

UNITED STATES INTERNATIONAL TRADE COMMISSION

In the Matter of:)
)
RACIAL AND ETHNIC INEQUALITY) Inv. No. 332-599
AND THE CHINA SHOCK)
)

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

Tuesday,
 July 16, 2024

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

PARTICIPANTS:

USITC:

JENNIFER POWELL, Moderator
 BILL POWERS, Chief Economist, Director, Office of
 Economics
 SAAD AHMAD, Economist

SHARON BELLAMY, Supervisory Hearings and
 Information Officer
 TYRELL BURCH, Management Analyst
 PRISCILLA THOMPSON, Program Support Specialist

Seminar #2

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Racial and Ethnic Inequality and the China Shock
Presenter: Lindsay Oldenski, Georgetown University 6
(With Lisa B. Kahn and Geunyong Park)
Discussant: Saad Ahmad, USITC 44
Moderator: Tamar Khachaturian

P R O C E E D I N G S

(10:00 a.m.)

1
2
3 MS. POWELL: Good morning, everyone, and thank you
4 for joining us for the second day and the second seminar of
5 our USITC 2024 seminar week for the distributional effects
6 investigation.

7 And this morning we have Dr. Lindsay Oldenski from
8 Georgetown University, who's going to be giving us a
9 presentation on her paper, "Racial and Ethnic Inequality and
10 the China Shock," co-written by Lisa Kahn and Geunyoung Park.

11 We're going to begin with a brief introduction from
12 Bill Powers, our Chief Economist and the Director of the
13 Office of Economics. Following that, Professor Oldenski is
14 going to speak to us for around 60 minutes, give us a
15 presentation on her paper. That's going to be followed by
16 discussant comments from Saad Ahmad. And after that, we're
17 going to be opening the floor to questions.

18 So, with that, I am going to turn the floor over to
19 Bill Powers. Bill?

20 MR. POWERS: Good morning, everyone. Thank you,
21 Jennifer. Good afternoon to some of you I think I see on the
22 schedule. It's great to see so many people back.

23 Welcome to our second seminar of the Commission's
24 2024 distributional effects seminar week, one of the events
25 we are holding in the lead-up to our next report on the

1 distributional effects of trade and trade policy on U.S.
2 workers. So a fantastic topic you've chosen for us, Lindsay,
3 very, very essential to what we're talking about.

4 Some of you joined us yesterday or even last year
5 for these events, so thank you very much. Great to see you
6 back.

7 For those of you who are unfamiliar with this
8 series of reports and the series of events we're having this
9 week, we are doing a report on the distributional effects of
10 trade. Our first report came out in October 2022. After we
11 put that out, USTR came back and said fantastic, let's keep
12 this going, and have asked us for a series of five more
13 reports over the next 15 years. The next one's going to come
14 out in 2026.

15 Let's see. We have a good -- we have a website up
16 that gives more about this week's events and the report
17 itself. Perhaps we can put a link to that into the chat for
18 people to look at.

19 As Jennifer mentioned, our speaker today is
20 Professor Lindsay Oldenski. Lindsay, it's always great to
21 have you here, and you'll be presenting your paper that we
22 can see there on the screen.

23 Lindsay conducts research on international trade
24 and multinational organizations. She is an associate
25 professor -- I think we have some noise on the line. It's

1 all right, I'll keep going. Hopefully, that goes away.

2 Lindsay conducts research on international trade
3 and multinational organizations. She is an Associate
4 Professor of International Economics in the School of Foreign
5 Service at Georgetown University.

6 Prior to Georgetown University, Dr. Oldenski taught
7 at The Johns Hopkins University School of Advanced
8 International Studies, or SAIS. She's also served as a
9 Senior Fellow at the Peterson Institute, an Economist at the
10 U.S. Department of the Treasury, and an Analyst at the
11 Federal Reserve Bank of Boston, so no stranger to the
12 government, as well as academia and other plan consulting
13 too, I believe.

