Sanjana Goswami
sanjanagoswami.github.io
+1 (949) 247-1130
sanjana.goswami@uci.edu

Research Statement

I am an international trade economist specializing in the interaction of trade and labor markets. I use empirical methods to research the validity of predictions from international trade models. I have published and ongoing work on the effects of Chinese import competition on job flows in the United States, the effects of Chinese import competition on U.S. occupational employment, the employment consequences of the ongoing Sino-American trade wars, and the relationship between trade behavior and firms' markups.

My research is motivated by the growing body of empirical evidence that international trade has important distributional impacts on the labor market. Economists have long recognized that free trade has the potential to raise living standards and that both the importing and exporting countries gain by engaging in trade. However, recent evidence suggests that while the countries benefit overall, there are some losers as well. This finding supports the view of most theoretical trade models that trade reallocates resources within a country, and both destroys and creates jobs. Trade's adverse effects appear to be geographically concentrated and long-lasting in developing and developed countries alike.

I explore this area of research in three papers. The first one is my job market paper titled "*Employment Consequences of U.S. Trade Wars*". I provide evidence on the short-run and long-run distributional effects of tariff shocks on employment in the United States. Using monthly data on tariffs and employment, I find that in the period of January 2017 to March 2019, commuting zones more exposed to Chinese retaliatory tariffs experienced a decline in employment growth, whereas U.S. import tariffs had no immediate effect on employment growth. I also study the employment effects of a hypothetical trade war between the United States and China by calculating counterfactual employment changes under three different retaliation scenarios and find that had the U.S. imposed tariffs in the 1991-2007 period on all products, the large job-destroying effect of the 'China shock' would not have occurred, irrespective of the retaliation strategy pursued by China. However in the post-recession period of 2010-2016, the 'China shock' no longer exists and therefore U.S. import tariffs would not have had a job-creating effect. This result corroborates the findings of the short-run analysis.

The second paper titled "*U.S. Job Flows and the China Shock*", co-authored and published in the Journal of International Economics, analyzes the effect of Chinese import exposure on job flows in the United States (births and deaths of firms, as well as expansions and contractions of firms' employment). Using 1992-2011 employment data from U.S. establishments, we find that

import competition from China affects U.S. employment mainly through deaths of establishments. At the local level, we find evidence of large job reallocation from the Chinese-competition exposed sector to the non-exposed sector. Moreover, we demonstrate that the job-flow effects of Chinese competition are fundamentally different from those of a more general adverse shock affecting the U.S. demand for domestic labor.

The third paper titled "*Chinese Import Exposure and U.S. Occupational Employment*" co-authored and published in the book World Trade Evolution: Growth, Productivity and Employment, studies the heterogenous impacts of import competition across occupations. Using data on occupational employment from 2002 to 2014, we find that Chinese import competition reduces employment in low wage, low education and highly routine occupations. At the local level, the employment reduction in the lowest tertile of occupations occurs in Chinese-trade exposed and as well unexposed sectors, which suggests the existence of local labor market effects in the presence of a strong regional concentration of lower-indexed occupations.

Another working paper titled "*Markups and Productivity of Heterogeneous Producers*" uses firm-level data for U.S. manufacturing firms from 1964-2011 to test important empirical predictions from international trade models linking trade behavior and firms' markups. I find that firms of higher productivity have lower rates of exchange rate pass-through to export prices, i.e., they adjust their markups by a higher magnitude. However, firms of higher productivity also have less volatile markups, i.e, they adjust their markups less frequently than do firms of lower productivity. This result provides an insight to the "Exchange rate disconnect puzzle", i.e., the lack of response of aggregate prices to exchange rate movements.

Upon completing my dissertation, I plan to submit the two working papers described above and begin work on other projects. The first project will use data from the Nonemployer Statistics database of the U.S. Census Bureau to analyze the effect of international trade shocks on single-person establishments, which have been growing at a massive rate in the last decade. The second project will explore predictions from trade models using data on on-the-job training from a dataset like the British Household Panel Survey. On-the-job training can serve as a measure of human capital investment and allow me to study whether trade leads to under-investment of human capital. The third project will use data from HWOL (Help Wanted OnLine), which has data on online job advertisements. This can serve as a measure of labor demand and can be used to study the relationship between the demand side of the labor market and international trade.