The Manufacturing Worker's Response to International Trade

Troy Hall

This thesis investigates the impact of change in global trade conditions as measured by exchange rate movement on the probability that a given American manufacturing worker will move or change industry from 2009 to 2021. This paper evaluates how an individual’s industry of choice and location can affect their odds to move and how far they will go in response to change in trade. Through assembling expected national import shares for different industries in different states and the use of various demographic controls we predict the likelihood of movement for a given working-age adult in the United States. We use an instrumental variable approach followed by binary choice models and a bivariate probit model in order to observe the relationship between the choice to change industry and the choice to move. This paper finds that if an average manufacturing worker faces a ten percent increase in import competition as measured by predicted import share in their state and their industry, then one can expect a 1.6% increase in the chance that worker migrates and a 42% increase in the chance that they change industries respectively.