

The Global Value Chain Revolution and Trade Policy

by Richard Baldwin

**Comments by
J. Bradford Jensen**



Question

Are the dynamics of the “second unbundling” of Global Supply Chains going to work for services liberalization?

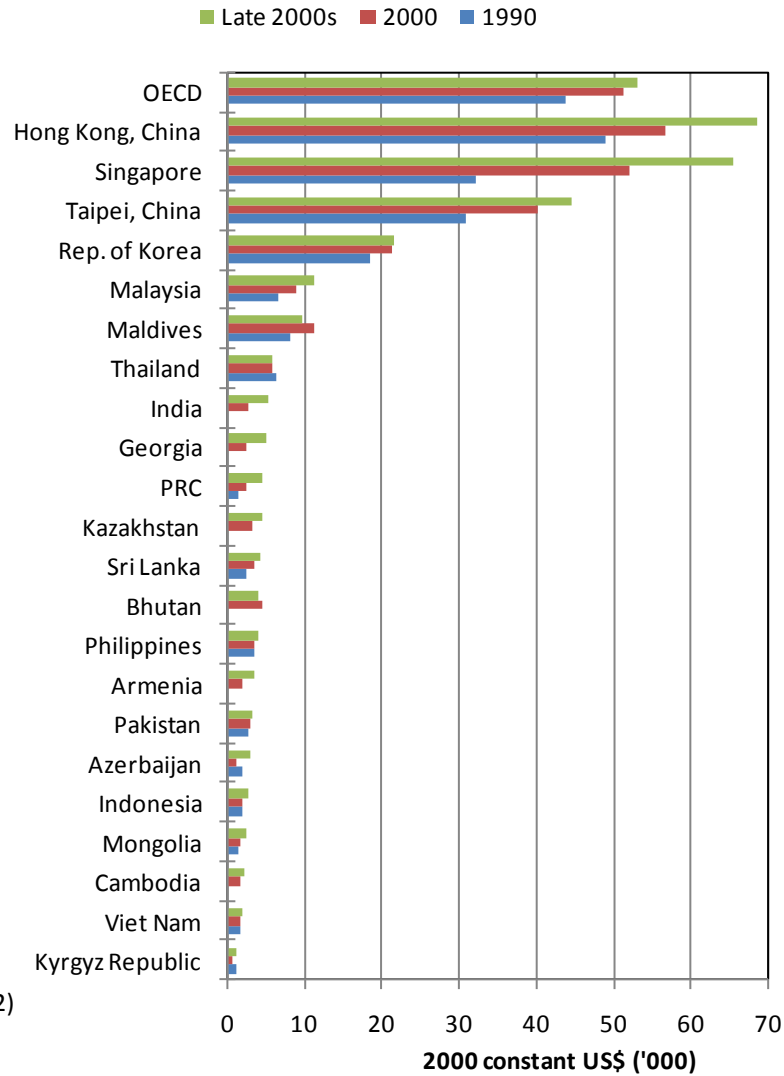
- “Second unbundling: ICT made it possible, wage differences made it profitable”

(Baldwin, 2013)



