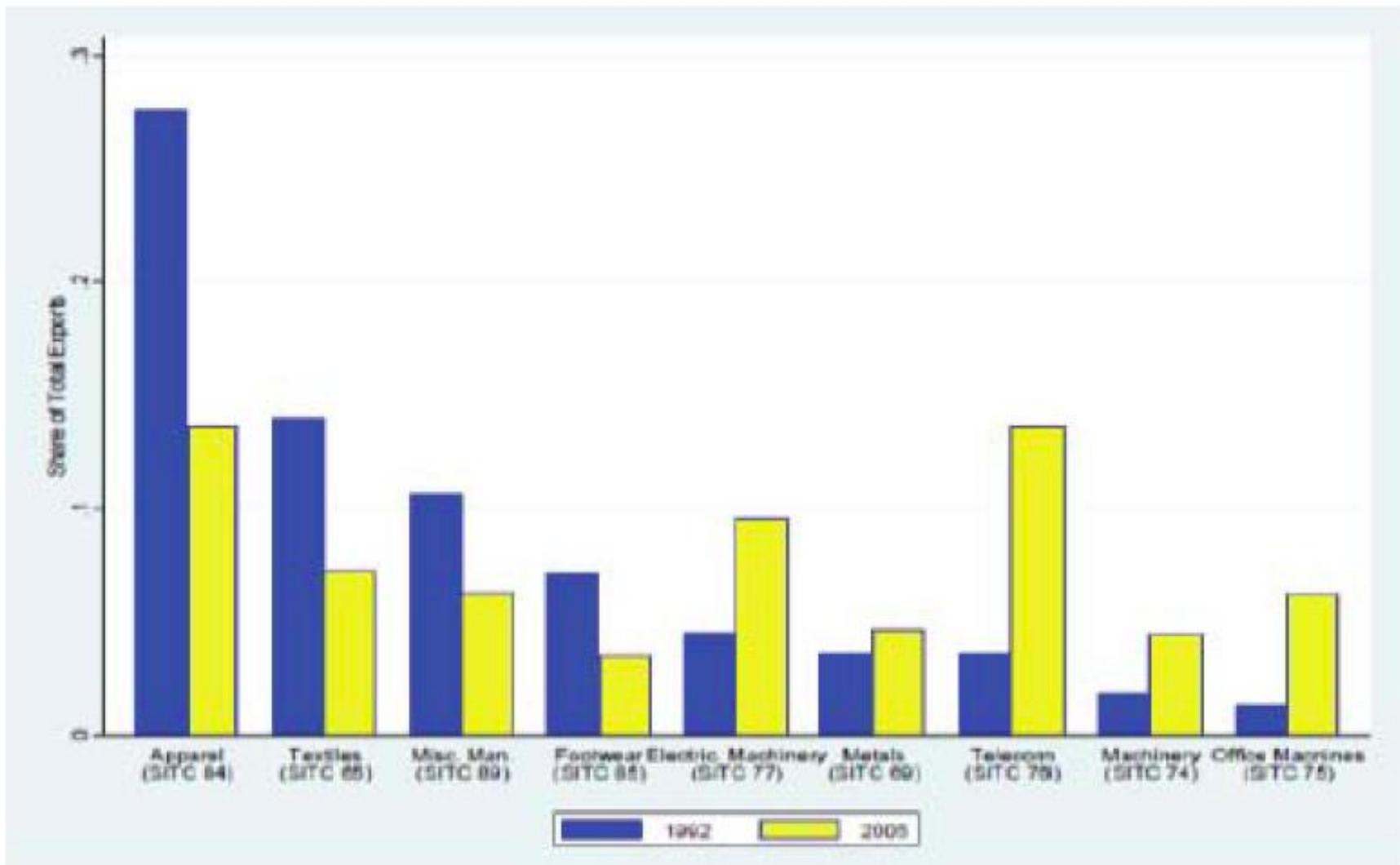


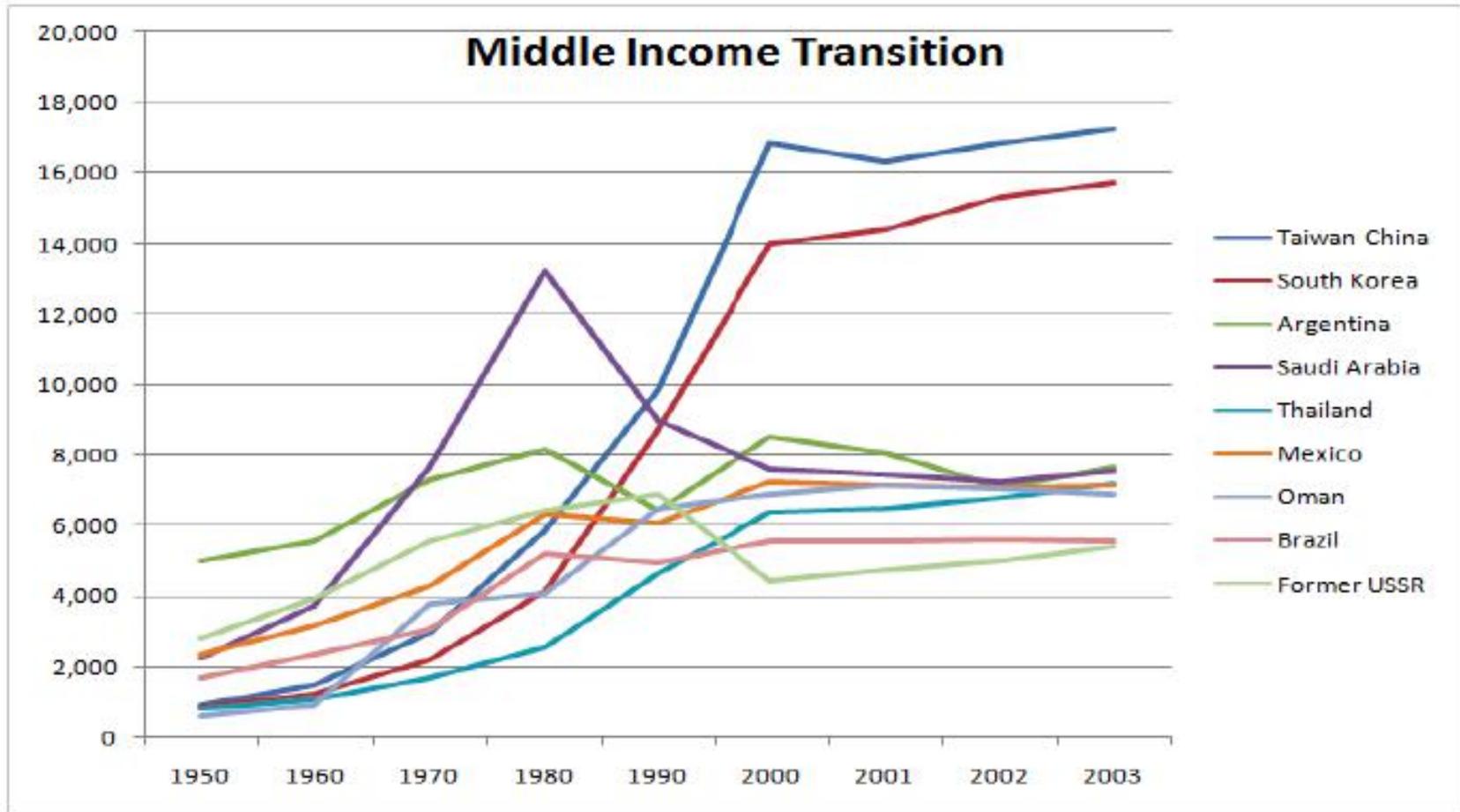
Structural, Competitiveness and Employment Problems in the Advanced Countries: Diagnosis and Response



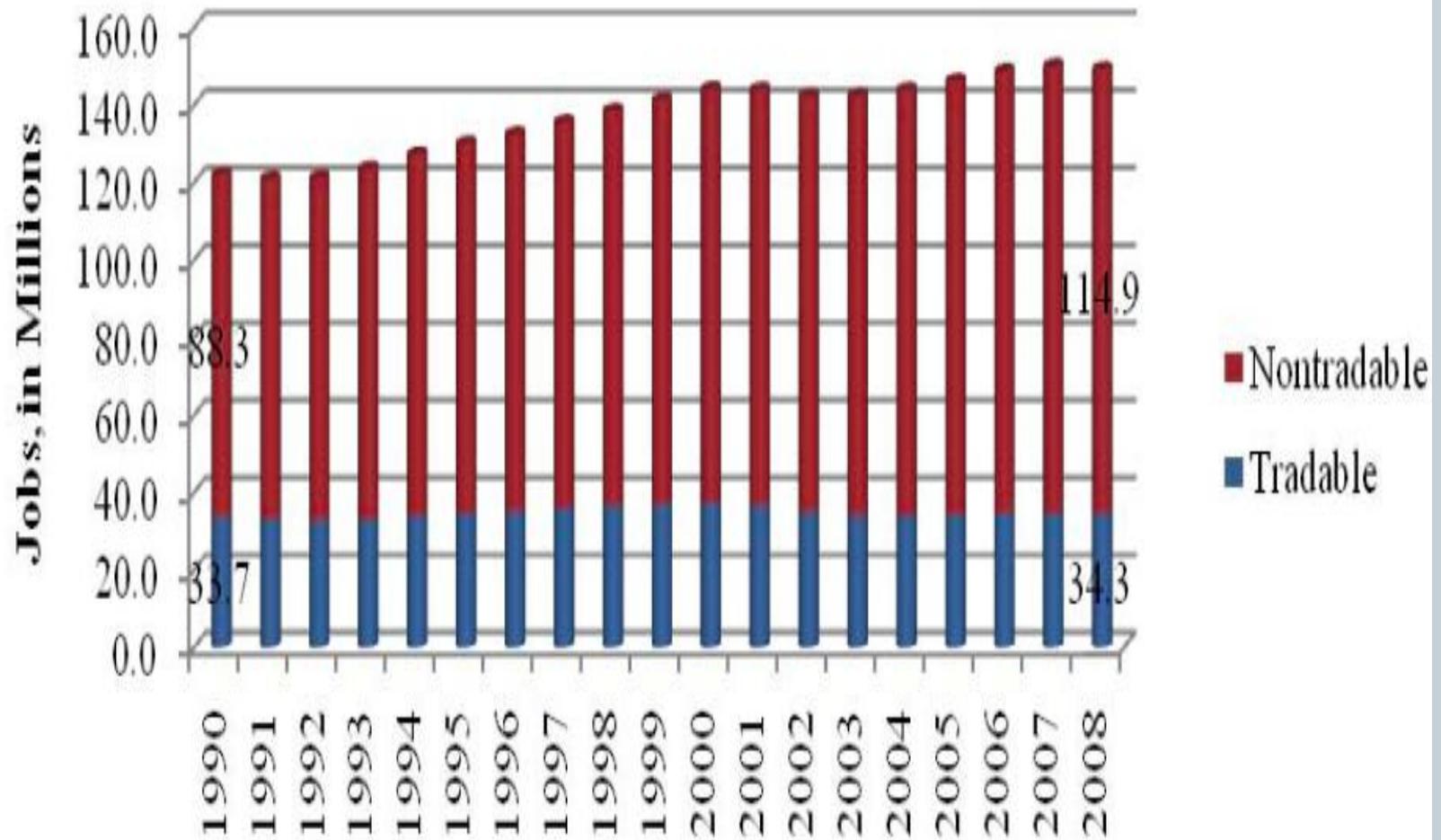
**MICHAEL SPENCE
CAIRNCROSS FOUNDATION
TSINGHUA UNIVERSITY
BEIJING
SEPTEMBER 2011**



