

Globalization and Wages

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[based on joint work with Ann Harrison, Margaret
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Trends Worth Noting and Our Research Question(s)

Some Trends between 1982 and 2002

1. Large US employment decline in manufacturing, especially among workers performing routine tasks.
2. Increase in import penetration and offshore employment in low wage countries.

Research Questions

1. To what extent are trade and offshoring responsible for this employment decline in manufacturing?
2. What are the wage implications on American workers (and other developed countries), both inside and outside of manufacturing, of trade and offshoring?
3. What do we see in Chinese data and what can that teach us?

Overview

- **Preview of Results**
- **Outline**
 - Section 1: Trends in Offshoring, Employment, and Wages
 - Section 2: Theoretical Framework / Literature Review
 - Section 3: Empirical Strategy
 - Section 4: Empirical Results by Sector (Industry) and Occupation
 - Section 5: Mechanisms for Difference
 - Section 6: Results from China
- **Conclusions**

Preview of Results

1. Evidence on Wages

- a) Little impact at the industry-level.
- b) Large wage effects among *occupations* which are sent overseas.
 - Increase in LWC employment in an occupation associated with lower US wages.
 - Increase in HWC employment in an occupation associated with higher US wages.
- c) Trade and offshoring are happening in “routine” industries.

2. Evidence on Mechanisms

- a) Increases in LWC associated with US manufacturing employment decrease.
- b) Increases in HWC associated with US manufacturing employment increase.
- c) Large wage declines among matched CPS workers who leave manufacturing, especially when workers are forced to switch occupations.

3. Some evidence from China and its Special Economic Zones

- a) Is a job lost in the US a job gained in China? (yes – to some extent)
- b) Is the US losing its technological edge in terms of productivity? (evidence of spillovers)
- c) How have Chinese workers fared during this period? (large employment growth, modest real wage growth)