14 Today, the paper that you see in front of you, the
15 "Racial and Ethnic Inequality and the China Shock" paper,
16 examines how the China shock affected outcomes, affected
17 different racial and ethnic groups. Lindsay's going to talk
18 to us about how she finds very different outcomes for Black
19 and Hispanic workers and examines why each group was affected
20 differently.

21 And I just, I really like this paper, Lindsay, and
22 I want to say it's a very useful reminder that we shouldn't
23 make broad assumptions about the impact of trade on workers
24 or different types of workers. And I also appreciate how you
25 go into the detail about why those effects were different.

1 And as I mentioned, just on ground rules, Jen went
2 over those in terms of the timing. We're holding questions
3 to the end, so, please, if you have any questions as you go
4 along, throw them in the chat and we'll get to them at the
5 end.

6 I know, Lindsay, you mentioned that you're open for
7 some comments in the middle, but, yes, maybe if something
8 looks really pressing, we'll flag that to you as we go along.

9 All right, with that, I want to turn it over to
10 Lindsay and say thanks for coming and we're really looking
11 forward to it. Take it away.

12 DR. OLDENSKI: Great. Thank you so much, Bill.

13 So, you know, as mentioned, I'll be talking about
14 Racial and Ethnic Inequality and the China Shock, and this is
15 joint work with Lisa Kahn at Rochester and Geunyoung Park at
16 the National University of Singapore.

17 So it's been very well documented that Black and
18 Hispanic workers have worse outcomes relative to white
19 workers in terms of things like income, wealth, and
20 employment, and they've also been shown to be
21 disproportionately impacted by a wide range of negative
22 shocks. This includes, you know, things from the Great
23 Recession to Covid-19 and even just the typical
24 month-to-month fluctuations in income that many workers
25 experience.

1 So, in this paper, we ask what about import
2 competition, right? As I'm sure everyone here knows, there's
3 a huge literature that's been written on the effect of import
4 competition, in particular, the effect of import competition
5 from China. And, you know, papers by Autor, Dorn and Hanson
6 and others have shown that when workers are facing direct
7 competition from imports from China, this can have, you know,
8 very negative consequences for these exposed workers.

9 And so, in this paper, we want to see, what does
10 that mean for racial and ethnic inequality? Is this going to
11 be like other shocks, where we see minorities being hurt more
12 severely, or is there something different about the China
13 shock?

14 So what we find is that perhaps surprisingly
15 Black/white employment gaps actually narrowed as a result of
16 the China shock, and, however, for Hispanic workers, we find
17 that Hispanic/white employment gaps initially widened, but
18 then they converged.

19 So why is this? Why do we find this surprising
20 result? And there are several reasons.

21 So, first, we look at exposure, right? It could be
22 that different racial and ethnic groups are exposed
23 differently. So, if you look at there three maps, the top
24 map just shows import exposure. And this is taken from
25 Autor, Dorn and Hanson. It's looking at the change in import

1 exposure from China from 2000 to 2012. And the dark red
2 areas are the ones that were most exposed to import
3 competition from China.

4 And then the second map looks at Black population
5 shares in the year 2000. And the red areas are where the
6 Black population shares are the largest. And you'll notice
7 there's not a whole lot of overlap between these two maps.
8 They look very different. You've got Black populations
9 concentrated in places like Washington, D.C., where many of
10 us are right now; Baltimore; New York; Atlanta; New Orleans.
11 A lot of these places have large black population shares but
12 were not really exposed to import competition or don't really
13 even have very large significant manufacturing shares.

14 And then we can do the same thing for the Hispanic
15 population, which is distributed very differently,
16 concentrated in Florida, Texas, the Southwest, and, again,
17 you know, generally, overall doesn't really overlap with the
18 most exposed areas to the China shock except for a few areas
19 particularly in Texas and California.

20 However, you know, where you live isn't the only
21 way you can possibly be exposed, so we look at a few
22 different factors.

23 So, first of all, we look at population effects,
24 and that's what you just saw on the maps, right? How are
25 different groups going to be exposed differently based on

1 where they live? And we find that this actually benefits
2 both Black and Hispanic workers because both groups are less
3 likely than white workers to have lived in these areas that
4 experience these manufacturing shocks as a result of imports
5 from China.

