

UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:)
)
HOUSEHOLD RESPONSES TO TRADE) Inv. No. 332-599
SHOCKS)
)

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Wednesday,
 October 18, 2023

Teleconference
 U.S. International
 Trade Commission
 500 E Street, S.W.
 Washington, D.C.

The seminar commenced, pursuant to notice, at
 10:00 a.m., before the United States International Trade
 Commission.

PARTICIPANTS:USITC:

TAMAR KHACHATURIAN, Moderator
 BILL POWERS, Chief Economist, Director, Office of
 Economics
 TYLER DAUN, Economist

SHARON BELLAMY, Supervisory Hearings and
 Information Officer
 TYRELL BURCH, Management Analyst

Seminar #4

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Moderator: Tamar Khachaturian	

P R O C E E D I N G S

(10:00 a.m.)

1
2
3 MS. KHACHATURIAN: So, without wasting another
4 minute, I just wanted to say hello, good morning, and good
5 afternoon, and welcome to the U.S. ITC Distributional Effects
6 Seminar series. This is Day 3 of our seminar series. I am
7 going to turn it over momentarily to Bill Powers, who is our
8 Chief Economist and the Director of the U.S. ITC Office of
9 Economics. As he did earlier this week, Bill will provide
10 sort of the background and context for our past and ongoing
11 Distributional Effects of Trade and Trade Policy on U.S.
12 Workers report as well as the format for today's session, and
13 he will introduce our speaker for the day.

14 Just a quick logistical note before I turn it over
15 to you, Bill. Our seminar series, we have an additional
16 seminar this afternoon, and our seminar for tomorrow, so Day
17 4 of our seminar, will have to be rescheduled. As soon as we
18 have it rescheduled, the new posting time, date, as well as
19 the Webex link will be updated on our website, and we will
20 put a link into the chat for the website where we have a
21 listing of all the seminars and the links.

22 So, with that, I hand it over to you, Bill.

23 MR. POWERS: Thank you, Tamar.

24 Welcome, as you mentioned, to the third session of
25 the Commission's seminar week. Some of you may have joined

1 us for the similar events last year. If so, thank you and
2 welcome back. For those of you joining us for the first
3 time, I'll provide a little background. The Commission put
4 out a report last year on the effects of trade and trade
5 policy on U.S. workers in underserved communities. USTR, the
6 U.S. Trade Representative, has since asked for a series of
7 five more reports on this topic over the next 15 years. The
8 first of those reports will be due out in January 2026.

9 We're planning a series of annual outreach events
10 for those reports, the first being this week, and as you
11 mentioned, this is the third day and the third session under
12 this year. And then, next year, we'll have events scheduled
13 for July 2024. Please see our website for more details on
14 the report and the seminars.

15 Before I introduce Dr. Levell, our speaker today, I
16 wanted to go over the ground rules for the session. I see
17 that Tamar -- thank you, Tamar -- has just put the URL for
18 our website in the chat. Thanks.

19 I wanted to go over the ground rules for this
20 session. Peter will present for 60 minutes, and then we'll
21 have a discussant from the U.S. ITC who will follow for 10
22 minutes, and that will leave about 20 minutes at the end for
23 Q&A. While folks are talking, please put any questions you
24 have into the chat and we will get to them during the Q&A
25 session. Some of you may not have the chat function enabled.

1 In that case, please use the hand-raise function during the
2 Q&A and we will call on you.

3 Note also that we will have a transcript for this
4 session available on our website after -- we plan to have
5 that up after 45 days.

6 All right. Now let me introduce our speaker. Our
7 speaker today is Dr. Peter Levell. Peter is an Associate
8 Director at the Institute for Fiscal Studies in London and a
9 CEPR Research Affiliate. His research focuses on
10 understanding the spending and labor supply decisions of
11 individual households. Peter will be presenting his paper on
12 Household Responses to Trade Shocks. The paper uses
13 longitudinal microdata on U.K. households to examine the
14 effects of import competition on worker outcomes related to
15 employment, retirement, marital stability, and partners'
16 labor supply. I found these results to be pretty fascinating
17 and they illustrate that the labor market works quite
18 differently for people of different genders and ages.

19 Peter, you came to our seminar series in May, so we
20 appreciate you coming back. Now I am very pleased to turn it
21 over to you, Peter, take it away.

22 MR. LEVELL: Thanks very much. I will. Yes,
23 exactly, this is Household Responses to Trade Shocks.
24 Thanks, all of you, for inviting me and to all of you for
25 coming. It's great to be back virtually with the U.S. ITC.

1 This is joint work with Aitor Irastorza-Fadrique and Matthias
2 Parey. And, yes, let's get started. Okay. So I guess we'll
3 have to move the slide.

4 Okay. So the motivation for this, this is quite a
5 high-context audience, so I don't need to explain this in too
6 much detail, but there's obviously large increases in China's
7 exports. China went from an import developing country to an
8 exporting superpower in a period of around 10 years, and that
9 occurred in the early 2000s. And there's been lots of work,
10 lots of empirical studies that study the employment effects
11 and earnings effects of this shock on local labor markets and
12 individuals in Western countries according to how exposed
13 they were to the shock, where they were working in particular
14 industries that were particularly exposed to increases in
15 China's import competition.

16 These studies have been carried out not only in the
17 United States but in the U.K., in Germany, in France, Italy
18 and other places and they often find very similar things,
19 although I'll discuss a bit later there are some interesting
20 differences as well, and they've been done broadly studying
21 either the impacts on local labor markets that might differ
22 in terms of their industrial specialization or in terms of
23 looking at different workers and the industries they were
24 employed in.

25 So what these studies have in common is they're

1 often looking at the impacts for individuals or areas.
2 There's less work studying the responses of households as a
3 unit, and so that could include some differences in the
4 responses, the impacts of these shocks, growing import
5 competition by gender, for example, whether it impacts plans
6 of specialization within the household, who's employed and
7 who's not, whether it affects fertility decisions and how
8 they affect divorce and family formation. So we really want
9 to talk about that, so that's what this paper's trying to
10 add.

11 So why should we study households? Why would we be
12 interested in households as a kind of unit of observation
13 rather than the individuals? So the first thing that
14 households can do for any purpose is they can provide
15 insurance, so some changes in partners' labor supply or add
16 worker effects. So, if one member of a couple loses their
17 job, the other member of the couple can step into the labor
18 market or increase their hours to compensate partly for their
19 earnings loss.

20 The second reason households are interesting is
21 because they mediate some of the long-run impacts of these
22 disruptions. So, when we're thinking about impacts on
23 subsequent generations, what matters is how these impacts
24 affect the way children are being raised, whether they affect
25 family breakdown, will they affect fertility decisions. All

1 of these are going to determine the long-run impacts of these
2 shocks both for individuals and areas over time.

3 And the third reason we're interested in households
4 is because we're going to document there are some genuine
5 differences in terms of responses and they help explain some
6 of these responses. So one of the things we're going to talk
7 about is the differences in the response of male and female
8 members of couples, heterosexual couples, and, you know, one
9 explanation for the fact that we're seeing smaller labor
10 supply responses by women is because it may be that there's
11 added worker effects that are affecting the men, male members
12 of the couple. So it can help provide some explanation for
13 some of the gender differences we see in the responses of
14 individuals.

15 So a bit more detail about what we do. So we're
16 going to be studying the impacts and responses for workers
17 affected by growing import competition in England, in Wales,
18 you see between the period 2001 and 2011, in combo with other
19 studies of what's now known as the China Shock. We're
20 exploring differences in exposure to the shock among narrow
21 industries and groupings, so particular industries like
22 textiles, toy manufacturing, much worse affected than others,
23 and we're going to use the differences between them and other
24 workers working, initially employed in those industries
25 compared to other manufacturing industries and study the

1 impacts of the shock. And we're going to pay particular
2 attention to education responses by age and gender.

3 We're going to be using a large-scale panel to
4 survey data from a link, a decennial census from England and
5 Wales. England and Wales, not the U.K., because southern and
6 northern lines have their own censuses. And as I described
7 earlier, this is a really interesting data source. It takes
8 individuals from the censuses, from the cross-sectional
9 censuses that everyone has to complete every 10 years, and it
10 links observations across them. It goes back to 1971, but
11 we're only looking from 2001 to 2007 because that's when this
12 particular import shock occurred.