Service Sector Productivity

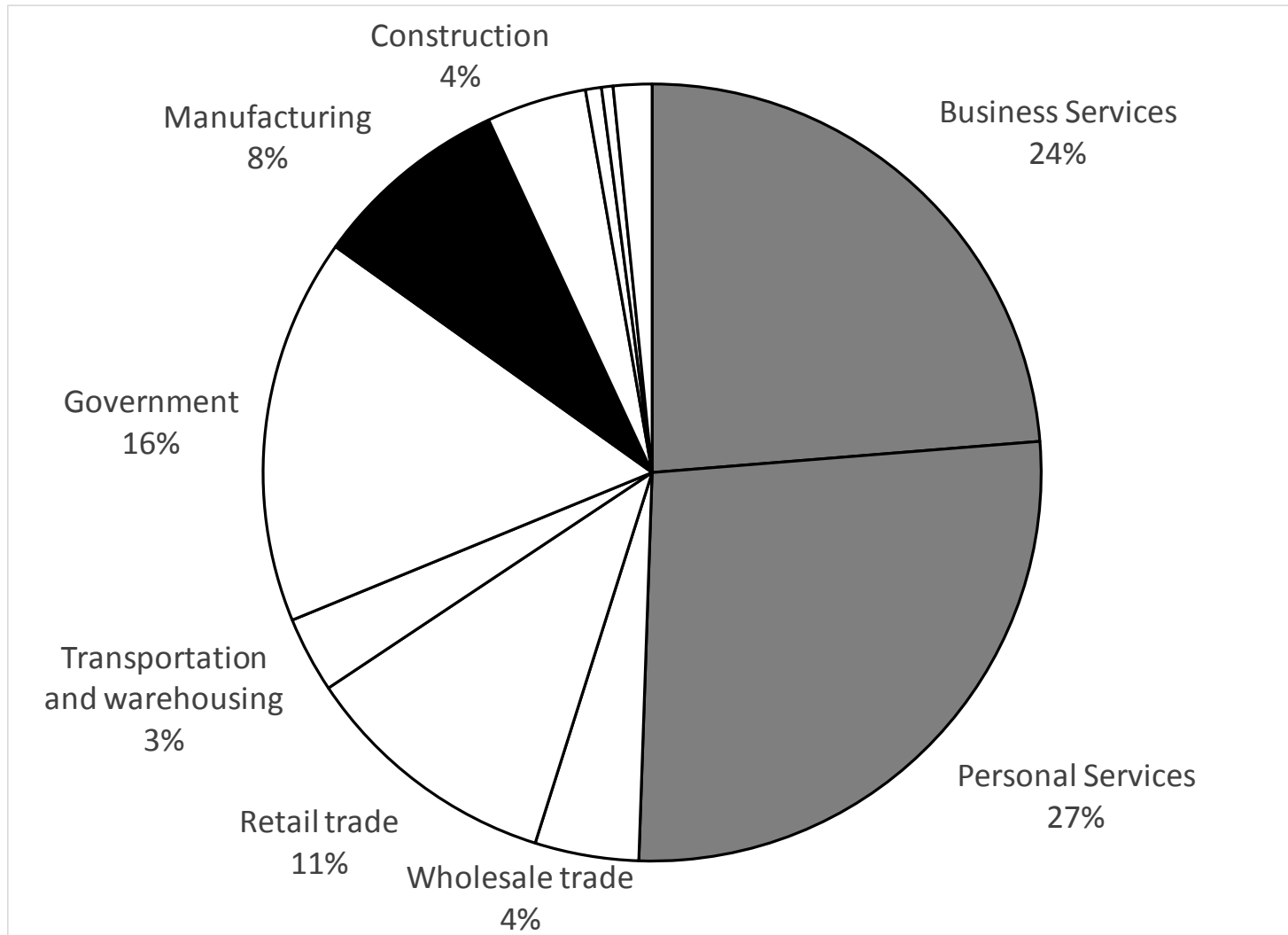
Labor productivity in services



Source: Estrada, Noland, and Park (2012)