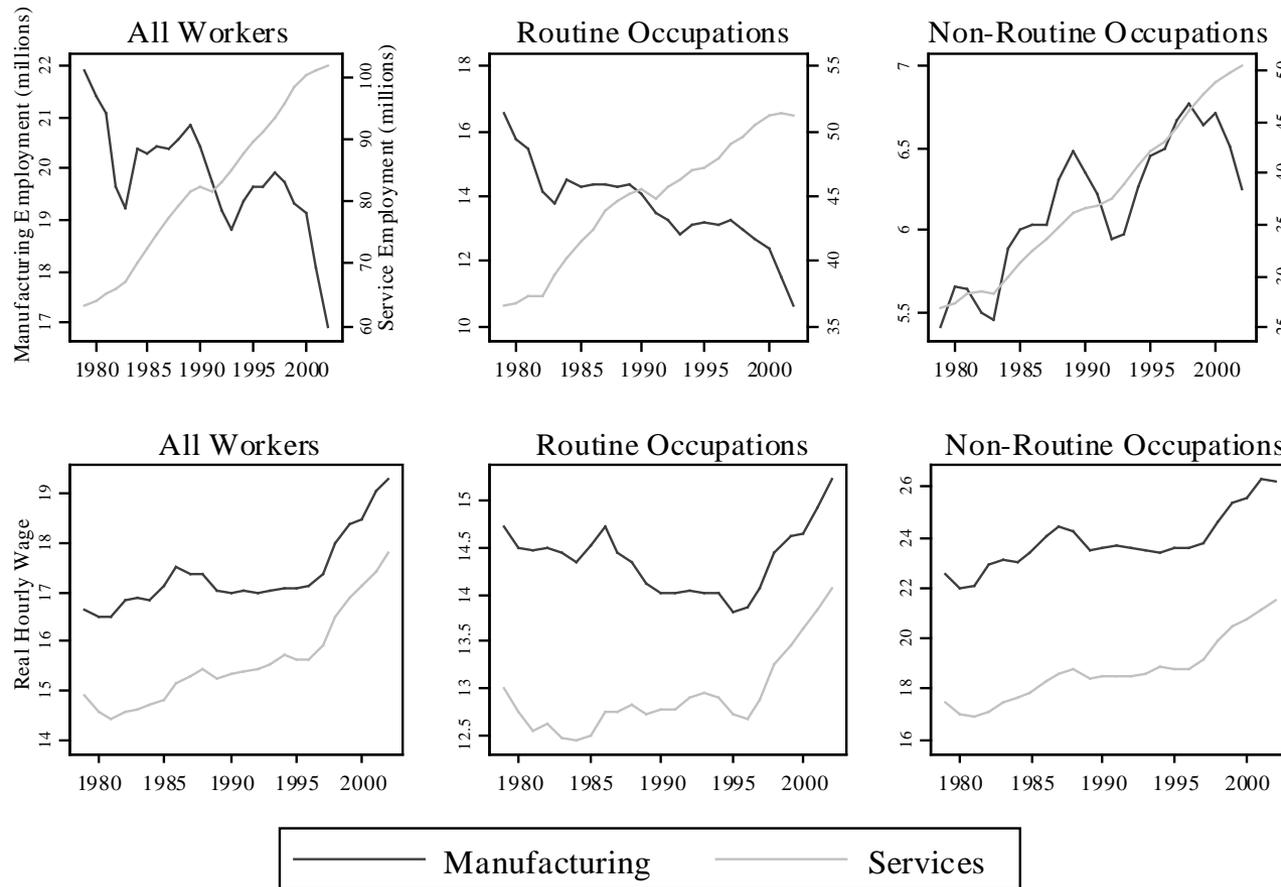
Section 1

Trends in Offshoring, Trade, Wages and Employment

Trends in American Wages and Employment

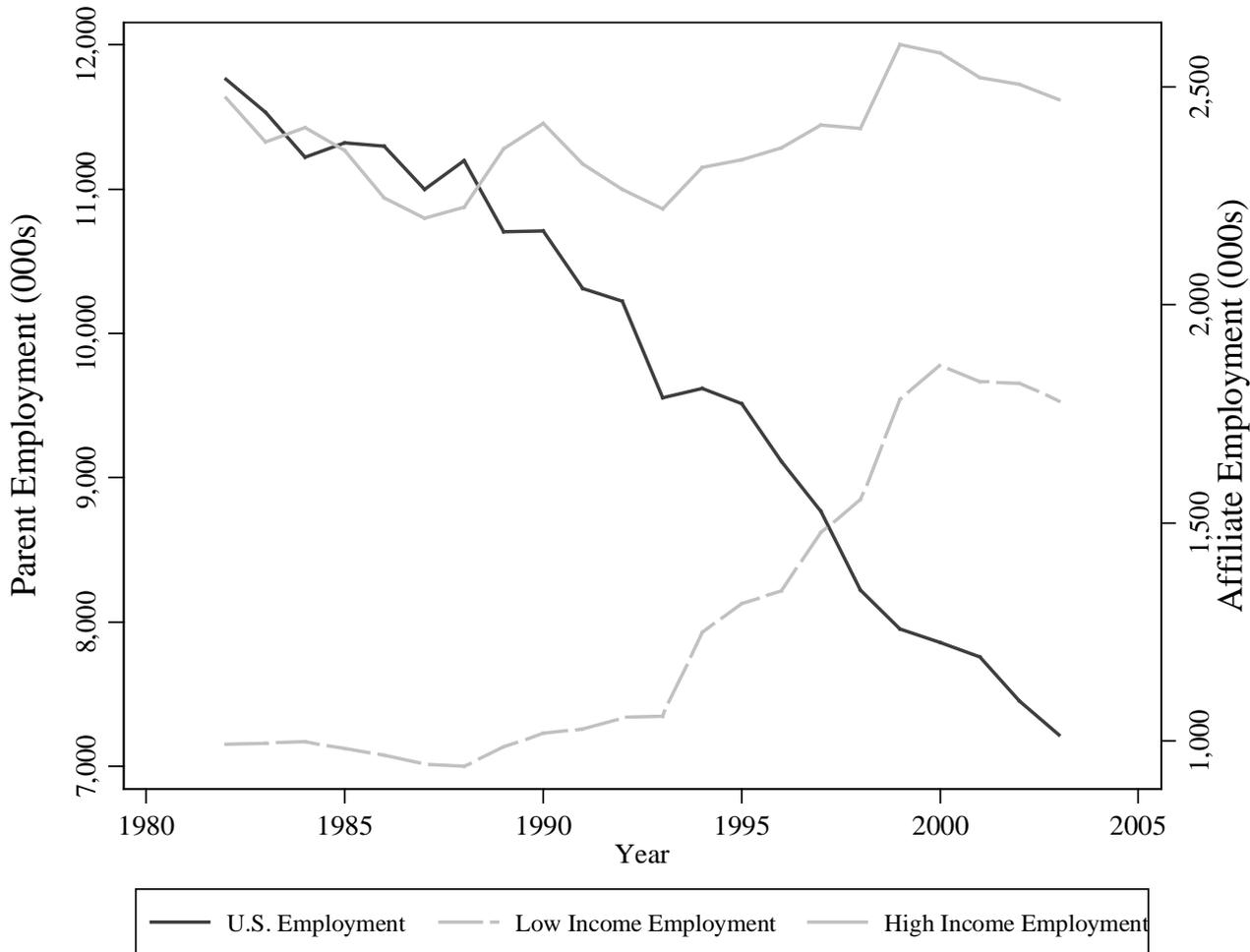
Figure 1

Trends in Employment and Wages in the Manufacturing and Service Sectors



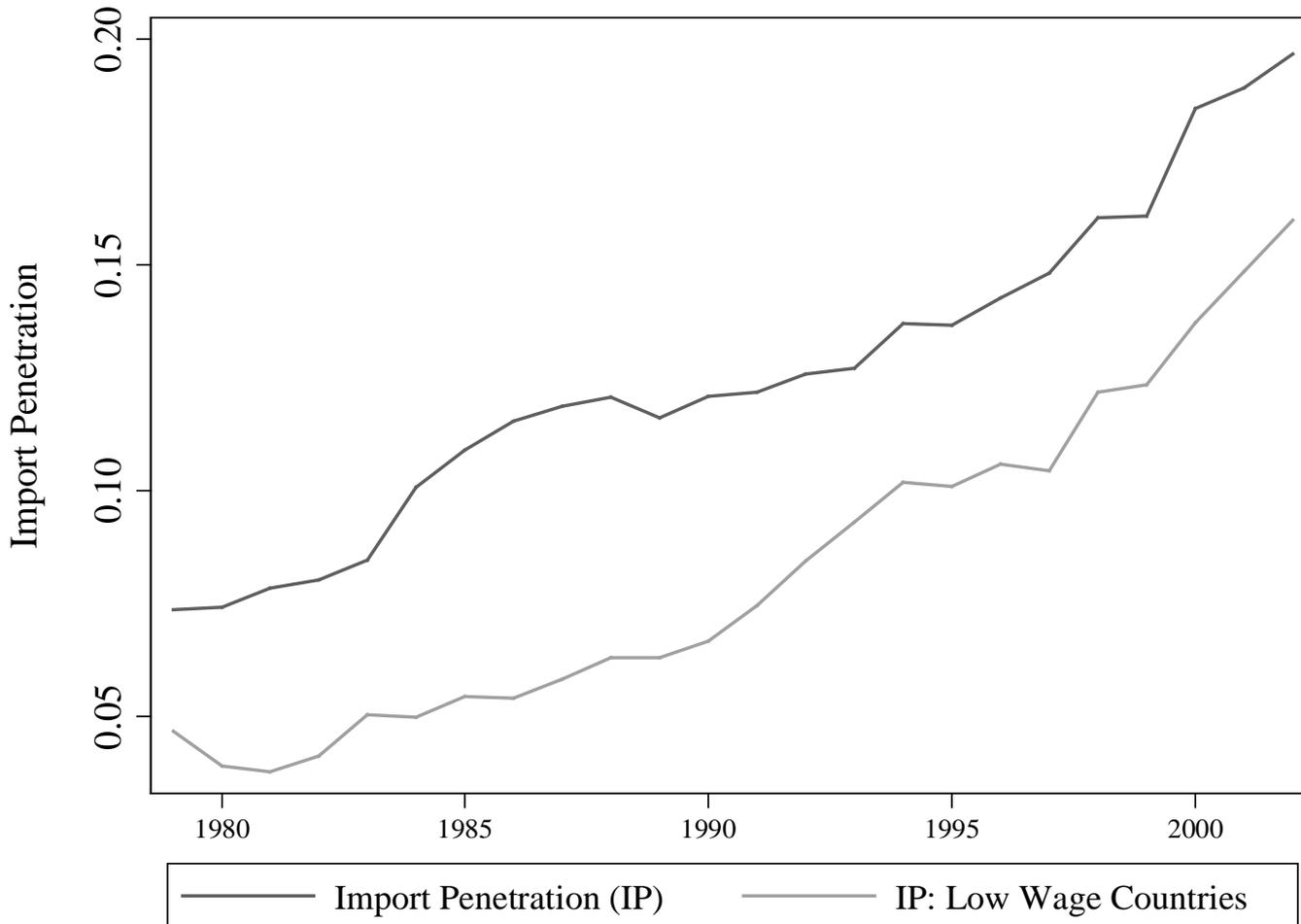
Point: Manufacturing jobs well paid but are being lost.