13 And some of the advantages of this data, so it
14 includes data on individuals' labor force participation.
15 It's a survey, so it's not -- I mean, whether in you're work
16 or out of work. There's also the reasons for inactivity.
17 Have you retired? Are you sick? Are you looking out for the
18 home? Are you studying? Employment status covering
19 employees, people who are solo self-employed, self-employed
20 with employees. It's got information on marital status and
21 importantly, because we want to study the impacts on
22 households, if you're a member of the LS, so it's a 1 percent
23 sample of the census. If you're in that sample, the survey
24 we have access to will have information on you and also other
25 members of your household. So we're able to study added

1 worker effects and other things that we break down.

2 A quick preview of our findings. So the first
3 finding is that we document different effects of own exposure
4 for men and women, so those initially employed in the exposed
5 industry, which is quite different in impacts depending on
6 whether you're a man or a woman. So all workers tend to
7 reallocate out of the manufacturing sector and into
8 non-manufacturing jobs. That's probably the most important
9 margin of response that we see.

10 Apart from that, we see quite different reactions
11 by men and women. So, for men, there's a big increase in
12 self-employment, which seems to act as a buffer against the
13 impacts of job loss. And there's an impact on their
14 retirement here. So we see this reduced inactivity in older
15 ages that we're interpreting as a compensating labor supply
16 response to make up for some of the losses that they might
17 have incurred as a result of the shock. Whereas women, when
18 we look at women, we don't see that. We don't see this
19 increase in self-employment or this delayed retirement
20 behavior.

21 As well as there being differences in own exposure,
22 people respond differently as a member of the household if
23 their partner is working in an exposed industry initially.
24 So men react at a household level to shocks of their partner
25 in the same way they respond to shocks to themselves. We see

1 this reduction in inactivity in older ages, so we see them
2 extending their working lives and working longer. We don't
3 see evidence of added worker effects among female partners of
4 men who are exposed, and as I'll discuss, we think that's
5 consistent with some of the other findings from the
6 literature and, yes, exactly. So we see there's a sort of a
7 mirror, the way that older men respond to shocks that affect
8 themselves and to shocks affecting their household, there's a
9 sort of symmetry in that men tend to -- the older men tend to
10 respond more by increasing labor site more whether it's them
11 or their partners.

12 The third thing we document is impacts on family
13 formation and fertility. So we split our sample here by
14 gender and age. So, for women below age 45, say if they're
15 working initially in an exposed industry, that reduces the
16 likelihood of them divorcing or living with a new partner by
17 2011. So we're not going to take a stand on whether that's
18 good news or not. One explanation for that is that they find
19 themselves more financially vulnerable or financially reliant
20 on their current partner and that affects partnering
21 decisions, whereas, for younger men, we don't see the same
22 thing. So, in men who are exposed to shock, we don't see
23 changes in their divorce or marriage plans.

24 In terms of related literature, we see ourselves as
25 contributing to three broad strands of the academic

1 literature. The first is just the labor market effects of
2 trade shocks in general, so these include a number of studies
3 looking at the impact of increased China's competition on
4 countries all around the world. We think our contribution is
5 to look at and document these different response margins that
6 people don't traditionally look at often because they're
7 using different data sources, perhaps administrative data
8 sources or matched employee-employer data, which means that
9 they are not able to observe what we can see in terms of
10 retirement responses and self-employment responses. And
11 we're also going to document some of the differences in the
12 use of these responses by gender.

13 The second literature we think we're contributing
14 to is the literature on what's known as added worker effects,
15 so how the partners respond when a member of a couple is
16 affected by some labor market shock. So, in terms of this,
17 so we're studying added worker effects in quite a different
18 context from a lot of these previous studies. We're studying
19 it in the context of kind of broad structural change, the
20 context of a trade shock around import competition, and we
21 think it's quite important for understanding the impact of
22 this particularly historical episode and also for
23 understanding the impact of potential future trade shocks.

24 And the other thing we need to emphasize is that
25 the added worker effects are traditionally thought of as

1 something that is most important for female members of the
2 partner, but they will be more elastic in terms of the labor
3 side responses to a shock effect in the household. But we
4 show that they're an important margin for men too, that men
5 also tend to respond to shocks affecting their household on
6 the excessive margin of labor supply.

7 And the third literature is the role of
8 self-employment in affecting, mediating the effects of
9 economic shocks, so there's some literature on what's now
10 known as forced entrepreneurs, so individuals who are forced
11 into self-employment because they're displaced from their
12 jobs or from employment. And we find that this is an
13 important employment buffer for those affected by the trade
14 shock in the U.K., and it's something that wouldn't be
15 observed in matched employee-employer data. So, if the new
16 census says that someone disappeared from the data set, we
17 don't know if it's because they died or immigrated or maybe
18 moved into self-employment, and we show that self-employment
19 is an important margin.

20 Okay. So that one. So we're done with the
21 introduction. I'm going to talk more about the data, the
22 longitudinal study. I'll go into our empirical strategy.
23 Then I'll talk about three sets of results, own or individual
24 labor market responses, whether there were added worker
25 effects or household responses, and then the outcomes at the

1 family level in terms of marriages.

2 So let's move on to, okay, discussing in more
3 detail the longitudinal study. This is the data set we'll be
4 using. So this is linked census and life events data for a 1
5 percent sample of the full census that's conducted in England
6 and Wales. As I said, this is a really interesting data set.
7 It goes back five decades, and the 2021 census will be coming
8 out and will be linked to the longitudinal study shortly,
9 which at that point we'll have 50 years of data. In other
10 work, we're thinking about using the full 50 years. But, in
11 this data, in this exercise, we'll only be looking between
12 2001 and 2011.

13 A census is a detailed survey and includes
14 sociodemographic variables, information on people's
15 employment status, occupation industry, marital status, and
16 their location. An important limitation of the census is
17 that it does not include information on earnings or income,
18 so we'll be talking about the employment effects of the trade
19 shock certainly when we're talking about the effect it has on
20 individuals' earnings. We can say something about what's
21 happening to earnings by looking at the occupations people
22 are transitioning into as a result of the shock, but we don't
23 see it explicitly. I should say that other studies have used
24 other data in the U.K. to study impacts of the China Shock,
25 and so, if you have particular questions, some of them may

1 have been answered in the prior literature.

2 For our analysis, it's got a number of important
3 advantages. So the first is it's a panel. It tracks
4 individuals across these censuses, so we can see these
5 transitions from one set to the next. It's got the
6 self-employed as well as those who leave the labor force.
7 It's got information on current residences of the study
8 members, and it's a really large sample. So it's a 1 percent
9 sample, so it's about 500,000 individuals. Participation in
10 the census is mandatory, and the Office of National
11 Statistics in the U.K. goes to considerable lengths to try
12 and maximize space in the census for advertising campaigns
13 and repeated contacts with people who don't respond.

14 And compared to other panel data sets, it's got
15 very little attrition. So the match rate from the 2001 to
16 2011 census is 88 percent. That's considerably high when you
17 get with almost any panel data, survey, if you look at
18 attrition rates and it's 90 or something, they're considered
19 really high on that. And that's excluding those who have
20 died or immigrated.

21 We're using the LS in conjunction with some other
22 data sources which I'll just talk through quickly. We're
23 getting our information on trade flows to document the size
24 of the trade shock from the UN Comtrade database. We've
25 mapped these to industry classifications in the U.K. And

1 we're measuring import penetration, as I'll discuss a bit
2 later, and for that, we're using a universe of informational
3 firms in the U.K. so we can get measures of the turnover or
4 revenue I should call it, revenue of these firms, and which
5 we're using the measure of output to measure import
6 penetration. Okay, so that's our data.

7 So what are we actually doing? So the
8 identification strategy is very similar to all the other
9 China Shock papers. We're exploring differences in the
10 import competition faced by workers working in different
11 manufacturing industries, and we're exploring the fact that
12 trade samples were really concentrated in certain low-tech
13 manufacturing industries at least initially, starting off
14 with textiles, furniture, machinery production, and then, in
15 later years, there was a big increase in imports of
16 electronics from China.

17 So we're constructing this measure of workers
18 import exposure, which is the growth of imports from China to
19 the U.K. over this period divided by initial sales in that
20 industry, which is the revenue of that industry plus the
21 imports minus any U.K. exports from that industry. So this
22 gives us a measure of kind of the import penetration,
23 increased import penetration from China to the U.K. in
24 different industries, and we can compare workers in more
25 exposed industries and less exposed industries and kind of

1 see how they do.