6 Then we look at industrial composition effects,
7 right? So there's where you live, but there's also where you
8 work or more specifically what industry you're employed in.
9 And, again, this benefits Black workers, who are more likely
10 to be employed in services relative to these vulnerable
11 manufacturing sectors. But this is actually negative for
12 Hispanic workers, who are over-represented in a lot of these
13 low-scale manufacturing industries that were negatively
14 impacted by the China shock.

15 However, just because you're more or less exposed,
16 that doesn't tell us whether or not you're going to have an
17 overall more positive or negative response to the China
18 shock, right? It could be that a certain racial or ethnic
19 group is less likely to be impacted by the China shock, but
20 if they are impacted, they might be the first to be laid off
21 because of, you know, discrimination or because of
22 demographic factors, job tenure, you know, any range of
23 factors.

24 So, when we also look at the coefficient effects,
25 right, we look at the impact on a given group conditional on

1 being exposed, so there's, you know, first of all, how likely
2 are you to be exposed? And then, if you're exposed, are your
3 outcomes going to be relatively better or worse compared to
4 other groups?

5 And what we find for manufacturing employment is
6 that there's no evidence of any significant differences
7 across groups. So, you know, if you're working in
8 manufacturing and all of a sudden you're facing all of this
9 import competition from China, you're going to be negatively
10 impacted the same way regardless of whether you're a white
11 worker, a Black worker, a Hispanic worker, right? We don't
12 see any significant differences there, which is a little bit
13 reassuring, right? It suggests there's not, you know, some
14 sort of massive discrimination or anything going on.

15 But then we look at non-manufacturing employment
16 and this is what we consider to be the most interesting
17 result of the paper, and that's that we find significant
18 relative increases in non-manufacturing employment for Black
19 compared to white workers as a result of the China shock. So
20 these are Black workers who are in commuting zones that are
21 exposed, most exposed to the China shock, actually end up
22 doing relatively better in terms of their non-manufacturing
23 employment outcomes.

24 And, you know, we think this is really important
25 both because it has effects on race gaps in the United States

1 but also because it kind of addresses this puzzle in the
2 China shock literature, right? As economists, we would
3 expect that if there's a negative shock to one area, that we
4 would see, you know, compensating effects in some other area,
5 right, that workers would shift into different industries,
6 different jobs, they would move geographically. And one of
7 the things that was so striking about the China shock
8 literature is that, you know, we just didn't see that, right?
9 That wasn't happening, and it was very surprising.

10 And what we show in this paper is, while we didn't
11 see that for white workers, but we actually do see evidence
12 that Black workers were moving into different industries, and
13 I'll spend a lot of the paper talking about why we think that
14 was the case.

15 Then, for Hispanic workers, they actually did worse
16 in non-manufacturing employment relative to white workers,
17 and, you know, I'll go into detail again later on in the
18 paper about why we think this may have been the case. But,
19 you know, really, construction is key there, right, when you
20 think about the non-manufacturing sectors that different
21 groups were sort of more or less represented in. For
22 Hispanic workers, you know, construction was one of the key
23 non-manufacturing sectors. But then that was, you know,
24 early on right after the China shock, but then we see
25 evidence that there was some convergence between Hispanic and

1 white outcomes in later periods.

2 So I'll go into all the details of what we do and
3 how we show that as just kind of a preview of what we did and
4 what we find, and then I'll sum up these various different
5 effects to look at the overall impact, and then I'll talk a
6 lot about new mechanisms and what can explain our findings.

7 So related literature. Obviously, there's a huge
8 literature on the China shock. I've just listed a few of the
9 papers there. You know, there are many more that I could
10 have listed as well. We primarily are kind of motivated by
11 some of the modeling decisions made in Autor, Dorn and
12 Hanson. There's also a very large literature showing that
13 Black and Hispanic workers have worse labor market outcomes
14 than white workers and are disproportionately impacted by
15 negative shocks.