Composition of US Labor Force, 2012



Source: Economic Census, Census of Governments, Economic Report of the President

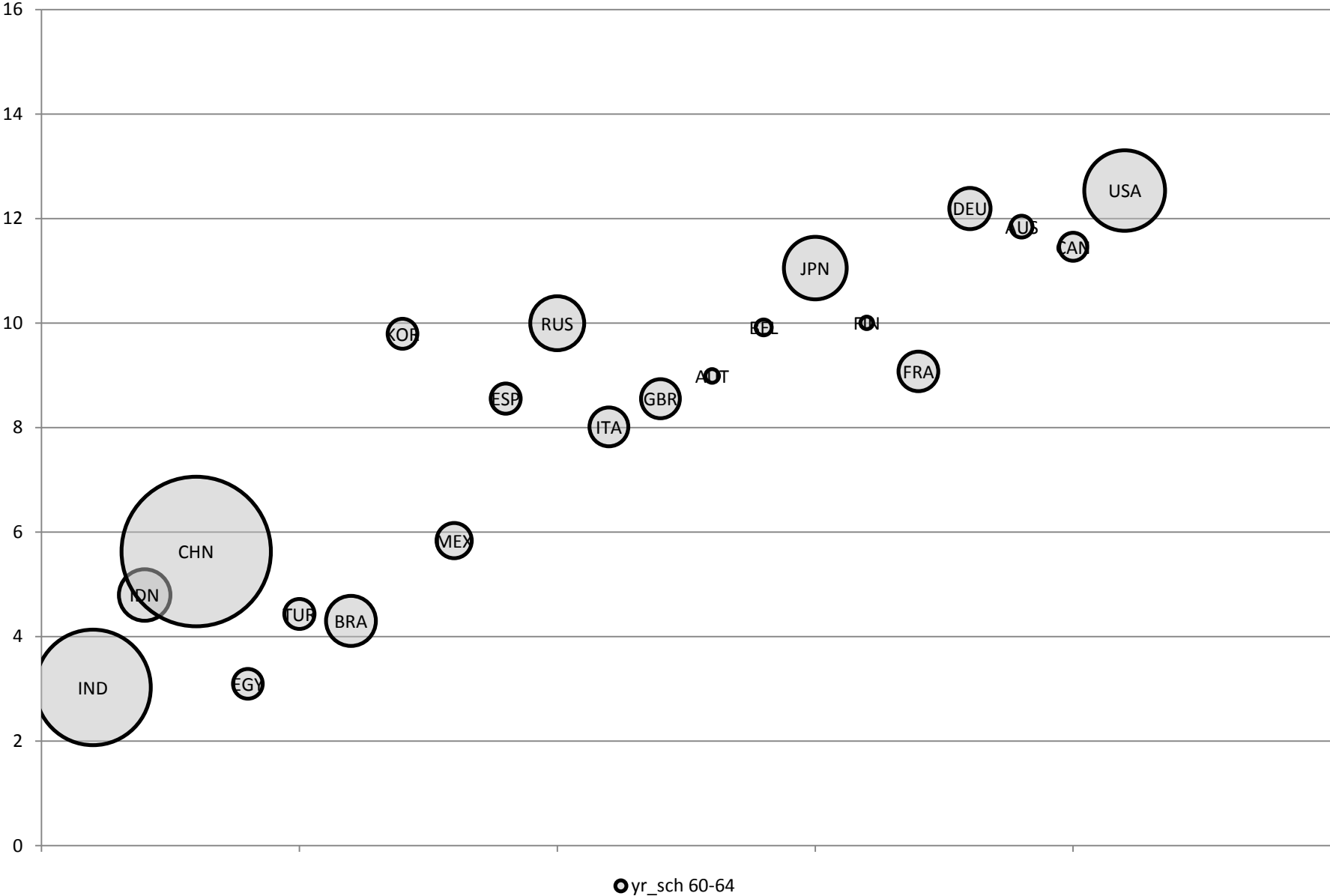
Tradable Services are Different



Worker Characteristics for Select Industries		
Manufacturing (NAICS 30s)		
	Non-tradable Industry	Tradable Industry
Number of Workers	2,235,432	12,994,490
Average Earnings	\$44,014	\$49,952
Share with B.A.	16%	24%
Share with Advanced Degree	3%	7%
Share in Tradable Occupations	26%	34%
Professional Services (NAICS 50s)		
	Non-tradable Industry	Tradable Industry
Number of Workers	8,038,246	18,430,199
Average Earnings	\$42,226	\$66,454
Share with B.A.	29%	50%
Share with Advanced Degree	7%	17%
Share in Tradable Occupations	31%	60%
Source: Author's calculations, 2007 American Community Survey		