U.S. MNC Employment in Manufacturing by Location



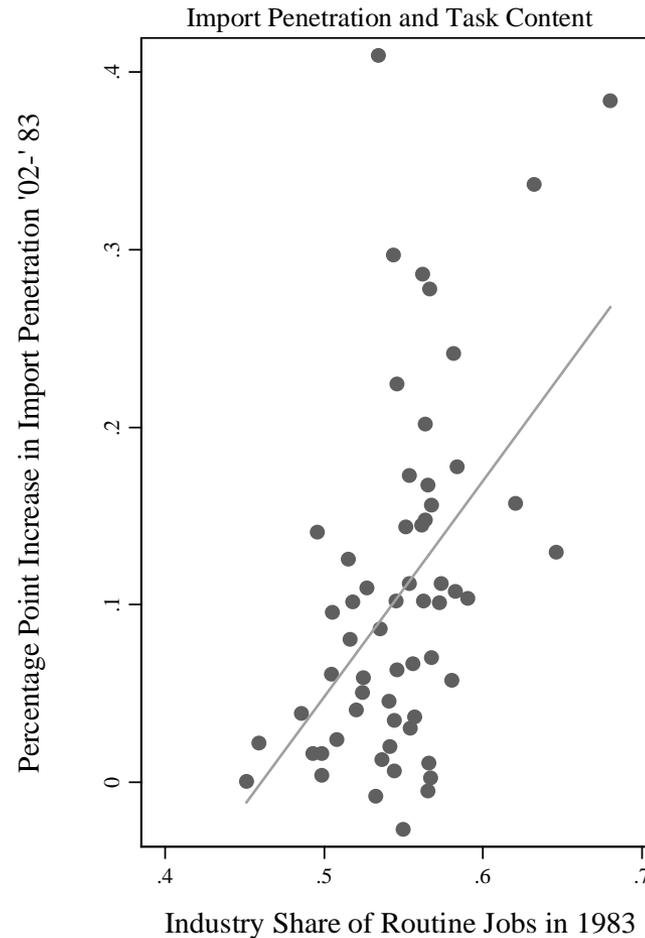
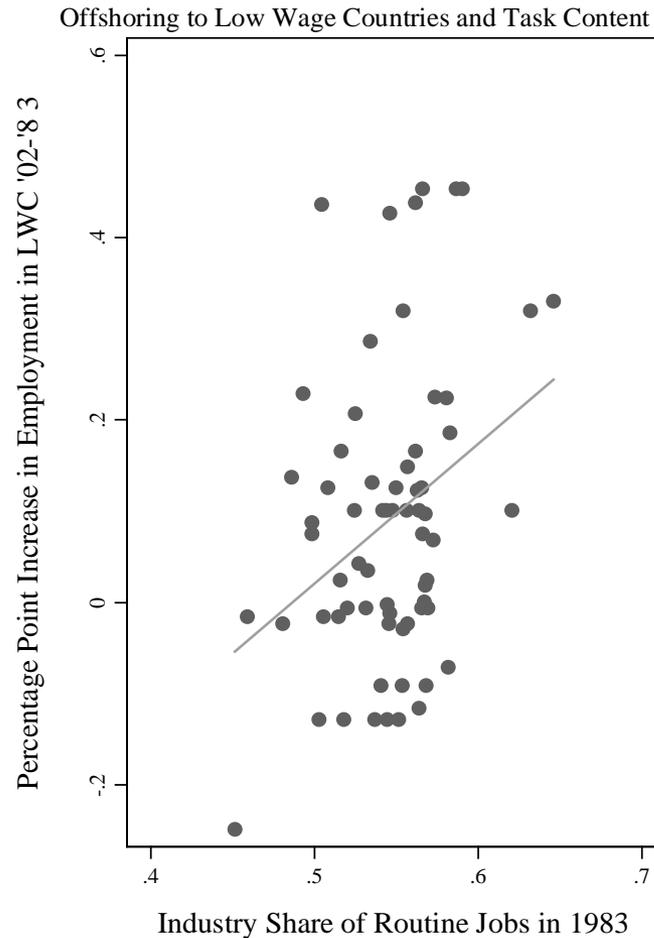
Point: Jobs are declining. Is offshoring responsible?

More Goods from Overseas, and from Low Wage Countries



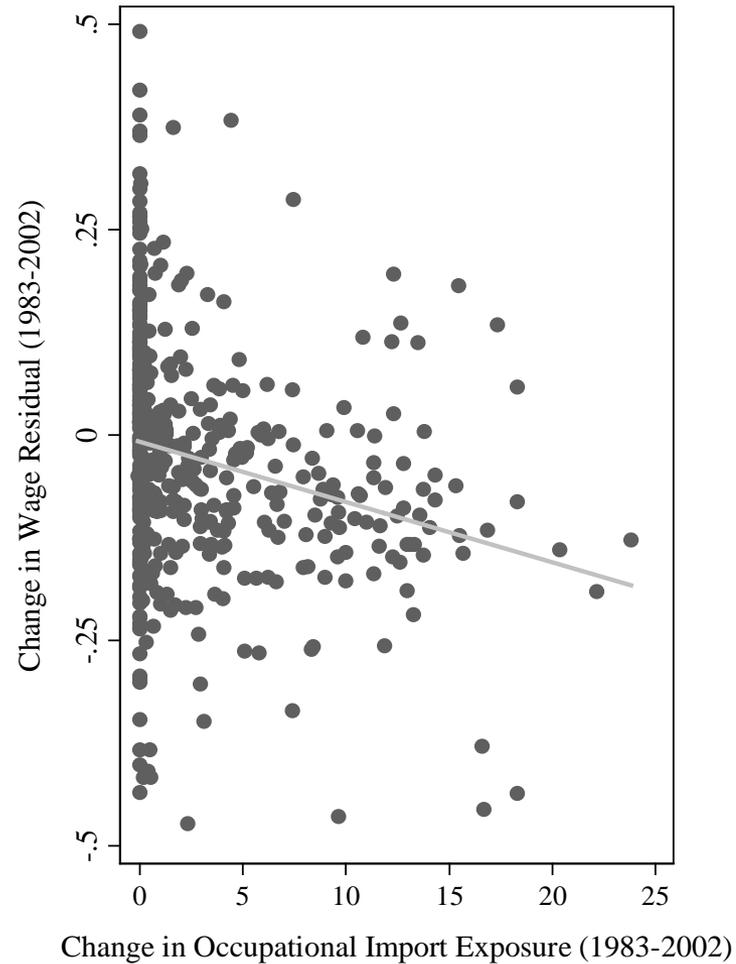
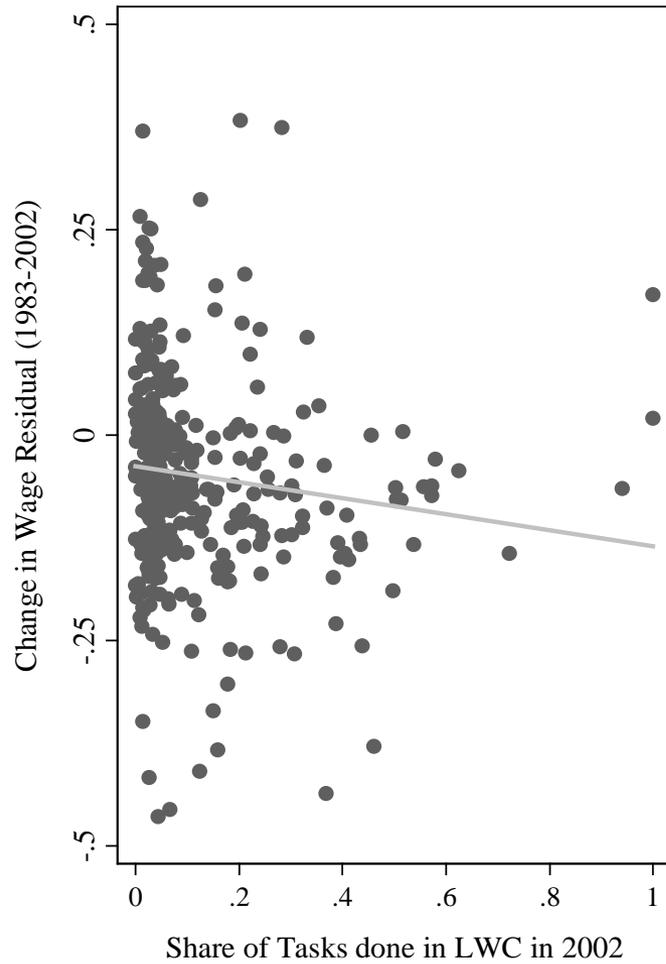
Point: Jobs are declining. Is trade responsible?

Which jobs are sent overseas?



Point: Jobs are declining. Is trade responsible?

Are wage changes related to offshoring or imports?



Section 2

Theoretical Framework and Literature Review



Offshoring has Ambiguous Effects on Employment

Theory

1. Distinction between horizontal and vertical foreign investment matters
2. Substitution when workers perform similar jobs, complementarity when workers perform different types of jobs

Empirical Evidence

1. Had been extremely mixed even using the same datasets!
2. Harrison and McMillan (forthcoming) show that the effect of offshoring can be positive or negative. Offshoring is more likely to have a positive effect on domestic employment for firms that are most vertically integrated. An example is the electronics industry.



