

Trade and Labor Market Outcomes

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This PhD short course studies the impact of trade integration on labor markets. It covers both theoretical fundamentals and recent empirical work. The rapid rise of trade with China is a particular focus. The course is suitable for students with a wide range of interests, including such fields as labor economics, macroeconomics, and international trade.

The syllabus contains readings of two sorts. The first, designated by an asterisk, will be emphasized in the lectures. Readings with no asterisk may be discussed briefly, but are primarily offered as a guide to the literature.

I. Trade Theory

A. Heckscher-Ohlin: Linking Trade, Prices and Wages

(*) Krugman, Paul. 2000. "Technology, Trade and Factor Prices." *Journal of International Economics*, 50, 51-71.

Berman, Eli, John Bound and Steven Machin. 1998. "Implications of Skill-Biased Technological Change: International Evidence." *Quarterly Journal of Economics*, 113, 1245-1279.

Feenstra, Robert C. and Gordon H. Hanson. 1999. "The Impact of Outsourcing and High-Technology Capital on Wages." *Quarterly Journal of Economics*, 114, 907-940.

Haskel, Jonathan, Robert Z. Lawrence, Edward E. Leamer and Matthew J. Slaughter. 2012. "Globalization and U.S. Wages: Modifying Classic Theory to Explain Recent Facts." *Journal of Economic Perspectives*, 26, 119-140.

Lawrence, Robert Z. and Matthew J. Slaughter. 1993. "International Trade and American Wages in the 1980s: Giant Sucking Sound or Small Hiccup?" *Brookings Papers on Economic Activity* 2, 161-226.

Leamer, Edward E. 2000. "What's the Use of Factor Contents?" *Journal of International Economics*, 50, 17-49.

B. Eaton-Kortum: Technology, Trade Costs and Geography

(*) Arkolakis, Costas, Arnaud Costinot and Andres Rodriguez-Clare. 2012. "New Trade Models, Same Old Gains?" *American Economic Review*, 102, 94-130.

(*) Eaton, Jonathan and Samuel Kortum. 2002. "Technology, Geography and Trade." *Econometrica* 70, 1741-1779.

(*) Eaton, Jonathan and Samuel Kortum. 2012. "Putting Ricardo to Work." *Journal of Economic Perspectives*, 26, 65-90.

Burstein, Ariel and Jonathan Vogel. 2012. "International Trade, Technology, and the Skill Premium." Working Paper UCLA, April.

Dornbusch, Rudiger, Stanley Fischer and Paul A. Samuelson. 1977. "Comparative Advantage, Trade, and Payments in a Ricardian Model with a Continuum of Goods." *American Economic Review*, 67, 823-839.

Helpman, Elhanan, Oleg Itskhoki and Stephen Redding. 2010. "Inequality and Unemployment in a Global Economy." *Econometrica*, 78, 1239-1283.

II. Empirical Evidence

A. The China Shock and its Impact on Labor Markets

(*) Autor, David H., 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.

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

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

(*) Dauth, Wolfgang, Sebastian Findeisen and Jens Suedekum. 2014. "The Rise of the East and the Far East: German Labor Markets and Trade Integration." *Journal of the European Economic Association*, 12, 1643-1675.

Dix-Carneiro, Rafael. 2014. "Trade Liberalization and Labor Market Dynamics." *Econometrica*, 82, 825-885.

Dix-Carneiro, Rafael and Brian Kovak. 2014. "Trade Reform and Regional Dynamics: Evidence from 25 Years of Brazilian Matched Employer-Employee Data." Working Paper, Duke University, November.

Ebenstein, Avraham, Ann Harrison, Margaret McMillan and Shannon Phillips. 2014. "Estimating the Impact of Trade and Offshoring on American Workers Using the Current Population Surveys." *Review of Economics and Statistics*, 96(3): 581-595.

Hanson, Gordon H. 2012. "The Rise of the Middle Kingdoms: Emerging Economies in Global Trade." *Journal of Economic Perspectives*, 26, 41-64.

McLaren, John and Shushanik Hakobyan. 2012. "Looking for Local Labor Market Effects of the NAFTA." Working Paper, University of Virginia, July.

Pierce, Justin R. and Peter K. Schott. 2012. "The Surprisingly Swift Decline of U.S. Manufacturing Employment." NBER Working Paper no. 18566.

Verhoogen, Eric. 2008. "Trade, Quality Upgrading and Wage Inequality in the Mexican Manufacturing Sector." *Quarterly Journal of Economics*, 123, 489-530.

Utar, Hale. 2014. "When the Floodgates Open: Northern Firm's Response to Removal of Trade Quotas on Chinese Goods." *American Economic Journal: Applied Economics*, 6(4), 226-250.

B. The Labor Market Effects of Offshoring

(*) Kovak, Brian, Lindsay Oldenski and Nicholas Sly. 2015. "The Labor Market Effects of Offshoring by U.S. Multinational Firms: Evidence from Changes in Global Tax Policies." Working Paper, Carnegie Mellon University.

Acemoglu, Daron, David H. Autor, David Dorn, Gordon H. Hanson and Brendan Price. 2014. "Import Competition and the Great U.S. Employment Sag of the 2000s." Working Paper, University of Zurich, August.

Blinder, Alan S. 2009. "How Many U.S. Jobs Might Be Offshorable?" *World Economics*, 10(2), 41-78.

Blinder, Alan S. and Alan B. Krueger. 2013. "Alternative Measures of Offshorability: A Survey Approach." *Journal of Labor Economics*, 31, S97-S128.

Crino, Rosario. 2010. "Service Offshoring and White-Collar Employment." *Review of Economic Studies*, 77, 595-632.

Grossman, Gene and Esteban Rossi-Hansberg. 2008. "Trading Tasks: A Simple Theory of Outsourcing." *American Economic Review*, 98, 1978-1997.

Harrison, Ann and Margaret McMillan. 2011. "Offshoring Jobs? Multinationals and U.S. Manufacturing Employment." *Review of Economics and Statistics*, 93(3): 857-875.

Hummels, David, Rasmus Jorgensen, Jakob Munch and Chong Xiang. 2014. "The Wage Effects of Offshoring: Evidence from Danish Matched Worker-Firm Data." *American Economic Review*, 104, 1597-1629.

Muendler, Marc-Andreas and Sascha O. Becker. 2010. "Margins of Multinational Labor Substitution." *American Economic Review*, 100: 1999-2030.