Middle Income Transition



Employment in the US





Change in Jobs, in Millions

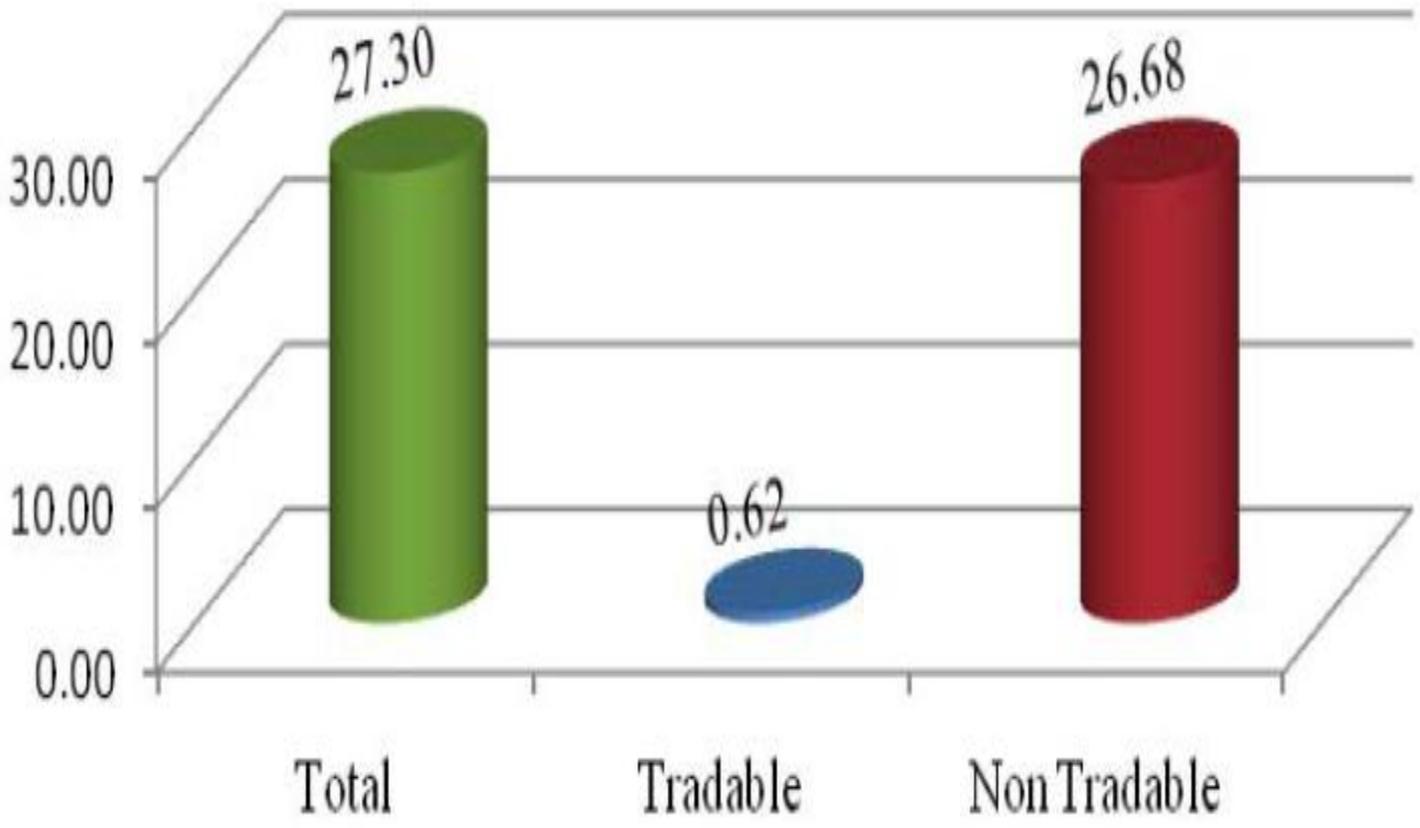
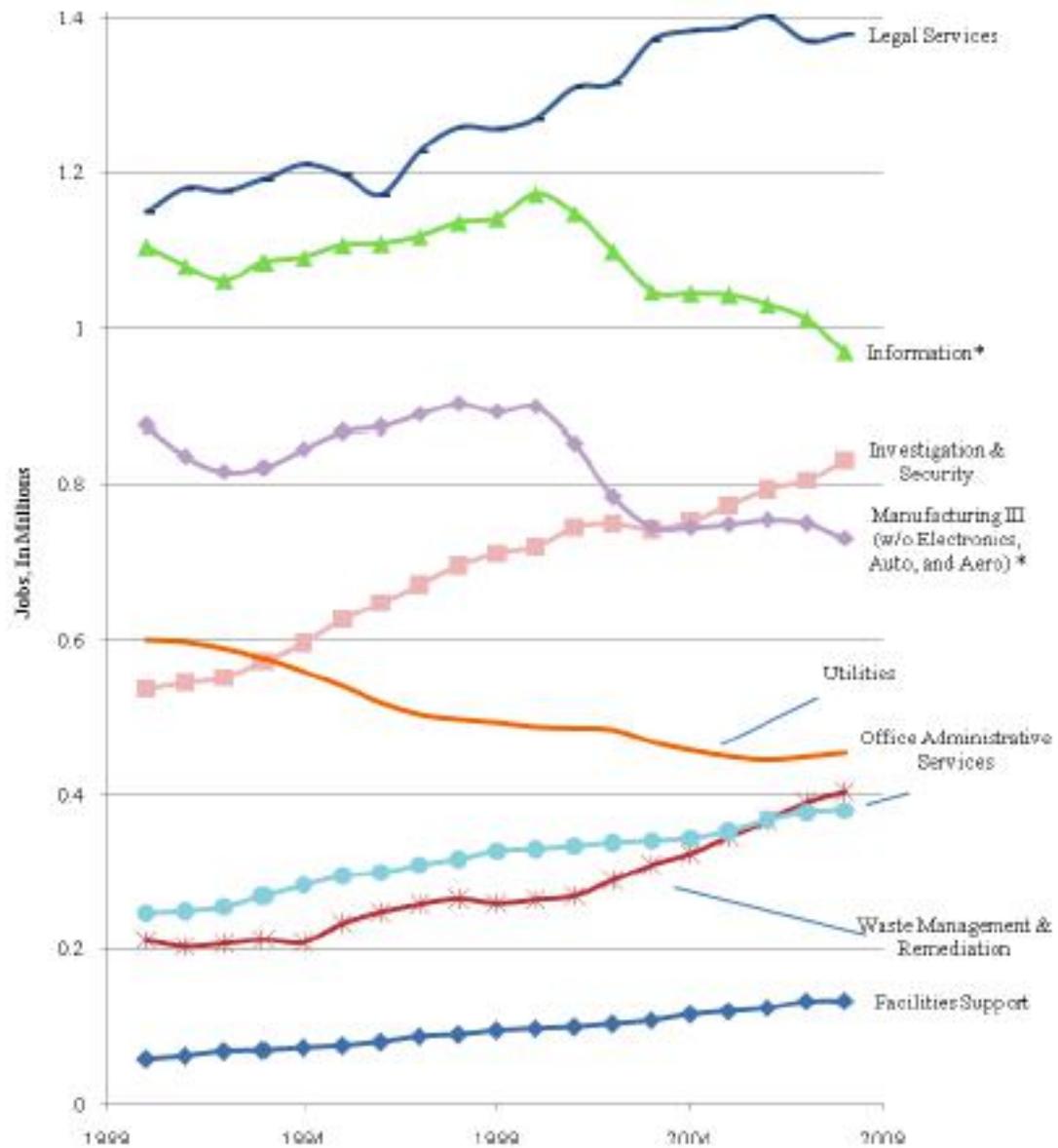


Figure 7. Nontradable Industry Jobs, 1990–2008 (Minors)^a



Source: Authors' calculations using Bureau of Labor Statistics historical data series



Table 1. Description of Manufacturing Industry Splits

Manufacturing I	Food, beverage, and tobacco production; textile, apparel, footwear, and leather goods
Manufacturing II	Wood and paper products; petroleum and coal; basic chemical products; synthetic materials; nonmetallic mineral products; glass; and cement products
Manufacturing III	Primary and fabricated metal products; heavy machinery; transportation equipment; computers and electronics; household appliances; semiconductors; and furniture production

Source: Summary of the North American Industry Classification System descriptors for manufacturing.

