

Comments on "Skills and Global Value Chains"

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What's the message?

- Participating in Global Value Chains (GVC's) is good
- Improved skills (education) is important

- **Yes but...**
- All international trade is good
 - Comparative advantages still matters
 - Avoid “picking winners”



Why protectionism?

- Parts of the middle class are hurt by globalization
 - Outsourcing
 - Changing structure within firms
 - Improved matching
- → Job polarization

- Globalization has affected politics
 - Trump, Brexit, Nationalism



Economic policies in a globalized world

- Increased volatility requires
 - Social safety nets
 - Flexibility
- Slightly less degrees of freedom in economic policies
 - Taxation
- But....most policies are not affected by globalization and GVC's