2 We're really exploiting the fact that these
3 industries are quite narrow, so we can compare workers in
4 quite similar forms of employment initially but with very
5 different rates of exposure. Here's a list of the exact
6 goods where we see the most exposure to Chinese imports in
7 the U.K. If we did the same list for the United States, it
8 would look very similar, and those are pretty much the kinds
9 of things you'd expect getting things that are manufactured
10 in China. I can see there's a conversation going on in the
11 chat. Yes, exactly, I'll get to that later in the
12 presentation.

13 So I estimate from all of the -- if we take this
14 form of employee exposure and regress it, we get various
15 outcomes on this measure of changing import exposure and
16 we've got a baseline specification where we're controlling
17 for workers' age, gender, except where we're supplying the
18 sample by those groups, we've got indicated for whether
19 individuals were born abroad, and we've got fixed effects for
20 initial occupation and vocation of a broad industry sector
21 with classes in standard areas. We include -- we've got a
22 lengthy rebuttal section where we discuss sensitivity to some
23 of these industry and occupation controls. Broadly, our
24 results are very stable across, including different fixed
25 effects defined at different levels.

1 So there's a potential endogeneity concern or
2 there's an endogeneity concern in that domestic demand for
3 employment, for the output of a given industry might be
4 changing the ways that drive both imports and employment in
5 those industries. So suppose there's a particular demand
6 shock and everyone wants to buy more Christmas decorations.
7 That would drive up employment in the U.K. Christmas
8 decoration industry at the same time it drives up Chinese
9 imports.

10 So what we want to do is we construct a standard
11 instrument which is again very standard in the China Shock
12 literature that's aiming to isolate that part of the increase
13 in imports is due to a supply shock, so an increase in
14 China's productivity and competitive advantage in these
15 industries and not a domestic U.K. demand shock. And to do
16 that, we're taking the exports of China not to the U.K. but
17 to other advanced economies or developed economies and we're
18 using that as an instrument for import growth in different
19 U.K. industries.

20 The identifying assumption here is quite standard,
21 so we're assuming that there are correlative demand or
22 technology shocks across high-income countries that could be
23 driving this where we're sort of hoping that some general
24 increase in China's exports in a particular sector reflects
25 something to do with China rather than something to do with

1 the U.K.

2 So what do these plans look like? So this is the
3 growth in the just absolute quantity and relative quantity of
4 Chinese imports to the U.K. over this period. We've
5 highlighted using orange which is our soluble period and you
6 can see that our soluble period captures well the period
7 where these imports were increasing most. And you can also
8 see it's a very large shock, so imports went from, you know,
9 about 5 percent of U.K.'s total imports to over 10 percent of
10 U.K.'s total imports between 2001 and 2011, and as I'm sure
11 many of you guys know, you could draw this for many
12 countries, including the U.S., and you'd see a very similar
13 story, rapid growth in imports from China.

14 Just the broad plans of what this meant for U.K.
15 manufacturing employment, so you can see this big decrease in
16 the total numbers of people employed in manufacturing. We've
17 got there the red line, which is industries that were more
18 exposed to the China trade shock. The blue line is
19 manufacturing which is less exposed to the China trade shock.
20 You can see these differences between them as there are
21 greater job losses in the trade-exposed sections of
22 manufacturing.

23 And, importantly, we want to emphasize this isn't
24 -- we've highlighted here that the gray area is the Great
25 Recession. This isn't a recession phenomenon. You can't see

1 a drop in there down within manufacturing employment during
2 the recession. This is mainly something that happened well
3 before then, and so that makes us confident that the effects
4 we're picking up, it was relative import competition and not
5 these macroeconomic shocks.

6 In terms of this is, pardon me, marketing another
7 piece of work I co-wrote with David Dawn, which was a big
8 survey on trade inequality in the U.S. and Europe, which I
9 hope will be useful for your reviews. I just wanted to
10 advertise it, use this seminar as an opportunity to advertise
11 it. So what this shows is the change in manufacturing
12 employment in different OECD countries over the period when
13 the growth in China's import competition was most intense.
14 Again, it's a measure of exposure to that shock which is the
15 change in manufacturing times imports per manufacturing
16 worker. And you see this is a downward-sloping line. It's
17 significant, countries that showed greater growth in China's
18 imports saw a greater decline in manufacturing employment.

19 And I don't know if you can see my cursor. I hope
20 you can. So the U.K. is down here in the bottom right-hand
21 corner, so it's relatively unique in having seen quite a
22 large increase in Chinese imports and a large change in
23 manufacturing employment. Here's the U.S. So it looks like
24 the U.S. and the U.K. are quite similar in terms of their
25 experiences of how the China Shock affected them. We've got

1 countries like Germany's up in the middle and Norway,
2 countries that had greater exports to China, so had a small
3 increase in net imports from China, saw smaller reductions in
4 their manufacturing employment So this is just sort of just
5 putting the U.K. in an international comparison in terms of
6 how the shock affected the U.K.

7 And this is another figure. So what we did is,
8 another thing we did in this paper was we took all the
9 countries, China Shock studies from different countries, we
10 put the results in comparable terms, so this is the effect on
11 local labor markets, a decline in manufacturing employment
12 for a given increase in Chinese imports, so, again, this is a
13 measure of the sensitivity of manufacturing employment in an
14 area to increased import competition and you can see so while
15 employment effects in Germany and Norway were quite small,
16 the U.K. and the U.S., again, were quite similar in terms of
17 the sensitivity of the local labor markets' employment to the
18 shock, and then Spain, it says in Spain you tend to find
19 quite large impacts of changes in Chinese import competition.
20 So all this is another way of saying that, you know, we think
21 some of these, you know, at least some of the nature of the
22 shock was similar for the U.S. and U.K.

23 Okay. So let's move on to results. So starting
24 with the impact on individuals, so I'm going to show you a
25 bunch of results. So these are a bunch of regression

1 coefficients, so they're rough coefficients of the impact of
2 a one-unit increase in import exposure, which is a move from
3 the 23rd percentile exposure of manufacturing workers to the
4 75th percentile.

5 When we look at the change in manufacturing
6 employment and we look at unemployment, employment, and
7 self-employment activity, the labor market activity is the
8 sum of those previous three things, unemployment, employment,
9 and self-employment.

10 So starting with looking at the impacts on men, so
11 the first column I've highlighted there is the change in the
12 probability of the net flow into manufacturing. So you can
13 see this as net outflow employment of manufacturing workers
14 that were relatively more exposed to the shock, one unit
15 increasing in overall exposure, decreasing manufacturing
16 employment by nine percentage points.

17 The effects are slightly bigger for young men than
18 they are for old men. And then, in terms of where you run a
19 test with a market tool, so there's an increase in
20 unemployment for both young and old men, young men seeing
21 this big reduction in employment and both old men and young
22 men see an increase in self-employment.

23 So there's a shift, what you can see is there's
24 this big shift from being employed to self-employed as a
25 result of a higher rate of exposure. And then the final

1 column shows the impact this has on the labor market
2 activity, and the interesting thing is you can see this for
3 young men, there's this reduction in labor market activity,
4 so they're less attached to the labor market force.

5 For old men, we see a big positive coefficient,
6 which was initially puzzling to us. You know, why is it
7 these people are increasing their labor market activity? So,
8 if I take a risk and click on this button here, this button
9 as it were, but if that button had worked, what it would show
10 is what we've done is we've broken down the decreasing
11 inactivity according to the reasons people say they're
12 inactive, and what's driving that is this big reduction in
13 the amount of retirement, the proportion of these old men who
14 are moving into retirement, so we're interpreting this as a
15 delayed retirement response.

16 When we look at women, we see quite different
17 patterns. So starting with what's the same, so there's this
18 big reduction in manufacturing employment, so women, like
19 men, they're moving out of the manufacturing sector if
20 they're exposed to the shock.

21 But we see much smaller reductions in labor market
22 activity so that the effect is the shock is having a bit
23 longer activity both in terms of its negative impact for
24 young women and not having a positive impact on the labor
25 supply of old women. We see this as an important difference.

1 And another important difference is we're not seeing the
2 shift into self-employment among women that we do see for
3 men.

