

“Why is the employment share in manufacturing declining? Perspectives from advanced and developing countries”

Discussion

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Key Takeaways

- Declining share of employment in US manufacturing not driven by trade/globalization
- Faster productivity growth combined with price/income inelastic demand for manufactured goods
- Experience common across industrialized countries – even those with trade surpluses
- More recently – slowdown in rate of decline of share of employment in US manufacturing combined with slow productivity growth

Key Takeaways

- **Manufacturing share of employment hump-shaped with respect to GDP**
- **Relationship shifting down over time – “premature deindustrialization”**
- **Relative price of manufactured goods relative to GDP shifting down over time**
- **Rapid international diffusion of technological change in manufacturing combined with inelastic demand**

Comments

- Job loss through trade exaggerated – but effects highly specific (Autor *et al.*, 2013; Hakobyan and McLaren, 2016) – what polic(ies) for non-college educated labor?
- How does “servicization” affect global value chains and employment of skilled labor?
- If US is at full employment, and productivity growth has slowed – what about GDP growth rates?
- What if the “techno-optimists” are right?
- How can Stolper-Samuelson theorem be adapted?