16 However, there's very little work on import
17 competition and race. To our knowledge, there are no other
18 papers looking at race or ethnicity and the China shock, and
19 there are a couple papers that look at the effect of the
20 Japan shock in the 1980s on race and they actually find
21 different results than we found. They find more negative
22 results. So we'll talk about that kind of historical context
23 and how that relates to our findings and how these time
24 periods are very different.

25 And then we're also related to the political

1 science literature which is found in surveys that minorities
2 tend to be more supportive of trade and globalization, and
3 our results can help explain some of those findings.

4 So our contributions are, first of all, that to our
5 knowledge we're the first to study the impact of the China
6 shock by race or ethnicity. Also, as I mentioned in my
7 introduction, many trends over the last 40 years or so have
8 disadvantaged Black workers, and we show that import
9 competition from China is a modest offsetting force there.
10 However, I don't want to paint too positive of a picture
11 there, right? It's good when racial gaps are narrowing,
12 right? We want that to happen. However, we have to consider
13 the larger context here and the fact that, you know, part of
14 the reason that the Black workers were less exposed was their
15 under-representation in manufacturing. That comes from a
16 long history of discrimination and barriers to entry and, you
17 know, declining union representation and things like that.

18 Also, the greater ability of Black workers to take
19 advantage of this non-manufacturing demand stems from lower
20 workplace attachment, right? They're not as attached to jobs
21 and tend to move between them more quickly, which can be good
22 in a crisis but has a lot of disadvantages in terms of, you
23 know, building skills and human capital and so forth.

24 And also, you know, one of the reasons we'll show
25 you for the ease of moving from manufacturing to services for

1 Black workers is because they have lower manufacturing wage
2 premiums, so they didn't have as much of a wage decline
3 moving from manufacturing to services.

4 And so, you know, again, a lot of this is stemming
5 from things that are not necessarily positive but then, you
6 know, sort of led to these results with the China shock. And
7 also, you know, we're looking at everything relatively and,
8 you know, we want race gaps to narrow, but in this case, it's
9 coming not just because of Black workers doing better but
10 also white workers doing worse. So whenever we're talking
11 about anything relative it's important to keep that in mind
12 as well.

13 Oh, is there a question? No? Okay. I'll just
14 keep going.

15 Okay. And then, when we look at Hispanic workers
16 in contrast, we see that they experienced employment
17 convergence in recent years, which is a good thing. The
18 China shock had initially offset some of that improvement in
19 Hispanic/white employment gaps, but this negative impact
20 subsided over time, and, you know, in the Hispanic case,
21 observables, things like education and industries'
22 employment, can actually explain a lot of what was going on.
23 And we see, you know, on a more positive note that as those
24 factors improve for Hispanic workers, the gaps were
25 narrowing.

1 And then, finally, as I mentioned, you know, our
2 results helped interpret this literature on the lasting
3 impacts of the China shock. We show that these persistent
4 negative outcomes really were primarily driven by white
5 workers, who are much less likely than Black workers to
6 transition into non-manufacturing jobs. And, you know,
7 again, it can help potentially explain some of the political
8 science literature and some of the survey results showing
9 that minorities tend to be more supportive of trade and
10 globalization.

11 Okay. So we'll dive into what we do. We're going
12 to start by looking at exposure by group. So this is -- oh,
13 sorry, is that a question?

14 MS. POWELL: I think we're getting background noise
15 again.

16 DR. OLDENSKI: Okay, great. Then I'll continue.

17 So this is just a measure from Autor, Dorn and
18 Hanson that looks at import exposure at the commuting zone
19 level. So, you know, we do, you know, at least initially we
20 start by following their approach, and we take the change in
21 imports from China over time, which are measured at the
22 industry level, and then we distribute them across CZs based
23 on the, you know, employment share of that industry in the
24 CZ.

25 So here this is just showing, you know, again, on

1 the same map that's what's on the top panel. And, you know,
2 you can kind of just do your, you know, optical econometric
3 and say, okay, that doesn't look like it's too correlated.
4 But then we go into a little more detail.