4 Yes. So just to summarize what I just said, so
5 there's this tendency for both groups, men and women, to exit
6 manufacturing. We see different impacts on labor force
7 participation for women.

8 There's an outstanding question that we're actually
9 looking at at the moment, which is whether these differences
10 reflect the impact of both gender per se or whether they're
11 differences in the occupations or employment forms that men
12 and women had before the shock occurs.

13 So, for example, women are much more likely to be
14 working in part-time employment. They might be working in
15 different occupations within manufacturing than men are. And
16 we wanted to understand how much of those differences as
17 opposed to something else going on that's more reflective of
18 people's gender that explains some of these differences.

19 So what we're doing is we've taken our sample and
20 we're re-weighting the sample. We're taking the male sample,
21 we're re-weighting the male sample to make it similar to our
22 female sample in terms of their occupation, their industry,
23 their employment, their part-time status. There's another
24 paper that's just under review in the Journal of the European
25 Economic Association that's taken a similar strategy.

1 And when we re-weigh the sample, so we make men
2 look like women in terms of the occupations they're in, the
3 industries they're in, the number of hours they're working,
4 effectively attaching more weight to men who are in kind of
5 female-dominated occupations, we find very similar effects.
6 So we think that this is something about gender per se rather
7 than reflecting just being a function or a matter of the kind
8 of occupations and work patterns that these people have.

9 So that's all the impact on how these things are
10 affecting individuals. The other interesting outcome that we
11 can look at is how a shock affects the partners of those
12 directly exposed to a rise in import competition. So, for
13 this exercise, what we're doing is we're taking a sample of
14 what we call "stable couples." So these are individuals who
15 they have partners in both census waves and their partners
16 have consistent characteristics.

17 So, because of the LS following an LS member, it
18 doesn't follow all the members of their household necessarily
19 unless they stay in the same household as the LS member. So
20 we don't know exactly if they're married to the same person,
21 but we can infer it by looking and making sure they have
22 consistent characteristics across waves. So this is a sample
23 of people that we think are probably the same person from one
24 wave to the next. We're throwing in additional controls for
25 the partner's industry and occupation, but they don't matter

1 too much.

2 So this is what we get. So the first set of
3 columns shows own responses among these stable couples. So
4 these are quite similar to the results we've shown before;
5 it's just a slightly different sample. And you can see male
6 members of the couple, if you get shocked, then you're more
7 likely to -- you see again this increase in participation for
8 all the men as a result of exposure.

9 In the next two columns that I've just made
10 visible, you can see what the partners are doing. So this is
11 the partner's response if you're in an exposed industry. And
12 these are all partners of men, right, and we're looking at
13 heterosexual couples, so you can think of these as their
14 female partners, their wives or not necessarily their wives,
15 their female partners. And you can see there's not much
16 going on here. So there's not much of an evidence, certainly
17 no evidence, of an increase in labor supply. There, if
18 anything, is a suggestion there's a decrease in the labor
19 supply of their partners if they're exposed to the shock.

20 We can also do the same thing looking at women. So
21 the sample is slightly different from what we were looking at
22 before. This is again for women in couples. So, for women
23 in couples, if anything, we see, if you're exposed to the
24 labor market -- if you're exposed to the shock, you're more
25 likely to withdraw from the labor force. We don't make too

1 much of that because the results are obviously not
2 significant. They're a bit noisier than they are for men,
3 but it shows this noticeable difference.

4 And then this is what the response is of their male
5 partners. Again, if the woman is the exposed member of the
6 couple working in an exposed industry, we see this increase
7 in their likelihood of being employed, their increase in
8 labor market activity.

9 When you compare young women and older women, what
10 you see is that the effect for the older women is larger, so
11 their partners are older. And we think that's consistent
12 with what we've seen before, this tendency of older men to
13 reduce their inactivity at older ages through reduced rates
14 of retirement and increasing the labor supply that way. So
15 it's an increase on the extensive margin.

16 So you might have lots of questions about this.
17 One of those questions might be, where does this increase in
18 male activity come from? So, if we restrict our sample to
19 men who were initially active, we get very similar results.
20 So this is -- we're talking about not people coming out of
21 inactivity and going to work. This is reduced flows from
22 activity to inactivity, again, especially the older ages.

23 And when you break down the increase, what's
24 accounting for this increase? You see again this big
25 increase in rates of self-employment among partners of those

1 that are exposed. Is it to do with children? So, when we
2 split the sample, again, to look at those with or without
3 children, we don't see very different responses among
4 childless couples to couples with children. It's not as if
5 this added worker effect is stronger if it's a childless
6 household.

7 Okay. So now thinking about, so what we've been
8 looking at so far is effects on the extensive margins and
9 this increase in activity in the extensive margin. We can
10 also look at the intensive margin, and you can see there we
11 have hours worked. So what we see is that men who are
12 working initially full-time are less likely to go to
13 part-time work when their female partners are exposed to
14 shock, whereas, for women, the effects on full-time
15 employment are negative, if any significance.

16 So we're summarizing that this isn't just a story
17 about what's happening in the extensive margin. We see
18 analogous responses on the intensive margin in the sense that
19 on the intensive margin men increase their hours, and women,
20 the effect on their hours is negative, not significant.

21 Another concern you might have is that these
22 partners might be -- they're in the same labor market, so
23 maybe the shock is correlated across the partners. In
24 general, we find that the cross-partner correlation and
25 exposure is very low. So people who tend to work in

1 manufacturing, their partners tend not to be working in
2 manufacturing, and that's true both for men and women.

3 To make extra sure that this isn't driving our
4 results, we restricted our sample to cases where partners are
5 employed in non-tradable industries. So we know for sure
6 that they're not exposed to rising import competition, and we
7 get very similar results. So we again see this increase in
8 male labor market participation and no change really for the
9 women, the partners affected by the shock.

10 So this was at least surprising to us because our
11 prior was that the effects would be greater for women. We
12 always think women are less attached to the labor market. In
13 general, they should be more -- it might be that we expect
14 them for that reason to be more elastic. So it's easier to
15 see a response in the extensive margin when there's more room
16 to increase activity.

17 That's not what we find, but this is actually
18 consistent with a number of other studies, so Goux, et al.
19 were looking at the impacts of the changes to the French
20 working week on partners' labor supply, and Halla, et al.,
21 are looking at the impacts of job displacements from mass
22 layoff events in Austria. And they both find very similar
23 things. So they both find very small effects on spousal
24 links by female partners where men are exposed to the shock.

25 Why is this? So one potential explanation is this

1 is about social norms. So perhaps there's a breadwinner
2 norm. There might be a cultural norm about the man being the
3 one to be employed, the one to be the main breadwinner in the
4 household.

5 Another possibility is that there are disincentives
6 in the U.K. tax and benefits system in particular that might
7 discourage secondary earners from increasing the labor
8 supply. I'm referring here to this study by Bredtman, et
9 al., which is looking across European countries at added
10 worker effects and finding the U.K. had quite weak added
11 worker effects and also pointing out that there were some
12 penalties for certain areas in terms of that are created by
13 the U.K. tax and benefits system.

14 I should say something that I'm going to talk about
15 on the concluding side, but I'll say it here. Another
16 possibility is because we see a lot of these responses by men
17 are on the self-employment margin moving into self-employed
18 jobs, it may be that there may be more opportunities for men
19 in that sector than there are for women, and thus it makes it
20 easier for them to extend their working lives in a way that
21 many women cannot, and that's something we're exploring as a
22 possibility.

23 Okay. So that's in terms of the impacts these have
24 on the labor market. But it's also interesting to think
25 about how these things affect poorer social outcomes, and one

1 of the mechanisms for does it is how it affects the family
2 and, in particular, family formation and family stability.
3 And this is, of course, particularly important for
4 understanding the impacts of these trade shocks for
5 subsequent generations, the long-term impacts in terms of how
6 they affect children and which might, in turn, affect their
7 own place in the labor market.

8 So there is a bunch of recent evidence that's
9 looking at the marriage and fertility effects of the China
10 Shock looking at in different contexts. So, from the U.S.,
11 there is this evidence from the work by David Autor and
12 colleagues finding this impact. The paper is titled,
13 "Reduced Marriage Market Value of Young Men." So that's an
14 increase in the divorce rate or reduction in the marriage
15 rate for young men in labor markets, local labor markets,
16 that are more exposed to China Shock, and also a decrease in
17 fertility.