Offshoring has Ambiguous Effects on Wages

Theory

1. Offshoring increases the supply of labor putting downward pressure on domestic wages
2. But, there are productivity effects of offshoring that could help boost wages

Empirical Evidence

1. Very limited use of individual data in existing literature, mostly firms
2. By combining census data with data on offshoring, we are able to study the effects of offshoring on wages controlling for individual characteristics
3. Preliminary work using Chinese data allows us to look at other side of the ledger, allowing us to distinguish between technology and trade

Section 3

Empirical Strategy



Empirical Strategy – Analysis by Industry

1. Employment

$$(3a) \quad L_{jt} = \alpha_0 Z_{jt} + \alpha_1 G_{jt-1} + \alpha_2 TFP_{jt-1} + \alpha_3 PINV_{jt-1} + \alpha_4 REALSHIP_{jt-1} + \alpha_5 d_t + \alpha_6 I_j + \varepsilon_{jt}$$

- a. We focus on j industries over years t
- b. Variable of interest is G , where we think lagged measures of offshore employment and import penetration by industry may affect domestic employment.
- c. Controls for technical change (TFP), investment (PINV), the price of the final good (REALSHIP), industry and year fixed effects



Empirical Strategy – Analysis by Industry

2. Wages by Industry

$$(3b) \quad W_{ijt} = \beta_0 Z_{jt} + \beta_1 G_{jt-1} + \beta_2 TFP_{jt-1} + \beta_3 PINV_{jt-1} + \beta_4 REALSHIP_{jt-1} + \beta_5 d_t + \beta_6 I_j + \varepsilon_{ijt}$$

- a. Analysis at the micro-level where we consider how pressure from abroad affects wages among those in the industry.
- b. Variable of interest is G , where we think lagged measures of offshore employment and import penetration by industry may affect domestic wages.
- c. Controls for technical change (TFP), investment (PINV), the price of the final good (REALSHIP), industry and year fixed effects, state fixed effects for potential differences across regions

Empirical Strategy – Occupational Exposure

3. Wages by occupation

For each occupation i and industry j , we have: $\alpha_{ij} = \frac{L_{ij}}{L_i}$ where L_{ij} is the total number of workers in occupation i and industry j , and L_i is the total number of workers across all industries in occupation i . We then calculate occupation-specific import penetration in year t for occupation k as:

$$\sum_{j=1}^J \alpha_{ij} \cdot IMP_{jt}$$

4. Estimating Equation

$$(3c) \quad W_{ijkt} = \beta_0 Z_{jt} + \beta_1 G_{kt-1} + \beta_2 TFP_{jt-1} + \beta_3 PINV_{jt-1} + \beta_4 REALSHIP_{jt-1} + \beta_5 d_t + \beta_6 I_j + \beta_7 Occ_k + \varepsilon_{ikt}$$

We have added occupation fixed effects and modified our G vector of offshore and trade exposure for each worker.

Data

- **US Current Population Survey Merged Outgoing Rotation Groups (MORG) about 4 million workers (1982-2002)**
- **Bureau of Economic Analysis (BEA) of US Department of Commerce collects confidential information on the activities of US based multinationals. (1982-2002)**
- **Trade data from Bernard et al. (2006)**
- **Total Factor Productivity data and Price of Investment from NBER**
- **Price of shipments by industry**
- **Bureau of Labor Statistics Price Series at the 4-digit SIC level**
- **Occupational task content from David Autor (Census 1980/90)**

Section 4

Empirical Results by Industry Versus Occupational Exposure

Industries with Routine Workers are Offshoring/Importing

Table 1: OLS Estimates of Change in Offshoring and Import Penetration Given Industry Skill Composition in 1983

	Dependent Variable: Log Difference in Employment Offshored (1983-2002)				Dependent Variable: Import Penetration Difference (1983-2002)	
	Low Income Countries		High Income Countries			
	(1)	(2)	(3)	(4)	(5)	(6)
Industry Share of Routine Jobs in 1983	5.132** (2.40)	5.926** (2.57)	-0.98 (2.03)	-0.25 (2.27)	1.217*** (0.34)	1.337*** (0.33)
Difference in log of price of investment between 1983 and 2002		-0.06 (0.51)		-0.04 (0.45)		-0.02 (0.07)
Difference in total factor productivity level between 1983 and 2002		0.40 (0.24)		-0.364* (0.22)		0.102*** (0.03)
Difference in log of real price of shipments between 1983 and 2002		-0.18 (0.19)		0.21 (0.17)		-0.0517** (0.02)
Difference in computer use rates between 1983 and 2002		0.43 (0.67)		-0.23 (0.59)		0.02 (0.09)
Number of observations	66	59	66	59	66	61
R-squared	0.07	0.14	0.00	0.07	0.17	0.37

Wage Impacts at the Industry Level

Table 2: OLS Estimates of Wage Determinants using Occupational versus Industry Offshoring Exposure, 1983-2002

Dependent Variable: Log Wage

Variable	Offshoring Measured by Industry-Specific Exposure, Manufacturing Only			
	All Occupations	Most Routine	Intermediate Routine	Least Routine
Lagged log of low income affiliate employment	0.001 (0.002)	0.002 (0.003)	0.001 (0.002)	0.003 (0.004)
Lagged log of high income affiliate employment	0.0142** (0.01)	0.0103* (0.01)	0.010 (0.01)	0.0228** (0.01)
Lagged export share using 1979 weights	0.04 (0.06)	-0.01 (0.07)	0.01 (0.06)	0.08 (0.05)
Lagged import penetration using 1979 weights	0.07 (0.08)	0.10 (0.08)	0.02 (0.08)	-0.06 (0.10)
Lagged computer use rate	0.04 (0.03)	0.0497** (0.02)	0.02 (0.03)	0.05 (0.03)
Number of observations	586,602	337,372	159,555	89,675
R-squared	0.46	0.39	0.41	0.38

Point: Much ado about nothing in terms of changing wage premiums within an industry.

Section 5
Empirical Results
by Occupational Exposure

Wage Impacts at the Industry and Occupation Level

Table 2: OLS Estimates of Wage Determinants using Occupational versus Industry Offshoring Exposure, 1983-2002

Dependent Variable: Log Wage

Variable	Offshoring Measured by Industry-Specific Exposure, Manufacturing Only				Offshoring Measured by Occupation-Specific Exposure, All Sectors			
	All Occupations	Most Routine	Intermediate Routine	Least Routine	All Occupations	Most Routine	Intermediate Routine	Least Routine
Lagged log of low income affiliate employment	0.001 (0.002)	0.002 (0.003)	0.001 (0.002)	0.003 (0.004)	-0.0439** (0.02)	-0.0719*** (0.02)	0.006 (0.03)	0.061 (0.07)
Lagged log of high income affiliate employment	0.0142** (0.01)	0.0103* (0.01)	0.010 (0.01)	0.0228** (0.01)	0.0380** (0.02)	0.0528*** (0.02)	0.012 (0.03)	-0.033 (0.07)
Lagged export share using 1979 weights	0.04 (0.06)	-0.01 (0.07)	0.01 (0.06)	0.08 (0.05)	0.22 (0.15)	0.626*** (0.18)	0.27 (0.18)	-0.833** (0.39)
Lagged import penetration using 1979 weights	0.07 (0.08)	0.10 (0.08)	0.02 (0.08)	-0.06 (0.10)	-0.289*** (0.09)	-0.290*** (0.10)	-0.990* (0.58)	0.99 (0.66)
Lagged computer use rate	0.04 (0.03)	0.0497** (0.02)	0.02 (0.03)	0.05 (0.03)	0.220*** (0.02)	0.106*** (0.02)	0.193*** (0.03)	0.276*** (0.05)
Number of observations	586,602	337,372	159,555	89,675	3,076,965	1,113,783	1,158,312	804,870
R-squared	0.46	0.39	0.41	0.38	0.50	0.42	0.54	0.40

Point: Impact is only observed at the occupational level. This is conventionally missed.

