

Firm-to-Firm Trade: Imports, Exports, and the Labor Market

Comments by: Kim J. Ruhl

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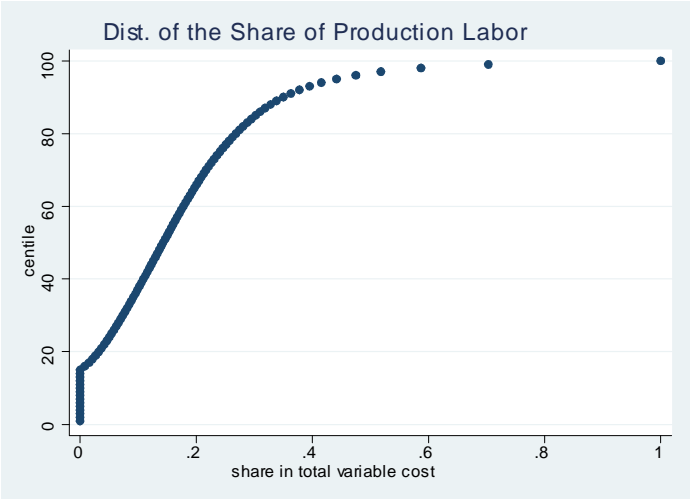
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 - ▶ **Input intensity (int. goods, labor, capital)** (by industry?)

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 - ▶ Maybe: Observe nonmonotonicity in firm behavior
- ▶ Do we need international trade?
 - ▶ Maybe: It’s a way to discipline the heterogeneity

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Comment: No link between type of labor and good produced

Two levels of results

1. Aggregate labor outcomes
2. Worker- and firm-level labor outcomes

Aggregate labor market outcomes

- ▶ Characterized as production cost shares
- ▶ Nice result on aggregate production cost shares
 - ▶ Share depends on wages and goods' prices
 - ▶ Very CES-like result

$$\beta_i^L = \sum_k \beta_i^{L,k} \quad \beta_i^{L,k} = \beta_k \frac{w_{ki}^{-\phi}}{w_{ki}^{-\phi} + (\bar{p}_{ki}/\gamma)^{-\phi}}$$

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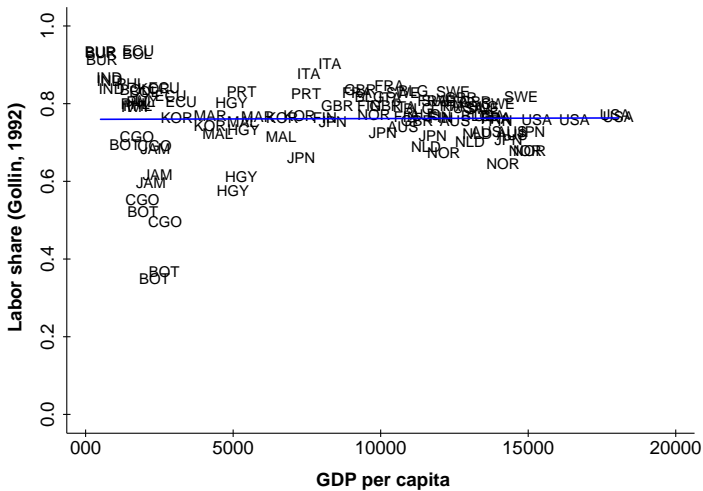
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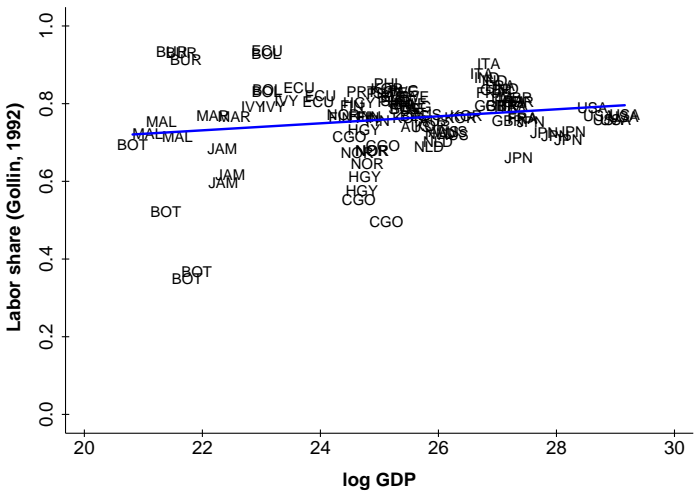
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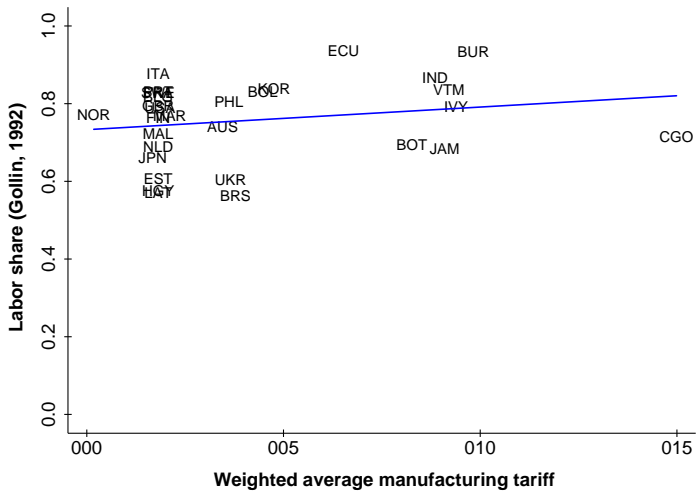
Export shares and GDP per capita



Export shares and GDP



Export shares and tariffs



Firm- and worker-level labor market outcomes

- ▶ A model of make vs. buy
- ▶ Key parameter: ability to outsource labor type, λ

$$e_{ki}(c) = \lambda_{ki}c^{-\phi}$$

- ▶ For worker outcomes: How easy can a cheap intermediate be found?
 - ▶ Bigger countries
 - ▶ More open countries

Comment: Use closed economy to isolate size.

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- ▶ Literature on outsourceability
 - ▶ Jensen and Kletzer; Brandle and Koch
- ▶ Brandle and Koch 2013
 - ▶ German survey data on occupations
 - ▶ Principle components analysis

Brandle and Kock 2013



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- ▶ Missing heterogeneity (what?!)
 - ▶ Heterogeneity in international outsourcing costs
 - ▶ A cheap way to do it: d_{ni}^k