18 There's also a recent paper that came out looking
19 at Denmark, studying the impacts, the family impacts of
20 increased exposure to Chinese import competition, looking at
21 variation in which firms were more or less exposed, and what
22 they find is a phenomenon they term retreat to family, which
23 is a lower divorce rate for women who are more affected by
24 the China Shock and an increase in fertility. And they call
25 this "retreat to family" because the mechanism they're

1 advocating for to explain this is that the opportunity cost
2 of raising a family has gone down. Now you've been affected
3 by the shock, and so that's going to make it more likely
4 you'll still to your current partner and start a family
5 because the relative costs of doing so have become smaller.

6 And then there's a third study looking at Germany
7 where they find increased import exposure leads to lower
8 fertility, increased export exposures in areas in Germany
9 that were more apt to benefit from export opportunities drive
10 to a high of 20. And as consistent with what was found in
11 Denmark, they find these reduced rates of divorce for women.

12 So what did we find? So, in our context, we find,
13 so this is looking at women because we find more effects for
14 women than we do for men. So the first column is single
15 women, are they more likely to be married in a subsequent
16 period? We didn't see evidence of that. We look at women
17 that were initially married in 2001. What's the probability
18 that they're divorced in 2011? So you see this significant
19 reduction in divorce rates for young women.

20 The third column is the probability that a woman
21 that we initially saw in a couple has a new partner. So a
22 partner with different characteristics than we saw in the
23 initial wave, we see again a significant reduction in the
24 probability that they find a new partner.

25 And in the final column, we show the effects on

1 fertility on the number of children a woman had. So focusing
2 again on younger women, we see no effect. The standard of
3 error for that coefficient is quite large. In work that
4 we're doing that we have not quite extracted from the secure
5 environment where we produce our results, we've used the fact
6 that the longitudinal study that we're using is linked to
7 life events information from hospitals and we can see birth
8 records, and when we use the information from that linked
9 registry data to look at the impact of the shock, we see
10 basically the same. Null effect on fertility but with a much
11 lower standard of error. So we're much more confident that
12 we're getting a null effect on fertility. And you can see
13 that there's less action for older women than there is for
14 younger women.

15 When we look at men, so we're looking at younger
16 men, so if a man is exposed to the China Shock, they're
17 initially unmarried. We don't see a change in the
18 probability of marriage, we don't see much of a change in
19 probability of divorce, and we don't see much of a change in
20 the probability they have a new partner.

21 For older men, we see this kind of interesting
22 thing, if an older man is initially single, they're much less
23 likely to get married if they're originally exposed working
24 in the exposed industry. But, otherwise, we don't see
25 differences in outcomes for men who were initially married in

1 2001 or initially a member of a couple.

2 So, again, to summarize and discuss what I just
3 said, so we're not seeing the same effects on the marriage
4 rates of young men that were documented in studies in the
5 U.S. or on their divorce rates.

6 This is in contrast with the information coming
7 from the U.S. studies, where you do see this sort of very
8 strong impact of increased import competition on family,
9 measures of family breakdown. But it's in line with findings
10 from other European studies, in particular, those findings
11 from Denmark and Germany, this reduction in divorce rates for
12 young men -- for young women. No change for men.

13 But, in all this, you know, there's this lower
14 marriage rate for older unmarried men. We think there's two
15 possibilities for this finding. The first is that maybe some
16 of the social impacts that are identified in the U.S. are
17 particular to the U.S. They're not necessarily inevitable.
18 They depend on the particular context in which these shocks
19 occurred, the economic and social cultural contexts in which
20 these shocks are occurring.

21 Another more boring prosaic explanation might be
22 that this is a difference in research design. So this Autor,
23 et al. study was using a local labor markets approach to
24 studying the impacts of the China Shock, whereas we and these
25 European studies have been looking at individuals who are

1 exposed to the China Shock and differences among them.

2 We're investigating this possibility as well. This
3 is another set of results that we haven't managed to extract
4 in time for this seminar from the secure environment where
5 we're doing our work. But, when we do replicate the approach
6 taken by Autor, et al., using the local labor market design,
7 we find the same effects as we do with individuals. So we
8 don't think this is likely to be differences in research
9 design. It's more likely to be something, differences in the
10 context in which these shocks are occurring.

11 So, in all of this, you may have a number of
12 questions. Could this be something else? How sensitive is
13 this to controls and other factors that are going on at the
14 same time? We've done a bunch of robustness checks to check
15 these things. So the first thing is we checked for, you
16 know, are there industry-specific trends specific to these
17 industries that are more exposed to Chinese import
18 competition that predated the rise of import competition?

19 To test that, we reran our study using the
20 longitudinal study from the '80s and '90s doing a placebo
21 analysis looking at whether outcomes respond to industry's
22 future exposure to trends in import competition. We don't
23 find anything. This is some of the accelerating in the
24 2000s.

25 Is this correlated with immigration booms, the

1 European Union expanding in this period in the time we were
2 still members of the European Union, and there was this big
3 increase in migration, particularly from eastern Europe. But
4 that's not -- we don't find any correlation in the exposure
5 of industries to this immigration boom and exposure to the
6 China Shock. So we don't think that that's confounding our
7 results.

8 Similarly, when we control for rising import
9 competition in eastern European countries, we don't find that
10 that's affected. Or, if we include controls for workers'
11 exposure to export demand from China, so some of those see
12 increases. If they were to benefit from China's rise
13 relating to exports, a control for that doesn't affect our
14 results. We experiment with different levels of industry and
15 occupation, which you can think of as controlling for
16 industry occupation level trends like technology change, so
17 on and so forth. And we do also look at construction of
18 instruments, and that doesn't affect that.

19 So it looks like I've got a few minutes to
20 conclude. So we're using this linked census data to best get
21 responses of households to increased import competition in
22 England and Wales in the 2000s. We first document that men
23 and women don't respond to trade shocks in the same way, nor
24 do they respond to trade shocks affecting their partners.

25 Is this because they face different constraints and

1 different preferences? That's something we're hoping to
2 investigate. While one policy conclusion of this is, of
3 course, if a trade shock occurs, if it's affecting a
4 female-dominated industry or male-dominated industry, we
5 might expect the outcomes, the effects of that trade shock to
6 be very different.

7 The second thing that's in our findings we think
8 underscores the significance of us studying household
9 responses and also the self-employment margin to understand
10 the full impact of trade shocks. So we find self-employment
11 plays this employment buffer role for men so that they're
12 able to find work, solo self-employed work in particular, if
13 they lose their employment. And that's quite similar to
14 studies that have found a similar role for informality in
15 developing countries.

16 And the findings we find on partners' responses
17 also suggests that the household does provide some form of
18 insurance to households affected by the shocks in that
19 partners can increase the labor supply. We see that in male
20 partners less than the female partners. So that suggests
21 that single households might be more in need of public
22 insurance. They may be more vulnerable to the impact of
23 these shocks than households where they have this possibility
24 for insurance.

25 In terms of what we're doing next, so as I sort of

1 alluded to, we're trying to understand, drill down more into
2 the data to understand what's driving these gender
3 differences and partner responses using this new weighting
4 strategy.

5 Another thing we're going to look at is whether we
6 think men have more opportunities in the self-employment
7 sector by looking at the kind of jobs they can move into.

8 When you just look at the job titles involved among
9 self-employed workers, taxi driver, cleaner, care worker,
10 jobs have very different proportions of men and women working
11 in them, and perhaps this means there's more opportunities
12 for men to increase their self-employment than there are for
13 women, and we want to be accounting for some of those.

14 And then we're also going to try and get more
15 accurate, more precise estimates of fertility effects using
16 -- data, which we think confirm what we've seen. And then,
17 of course, we've got plenty of time to comprehend comments
18 you have or that Tyler has in his discussion. But, apart
19 from that, I will conclude.

20 MS. KHACHATURIAN: Thank you, Peter, so much for
21 your presentation and for including a discussion of some next
22 steps. It was very interesting.

23 I am going to hand it over to Tyler Daun, who is an
24 economist in the Research Division of the Office of Economics
25 at the U.S. ITC, for his comments on your paper. Thank you,

1 Tyler.

2 MR. DAUN: Yes. Thank you, Tamar. Can everyone
3 see my slides?

4 MS. KHACHATURIAN: Yes, we can.

5 MR. DAUN: Okay. Great. So, first of all, I am
6 Tyler Daun. I am in the Office of Economics here at the ITC,
7 and I want to thank Dr. Levell for giving me -- well, first
8 of all, for presenting here in this area, and also for giving
9 me the chance to discuss the paper.