5 First, here's just a list of the top 10 CZs that
6 are most exposed to import competition from China and the 10
7 that are least exposed. So you can see the most exposed CZs
8 on average have a Black population share of less than 10
9 percent, whereas the least exposed CZs have on average a
10 Black population share of more than 20 percent, right, so
11 more than double. And, you know, a lot of those industries
12 that or CZs that I mentioned are less exposed and have high
13 Black populations are places like New York, Atlanta, D.C.,
14 Baltimore, New Orleans. And, you know, a lot of these more
15 exposed places include, you know, San Jose; Austin;
16 Providence, Rhode Island; Manchester, New Hampshire; you
17 know, Grand Rapids, Michigan, some of these places that don't
18 have very large Black population shares but were highly
19 exposed.

20 And then, for the Hispanic population, it's a
21 little bit more complicated because, you know, there's a few
22 really big, important exposed areas with high Hispanic
23 populations.

24 So we can look even a little more carefully at this
25 and do a bin scatter correlating minority population shares

1 and the CZ level import exposure, and for the Black
2 population, the correlation is negative and significant,
3 right. So less exposed areas have higher Black population
4 shares. But, for Hispanics, you know, that trend would hold
5 if you just looked at the lower Hispanic population share
6 areas, but because we've got a few of these, mostly in
7 California and Texas, we don't have a significant
8 relationship there.

9 And, again, you know, this is just the measure at
10 the CZ level, but you might think, well, if different racial
11 and ethnic groups are employed in different industries, maybe
12 they have different exposures within the CZ, so we also break
13 down exposure by race for ethnicity, our groups being white,
14 Black, and Hispanic. And so, you know, we distribute imports
15 across race groups within CZs based not just on the total
16 auto employment in a given CZ but the total Black employment
17 in the auto sector within the CZ. So this way we can think
18 about population and industrial composition effects, and we
19 do this using, you know, census data. You know, when we
20 break up by race, we can't use the same data as ADH because
21 it's not disaggregated by race, so we use census data that is
22 robust to other approaches as well.

23 Okay. And so this is the distribution by race when
24 we take into account both population and industry
25 distributions, and you can see, you know, for Black workers,

1 which is this red dashed line there, they're on average much
2 less exposed than white workers. Hispanic workers are on
3 average more exposed, but you can see the exposure is
4 biennial.

5 And then, you know, when we have this race-specific
6 CZ level exposure measure, we can decompose the exposure by
7 race and ethnicity into population effects and industrial
8 composition effects. So, for Black workers -- this is all
9 relative to white workers. So Black workers are less exposed
10 than white workers and this is all driven by the population
11 effects, right? This is driven by where they live, not
12 necessarily by the industries they work in.

13 And then, for Hispanic workers, it's the opposite,
14 right? They're more exposed relative to white workers and
15 this is driven by the industrial composition effects and the
16 type of industries that they're working in.

17 But, again, as I mentioned in the introduction, you
18 know, just because you're more or less likely to be exposed
19 doesn't necessarily mean that you're going to be relatively
20 better or worse off if, you know, you're going to be the
21 first one to get laid off or you're going to have
22 differential effects conditional on being exposed.

23 So then we move into our regression analysis where
24 we actually examine the impact of import exposure on workers
25 conditional on being exposed. So we look for outcomes,

1 changes over time in your employment for a population by race
2 group and CZ and using known differences from 2000, so the
3 change in, you know, manufacturing employment for Black
4 workers in a given CZ from, you know, 2000 to 2005, 2000 to
5 2006, and so forth. We stack those differences from 2005 to
6 2018. We start with 2005 because that's the year that we're
7 able to get these local measures. But it's also, you know,
8 you would think it, you know, perhaps took that much time to
9 see the results as well after China joins the WTO.

10 And then we look at the effect on use changes as a
11 function of changes in import exposure at the CZ level and
12 then we interact this import exposure with indicators, you
13 know, for the Black population in the CZ and as well as the
14 Hispanic. We include a large number of controls which follow
15 Autor, Dorn and Hanson and also interact those with race and
16 ethnicity.

17 Now, when we do this regression, our primary
18 specifications use the CZ level import exposure, right? I
19 talked about two different measures. There's the one that
20 follows Autor, Dorn and Hanson that looks at CZ level
21 exposure, and then there's another version we did that's
22 broken out by race. We prefer to use the CZ level exposure,
23 and the main reason for that is it captures spillover
24 effects.

