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Discussion of “Why is the Employment Share in Manufacturing Declining?” by Robert Lawrence

Ian Sheldon

Selected Paper prepared for presentation at the International Agricultural Trade Research Consortium's (IATRC's) 2017 Annual Meeting: Globalization Adrift, December 3-5, 2017, Washington, DC.

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

Discussion

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**IATRC Theme Day
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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?