Wage Impacts at the Industry and Occupation Level

Specification	Lagged Log of Low Income Affiliate Emp	Lagged Log of High Income Affiliate Emp	Lagged Export Share	Lagged Import Penetration	Lagged Share of Imports from Low Income	Observations	R-Square
1984-1991	0.003 (0.02)	-0.004 (0.02)	-0.01 (0.19)	-0.256*** (0.08)		1,390,856	0.52
1992-2002	-0.0572*** (0.02)	0.0463** (0.02)	0.487*** (0.19)	-0.321*** (0.12)		1,686,109	0.49
1984-1991	0.003 (0.02)	0.00 (0.02)	0.00 (0.18)	-0.28 (0.18)	0.04 (0.24)	1,390,856	0.52
1992-2002	-0.0612*** (0.02)	0.0501** (0.02)	0.570*** (0.21)	-0.489** (0.24)	0.16 (0.19)	1,686,109	0.49
1984-1996	-0.02 (0.02)	0.0138 (0.02)	0.09 (0.15)	-0.272*** (0.08)		2,181,911	0.51
1997-2002	-0.109*** (0.03)	0.0962*** (0.03)	0.491** (0.21)	-0.316** (0.14)		895,054	0.48
Female	-0.0514** (0.02)	0.0474** (0.02)	0.31 (0.19)	-0.17 (0.12)		1,494,492	0.49
Union	0.00 (0.02)	-0.01 (0.02)	-0.12 (0.16)	-0.07 (0.13)		550,615	0.37
High School or Less	-0.0460** (0.02)	0.0374** (0.02)	0.16 (0.18)	-0.198** (0.08)		1,480,048	0.44
College or More	-0.028 (0.02)	0.0260 (0.02)	0.10 (0.14)	-0.144 (0.18)		1,596,917	0.44
Over 40	-0.0608*** (0.02)	0.0531*** (0.02)	0.08 (0.14)	-0.203*** (0.08)		1,267,461	0.48
Over 50	-0.0603*** (0.02)	0.0536*** (0.02)	0.09 (0.14)	-0.284*** (0.08)		552,146	0.48

Wage Impacts at the Industry and Occupation Level

Table 4: OLS Estimates of Wage Determinants using Occupational versus Industry Offshoring Exposure, 1997-2002

Dependent Variable: Log Wage

Variable	Offshoring Measured by Industry-Specific Exposure, Manufacturing Only				Offshoring Measured by Occupation-Specific Exposure, All Sectors			
	All Occupations	Most Routine	Intermediate Routine	Least Routine	All Occupations	Most Routine	Intermediate Routine	Least Routine
Lagged log of low income affiliate employment	-0.009 (0.01)	-0.009 (0.01)	-0.0206** (0.01)	0.007 (0.02)	-0.109*** (0.03)	-0.195*** (0.03)	0.125** (0.05)	0.326* (0.18)
Lagged log of high income affiliate employment	-0.010 (0.01)	-0.02 (0.01)	-0.004 (0.01)	0.00 (0.02)	0.0962*** (0.03)	0.166*** (0.03)	-0.118** (0.05)	-0.297* (0.16)
Lagged export share using 1979 weights	0.02 (0.06)	-0.10 (0.06)	0.09 (0.07)	0.08 (0.1)	0.491** (0.21)	1.029*** (0.2)	0.37 (0.3)	-0.64 (0.94)
Lagged import penetration using 1979 weights	0.15 (0.1)	0.227* (0.12)	-0.01 (0.15)	0.02 (0.21)	-0.316** (0.14)	-0.457*** (0.12)	-0.20 (0.7)	1.54 (1.81)
Lagged computer use rate	0.03 (0.06)	0.09 (0.07)	0.06 (0.07)	-0.15 (0.12)	0.234*** (0.02)	0.121*** (0.03)	0.239*** (0.04)	0.237*** (0.05)
Number of observations	132,104	71,985	36,982	23,137	895,054	295,263	338,994	260,797
R-squared	0.44	0.35	0.40	0.34	0.48	0.39	0.51	0.37

Point: Sharpening pattern in last 5 years of our sample.



Section 5

Mechanisms for the Difference between Industry and Occupation

Reallocation of Labor Across Sectors

Table 5: OLS Estimates of Employment Determinants in Manufacturing, 1983-2002

Dependent Variable: Log U.S. Manufacturing Sector Employment

Variable	All	Most Routine	Intermediate Routine	Least Routine
Lagged log of low income affiliate employment	-0.0231** (0.01)	-0.0453** (0.02)	0.005 (0.02)	-0.050 (0.04)
Lagged log of high income affiliate employment	0.0760** (0.03)	0.155** (0.06)	0.201*** (0.05)	0.034 (0.13)
Lagged log of price of investment using 1979 weights	-0.075 (0.17)	0.344 (0.25)	0.106 (0.26)	-0.854 (0.73)
Lagged total factor productivity level using 1979 weights	-0.167** (0.07)	-0.042 (0.14)	-0.191** (0.08)	0.527 (0.68)
Lagged export share using 1979 weights	-0.276 (0.27)	-0.466 (0.67)	0.181 (0.33)	0.046 (1.27)
Lagged import penetration using 1979 weights	-0.605* (0.32)	-0.226 (0.61)	-0.064 (0.35)	0.254 (1.55)
Lagged log of real price of shipments using 1979 weights	0.150** (0.06)	0.152 (0.11)	0.067 (0.07)	0.257 (0.25)
Lagged computer use rates by industry	-0.035 (0.144)	0.043 (0.259)	-0.113 (0.200)	-0.805 (0.482)
Number of observations	6,399	1,662	4,248	489
R-squared	0.86	0.78	0.55	0.65

Repeated CPS workers: What happens to those displaced?

Table 6: Wage Changes Among Manufacturing Workers Observed 2 Periods Who Switch Industry, 1983-2002

Dependent Variable: Log Wage Change Between Periods

	All Occupations	Most Routine	Intermediate Routine	Least Routine
Panel A: Sample of Workers who Stay in Manufacturing both Periods				
Switched Industry Classification (1=yes)	-0.003 (0.003)	0.000 (0.003)	-0.002 (0.005)	-0.0154* (0.008)
Observations	147,865	83,026	41,827	23,012
Panel B: Sample of Workers who Switch Industry Classification between Periods				
Left Manufacturing (1=yes)	-0.0314*** (0.004)	-0.0364*** (0.006)	-0.0253*** (0.006)	-0.0276*** (0.010)
Observations	170,545	93,689	49,015	27,841
Panel C: Sample of Workers who Leave Manufacturing between Periods				
Switched Occupation (1=yes)	-0.0590*** (0.010)	-0.0441*** (0.011)	-0.0420*** (0.013)	-0.106*** (0.021)
Observations	22,680	10,663	7,188	4,829

Point: Consequences may be large to workers with occupation-specific skills

Repeated CPS workers: Robustness Check of Main Results

Table 8: Wage Changes Among All Workers Observed 2 Periods by Industry- and Occupation-Specific Exposure to Offshoring, 1983-2002