Figure 8. Tradable Industry Jobs, 1990–2008 (Majors)^o

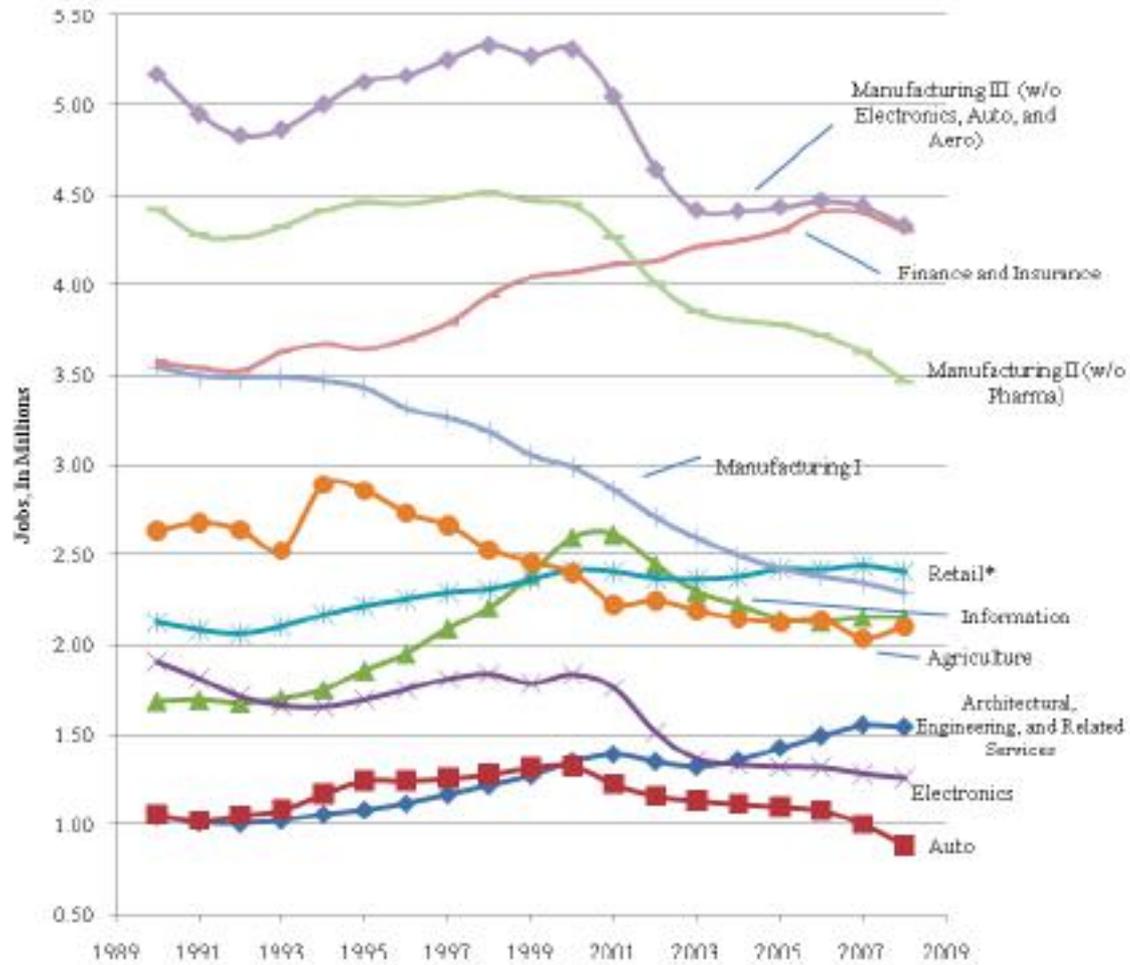


Figure 9. Tradable Industry Jobs, 1990–2008 (Minors)¹⁰

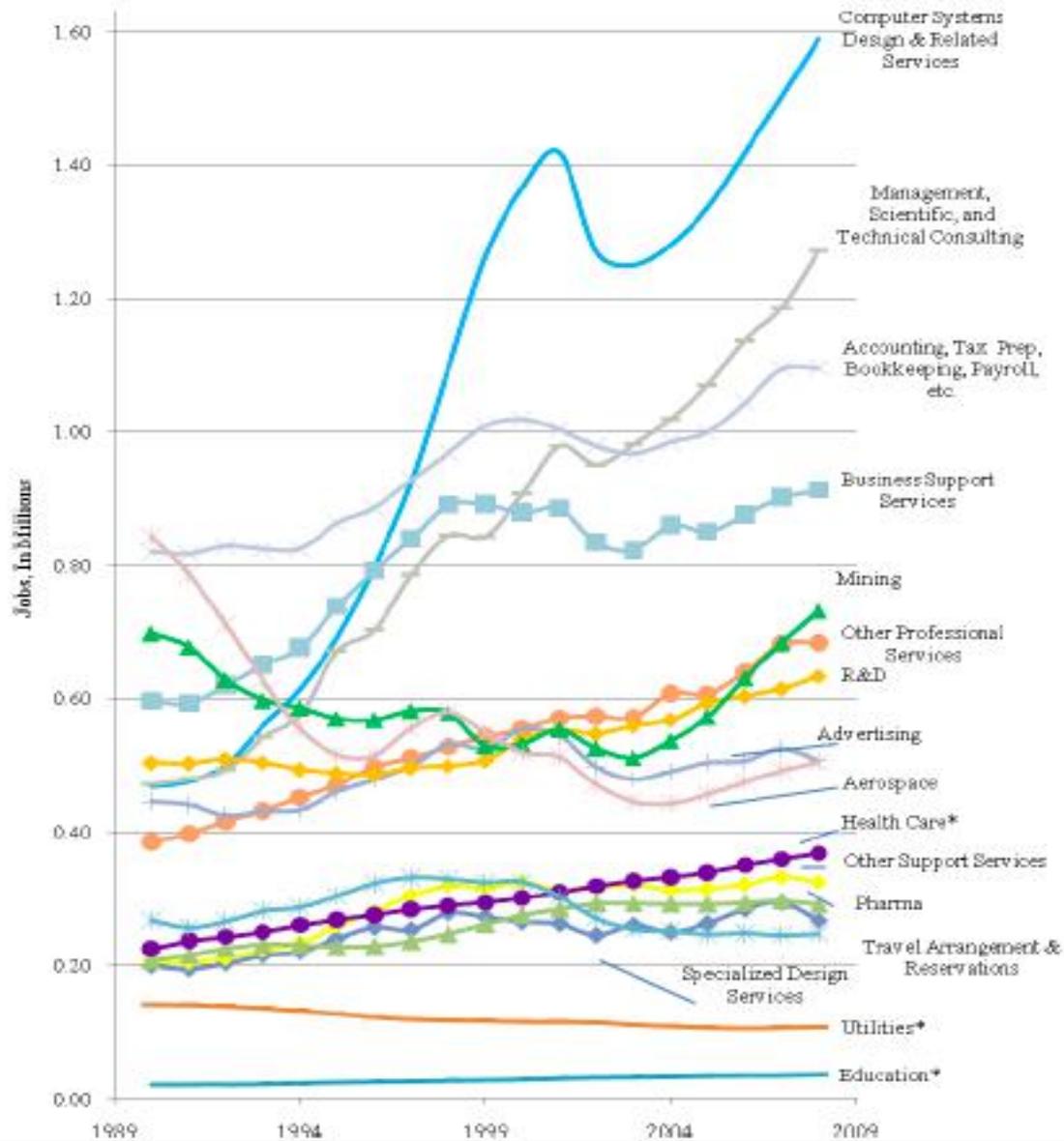
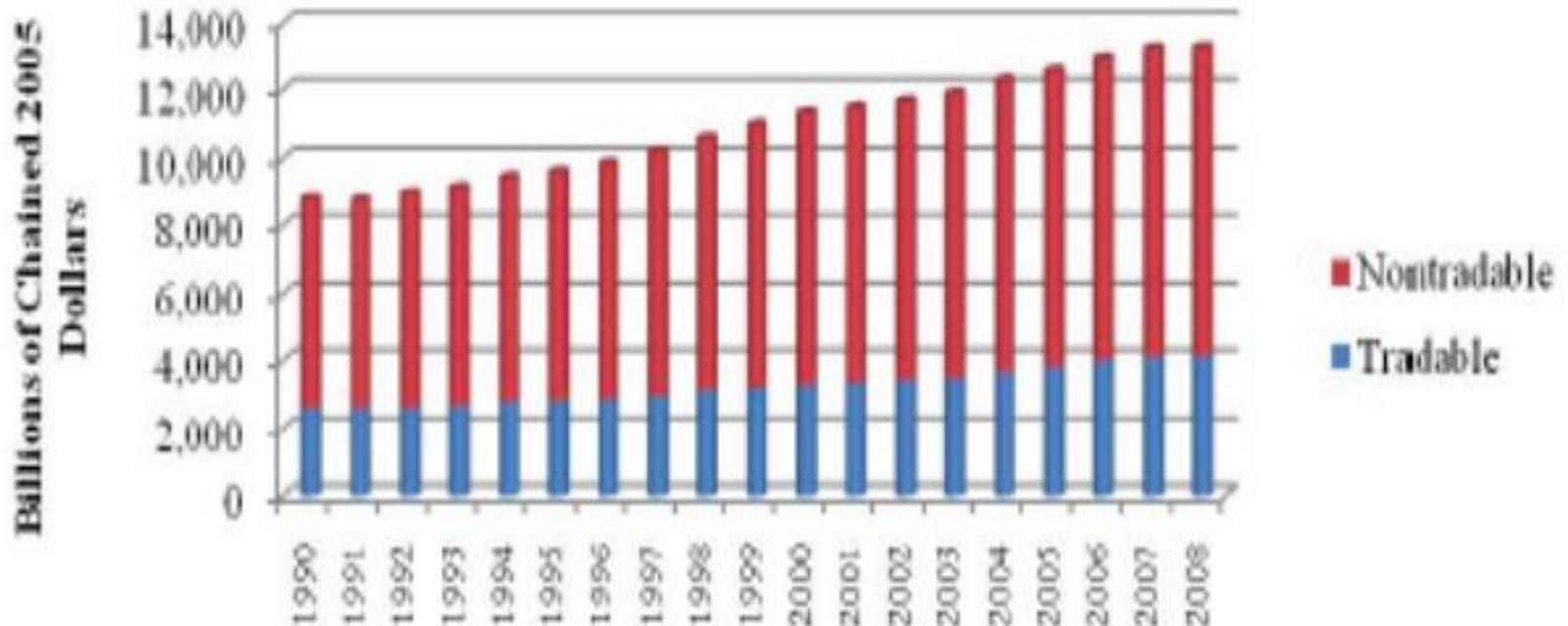