10 So I prepared a couple slides. Before I start,
11 please note the disclaimer. These are my views. They don't
12 represent the views of the ITC or the individual
13 Commissioners.

14 So, first, I want to talk through a couple of the
15 highlights of the paper, kind of the main ingredients going
16 into things before I jump into findings.

17 So, first of all, the data here is really
18 important. It comes from the Decennial Census for England
19 and Wales, and, specifically, it comes from a sample of that
20 that is able to link individuals over time. And not only
21 that, it observes both the individual and the partner, so
22 able to look at kind of household effects, has economic
23 activity, including self-employment ends up being very
24 important. And it also has all kinds of biographical and
25 geographical information for controls.

1 So the research question here is, how did increased
2 exposure to competition from Chinese imports impact the labor
3 supply and family outcomes of exposed individuals and their
4 partners?

5 The methodology that Dr. Levell and his co-authors
6 use is an instrumental variable regression. So the
7 regression compares the change in outcomes in orange, so
8 either labor supply or various family outcomes, between 2001
9 and 2011 by looking at the change in import exposure that a
10 worker's in based off of their 2001 industry. And then
11 there's again a whole bunch of controls in there to help
12 isolate that effect.

13 They do note that there is a potential confounding
14 variable here, that domestic demand or productivity shocks
15 could make it so that it's hard to separate out what is
16 import exposure versus coming from those effects, so they use
17 an instrumental variable by basically using other non-U.K.
18 but similar countries in looking at how Chinese import
19 exposure changed over the time period in those countries.

20 So what can we learn from the results? And so one
21 of the questions that I want us to think about and that
22 actually the authors did a really good job in both the paper
23 and the presentation is thinking about to what degree can the
24 results of a U.K. study be generalized to the United States
25 or to other countries? And so we may think about the various

1 places where differences could come from. So it may be about
2 the government benefits or tax structure. It could be about
3 the industry structure, or there could be, like, cultural or
4 just societal norm differences. So all of those things can
5 impact the magnitude of the results but sometimes can even
6 affect the direction of the results.

7 So kind of looking at personal and spousal labor
8 supply first, one of the really cool things and reasonably
9 unique things about this paper is that it finds that men have
10 the stronger labor supply responses to both themselves and
11 their partner being exposed to import competition, with, for
12 those men, self-employment being a really common response.
13 And then, for women, if anything, they decrease
14 self-employment, but a lot of those labor supply responses
15 are a little more muted compared to the men. A lot of them
16 are not statistically significant in this study.

17 So, if you compare this to other papers that are
18 maybe looking at spousal labor supply or the added worker
19 effect more generally, a lot of those tend to focus on the
20 labor supply decisions for women. That's not all papers,
21 there are papers that look at men, but definitely looking at
22 the labor supply decisions of female partners seems to be
23 more common. So it was pretty unique and cool to see
24 specifically men are behaving differently than women and are
25 having these strong labor supply outcomes.

1 The other thing is family outcomes. So this paper
2 highlights, like, a couple of the bigger results. One,
3 initially, single older men are less likely to get married.
4 Initially, married women are less likely to divorce and less
5 likely to have a new partner. And there are kind of
6 insignificant fertility impacts.

7 This can be contrasted to some of the other papers.
8 I'm not going to go into detail on these because Dr. Levell
9 had a couple slides that mentioned these specific papers, but
10 the point here is that for these family outcomes or household
11 outcomes, they seem like they do differ across country, and
12 some of these seem to maybe be Europe versus United States
13 differences, and some may be kind of specific to the
14 countries looked at.

15 So, with that, I want to end with kind of a
16 discussion on so how can we look at this question in the
17 U.S.? How can we broaden it, kind of emulate the methods and
18 methodology used to other countries and, again, looking here
19 at the United States. So I've set up this table, and I look
20 at a couple different U.S. data sets, labor data sets that
21 could be promising, and across the top, I have some of the
22 key ingredients from this paper that we would want to have
23 available if we were trying to kind of extend this research
24 to the United States.

25 The first of those important ingredients is it

1 needs to be panel data. We need to see individuals across
2 time. Next, we need to have household information, ideally,
3 spouse or partner information in there. Next, we need to
4 have employment, including non-employment and
5 self-employment. And then, finally, it's maybe the least
6 important of the ingredients for the main question, but
7 location is an important control. This paper used
8 essentially the U.K. equivalent of commuting zone as one of
9 the controls. So, again, maybe the least important of the
10 ingredients that I've listed here, but it's also one of the
11 ones that's more limited or a little more restricted in a lot
12 of the U.S. data sets.

13 So going through these, kind of thinking about the
14 pros and cons of each one, can it be used, would we be able
15 to kind of use the methodology and find similar results, the
16 first one you might think of is using one of the decennial
17 census publicly available samples. And, unfortunately, that
18 one is going to very quickly run into a pretty high barrier
19 in that that's not really set up as panel data. You can't
20 observe individuals across time. So it's the most similar
21 data set, except that it's missing that one really crucial
22 piece.

23 So, instead, you might look at the Current
24 Population Survey, and, actually, some of the other papers in
25 the seminar series have used this data. So this does have a

1 panel data structure, it has the other main ingredients that
2 we might want. Unfortunately, the panel structure, if you
3 look at the very first month that someone is in the sample
4 and the very last month, those are only 16 months apart, so
5 you're really only going to pick up pretty short run results
6 compared to this looking over 10 years.

7 Next up is the Survey of Income and Program
8 Participation, maybe a little more promising. The location
9 information is restricted, so it exists, but it's not
10 publicly available for researchers. But this panel
11 structure, it does have a three- to four-year structure. And
12 it's not a rolling sample, but there is a sample that goes
13 from 2001 to 2004, which maybe that four-year stretch would
14 be reasonable for this type of research.

15 And then, finally, for publicly available data
16 sets, there is the Panel Survey of Income Dynamics, PSID, and
17 that has pretty much everything you would want. Location is
18 again restricted. I think it's a smaller sample size, but
19 one of the really cool things about that is you can look at
20 generational effects. It follows kind of families across
21 time, so you see individuals, but you also see their
22 offspring. So anything you want to know about generational,
23 you could potentially extend the study in that way.

24 And then, finally, I want to make a pitch for there
25 is administrative data. So Social Security Administration or

1 IRS data would likely have all of these four main ingredients
2 but would not be publicly available and would also need to be
3 linked with some other data set in order to have all the
4 necessary biographical information needed in order to have
5 all the controls from this.

6 So that's it. Just wanted to kind of open up the
7 idea of it was a really great paper, really interesting, and
8 kind of thinking about, hey, what can we learn from this?
9 What can researchers especially in the United States do to
10 learn from this research and extend it farther? So thank you
11 so much again, Dr. Levell. Thank you for the presentation.

12 MS. KHACHATURIAN: Thank you, Tyler, so much for
13 your comments. That was a really informative table to see.

14 Peter, I wonder if you have initial reactions to
15 Tyler's presentation and, in particular, the extensions to
16 the U.S. and what we can learn from your paper?

17 MR. LEVELL: Not so much. I mean, I'm really
18 interested to see, you know, what someone could do with SSA,
19 IRS data. That would be, you know -- I mean, a big advantage
20 of that data is that you can see people in real time, so
21 seeing some of these responses in real time rather than at
22 two distinct points I think would be really interesting,
23 yeah.

24 MS. KHACHATURIAN: Tyler, was there anything else
25 in -- within your presentation question was that, in

1 particular, since we have the opportunity right now with
2 Peter that you wanted to raise?

3 MR. DAUN: Not for my presentation. I'll look over
4 my notes from during the presentation. But, yeah, my
5 presentation was mostly thinking of how can we learn from you
6 and kind of emulate what you've done.

7 MS. KHACHATURIAN: Okay, thank you.

8 So, at this point, I would like to open up the
9 floor more broadly for questions. Like Bill Powers mentioned
10 at the start of the seminar, feel free to include questions
11 within the chat. I think we have at least one. And then
12 also feel free to raise your hand and ask questions. I think
13 Saad had a question on the survey. And I don't know, Saad,
14 if you wanted to go ahead and just ask your question. And I
15 see some other raised hands. So, first, we'll go to Saad.