Dependent Variable: Log Wage Change Between Periods

Variable	Offshoring Measured by Industry-Specific Exposure, Manufacturing Only			Offshoring Measured by Occupation-Specific Exposure, All Sectors		
	All	Routine	Non- Routine	All	Routine	Non- Routine
	(1)	(2)	(3)	(4)	(5)	(6)
Lagged log of low income affiliate employment	-0.002 (0.001)	-0.002 (0.002)	-0.003 (0.003)	-0.0154** (0.006)	-0.0179** (0.008)	0.020 (0.025)
Lagged log of high income affiliate employment	0.00533* (0.003)	0.0102** (0.004)	-0.005 (0.008)	0.0134** (0.005)	0.0163** (0.007)	-0.014 (0.022)
Lagged import penetration using 1979 weights	0.024 (0.016)	0.032 (0.025)	0.012 (0.042)	-0.033 (0.040)	-0.006 (0.045)	-0.660** (0.256)
Lagged export share using 1979 weights	-0.0391** (0.019)	-0.050 (0.037)	-0.017 (0.052)	0.0909* (0.051)	0.049 (0.063)	0.415*** (0.129)
Number of observations	162,285	110,290	51,995	797,124	447,299	349,825



Section 6

Direct Evidence from Chinese Data

Evidence From Chinese Data

1. What role did China play in the American manufacturing decline? (A big one)
2. Have American firms passed on their technology to Chinese firms? (yes)
3. Have Chinese workers gained from globalization, if indeed American workers have lost? (not yet – or at least not in terms of average real wages)

Is the US loss the Chinese gain?

1. Not just

technology

causing decline

2. Correlation

getting stronger

3. How did the

Chinese pull this

off?

Table 1: Changes of Employment in Manufacturing sector (%)

2-Digit Industry Code	1990-2000		1990-2005*	
	China	U.S.	China	U.S.
13	0.56	-0.17	0.40	-0.16
14	0.34	-0.15	0.42	-0.19
15	0.06	-0.07	0.02	-0.06
16	-0.01	-0.01	-0.02	-0.02
17	0.55	-0.31	0.40	-0.36
18	0.97	-0.50	1.29	-0.65
19	0.15	-0.01	0.21	-0.02
20	0.28	-0.07	0.30	-0.08
22	-1.30	-0.20	-1.28	-0.19
24	-0.28	-0.05	-0.27	-0.04
25	-0.10	-0.07	-0.09	-0.07
26	0.30	-0.22	0.30	-0.25
27	-0.11	0.01	-0.08	0.04
29	-0.10	-0.01	-0.09	-0.04
30	0.27	-0.05	0.37	-0.11
31	0.76	-0.09	0.67	-0.15
34	0.60	-0.32	0.78	-0.46
35	0.60	-0.05	0.49	-0.12
36	-0.18	0.00	-0.11	-0.02
37	0.65	-0.14	0.41	-0.30
40	0.50	-0.02	0.82	-0.09
41	0.44	-0.50	0.14	-0.78
42	0.09	-0.14	0.51	-0.17
43	0.29	-0.07	-0.08	-0.06
Total	5.34	-3.09	5.53	-4.26
Coefficient of Correlation		-0.35		-0.41

* 1990-2002 for the US.

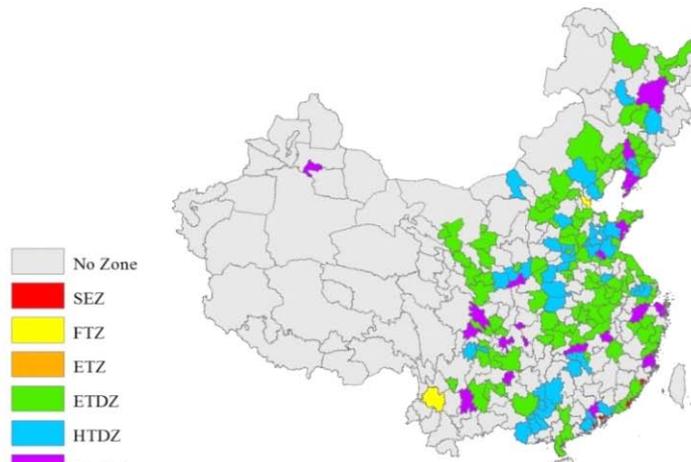
Chinese Strategies to Attract Foreign Investment