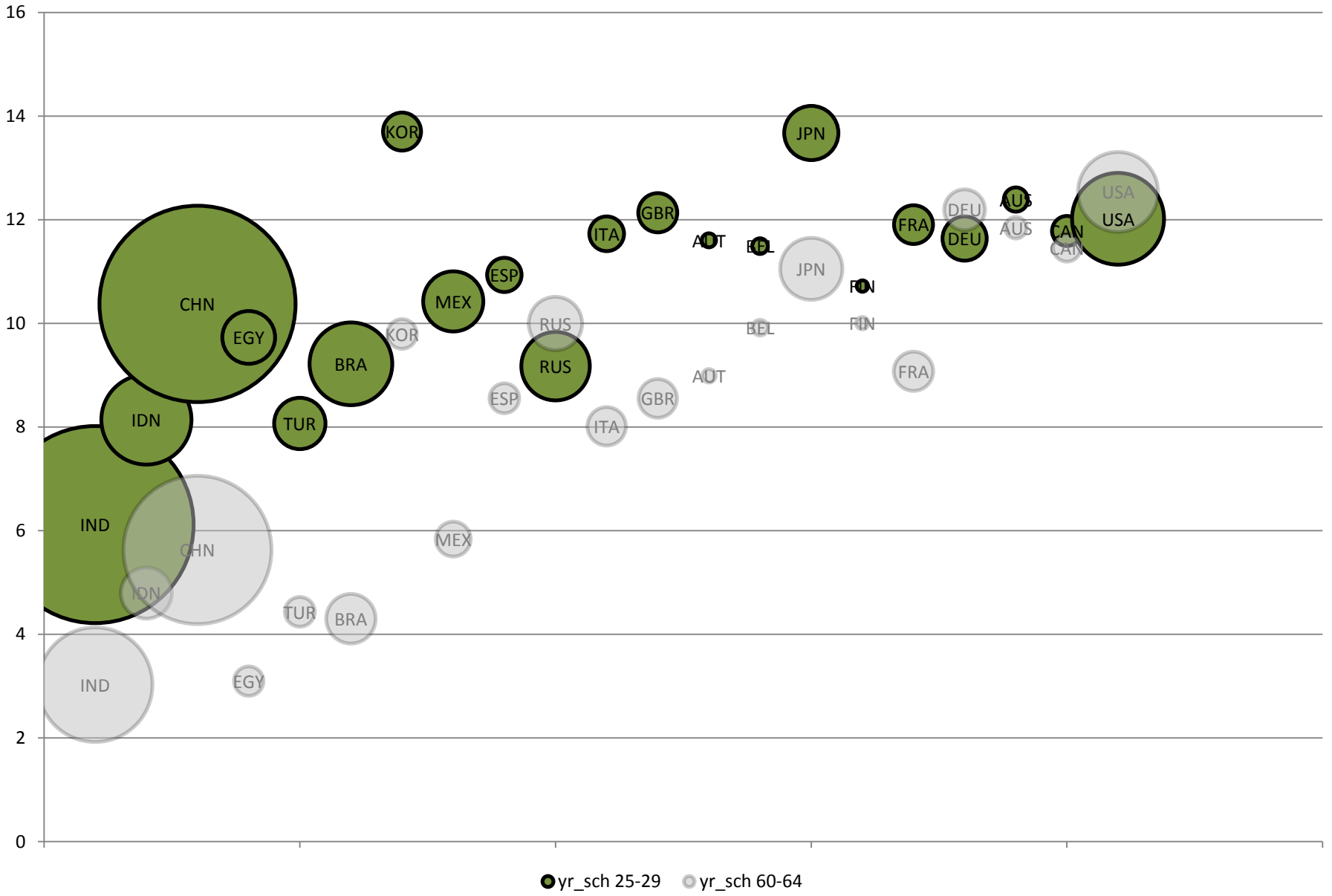
Source: Jensen (2011)

Average Years of Schooling by Age Cohort, 2010



Source: Jensen (2011)

Average Years of Schooling by Age Cohort, 2010



Source: Jensen (2011)



