

Trade Effects on Job Changes through Job Creation and Destruction Responses

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Abstract: The present study estimates the impact of export and import shocks on job changes via job creation and destruction. Using Japanese jobs data from 1996 to 2016, I take a conservative approach to see trade effects through industry factors, after excluding regional and common factors from job changes. Trade shocks affect job changes differently depending on establishments' groups. Trade shocks change the number of jobs through establishments' turnover larger than through the adjustment of surviving establishments' job sizes. Additionally, trade shocks affect job creation in smaller establishments and job destruction in larger establishments. Implied net job change due to trade shocks accounts for 12–15 percentage of total manufacturing job decrease in Japan for two decades. Lastly, trade shocks accelerate job reallocation in larger establishments whereas they decelerate it in smaller establishments, implying workers in large establishments are more prone to suffer unpleasant factors accompanying with job reallocation. (148 words)

Keywords: Net Job Change; Job Creation; Job Destruction; Trade Shocks; Industry Shocks; Regional Shocks

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