Geographic Distribution of China's Economic Zones

Panel A: 1985

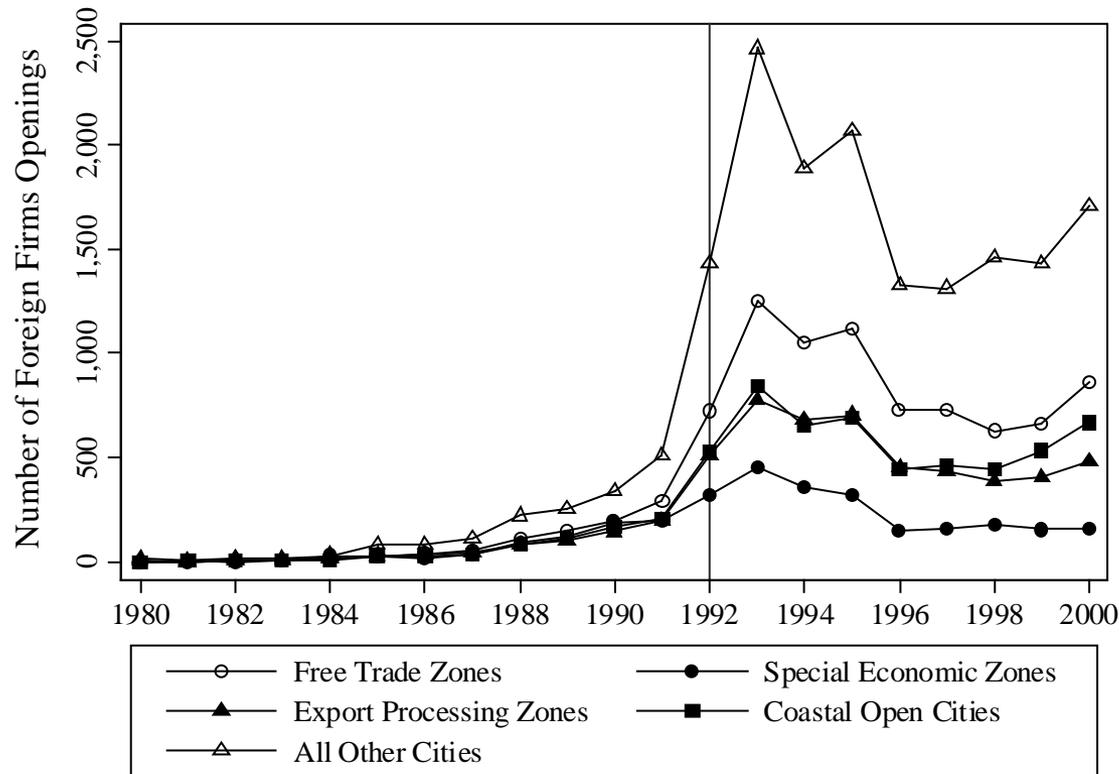


Panel B: 1995



Foreign Direct Investment in China

Foreign Firm Openings in China: 1980-2000

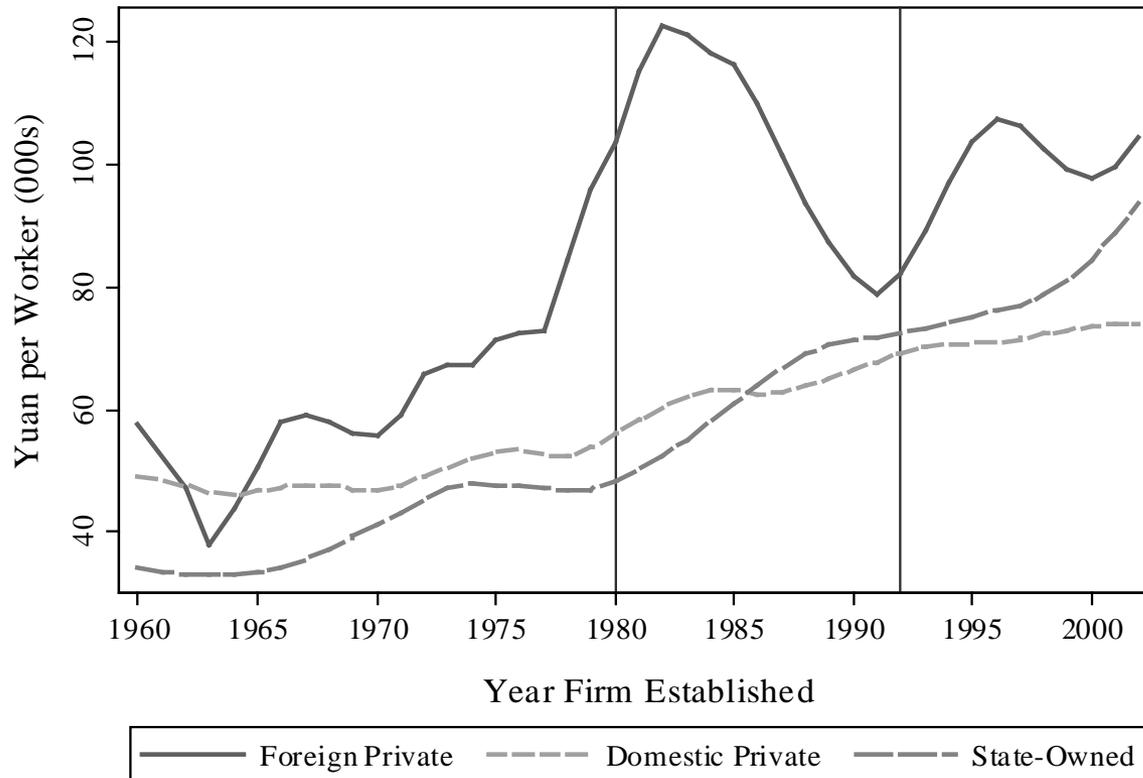


Source : Chinese Annual Survey of Manufacturing Firms (2003)

Notes : A vertical line is placed at 1992, the year in which Deng Xiao Ping visited China's special trade areas and initiated additional autonomy and tax exemptions for foreign firms.

Increases in Productivity Driven by MNCs

Trends in Productivity by Ownership Type

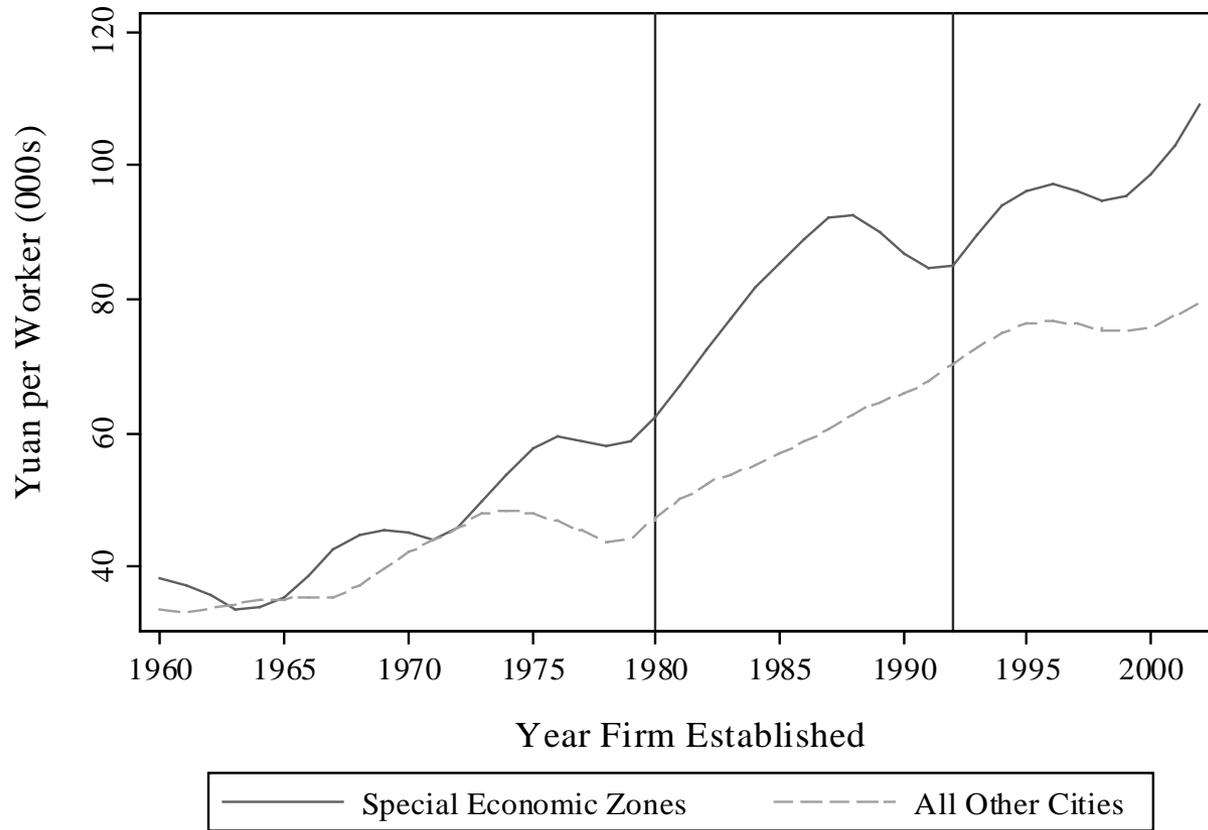


Source : Chinese Annual Survey of Manufacturing Firms (2003)

Point: Foreign firms leading the drive, domestic firms "catching up"

