning to address the inequality that some types of service employment have created is appropriate. And they note concerns for those in late career. But these are the concerns that a compassionate government should always reflect in its industrial, social and economic policy. They do not distract from the fact that the IMF is in essence arguing three things, in my opinion.

The first is that things will still be made: just where is what has changed, and then less than we might imagine.

Second, it's simply not true that manufacturing means more productivity and services less: there is a spectrum of productivity across all sectors.

Third, by implication they are saying that the protectionism of Trump, with his paranoid isolationism that declares a country without steel is not a country at all is wholly misplaced.

Trump should, of course, be able to work that out: given his so-called strategy is clearly military in origin he should realise that in modern warfare you almost invariably fight with the weapons you have at the start of the conflict and not with those you make during it. But the message is more than that: it's saying let Ricardo (who first came up with theories of comparative advantage when it comes to trade a couple of centuries ago) still have his day.

Of the three I buy the first two arguments, pretty much entirely. I simply do not accept that we as a country have to make everything we might just because it can be made. That's only an extension of the logic that I cannot be self sufficient: I think it obvious.

It's the third argument I think more interesting. I do not buy simple versions of

comparative advantage. There may be externalities to take into account (marine diesel is deeply polluting and basically untaxed to compensate for that fact, for example). There may also be reasons why protectionism can prevent the harmful transitions that the IMF say can create problems: a dying industry may sometimes require a graceful period of decline as much as a new one may need to be protected whilst in fledgling state. This is, for example, a reason for steel tariffs to protect employment in South Wales, even if that cannot last forever. Ricardo has his limits, in other words.

But that said I think the most important message from the IMF is again quite clearly political. It is that people in services do create value, and can do so highly productively.

This is a vital message for all who believe in many state services. There is absolutely no reason at all why these need not be just as valuable to society as any manufactured good, or indeed a service that is directly paid for.

I think the IMF are saying wealth is something much more than the baubles you can count. If they are then I agree, because that is true.