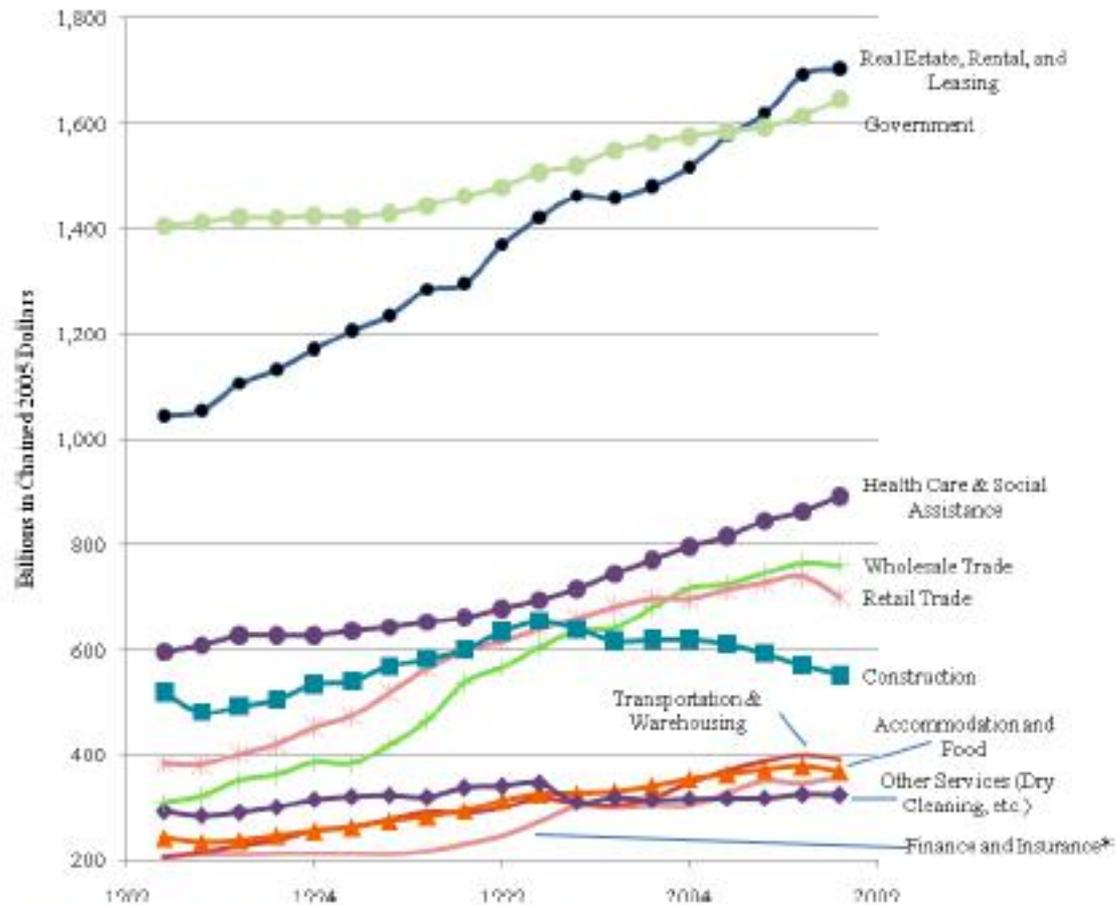


Figure 10. Tradable/Nontradable Value Added, 1990–2008



Source: Authors' calculations using Bureau of Economic Analysis historical data series

Figure 11. Nontradable Value Added, 1990–2008 (Majors)¹²



Source: Authors' calculations using Bureau of Economic Analysis historical data series

*Industries that are not predominantly or entirely nontradable include an asterisk.