Increases in Productivity Driven by MNCs

Trends in Productivity: Economic Zones and All Other Cities



Point: Special Economic Zones attract productive firms

Surging Profits, Stable Wages

Employment, Value Added, and Profit in Cities with Economic Zones

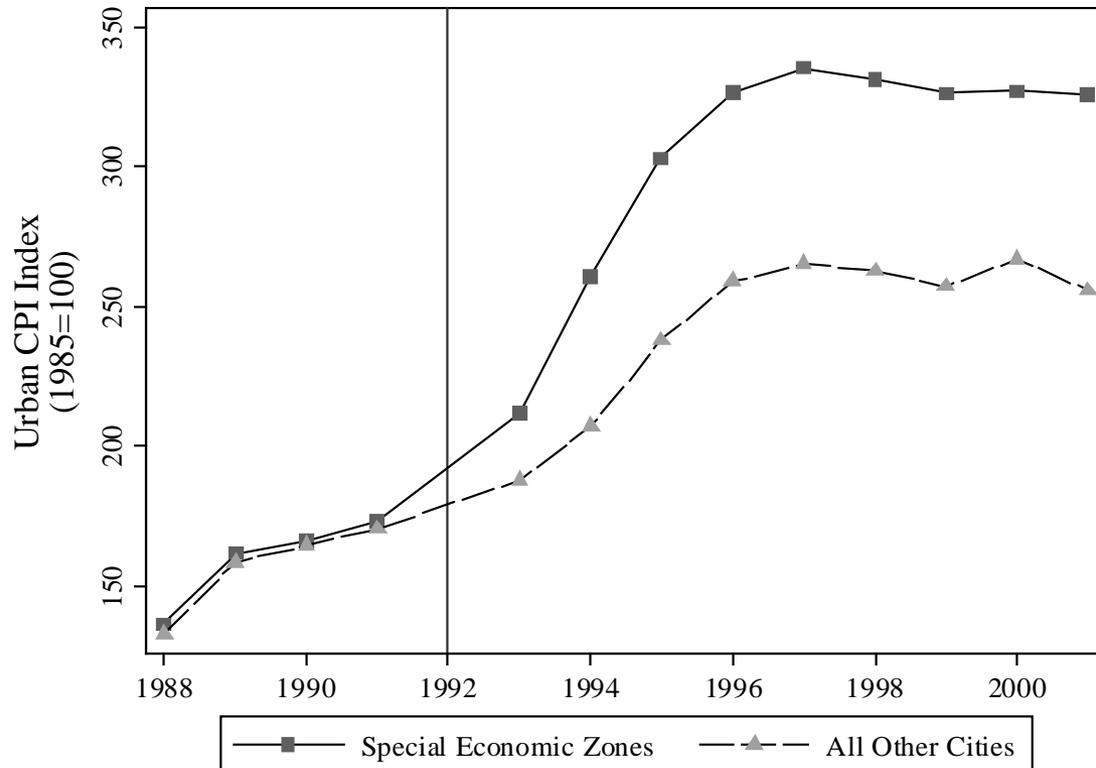
	LHS: Levels				LHS: Logs			
	Total Employment	Value Added per Worker	Profit per Worker	Wages per Worker	Total Employment	Value Added per Worker	Profit per Worker	Wages per Worker
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Any Zone	155,539*** (41,244)	16.90*** (4.67)	4.789*** (1.29)	0.69 (0.72)	0.600** (0.26)	0.13 (0.08)	0.401** (0.17)	0.04 (0.06)
Special Economic Zone	139,759* (80,725)	32.46*** (10.13)	6.395*** (2.39)	2.34 (2.97)	2.030** (0.81)	0.390*** (0.12)	0.724** (0.31)	0.17 (0.21)
Free Trade Zone	329,843*** (110,951)	7.35 (6.78)	4.84 (3.09)	0.08 (0.64)	0.530*** (0.19)	-0.08 (0.10)	-0.20 (0.25)	-0.03 (0.05)
Export Processing Zone	218,696*** (56,273)	12.59*** (3.89)	5.308*** (1.16)	-0.26 (0.31)	-0.12 (0.16)	0.00 (0.04)	0.173 (0.15)	-0.0625*** (0.02)
Coastal Open City	130,101*** (44,632)	12.41** (5.74)	3.707** (1.51)	0.16 (0.55)	0.340* (0.19)	0.08 (0.11)	0.444* (0.24)	0.01 (0.05)

Source : China Annual Survey of Manufacturing Firms (2003)

Question: Who has gained? Firms or workers?

Rising Prices

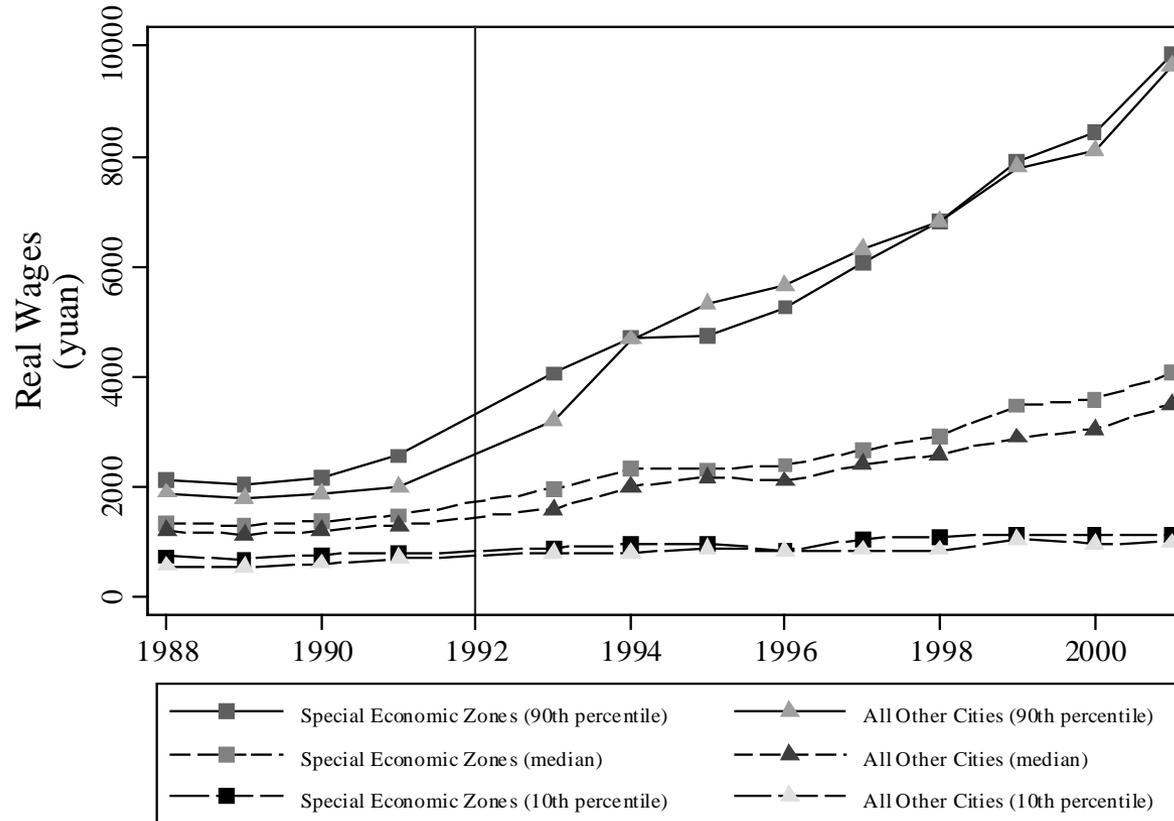
Trends in Prices: Special Economic Zones and All Other Cities



Source : Chinese Urban Consumer Price Index (1988-2001), Chinese Urban Household Survey (1988-2001)

Real Wage Trends in China

Trends in Real Wages: Special Economic Zones and All Other Cities



Source : Chinese Urban Household Surveys (1988-2001)

Point: Rising inequality, but little evidence of workers benefiting

Conclusions

1. Evidence on wages

- a) Little impact at the industry-level but large wage effects among *occupations* which are sent overseas.
- b) This effect has ramped up in the last 5 years of our data (1997-2002). A 10% increase in occupational offshoring exposure in low wage countries is associated with a 1.1% decrease in wages.

2. Mechanisms

- a) Reallocation of workers out of manufacturing. This is happening among jobs which are routine and easily shipped overseas.
- b) Using repeated CPS observations, workers who leave manufacturing and switch occupations take large wage declines

3. Evidence from China

- a) Job losses in US CPS showing up in Chinese census data
- b) Increases in Chinese labor productivity in Special Economic Zones. Is the US “exporting” its edge?

Conclusions

4. Evidence from China (continued): Firms versus Workers

- a) Increasing labor productivity, increasing profits stagnant wage rates
- b) Massive increase in scale of manufacturing sector, which presumably provides higher wages in the rural sector
- c) What are the benefits to China's urban population?
 - a) Rising prices (weak currency)
 - b) Rising inequality

5. Future Work

- d) To what extent is currency policy responsible, versus simply the relative abundance of Chinese workers?
- e) Is it “too late” or can the US re-establish a manufacturing edge if China were to have higher wages (in \$)?
- f) Has capital lost relative to labor in globalization, and is this reversible?

THE END

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