25 So you might not just be affected because you work

1 in manufacturing, you might be affected because manufacturing
2 is negatively hit in your CZ and you work in a restaurant,
3 you know, the sandwich shop where the manufacturing workers
4 went to, or maybe you were employed, you know, by a service
5 that cleaned maybe the buildings where the manufacturing
6 workers worked or, you know, some other complementary service
7 as well.

8 So, you know, we want to use these CZ-wide measures
9 to look at spillover effects and also because we can get, you
10 know, more detailed data when we do it that way. We don't
11 have to disaggregate by race. But our outcomes are all
12 disaggregated by race.

13 Okay. So we estimate this using OLS. However, we
14 also follow Autor, Dorn and Hanson, an instrument for the
15 change in import exposure using the change in import exposure
16 of other developed countries in the same industry, right? So
17 the idea here is we want to kind of get rid of things that
18 are specific to the CZs that might be, you know, correlated
19 with these outcomes as well as with import exposure. And,
20 you know, that's pretty standard in the literature. However,
21 you know, you might be worried if demand shocks are
22 correlated across the U.S. and the countries that we used as
23 a comparison group that you might not get rid of all the
24 bias. So we also follow Ahlquist et al., 2017, the
25 instrument for import exposure using, you know, not just the

1 levels of imports from other countries but the changes in
2 China's import shares to these other countries, right,
3 because you think, you know, correlating demand shocks might
4 increase your demand overall, but it's much less likely to
5 affect the shares of total demand that come from China.

6 And then we also do a robustness check using the
7 normalized trade relations gap, and this follows Hanley and
8 LeMau (phonetic) and Pears and Shaw, which instead of looking
9 at using CZ level distribution of employment following ADH,
10 we look at the end exposure to China joining the WTO, we look
11 at the uncertainty that was resolved when normalized trade
12 relations were implemented with China permanently.

13 Okay. So our identification of Beta One. This is
14 just the main coefficient in building a chart, and we, as
15 with the rest of the literature, we have to assume that
16 exposed locations would have been on similar employment
17 trends but for the China shock. A lot of people have really
18 looked at this and spent a lot of time demonstrating that,
19 you know, yeah, this was really kind of a push factor from
20 China rather than, you know, anything kind of exogenous
21 happening within these CZs in the U.S. And our instrument
22 helps with that.

23 But then we also think about our identification of
24 Beta Two and Beta Three. These are the coefficients on the
25 race and ethnicity interactions, and our assumption there is

1 that these minority-white gaps in the exposed locations would
2 have been on similar trends but for the China shock. And so
3 we look directly at pre-trends and find that there's no
4 differences in the pre-China shock trends across CZs and
5 racial and ethnic gaps.

6 We also include these, you know, directly as
7 controls. We use race and ethnicity specific CZ level
8 controls. We also have a version where we use CZ level fixed
9 effects. And, you know, even with all of these, our results
10 still hold up. So we're not worried about identification
11 there.

12 We also engaged with the current shift share
13 literature, you know, which talks about how you can achieve
14 identification either assuming the shifts are exogenous, that
15 would be the import shares in our case following Borusyak,
16 Hull, and Jaravel, and, you know, then there's a separate
17 approach following Goldsmith-Pinkham, Sorkin, and Swift which
18 shows how you can, you know, achieve identification if you
19 assume that the shares, the initial employment shares, are
20 exogenous.

21 We prefer the approach of BHJ because, in the China
22 shock literature, it's just been shown that, you know, it's
23 really these shifts, these imports that are more likely to be
24 exogenous. But I did want to flag that even in the
25 Goldsmith-Pinkham, Sorkin, and Swift literature, which shows

1 that, you know, Beta One, the main effect is not as robust at
2 this assumption, that we actually find that for racial
3 differences, even that approach works a lot better.

