

shifting their economies toward services. Their best bet for rising even further lies in sharpening their ability to deliver higher-value-added services. The way to do that is through investing in human capital—more and better education, of course, but also learning through work and life experiences.

Domestic demand will continue to fuel America's services industries, but we have an epochal opportunity in the global marketplace. The ability to deliver more services to distant customers comes as global demand surges. If American service providers don't take advantage of the opportunity, others will.

Globalization's critics would have us fear our times. They're looking for ways to slow the integration of the world economy—or stifle it altogether. While it might be wise to mitigate globalization's unwanted side effects, a protectionist backlash risks squandering the benefits and opportunities globalization offers.

Trade surpluses in an array of service industries prove America can compete in a global marketplace. We need to become smarter and even better educated. We need to embrace globalization and recognize the bright prospects for selling our services to the world. It's time to seize the opportunity.

—W. Michael Cox and Richard Alm

Acknowledgments

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Exhibit Notes and Data Sources

All consumption and income per capita are adjusted for purchasing power parity.

EXHIBITS 1, 2 and 3

James Seale Jr., Anita Regmi and Jason Bernstein (2003), "International Evidence on Food Consumption Patterns," Technical Bulletin no. 1904, U.S. Department of Agriculture, October.

The Conference Board and Groningen Growth and Development Centre, Total Economy Database, January 2007.

World Bank, World Development Indicators database.

Bureau of Economic Analysis (BEA), national economic accounts, for GDP chain price index.

International Monetary Fund (IMF), World Economic Outlook, October 2007.

Central Intelligence Agency (CIA), *The World Factbook 2007*.

Exhibit 1: Luxembourg is excluded because its per capita GDP of \$53,074 is too high to be plotted on the scale. Food includes food at home, beverages and tobacco. Housing includes rent and utilities. Household operations includes furniture and maintenance. Medical includes foreign patients treated at U.S. hospitals. Education includes foreign students in the U.S.

Exhibit 2: The chart excludes Madagascar, Malawi, Tanzania, Zambia and Zimbabwe, whose recreation elasticities are too high to be plotted on the scale used. Luxembourg is not shown because its income is too high to be plotted.

Exhibit 3: Authors' calculations.

EXHIBIT 4

BEA, international economic accounts, for international services, and national economic accounts, for GDP chain price index.

EXHIBIT 5

BEA, national economic accounts, for GDP chain price indexes.

EXHIBIT 6

BEA, national economic accounts, for exports and GDP chain price index.

EXHIBIT 7

BEA, international economic accounts, for international services.

EXHIBIT 8

World Bank, World Development Indicators database.

CIA, *The World Factbook 2007*.

EXHIBIT 9

Bureau of Labor Statistics (BLS), Current Employment Statistics, 1990–2007; Occupational Employment Statistics, May 2006.

World Bank, World Development Indicators database.

CIA, *The World Factbook 2007*.

EXHIBIT 10

BLS, Occupational Employment Statistics, May 2006. The jobs are classified in the service or goods sector based on the industry, not the work the job entails.

NOTE: The photo on page 12 is representational only; it does not depict an actual event at Methodist Healthcare System.