Figure 12. Nontradable Value Added, 1990–2008 (Minors)¹³

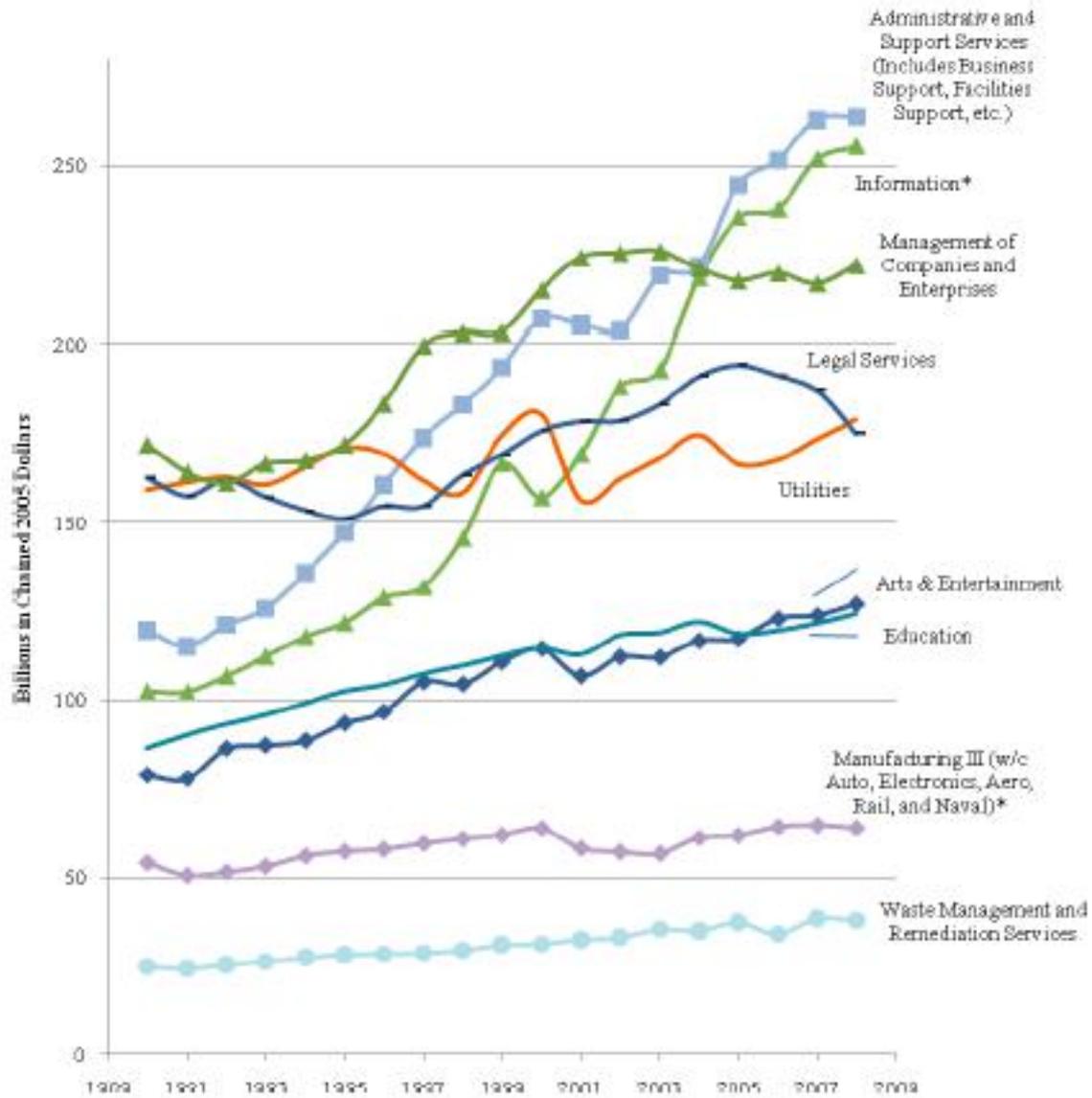


Figure 13. Tradable Industries' Value Added, 1990–2008 (Majors)¹⁴

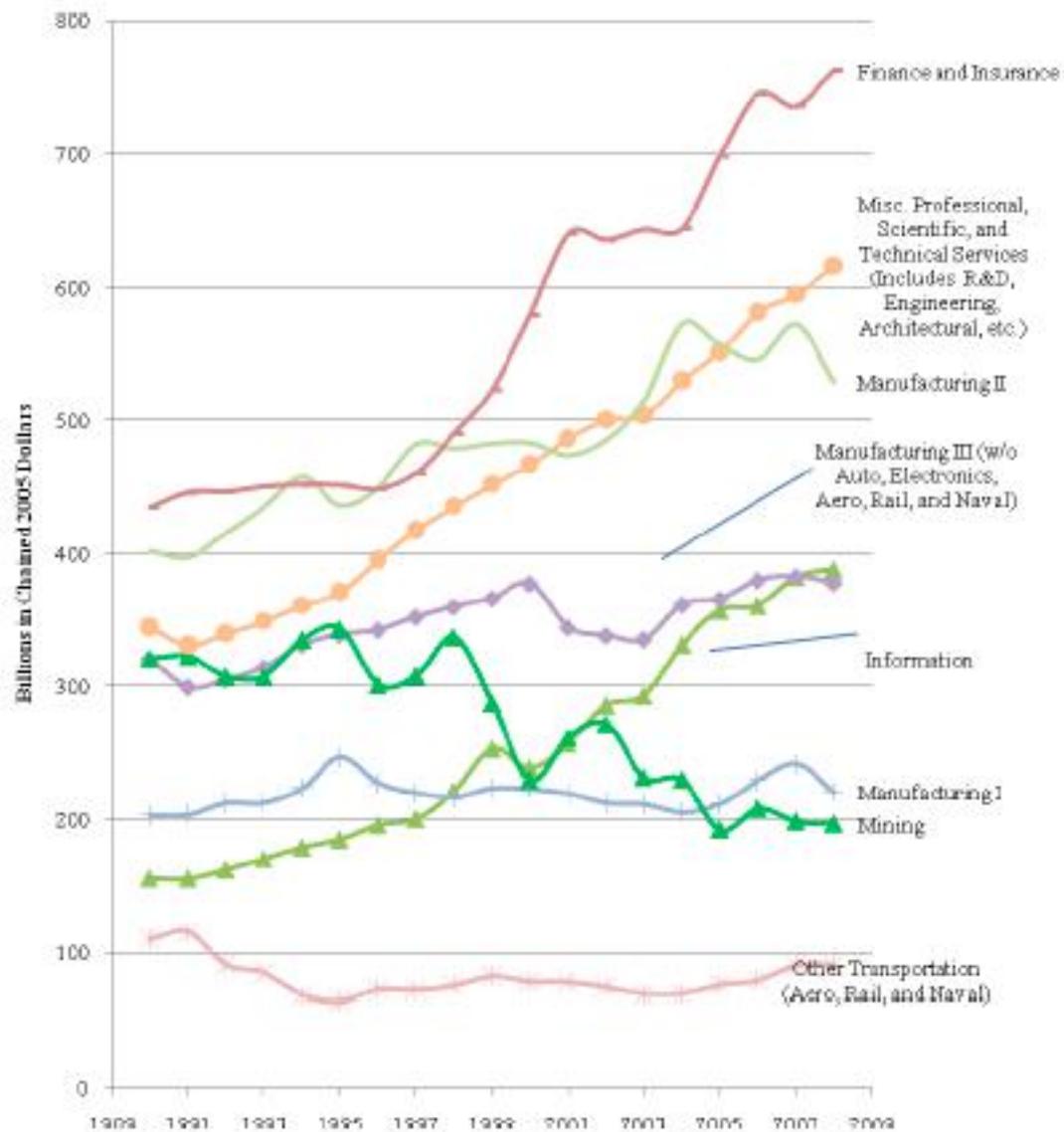


Figure 14. Tradable Industries' Value Added, 1990–2008 (Minors)¹⁵

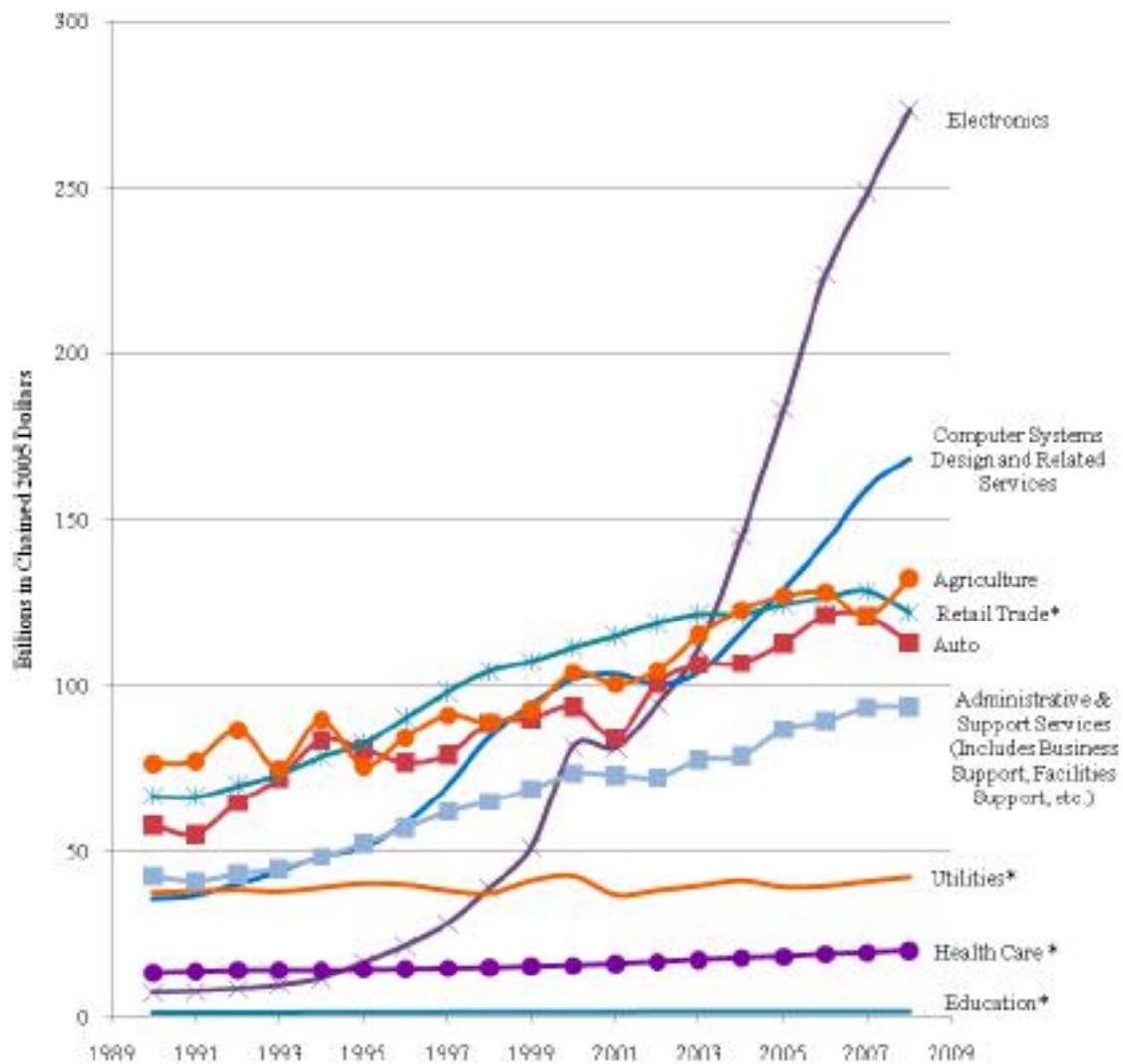
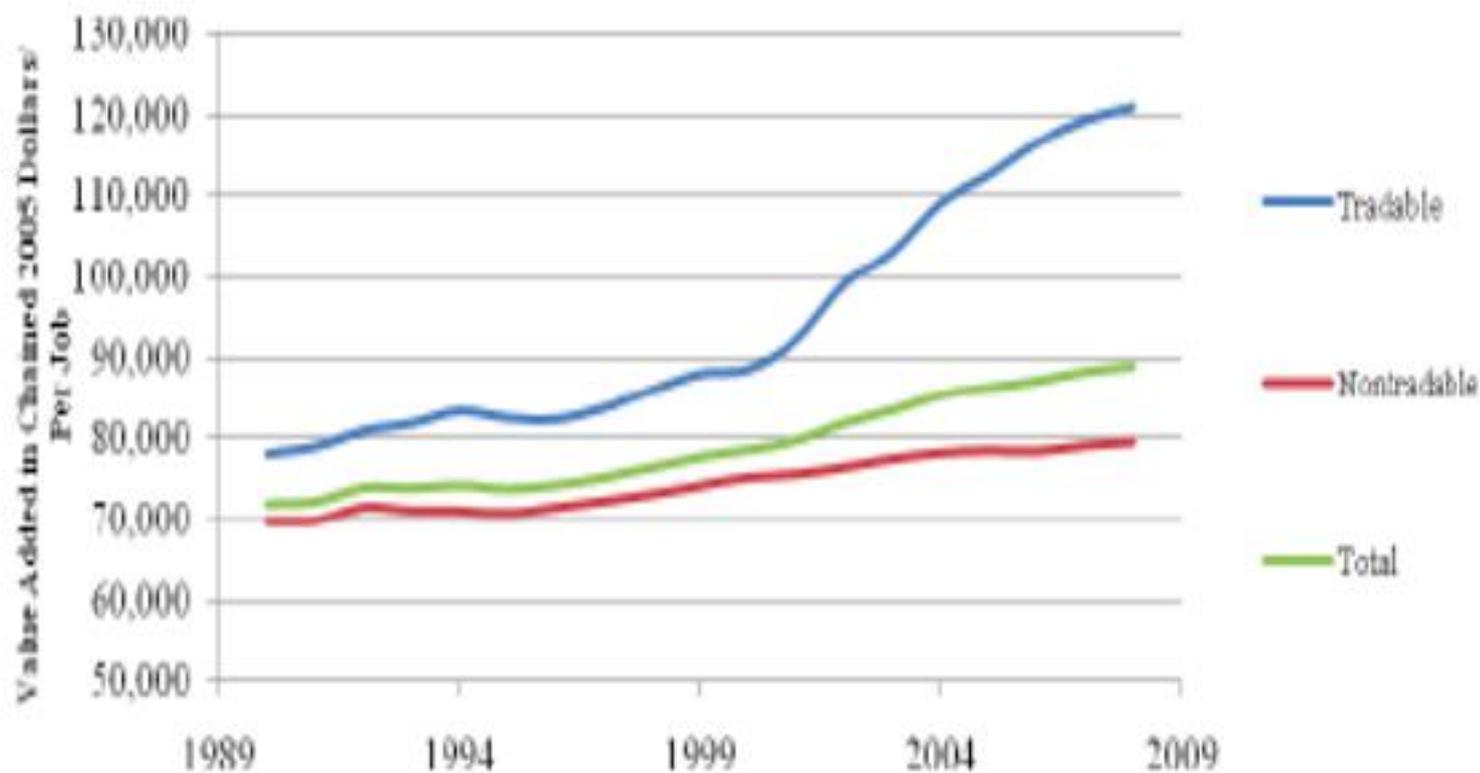


Figure 15. Value Added per Job, 1990-2008



Source: Authors' calculations using Bureau of Economic Analysis and Bureau of Labor Statistics historical data series