16 MR. AHMAD: Yeah, sure. I think some it was
17 covered basically when you guys were talking about the
18 survey. I was interested in whether that had information on
19 the number of children, you know, because I can see you guys,
20 if I understand correctly, you linked it with another data
21 set, right?

22 MR. LEVELL: So it has -- excuse me. It has
23 information on all the pro-residents of the LS study member,
24 which includes the children, and so you can see the number of
25 children that there are in the household. In addition,

1 others have LinkedIn and we are using information on birth
2 records that are linked to the individual, so we can see each
3 individual, whether they've had a child, you know, whether
4 the mother or father of a child, other things, birth weight,
5 whether the child was born inside and outside marriage. And,
6 you know, we're looking at all those outcomes.

7 And, in general, we found with our birth registry
8 data, we find the same. There's no real effect of import
9 exposure on fertility rates, on birth weight, or on births
10 inside and outside wedlock. And the only difference really
11 with the results that I showed is that they were using, you
12 know, can you see children in the household present analysis,
13 which is a noisy measure. When we use this much more precise
14 measure, we get a much more precise null. So it confirms
15 confidence in our findings but doesn't really change them.

16 MR. AHMAD: Okay. And since I'm here, I might add
17 another question. I was just thinking, when you mentioned
18 some of the U.S. studies, a lot of the U.S. studies are
19 focused more on the geographical variation, you know,
20 focusing on the commuting zone kind of analysis and seeing a
21 lot of differences. You know, especially in the U.S., there
22 are some regions like, you know, the Rust Belt area that has
23 been kind of affected. And since you have the location
24 information, I was wondering if that was something you
25 thought about doing, like looking at commuting zone kind of

1 perhaps, you know, or looking at the variation?

2 MR. LEVELL: Yes, so we and others, we looked at
3 kind of the effect on local labor markets, and the results
4 are quite consistent with what we find for individuals. I
5 mean, then the disadvantage with the local labor market as a
6 unit of analysis is you can't really look at the kind of
7 partner responses, which is what we think is kind of new.
8 So, for us, obviously, the effect -- the impacts on the local
9 labor market are a nuisance that we sort of control for. So
10 in our controls is location, fixed effects. But, yeah, no,
11 we find quite similar things, you know, reductions in
12 employer reductions, in manufacturing employee in particular,
13 among the local labor markets that are more exposed to the
14 shock. And they are, you know, as they are in the U.S.,
15 they're focused in particular parts of the country. So our
16 census looks at England and Wales, but it's really kind of
17 the southern part of Scotland there's a big textile sector
18 there, and parts of the Midlands and north of England as well
19 that are kind of more exposed to the shock.

20 MR. AHMAD: Okay, thank you.

21 MS. KHACHATURIAN: We have three hands up. I don't
22 remember the order, but we will start with Tamara.

23 MR. LEVELL: I can't hear you, I'm afraid. You
24 might be muted.

25 MS. KHACHATURIAN: Yes. Her --

1 MS. GUREVICH: There we go. Yes, I was --

2 MR. LEVELL: Yes, I can hear you. Go ahead.

3 MS. GUREVICH: -- not able to unmute myself. I
4 think the organizers would have to do that for everybody.
5 Thank you so much for the presentation. This is really,
6 really great and informative. I am Tamara, I am from
7 Research Division at the Commission. I have a question for
8 you about your data. Do you have access to wages in your
9 data?

10 MR. LEVELL: The unfortunate thing is we don't.
11 What we see is occupation, yeah.

12 MS. GUREVICH: Okay. One of the things I was
13 thinking when you were talking about intensive versus
14 extensive margin of supply, it would be consistent with women
15 having lower wages, right? So, if a household is making a
16 joint decision on total income, it makes sense that women
17 would supply less hours of work if they have to stay home
18 with the kids, right?

19 So another thing may be, I don't know if it's
20 possible, but if there are any variations in your location in
21 terms of access to childcare, that would be one interesting
22 thing. Like, for example, if there was, I don't know, free
23 early childhood education centers in some locations but not
24 another, something along those lines. I think that would be
25 one interesting additional sort of policy lever that we would

1 have to investigate. Again, thank you.

2 MR. LEVELL: Yes. Yeah. No, that's interesting.
3 Yes, in terms of, you know, as I said, we don't see earnings
4 and wages. We do see the occupation, and we do see kind of
5 quite different patterns in the impact these shocks have on
6 men and women's occupations. So men tend to kind of shift
7 out what we call blue-collar jobs, which are sort of manual,
8 you know, machine operative jobs, and into either low-skilled
9 employment or what we call white-collar jobs, whereas, for
10 women, we see this kind of reduction movement from
11 white-collar to what we call kind of low-skilled, you know,
12 administrative secretarial positions rather than managers or
13 technicians. So you see sort of different patterns the
14 impact on occupations just really didn't talk about as much.
15 That's quite different by gender as well.

16 In terms of children, I mean, it's not a full
17 answer to your question, but what we did do is we split by
18 childless versus couples that have young children initially
19 versus couples that did not, and we didn't really see, you
20 know, big differences in the sort of broad patterns we're
21 describing. So it did look on our first pass like it's the
22 presence of children that's really driving these results,
23 although, obviously, you know, the availability for your
24 childcare might affect some of these things and also might
25 affect the fertility decisions.

1 So one of the things we're kind of delving into now
2 is to understand why our results are different from what they
3 are in Denmark. So, in Denmark, they see this kind of
4 reduction in divorce among young women but also that they
5 tend to be more likely to start a family now that the sort of
6 opportunity costs of starting a family has changed. And
7 we're not seeing that, and it could be because, in Denmark,
8 there's many more family-friendly policies that make that
9 more of an option than it is in the U.K. But, yes, thanks
10 for your question. That's definitely important.

11 MS. GUREVICH: Thank you.

12 MS. KHACHATURIAN: Thank you, Tamara.

13 Bill? Are you ready to ask your question, Bill
14 Powers? Yep?

15 (No response.)

16 MS. KHACHATURIAN: We --

17 MR. LEVELL: You maybe need to --

18 MR. POWERS: There we are. At the moment, I think
19 only the host can unmute people, but thank you.

20 MR. LEVELL: Oh, I see, yeah.

21 MR. POWERS: Thanks. So I want to combine two
22 comments I heard. Peter, you mentioned how well matched and
23 how little attrition you have across the 10 years in your
24 sample. And then just combining that with Tyler, looking at
25 the differences in data between the United States and the

1 U.K., I wonder if that could be driving the results, like
2 just better-quality data.

3 And one of the things we're supposed to look at,
4 which is why I appreciated Tyler's thing as well, is the
5 quality of data and access to data in the United States and
6 whether we could do better. And so my question, Peter, for
7 you is, what do we know about the people who fall out of your
8 sample? You know, are these people -- assuming you haven't
9 lost very many of them. But, if they're substantially
10 different than the people who remain and if the United
11 States, for example, has more people who fall out of our
12 samples or has, as Peter noted, shorter time period, you
13 know, shorter time periods over which we can match people,
14 that might actually be informative about why the differences
15 are -- why there are differences across countries. So, if
16 you know anything about the people who have fallen out, I
17 think that might be interesting.

18 MR. LEVELL: Yes. I mean, the really unfortunate
19 thing is that usually the way you find out about the
20 characteristics of people who fall out of surveys is to look
21 at the census data because you assume it's kind of full
22 coverage. And, yeah, so people don't respond to the census.
23 They disappear from one wave to the next. Yes, yeah,
24 unfortunately, I mean, the very nature of it is we don't know
25 too much about them.

1 We do know, we can know in many cases if it is
2 attrition because they died or because they immigrated but
3 not always. So immigration is one of the things that's the
4 real reason for, you know, important reason for attrition
5 from the longitudinal study. Some people immigrate, and you
6 don't really -- you know, there's no real reason to know why
7 they've disappeared. So, in fact, I'm not entirely sure how
8 they do know that some people have immigrated, but
9 immigration is one of the things they're really concerned
10 about and, yeah, in which case the characteristics of people
11 who drop out would be the characteristics of the people that
12 immigrated, so maybe they're more likely to be immigrants
13 themselves. You know, I don't know, that might be one
14 reason.

