

Trade-Induced Mortality

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Motivation and contribution

- Recent surge in import competition from China and other low-wage countries has motivated a lot of research on the effects on firms and workers in the US and EU.
- There is an increasing attention on the trade-adjustment costs, whose assessment is crucial for a correct evaluation of the net welfare gains from trade.

Motivation and contribution

- Most of the papers so far have focused on labour-related outcomes, i.e. unemployment, wages, job switching.
- More recently: assessment of the effects of import competition on mental health, beyond labour-market status (Colantone et al. 2015, for the UK).
- This paper goes in the same direction, by looking at the impact of Chinese import competition on different causes of mortality, in Italy and the US.
- Very relevant line of research: debate on further trade liberalization (e.g. TTIP) should start considering this kind of adjustment costs, which have huge economic and social implications.

Data and methodology

- Very rich dataset.
- Nice combination of US and Italian data.
- Italy is a very good case study: industrial specialization on traditional manufacturing industries such as textiles, leather and apparel (Bugamelli et al. 2008).
- Survival analysis with diff-in-diff approach.

Main results

- An increase in import competition from China increases the probability of dying, both in the US and in Italy.
- Results are heterogeneous when considering different causes of death, e.g. in the US more death by suicide, cirrhosis, respiratory diseases, not by motor accidents or tobacco-induced cancer.
- Heterogeneous individuals are affected differently, e.g. higher impact on white collars than blue collars in Italy.

Comments and suggestions

Attribution of the import competition shock

John is employed in the textile industry in year 2005.

His dying hazard in 2005 is modeled as being dependent on the import competition in the textile industry in, say, 2000.

What if John has started to work in the textile industry only in 2005? Why not considering his job history in the attribution of the shock?

This is possible, at least with the Italian data.

Comments and suggestions

Controlling for labour market outcomes

What if John has been fired in 2004? In 2005 he would not be working in any industry, so he would be dropped from the analysis?

The exclusion of unemployed people would imply that you are capturing the lower bound of the effect.

On the other hand, not (fully) controlling for the sorting of individuals across industries may produce spurious results.

Comments and suggestions

Measuring the import competition shock

Imports from China are not normalized over domestic production or apparent consumption.

The same 1 USD billion increase in imports implies a different change in competitive pressure for an industry that is expanding vs. reducing domestic production.

Implication: the trade collapse around 2009 did not imply a large decrease in import pressure, as domestic output was shrinking as well.

Comments and suggestions

Identification strategy

Basic assumption of the paper: *“there is no differential trend in mortality between sectors. Had Italian/US imports from China never existed, the variation in mortality in a sector affected by trade should be the same as the variation in a sector less affected”*.

Concern: this may fail to account for industry-specific time-varying confounding factors that are correlated to trade.

Two examples:

- Technological change: shown to be related to import competition, especially from China (Bloom et al. 2011).
- Heterogeneous impact of the financial crisis on different industries, e.g. depending on their dependence on finance (Chor and Manova, 2012).

Comments and suggestions

Channels

Additional discussion/analysis on the channels would help clarify the story.

The one on suicides is plausible, and suggestive of a mental health channel. For instance, Colantone et al. (2015) find that import pressure implies higher mental distress in a five years range.

Expecting higher mortality from cirrhosis or tobacco-induced cancer within a 5-years time-range is less intuitive.

Comments and suggestions

Interpretation

Intriguing result: white collars, managers, highly-educated people seem to be more affected.

One could have expected the opposite, assuming that highly skilled people have better re-employment opportunities.

Possible interpretation? Is higher education related to more awareness of problems, more responsibilities, and thus higher distress?

Comments and suggestions

Extensions

- Explore differences between US and Italy, e.g. role of institutions.
- Consider alternative sources of import pressure besides China.
- Analysis of the service sector.