Figure 17. Tradable Industries' Value Added per Job, 1990–2008 (Minors)¹⁷

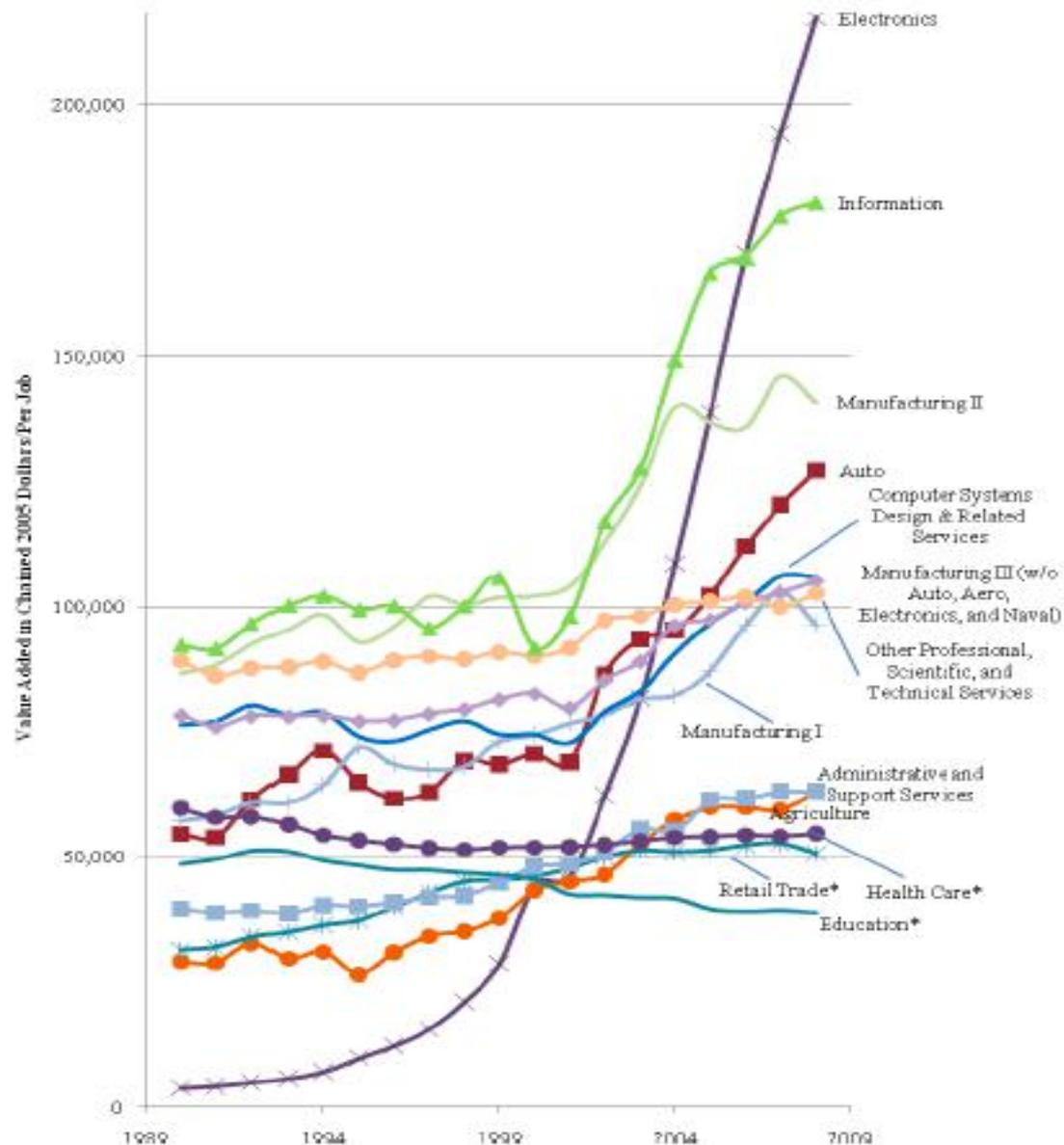


Figure 19. Nontradable Industries' Value Added per Job, 1990–2008 (Majors)¹⁹

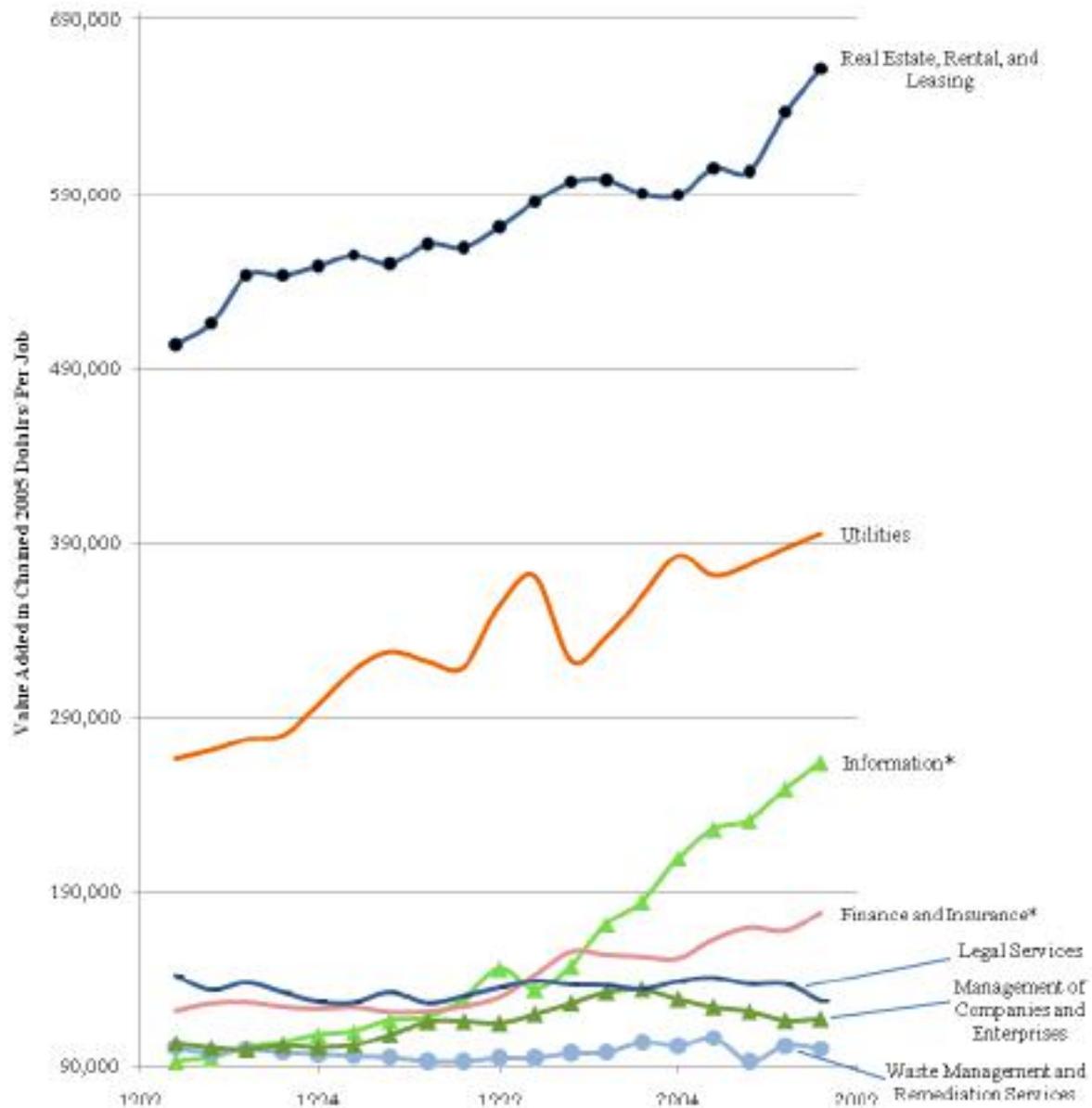


Figure 20. Nontradable Industries' Value Added per Job, 1990–2008 (Minors)²⁰

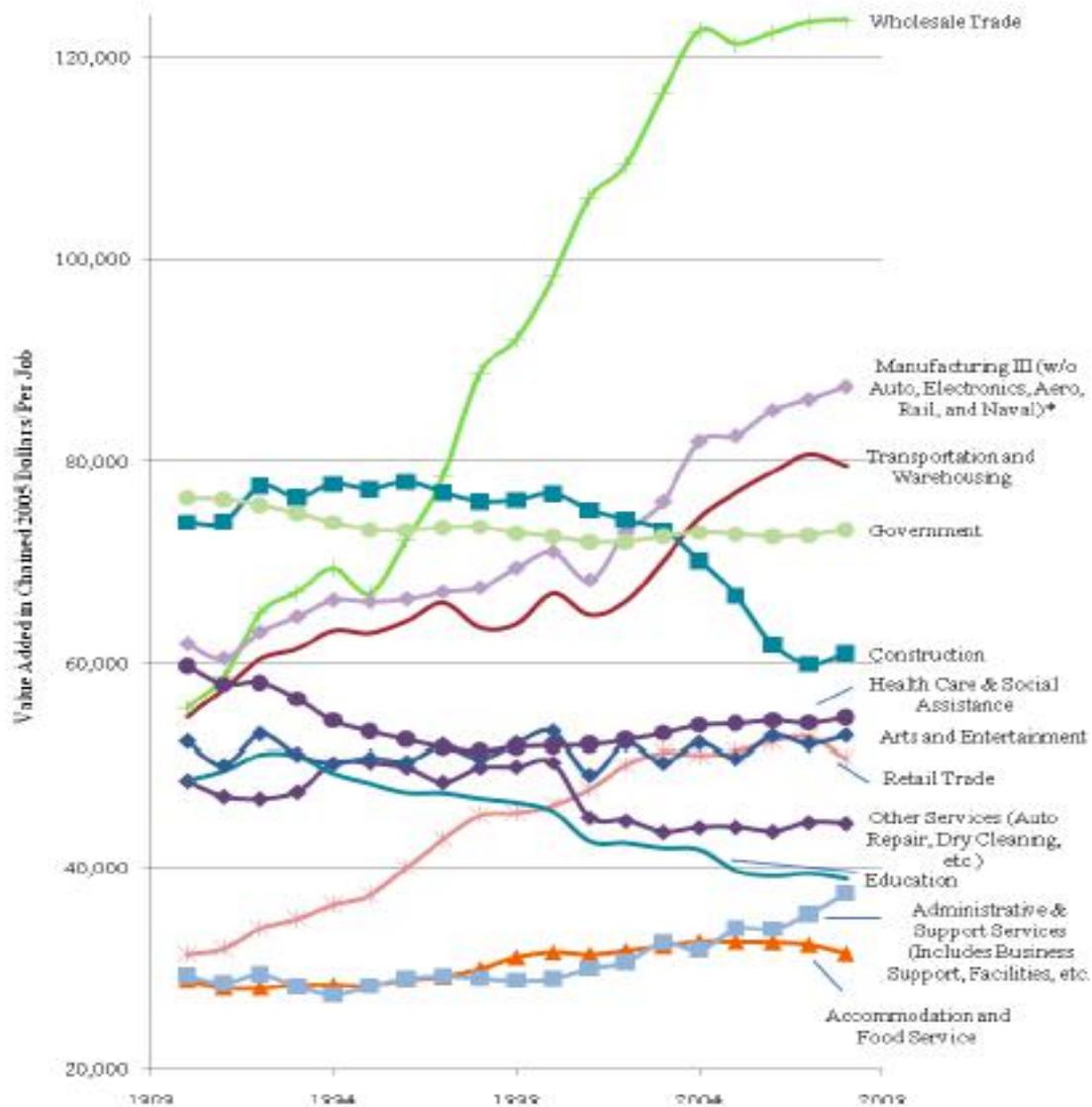




Table 2. Measure of Income Distribution in Selected Economies

Country	Gini Coefficient	R/P 10%	R/P 20%
Israel	39.2	13.4	7.9
United States	45 or 40.8	15.9	8.4
China	41.5	21.6	12.2
United Kingdom	34	13.8	7.2
Germany	27-28	6.9	4.3
Sweden	23	6.1	3.9
Brazil	57	51.3	21.8

Perceived Country by Country Technical Strength (2009)