4 Okay. So these are our main results. So our first
5 coefficient is the coefficient for the manufacturing sector
6 on our CZ level import exposure. So, you know, we also
7 include these interactions with Black and Hispanic indicators
8 so you can think of this baseline main effect as being the
9 effect for white workers, and this is negative and
10 significant. So this is very similar to what Autor, Dorn and
11 Hanson and others have found. And, you know, it holds for
12 the white workers. And then the two coefficients on the
13 interactions are the differential effects for Black and
14 Hispanic workers relative to white workers.

15 And these are both positive, but neither is
16 statistically significant, so we can't really say, you know,
17 strongly that conditional on being exposed Black or Hispanic
18 workers are less negatively affected.

19 And then you come over here to our
20 non-manufacturing results at the top of Column 2, and you see
21 those are for white workers. And, again, this is consistent
22 with Autor, Dorn and Hanson and the broader literature,
23 which, you know, perhaps surprisingly found that there
24 weren't these offsetting positive non-manufacturing effects.
25 But then here we get a positive and significant coefficient

1 on the interaction for the Black indicator.

2 So what this is saying is that, you know, relative
3 to white workers, we're getting, you know, Black workers have
4 significant positive non-manufacturing increases in
5 employment in that sector. And for Hispanic workers, it's
6 negative and significant.

7 And then, you know, when we aggregate these up,
8 combine the manufacturing and the non-manufacturing, it's an
9 overall negative effect on white workers and an overall
10 relative positive effect on Black workers, and the Hispanic
11 effect is negative but not significant overall.

12 And then we do a variety of robustness checks. We
13 control for CZ fixed effects, well, CZ year fixed effects, so
14 when we include CZ year fixed effects, we can't identify our
15 main coefficient, the white coefficient, but what we really
16 care about are these racial gaps anyway. That's what's new
17 with this paper. And we still get these positive and
18 significant results and negative significant for Black
19 workers and negative significant results for Hispanic
20 workers. So our results hold up to that.

21 We also use the BHJ approach to control for, you
22 know, potential issues with the shift share identification,
23 assuming that the shifters, the imports, are exogenous, and,
24 you know, our results still hold up to that.

25 And we do a variety of other robustness checks,

1 which if there's questions about that later, I can share
2 those, but in the interest of time I'll keep going.

3 We also look at the effect on log hourly wages, so
4 this is your wage conditional on being employed. And, you
5 know, if we thought, for example, that Black workers were,
6 you know, seeing higher relative employment but at lower
7 wages or that they were taking wage cuts, then that might
8 impact our assessment of what this means for welfare. But
9 what we find is there's no differential significant effects
10 for Black workers. We do find some positive evidence for
11 Hispanic workers, but this, I didn't put the robustness
12 checks up here, but these are not as robust. Generally, what
13 we find, you know, is what we feel like we can say
14 inclusively is we see, you know, no evidence of negative wage
15 effects for Black and Hispanic workers relative to white
16 workers, though we, you know, see positives sometimes
17 significant, sometimes less significant results.

18 And then we look at this over time. So, you know,
19 this is the -- the blue bars are the relative Black outcomes
20 or coefficients and the red bars are the relative Hispanic
21 coefficients, and you can kind of see that if you look at
22 non-manufacturing employment per population, it's positive
23 for all years for Black workers, and for the Hispanic
24 workers, it's most negative here in 2009 right around the
25 Great Recession, and then we see some improvement, and then

1 the overall effects for Hispanic workers converge over time
2 there. You would just get this negative significant result
3 in 2019 (sic), and it gets, you know, closer to zero and more
4 precisely estimated in later years.

5 Okay. And then we try to sum up these effects,
6 right? So you can, you know, imagine a decomposition, right?
7 So this is an example for the change in employment to
8 population ratios for Black relative to white workers in a
9 given sector. It can be broken down to the coefficient for
10 Black workers in that sector times sort of the population
11 exposure effects and the difference between that and this
12 coefficient and, you know, applied to the exposure for white
13 workers.

14 And, you know, if we look at that, we can see, you
15 know, again, there's not significant differences in
16 manufacturing for either Black workers or Hispanic workers,
17 but what we want to do with this exercise is look at the
18 differential contributions of the population effects versus
19 the overall effects.

