

Syllabus

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Course: International Trade and Labor Markets

2024 FIRST SEMESTER

PROGRAM

The objective of this short course is to cover recent developments in the literature on trade and labor markets. The course should be useful to students specializing in Trade, Labor, Development or Macro. We will mostly cover empirical papers exploiting a wide range of methodologies, from differences in differences methods to structural and quantitative studies based on equilibrium models of the labor market. By the end of the course, students will be exposed to fertile avenues of future work in this area as well as to the main methodologies that have been used in this line of work.

For students without a background in International Trade Theory, it will help if they read the following two papers BEFORE the course starts:

Lorenzo Caliendo and Fernando Parro (2015) “Estimates of the Trade and Welfare Effects of NAFTA,” *Review of Economic Studies*.

Marc Melitz (2003) “The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity,” *Econometrica*.

Papers highlighted with (*) will be covered in class.

BIBLIOGRAPHY

Overview Pieces: To be read BEFORE the course starts

Pinelopi Goldberg and Nina Pavcnik (2007) “Distributional Effects of Globalization in Developing Countries,” *Journal of Economic Literature*, 45(1): 39-82.

Nina Pavcnik (2017) “The Impact of Trade on Inequality in Developing Countries,” *Proceedings of Jackson Hole Economic Symposium, Fostering a Dynamic Global Economy*, pp. 61-114

John McLaren (2022) “Trade Shocks and Labor-Market Adjustment,” *Oxford Research Encyclopedia Economics and Finance*.

(*) Rafael Dix-Carneiro and Brian Kovak (2023) “Globalization and Inequality in Latin America,” Latin America and the Caribbean Inequality Review.

Podcasts and Non-Academic Articles

Gordon Hanson (2021) “Can Trade Work for Workers?” Foreign Affairs
<https://www.foreignaffairs.com/articles/united-states/2021-04-20/can-trade-work-workers>

Rana Foroohar (2022) “After Neoliberalism” Foreign Affairs <https://www.foreignaffairs.com/united-states/after-neoliberalism-all-economics-is-local-rana-foroohar>

Trade Talks (2017) “The Complicated Impact of Trade...on Developing Countries”
<https://tradetalkspodcast.com/podcast/episode-11-the-complicated-impact-of-trade-on-developing-countries/>

Regional Effects of Trade

(*) Petia Topalova (2010) “Factor Immobility and Regional Impacts of Trade Liberalization: Evidence on Poverty from India,” AEJ: Applied Economics.

(*) Brian Kovak (2013) “Regional Effects of Trade Reform: What Is the Correct Measure of Liberalization?” American Economic Review.

(*) David Autor, David Dorn and Gordon Hanson (2013) “The China Syndrome: Local Labor Market Effects of Import Competition in the United States,” American Economic Review, 103, 2121-2168.

David Autor, David Dorn, Gordon Hanson and Jae Song (2014) “Trade Adjustment: Worker Level Evidence,” Quarterly Journal of Economics, 129, 1799-1860.

David Autor, David Dorn and Gordon Hanson (2016) “The China Shock: Learning from Labor Market Adjustment to Large Changes in Trade,” Annual Review of Economics, forthcoming.

Justin Pierce and Peter Schott (2016) “The Surprisingly Swift Decline of U.S. Manufacturing Employment,” American Economic Review

(*) Rafael Dix-Carneiro and Brian Kovak (2017) “Trade Liberalization and Regional Dynamics,” American Economic Review.

(*) Rafael Dix-Carneiro and Brian Kovak (2019) “Margins of Trade Adjustment in a Developing Country,” Journal of International Economics.

(* Kirill Borusyak, Rafael Dix-Carneiro, Brian Kovak (2022) “Understanding Migration Responses to Local Shocks,” Working Paper.

Trade and Labor Market Dynamics

(* Erhan Artuc, Shubham Chaudhuri and John McLaren (2010) “Trade Shocks and Labor Adjustment: A Structural Empirical Approach,” American Economic Review.

(* Rafael Dix-Carneiro (2014) “Trade Liberalization and Labor Market Dynamics,” *Econometrica*.

John McLaren (2017) “Globalization and Labor Market Dynamics,” *Annual Review of Economics*.

(* Rafael Dix-Carneiro, Joao Paulo Pessoa, Ricardo Reyes-Heroles, Sharon Traiberman (2023) “Globalization, Trade Imbalances and Labor Market Adjustment,” *Quarterly Journal of Economics*.

Sharon Traiberman (2019) “Occupations and Import Competition: Evidence from Denmark,” *American Economic Review*

Lorenzo Caliendo, Maximiliano Dvorkin and Fernando Parro (2019) “Trade and Labor Market Dynamics: General Equilibrium Analysis of the China Trade Shock,” *Econometrica*

Trade, Unemployment and Inequality

Elhanan Helpman, Oleg Itskhoki, Stephen Redding (2010) “Inequality and Unemployment in a Global Economy,” *Econometrica*.

Elhanan Helpman, Oleg Itskhoki, Marc Muendler and Stephen Redding (2016) “Trade and Inequality: From Theory to Estimation,” *Review of Economic Studies*.

Kerem Coşar, Nezih Guner and James Tybout (2016) “Firm Dynamics, Job Turnover, and Wage Distributions in an Open Economy,” *American Economic Review*, 106(3): 625-63.

Elhanan Helpman, Oleg Itskhoki (2010) “Labour Market Rigidities, Trade and Unemployment,” *Review of Economic Studies*.

(* Dix-Carneiro, Goldberg, Meghir, Ulyssea (2021) “Trade and Domestic Distortions: the Case of Informality,” Working Paper.

Effects of Trade Beyond the Labor Market

(* Rafael Dix-Carneiro, Rodrigo Soares and Gabriel Ulyssea (2018) “Economic Shocks and Crime:

Evidence from The Brazilian Trade Liberalization,” American Economic Journal: Applied Economics.

Justin Pierce and Peter Schott (2020) “Trade Liberalization and Mortality: Evidence from U.S. Counties,” American Economic Review: Insights.

Yi Che, Yi Lu, Justin Pierce, Peter Schott and Zhigang Tao (2022) “Does Trade Liberalization with China Influence U.S. Elections,” Journal of International Economics.

David Autor, David Dorn, Gordon Hanson and Kaveh Majlesi (2020) “Importing Political Polarization? The Electoral Consequences of Rising Trade Exposure,” American Economic Review.

Leo Feler and Mine Senses (2017) “Trade Shocks and the Provision of Local Public Goods,” American Economic Journal: Economic Policy.