

**Abstract of Doctoral Thesis**  
**A Consideration for Contemporary Importance of**  
**Producing High Price and High Value-added Products Embed**  
**KIBS: Supplying through GVCs and Forming Markets by**  
**Income Inequality**

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We develop the economy and increase income by increasing productivity. As the income after expenditure on necessities grows, the structure of consumption upgrades from food, clothing, durable goods to services. Following this development path, a preference for quality and feature over price has increased in recent times, especially in high-income countries. This preference has prompted firms to increase value-addition and the price according to the demand. These products are called high value-added (HVA) products. Increasing demand for HVA products in high-income countries induces domestic production and imports. This also means that we recognize countries that produce and export HVA products with comparative advantage. HVA products are built upon existing products by improving their quality and features. This product evolution process requires collaborative development within closely related fields because of the need for diverse knowledge and technology. However, individuals possess knowledge and technology in a variety of forms. It would be impossible for a firm to find and apply the most appropriate knowledge or technology from this pool. Therefore, creating and producing HVA products requires knowledge-intensive business services (KIBS). KIBS collect knowledge and technology of a specific field and provide customized knowledge-intensive services to a client.

This leads us to believe that: knowledge-intensive service inputs from KIBS have significant impact on comparative advantage in HVA products. Conventional discussions about comparative advantage assume that the products that cost the lower prices than the world price would have comparative advantage. However, it is difficult for KIBS embedded HVA products to save costs by standardization and commoditization because of low productivity.

Therefore, this research studies the following aspects for establishing a relationship between comparative advantage, KIBS, and economic development. First, HVA products that embed KIBS have comparative advantage in mature countries. Second, we study a country importing HVA products, the growth for its demand, and its import in terms of income growth and income inequality. Finally,

these products are produced through global value chain that includes low-technology-intensive neighboring countries. The results show that despite the political issue about income inequality, which supports the increasing demand for HVA products, HVA products that embed KIBS aid economic development in the modern period.