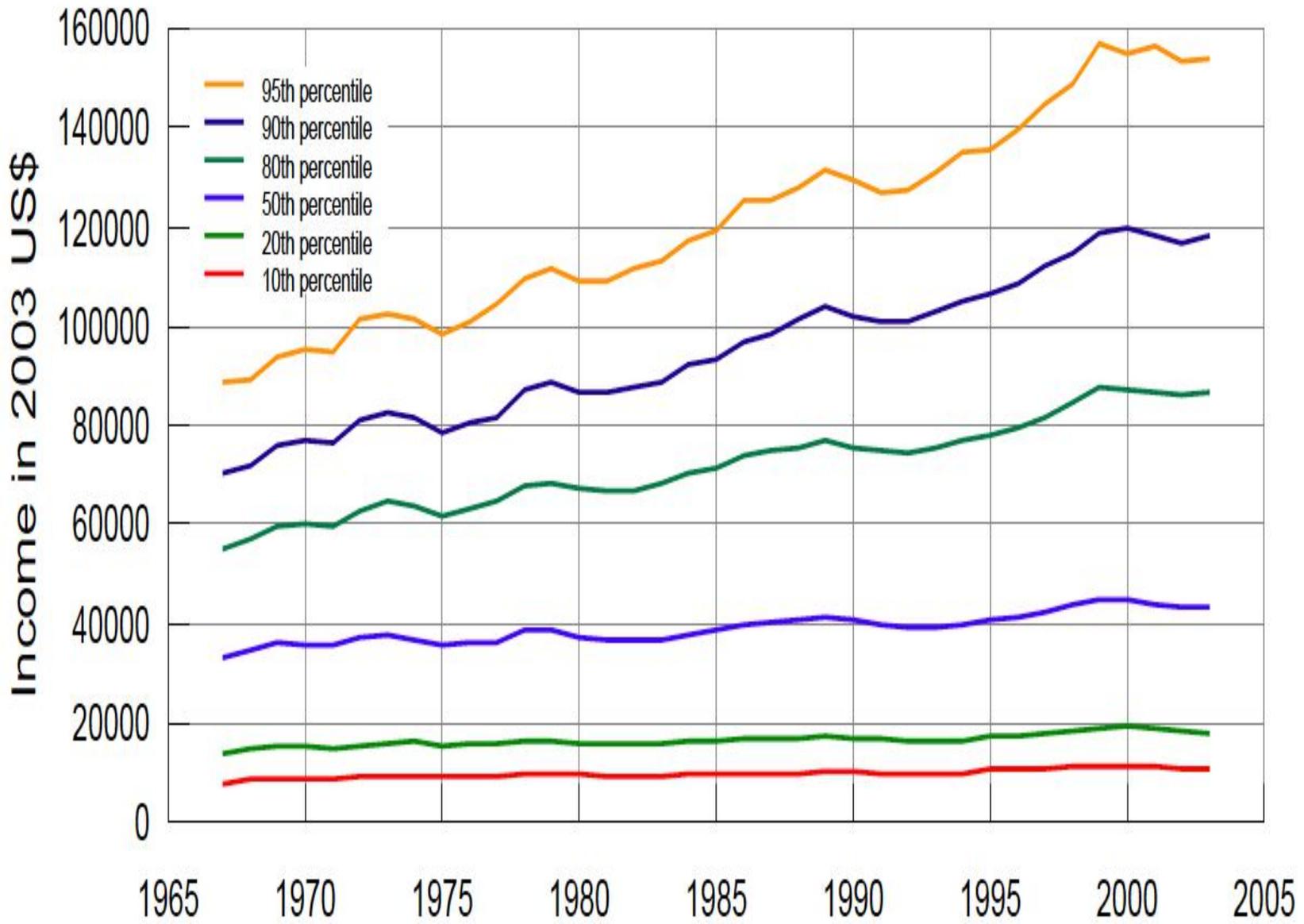


Perceived Country by Country Technical Strength (2015)

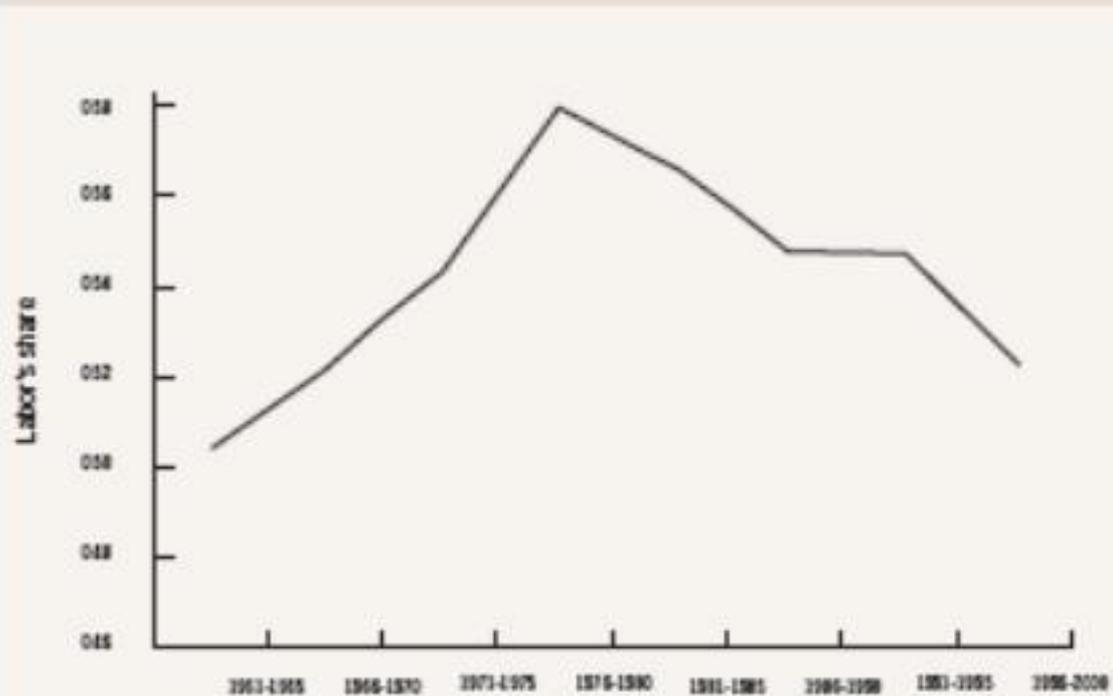


Source: *R&D* magazine, December 2010.

COUNTRY	INCOME OF THE RICHEST 10% OVER THE POOREST 10%	INCOME OF THE RICHEST 20% OVER THE POOREST 20%	GINI COEFFICIENT
Australia	12.5	7	35.2
Austria	6.9	4.4	29.1
Belgium	8.2	4.9	33
Brazil	51.3	21.8	57
Canada	9.4	5.5	32.6
China (PRC)	21.6	12.2	46.9
Denmark	8.1	4.3	24.7
Finland	5.6	3.8	26.9
France	9.1	5.6	32.7
Germany	6.9	4.3	28.3
Greece	10.2	6.2	34.3
India	8.6	5.6	36.8
Israel	13.4	7.9	39.2
Italy	11.6	6.5	36
Japan	4.5	3.4	24.9
South Korea	7.8	4.7	31.6
Mexico	24.6	12.8	46.1
Netherlands	9.2	5.1	30.9
New Zealand	12.5	6.8	36.2
Norway	6.1	3.9	25.8
Russia	12.7	7.6	39.9
South Africa	33.1	17.9	57.8
Spain	10.3	6	34.7
Sweden	6.2	4	25
Switzerland	9	5.5	33.7
Turkey	16.8	9.3	43.6
United Kingdom	13.8	7.2	36
United States	15.9	8.4	40.8



Graph 1: Labour Share in OECD Countries, 1960-2000



Labour participated fully in rising productivity in the pre-globalization era, but under globalization productivity gains and trade have first and foremost benefited capital - eroding labour shares in industrialized countries.

Source: Gascoia (2006), based on CECDSTAN database.

What Does All This Mean for the US Economy Post –Crisis

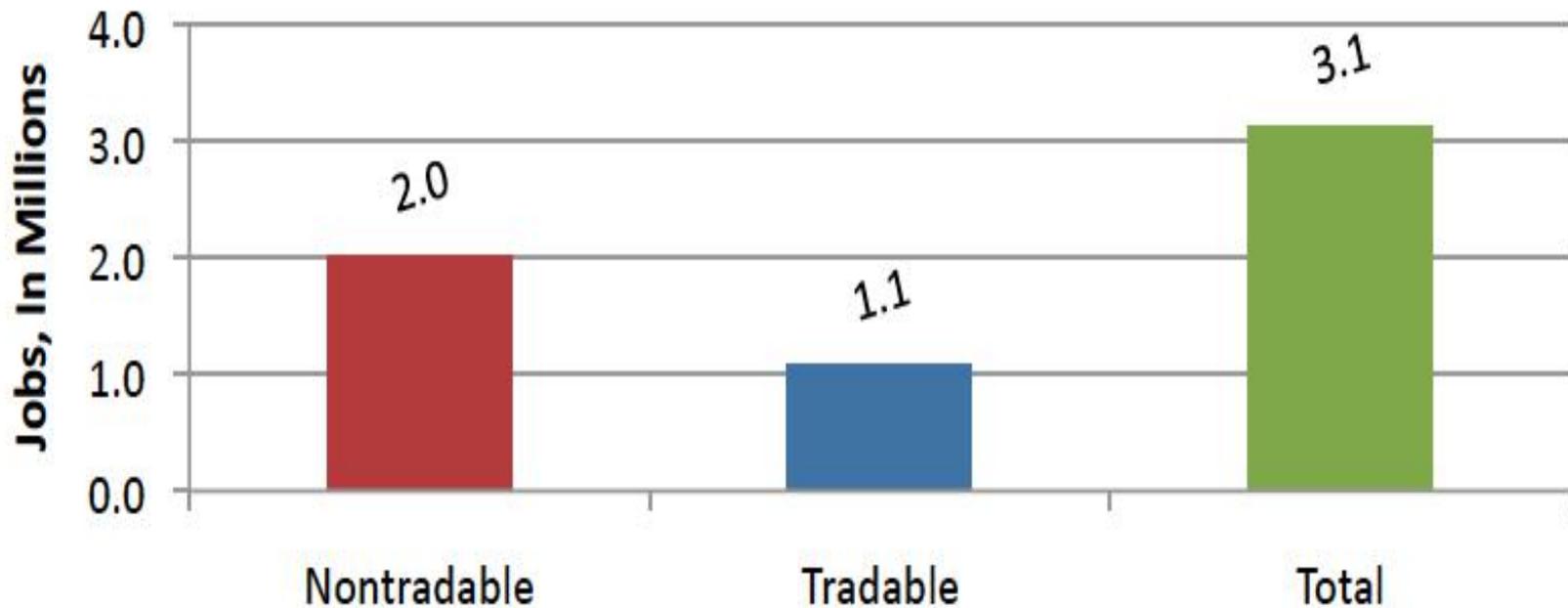


- ❧ Growth engines
- ❧ Employment engines
- ❧ Deficit reduction path and stimulus
- ❧ Domestic aggregate demand shortfall is permanent
- ❧ To restore growth requires structural change and expansion of the scope of the tradable sector

