

Syllabus: PhD Topics Course: The Distributional Effects of Trade CEMFI—Fall 2019

Revised: October 10, 2019

About the Course

What are the distributional impacts of trade? And what can policy do to alleviate the negative consequences of trade? This course will discuss recent evidence suggesting that trade has had important distributional effects on the labor market. It will then discuss recent modeling approaches which seek to “fill the holes” in purely empirical approaches to measuring the welfare consequences for those negatively affected by trade. It will discuss how these models then give rise to implications for how policy can be designed to achieve better outcomes as the world becomes more globalized.

About the Instructor

Professor Michael Waugh

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Code Repository: <https://github.com/mwaugh0328>

Where and When

- Monday (10/21), Wednesday (10/23), Friday (10/25), Where?

Course Material

- **Background Material** Much of this class will center around themes discussed in several of my own recent papers which can be found on my website.
 - Spencer Lyon and Michael Waugh. Quantifying the losses from international trade. 2019
 - Michael Waugh. The consumption response to trade shocks: Evidence from the us-china trade war. Technical report, 2019
 - Spencer G Lyon and Michael E Waugh. Redistributing the gains from trade through progressive taxation. *Journal of International Economics*, 115:185–202, 2018
- **Monday (10/21)** Empirical evidence on the distributional effects of trade. What does the data say. Limitations to what the data can ever say. Overall strategy.
 - David Autor, David Dorn, and Gordon H Hanson. The china syndrome: Local labor market effects of import competition in the united states. *The American Economic Review*, 103(6):2121–2168, 2013

- Jean-Noël Barrot, Erik Loualiche, Matthew C Plosser, and Julien Sauvagnat. Import competition and household debt. 2018
- Justin R Pierce and Peter K Schott. The surprisingly swift decline of us manufacturing employment. *American Economic Review*, 106(7):1632–62, 2016
- Pravin Krishna and Mine Zeynep Senses. International trade and labour income risk in the u.s. *The Review of Economic Studies*, 81(1):186–218, 2014
- **Wednesday (10/23)** Competitive models of frictional labor markets, trade, and consumption. These are useful benchmarks for analysing these issues. Definitely not the end of the story (search and matching frictions, nominal rigidities, etc)
 - Spencer Lyon and Michael Waugh. Quantifying the losses from international trade. 2019
 - Lorenzo Caliendo, Maximiliano A Dvorkin, and Fernando Parro. Trade and labor market dynamics. 2015
 - Simon Galle, Andrés Rodríguez-Clare, and Moises Yi. Slicing the pie: Quantifying the aggregate and distributional effects of trade. *Unpublished manuscript, UC Berkeley*, 2015
 - Erhan Artuç, Shubham Chaudhuri, and John McLaren. Trade shocks and labor adjustment: A structural empirical approach. *The American Economic Review*, 100(3):1008–1045, 2010
- **Friday (10/25)** Scope for policy interventions. Discussion about the same issues beyond trade (immigration, uneven technological change).
 - Spencer G Lyon and Michael E Waugh. Redistributing the gains from trade through progressive taxation. *Journal of International Economics*, 115:185–202, 2018,
 - Roozbeh Hosseini and Ali Shourideh. Inequality, redistribution and optimal trade policy: A public finance approach. Working paper, March 2018
 - Arnaud Costinot and Iván Werning. Robots, trade, and luddism. Working paper, 2018

Help

Send me an email (mwaugh@stern.nyu.edu). Or stop by my office in 3-6 and check to see if I'm available.

References

- [1] Erhan Artuç, Shubham Chaudhuri, and John McLaren. Trade shocks and labor adjustment: A structural empirical approach. *The American Economic Review*, 100(3):1008–1045, 2010.

- [2] David Autor, David Dorn, and Gordon H Hanson. The china syndrome: Local labor market effects of import competition in the united states. *The American Economic Review*, 103(6):2121–2168, 2013.
- [3] Jean-Noël Barrot, Erik Loualiche, Matthew C Plosser, and Julien Sauvagnat. Import competition and household debt. 2018.
- [4] Lorenzo Caliendo, Maximiliano A Dvorkin, and Fernando Parro. Trade and labor market dynamics. 2015.
- [5] Arnaud Costinot and Iván Werning. Robots, trade, and luddism. Working paper, 2018.
- [6] Simon Galle, Andrés Rodríguez-Clare, and Moises Yi. Slicing the pie: Quantifying the aggregate and distributional effects of trade. *Unpublished manuscript, UC Berkeley*, 2015.
- [7] Roozbeh Hosseini and Ali Shourideh. Inequality, redistribution and optimal trade policy: A public finance approach. Working paper, March 2018.
- [8] Pravin Krishna and Mine Zeynep Senses. International trade and labour income risk in the u.s. *The Review of Economic Studies*, 81(1):186–218, 2014.
- [9] Spencer Lyon and Michael Waugh. Quantifying the losses from international trade. 2019.
- [10] Spencer G Lyon and Michael E Waugh. Redistributing the gains from trade through progressive taxation. *Journal of International Economics*, 115:185–202, 2018.
- [11] Justin R Pierce and Peter K Schott. The surprisingly swift decline of us manufacturing employment. *American Economic Review*, 106(7):1632–62, 2016.
- [12] Michael Waugh. The consumption response to trade shocks: Evidence from the us-china trade war. Technical report, 2019.