Impediments to Trade in Services

Figure 1: Restrictiveness of Services Trade Policies by GDP per capita, 2005

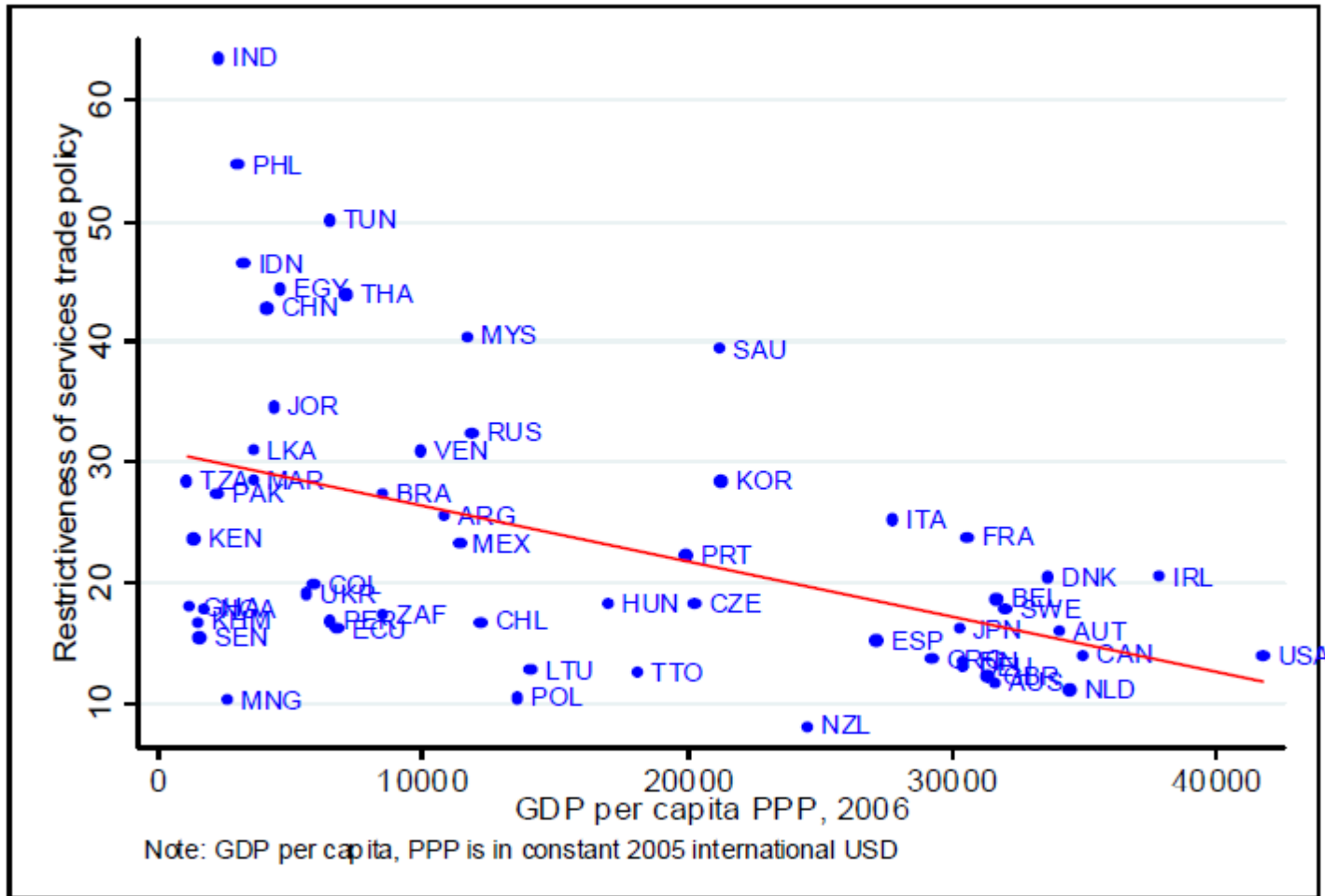
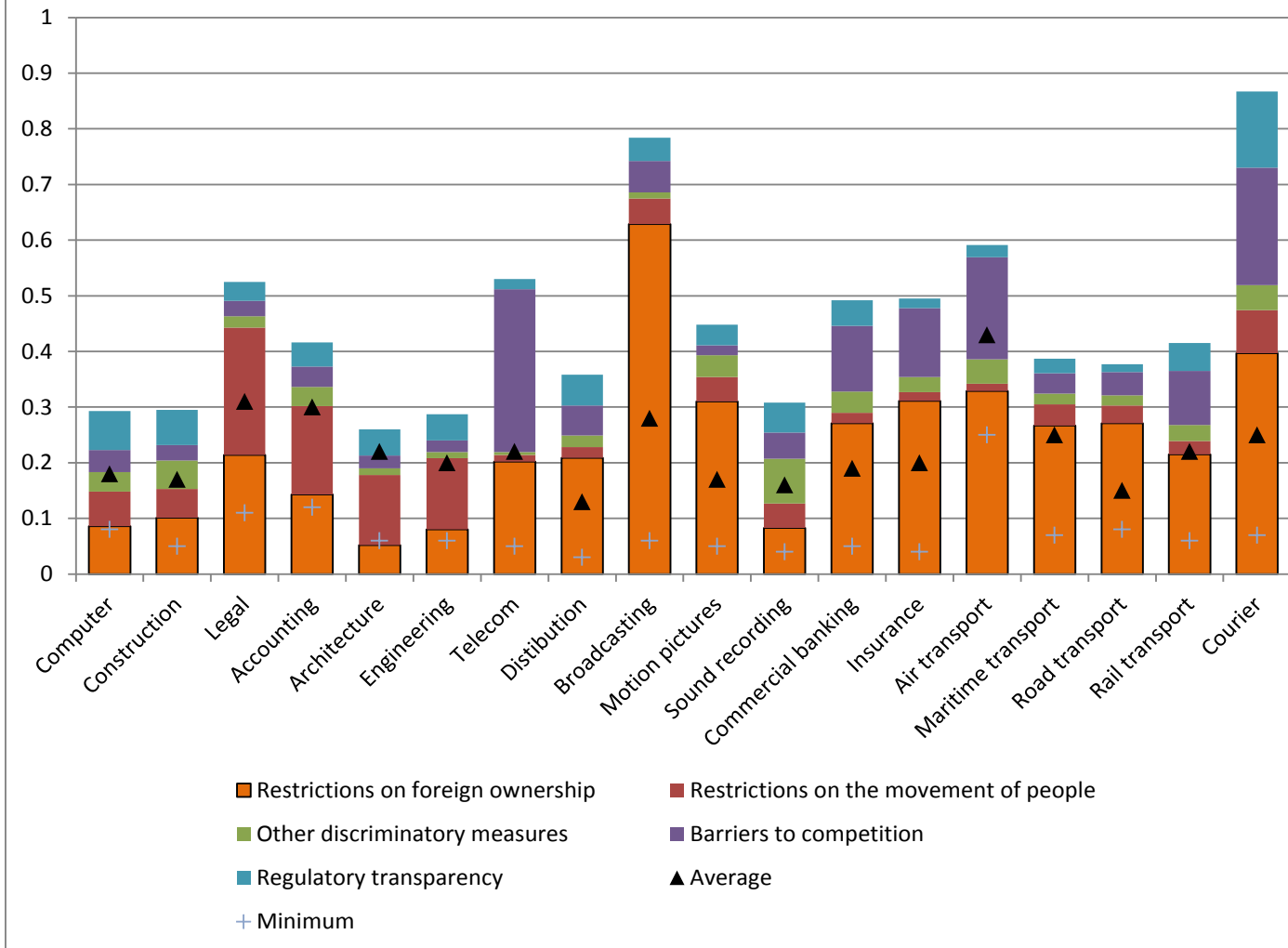




