

Macro Roundup Article

Headline: [To Find Relative Earnings Gains After the China Shock, Look Outside Manufacturing and Upstream](#)

Article Link: <https://www.nber.org/papers/w32438>

| | |
|------------------|--|
| Author(s) | Justin Pierce, Peter Schott, and Cristina Tello-Trillo |
| Publication | National Bureau of Economic Research |
| Publication Date | May 14, 2024 |

Tweet: Trade liberalization with China reduced employment and earnings of US workers initially in manufacturing by up to 22% over seven years. Workers not initially in manufacturing saw relative earnings gains due to access to lower-cost inputs. @tellotri

Summary: We investigate how the nominal earnings of workers initially employed in manufacturing evolve depending upon whether they remain in that sector or migrate to another by calculating the ratio of their 2007 to 2000 nominal earnings. Figure 1 reveals that M workers [those originally in manufacturing] experience dramatically different nominal earnings growth depending on their destination sector. For workers who remain in manufacturing (indicated by the highlighted bar), cumulative median earnings growth is 27%, right in the middle of the pack. Growth is most positive among workers moving to sectors that are intensive in their use of either physical or human capital and generally have higher wages than manufacturing. Median nominal earnings growth is lowest, and negative, for [movements to sectors] with generally lower wages.

Related Articles: The World's Rust Belts: The Heterogeneous Effects of Deindustrialization on 1,993 Cities in Six Countries and Can Trade Intervention Lead to Freer Trade? and Danish Weight Loss Drugs vs. Chinese Cars: Two Models of Export Booms

Primary Topic: Business Cycle

Topics: Academic paper, Business Cycle, China, Database, GDP

PDF File URL: <https://www.edwardconard.com/wp-content/uploads/2024/05/Relative-Earnings-after-China-Shock.pdf>

Permalink: <https://www.edwardconard.com/macro-roundup/trade-liberalization-with-china-reduced-employment-and-earnings-of-us-workers-initially-in-manufacturing-by-up-to-22-over-seven-years-workers-not-initially-in-manufacturing-saw-relative-earnings-gain?view=detail>

Featured Image Link: <https://www.edwardconard.com/wp-content/uploads/2024/05/21005-to-find-relative-earnings-gains-after-the-china-shock-look-outside-manufacturing-and-upstream-feature-d-thumbnail-image.png>