The "China Shock", Exports and U.S. Employment:

A Global Input-Output Analysis*

by

Robert C. Feenstra[a]
University of California, Davis
and NBER

Akira Sasahara[b]
University of Idaho

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Abstract

We quantify the impact on U.S. employment from imports and exports during 1995-2011, using the World Input-Output Database. We find that the growth in U.S. exports led to increased demand for 2 million jobs in manufacturing, 0.5 million in resource industries, and a remarkable 4.1 million jobs in services, totaling 6.6 million. Two-thirds of those service sectors jobs are due to the export of services themselves, whereas one-third is due to the intermediate demand from manufacturing and resource – or *merchandise* – exports, so the total labor demand gain due to merchandise exports was 3.7 million jobs. In comparison, U.S. merchandise imports from China led to reduced demand of 1.4 million jobs in manufacturing and 0.6 million in services (with small losses in resource industries), with total job losses of 2.0 million. It follows that the expansion in U.S. merchandise exports relative to imports from China over 1995-2011 created net demand for about 1.7 million jobs. Comparing the growth of U.S. merchandise exports to merchandise imports from *all* countries, we find a fall in net labor demand due to trade, but comparing the growth of *total* U.S. exports to total imports from all countries, then there is a rise in net labor demand because of the growth in service exports.

Key words: China, exports, employment, services, global input-output table
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[a] Department of Economics, University of California, Davis, One Shields Avenue, Davis, CA 95616, rcfeenstra@ucdavis.edu
[b] College of Business and Economics, University of Idaho, Moscow, ID 83844, sasahara@uidaho.edu