

## **7.2. Promoting Win/Win Development of Global Supply Chains**

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1. There are 3 schools of thought about the impact of GVC's in particular (and trade agreements in general) on innovation, wages, and sustainability:
  - a. the "multinational-led development view," which is largely positive, arguing that GVCs are a way for developing countries to receive learning and investment from MNCs, the best way to develop
  - b. the "race to the bottom" view, which is largely negative, arguing that the winners of contracts to supply multinationals tend to be those that cut corners, depressing wages, investment, and attention to the environment.
  - c. the "reform" view, which argues that GVC impacts are not inherently good or bad; their impacts on innovation, wages, sustainability, etc. depend on supportive institutions.
2. Policies that are likely to achieve good outcomes in these areas maintain a balance between developing new capabilities and allowing firms to select from among existing capabilities. Such policies may include targeting spillovers directly, and investing in "knowledge overlap" and "relational contracts" between actors in the chain (rather than a strict division of labor and/or arm's-length markets).
3. In future research and policy-making on the topic, a key question to ask is, which assets should be protected? The different perspectives variously highlight ideas, workers, property, environment?