15 Yes, and attrition in the U.S. data, I mean, I
16 don't know. So, I mean, you know, in principle at least, the
17 administrative data sets should hopefully do as good a job as
18 could be done on that. Survey data sets always have more of
19 a problem, you know, tracking people with a forwarding
20 address, but the administrative data should be there.

21 One of the things that is an issue with at least
22 matched employer-employee data, which is used to study things
23 in the U.K. and in other European countries, is that when
24 someone attrits, you really don't know where they went, and
25 they could be doing fine. They could have started their own

1 business, they could have found another job as a
2 self-employed person. Just because they've disappeared from
3 the data doesn't mean anything bad necessarily has happened
4 to them. And I think one of the things our results show is
5 the sort of limitations of data that's restricted in that
6 sense, but I don't think that's the case with the U.S. tax
7 data. I don't think that's as much of a problem. But I'm
8 less familiar actually with the U.S. data. Sorry, that's a
9 long-winded way of saying we don't know, but yes.

10 MS. KHACHATURIAN: Okay. Thank you, Bill.

11 Circling back to you, Tyler.

12 MR. DAUN: Yeah. So thank you. Just wanted to
13 follow up. Actually, some of these questions are a little
14 similar to tomorrow's, but I'm just wondering what other
15 family outcomes you'd be able to look at with that
16 longitudinal study. So, in particular, I was kind of
17 thinking of child outcomes, and I'm not sure which one of
18 these would be in the census questions, if any, but anything
19 about child health, I kind of doubt they're asking about,
20 like, their most recent math exam, but if there is anything
21 about, like, educational performance, that would be
22 interesting to look at.

23 And then kind of overlapping a little bit with
24 tomorrow's, but knowing, you know, is a parent at home? And
25 maybe this is mostly a U.S. phenomenon, but homeschooling is

1 certainly an option here. I'd be curious how that changes
2 with this. So, again, I don't know, I doubt you have any of
3 those things on hand, but if anything like that is in the
4 census, it could be interesting to look at other household
5 members besides just the partner or spouse.

6 MR. LEVELL: Yes. Yeah, no, that's very
7 interesting. So one of the things about the data is, yes, it
8 does follow people over time, and it follows children into
9 adulthood. So, if they're an LS member in childhood, we will
10 be able to see them. So, if they were an LS member -- if
11 they were a child in 2001, we would obviously see their
12 outcomes in 2011. There are some questions on health. You
13 know, the self-reported, how are you feeling today? Very
14 good.

15 But also we can connect in the next wave. So, when
16 the 2021 data becomes available, we'll be able to see these
17 kids in adulthood and, you know, the children of people whose
18 parents were maybe more or less exposed to this shock and we
19 can see, you know, their education qualifications, the
20 occupation they're working in, whether they're employed,
21 they're unemployed, again, their health status. We don't see
22 -- yeah, I don't think there's -- the census doesn't ask that
23 many questions, so there's probably not anything on kind of
24 homeschooling or something. But, certainly, we can see then
25 a lot of child outcomes, and that is something we're quite

1 interested in them looking at.

2 The other health set of outcomes is, as well as
3 being linked to life events, including births, it's linked to
4 deaths data. So we can see the cause of death. So we can
5 see if they died and we can see the reason they died. And so
6 far, we haven't found impacts on mortality. But, again, as
7 the sample goes out and we see these people at older ages, we
8 can see whether there's a kind of longer-run health impact in
9 terms of both dying earlier, maybe dying of more, you know,
10 preventable illnesses or things of that kind. But, so far,
11 we haven't taken mortality impact. I should also say that
12 there have been studies, including in the U.S., that do look
13 at the health and mortality impacts of the China Shock and do
14 find quite significant effects. Just so far we haven't found
15 them.

16 MR. DAUN: Okay, thank you.

17 MS. KHACHATURIAN: Thank you, Tyler. I don't see
18 any other hands raised. I just want to make sure I'm not
19 overlooking anyone who may have a question. Oh, there we go.
20 Martha.

21 MR. LEVELL: I think it's Martha.

22 MS. KHACHATURIAN: Okay. Thank you. Martha,
23 please go ahead. Do we need to unmute Martha?

24 MR. LEVELL: Maybe I can. I seem to be able to --

25 MS. LAWLESS: I think we're okay now.

1 MR. LEVELL: Sorry, I just muted you. There we go.
2 You should be able to talk now.

3 MS. LAWLESS: All right. Three's the charm.
4 Thanks so much for the presentation, and it's a topic that is
5 really of interest to a lot of us at the Commission. I
6 wondered, you were thinking about the mechanisms that might
7 be behind some of the observations you have, and there's a
8 lot of work that talks about family structure and about
9 gender differences in terms of how that leads to wages over
10 time. So is it maybe possible to try to connect those two?

11 I heard Professor Sasha Killewald at Harvard in the
12 sociology department give a paper, and she talks about the
13 relationships between wages and gender and family structure
14 and whether there are children, et cetera, and she uses the
15 CPS data that Tyler discussed, and her findings, her
16 quantitative findings, really do confirm the male breadwinner
17 norm but that not being the case for women, but it's a U.S.
18 study. So I just wonder if, you know, you can maybe connect
19 some dots that way.

20 MR. LEVELL: Yeah, that's interesting. We'll look
21 up her work because I wasn't familiar with it, so we'll look
22 up Sasha Killewald. I've written it down, and we'll look up
23 her work.

24 MS. LAWLESS: Okay.

25 MR. LEVELL: So, in terms of -- yeah, so, yeah, the

1 unfortunate thing is we don't see wages. So the direction
2 we're kind of exploring at the moment is looking at kind of
3 jobs that are available, and by available, we're sort of
4 thinking we see this in particularly the kind of
5 self-employment jobs, there seemed to be a kind of margin of
6 adjustment. It does look a little bit like preliminary
7 analysis suggests that there might be quite strong gender
8 segregation in some of these occupations. There's very few
9 female taxi drivers, mostly male taxi drivers. There's very
10 few male care workers. And so it sort of looks like there's
11 some sort of barrier, we don't know what it is, but there's
12 some sort of barrier that means that only people of one
13 gender go into these occupations.

14 And then, when we look at kind of -- yeah, and
15 then so the next step is to then look at how what it looks
16 like, that distribution of opportunities that are available
17 for them might explain why you see more men kind of, you
18 know, pulling these extra -- getting these extra
19 self-employed jobs working in the gig economy that may be
20 unavailable for women. But, yeah, no, in terms of the kind
21 of broad, you know -- well, that's the direction we're going
22 in because we don't see earnings. But, again, we will look
23 into this other work.

24 MS. LAWLESS: Yeah, it might help in this
25 discussion about differences in vulnerability to the shock.

1 MR. LEVELL: Yes. Yeah, no, exactly, yes. And I
2 should also just, like, emphasize, we're not in this saying
3 that these shocks are really bad for men and really neutral
4 for women because, obviously, so within the household,
5 there's changes in the bargaining position of people within
6 the household and other things that we can't see. So, yes,
7 no, we're kind of -- we're not -- that's definitely not a
8 message we're trying to push.

9 MS. LAWLESS: No, and thank you for your research.
10 It's really interesting.

11 MR. LEVELL: Thanks very much. Yeah, thanks very
12 much for your comment.

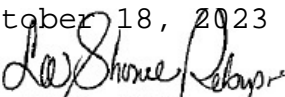
13 MS. KHACHATURIAN: Thank you, Martha. And it looks
14 like we are at the end of our seminar for this morning I
15 should say. Peter, thank you so much for your presentation,
16 Tyler for your discussing discussant comments into an overall
17 very interesting discussion. And, oh, thank you, Martha, for
18 linking or providing the name of the professor at Harvard.
19 And we look forward to seeing everybody this afternoon at
20 1:30 for an additional seminar. And another reminder that
21 tomorrow morning's seminar is in the process of being
22 rescheduled hopefully to a later time in November. So, with
23 that, thank you all, and hope to see you back in a couple of
24 hours.

25 MR. LEVELL: Thanks very much.

1 (Whereupon, at 11:30 a.m., the seminar in the
2 above-entitled matter was concluded.)
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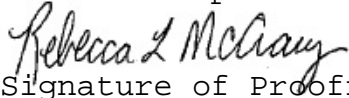
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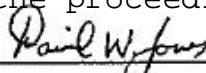
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