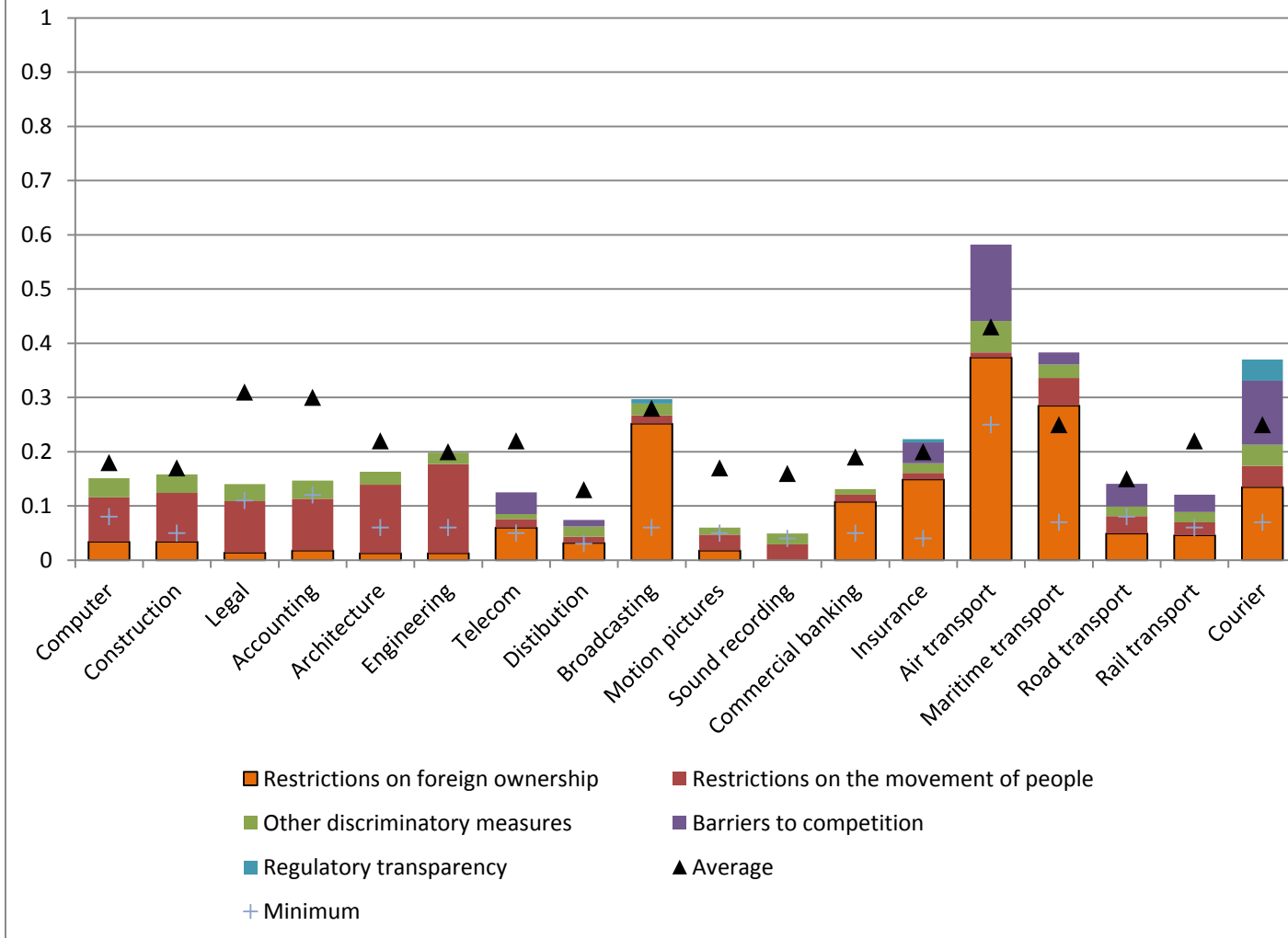
Figure 5 OECD Services Trade Restrictiveness Index for China, by sector



Source: OECD STRI



Figure 6 OECD Services Trade Restrictiveness Index for the United States, by sector



Source: OECD STRI