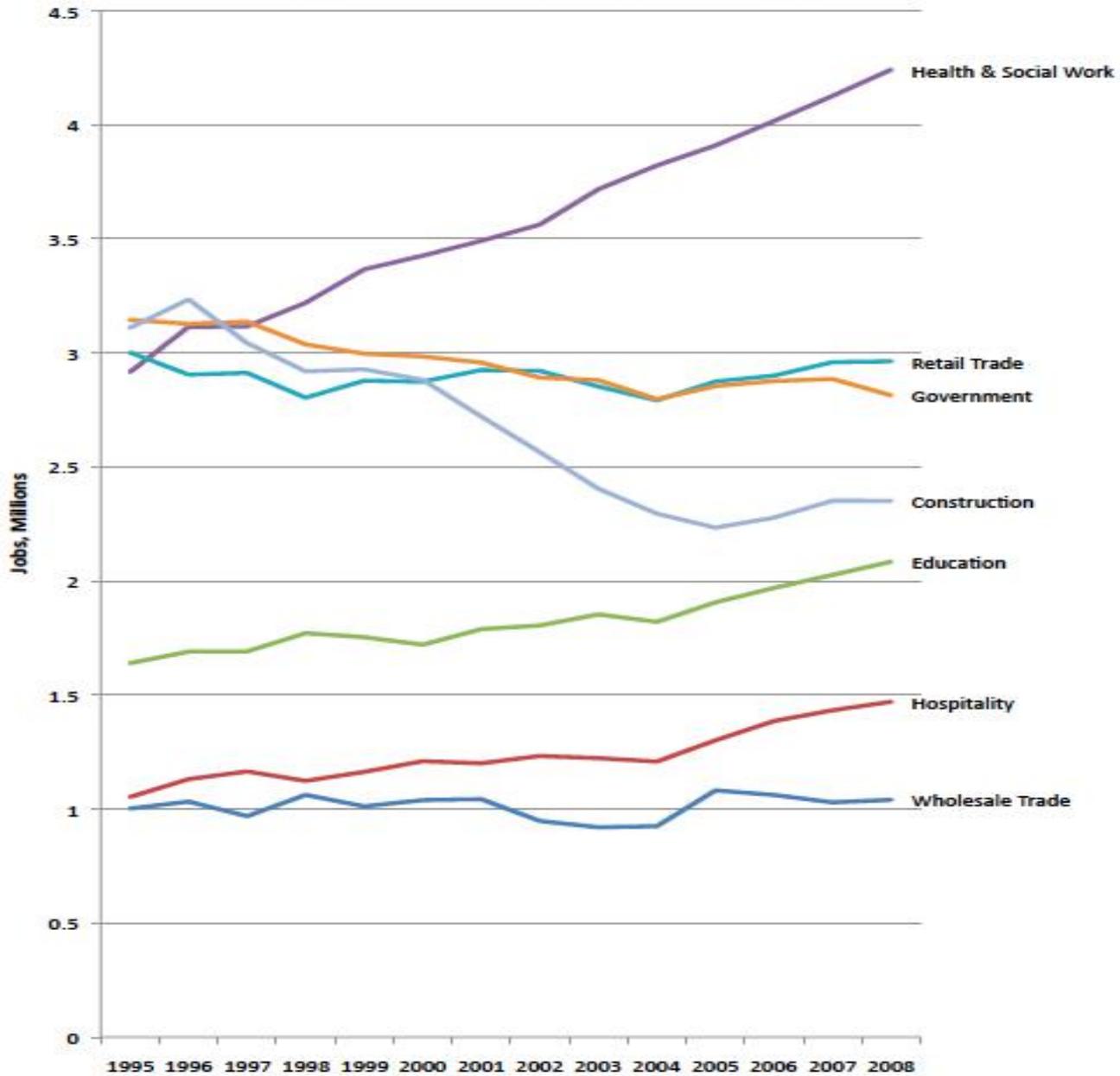
Germany



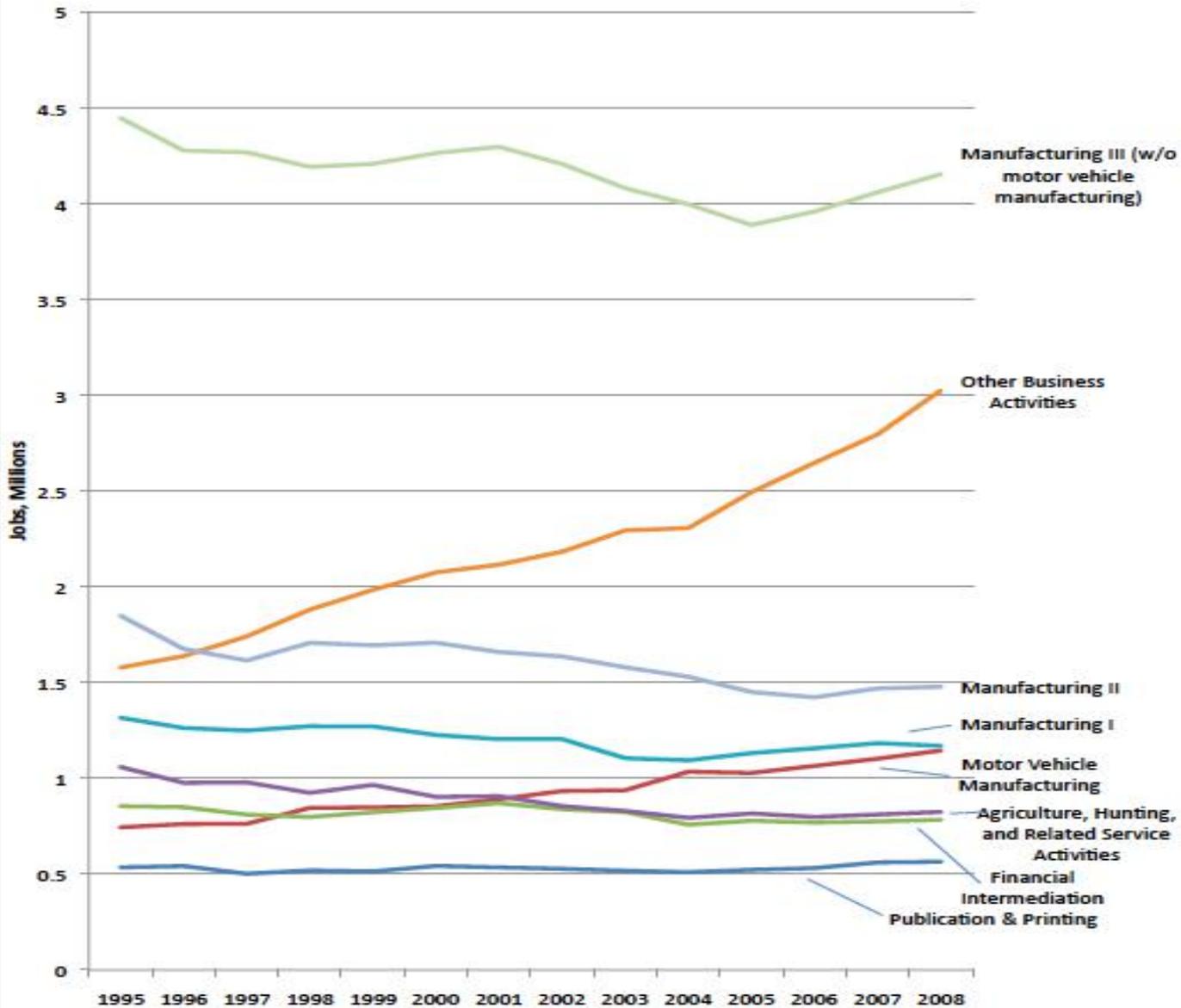
Net Change in Employment, 1995-2008



Nontradable Employment, 1995-2008 (Majors)

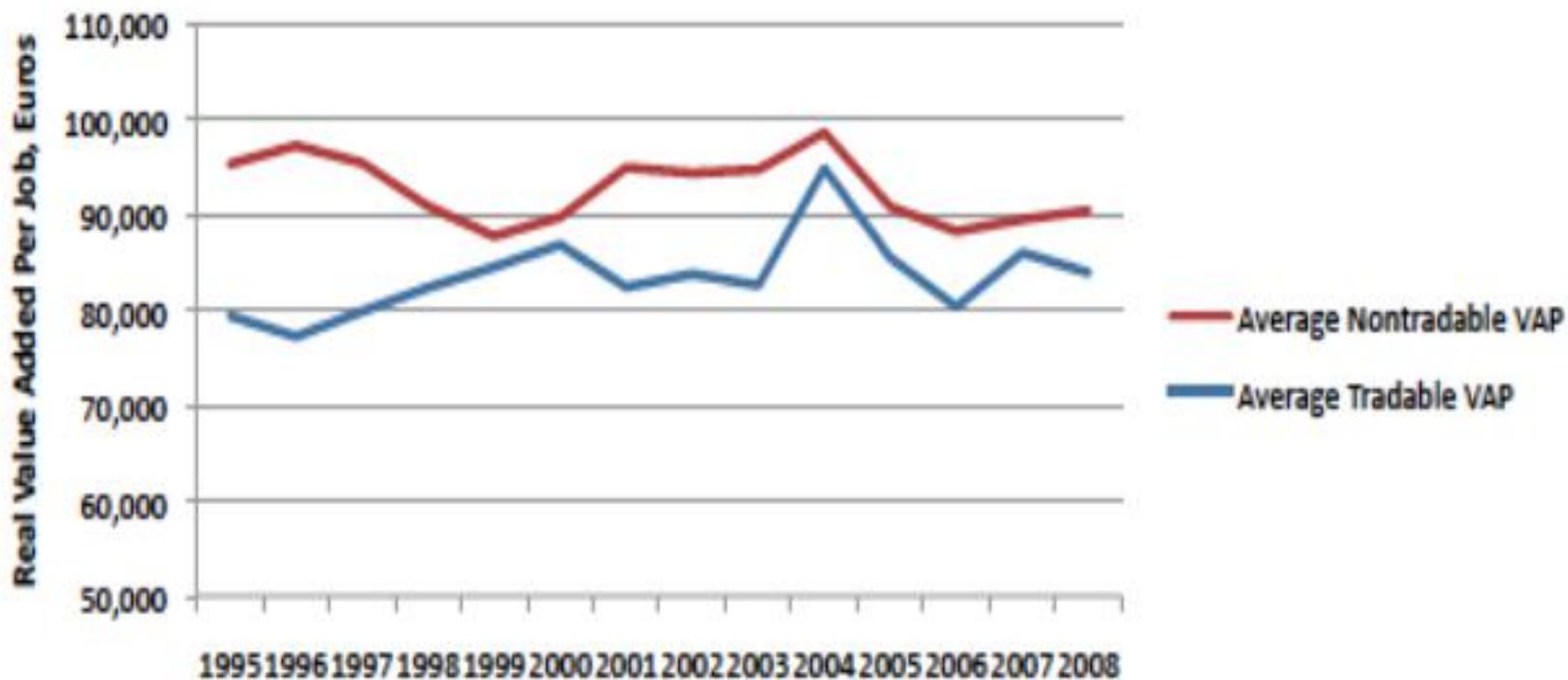


Tradable Employment, 1995-2008 (Majors)





Value Added Per Job, 1995-2008





Net Change in Average Real Value Added Per Job, 1995-2008