20 And so, for the Black workers, yeah, you have this
21 slightly positive contribution of the population effects for
22 manufacturing and the same thing for Hispanic workers based
23 on where they live. But, for the Black workers, you know, we
24 had our positive manufacturing coefficient effects, but
25 there's actually a slight negative exposure effect, right,

1 because Black workers are doing relatively better in exposed
2 areas, so if they're not living in exposed areas, you know,
3 they're not getting those relative benefits. But that's very
4 small compared to these positive coefficient effects.

5 And so, you know, overall, you can see the positive
6 Black-white differentials are almost entirely based on the
7 coefficient effects rather than the exposure. And even for
8 Hispanic workers, you know, it's not significant, the overall
9 effects, but it really is coefficient effects, the same thing
10 for their manufacturing significant coefficient. So, you
11 know, basically, the punch line and takeaway from this
12 picture is that it really is these differential responses
13 even more than the differential exposure that's driving the
14 overall results.

15 And then, if we want to think of, you know, kind of
16 the aggregate effects, okay, well, in manufacturing, we
17 estimate that white workers saw a 8.7 percentage point
18 decline in their manufacturing employment as a result of the
19 China shock. This is, you know, very consistent with the
20 rest of the literature. However, you know, Black workers,
21 this is an insignificant result, but they did see about a 3.3
22 percentage point smaller decline relative to white workers.
23 And Hispanic workers, again, insignificant, very, very small
24 population effects. However, in non-manufacturing, you know,
25 white workers, there's no significant change in their

1 non-manufacturing outcomes. But Black workers experienced a
2 significant 3 percentage point relative increase in their
3 non-manufacturing employment compared to white workers, and
4 Hispanic workers saw this negative 2 percentage point
5 decline.

6 So, overall, the Black-white gap narrowed by a
7 significant 3 percentage points. And, you know, that's
8 non-trivial, right? Three percentage point difference in
9 employment to population ratios is pretty good. That's not
10 three percent. That's three percentage points.

11 And if you think about it in the context, the
12 Black-white employment gap, this 3 percent, that's about 30
13 percent of the total current employment to population gap
14 between Black and white workers. So, you know, it's a
15 non-trivial contribution to narrowing the Black-white
16 employment gap. And, again, you know, this is good and Black
17 workers were able to take advantage of some of these
18 non-manufacturing opportunities, but, again, we do need to
19 keep in mind that that did come at least in part from
20 negative effects on white workers.

21 And then the widening of the Hispanic wage gap,
22 again, it's insignificant, so I want to be very careful that
23 I'm not pushing that too hard. But, if you just want to
24 think about magnitude, it's about 20 percent of the current
25 employment to population gap for Hispanic relative to white

1 workers.

2 Okay. So now I want to spend the rest of the time
3 really thinking about mechanisms and thinking about why we
4 get the results that we get.

5 So, you know, whenever you're looking at
6 differential outcomes by race or ethnicity, one of the first
7 places that people turn to is basic demographics, right? Can
8 we explain this by age or gender, education or, you know,
9 something observable? So that's where we look first. And
10 you can see there are differences. So these are differences
11 relative to white workers in baseline employment shares.

12 So you can see, you know, Hispanic workers are more
13 likely to be male and less likely to be female relative to
14 white workers, the opposite for Black workers. Both groups
15 were on average less educated than white workers. However,
16 that's much, much more dramatic for the Hispanic workers than
17 for the white workers. And both groups tend to be a bit
18 younger, but, again, that's more dramatic for the Hispanic
19 workers. But what, you know, I think I really want you to,
20 you know, kind of take away from this is this dramatic
21 difference in education levels for Hispanic relative to white
22 workers because, you know, education has been shown to be a
23 really important factor in terms of who's most likely to be
24 harmed by import competition. And, you know, that's been
25 shown in a number of other papers, but we can also see that

1 in our own paper.

2 So here we just look at our baseline coefficient
3 effects and, you know, rerun our main regressions by
4 demographic group and see that, you know, high school
5 dropouts have a much more negative response to the China
6 shock conditional on being exposed and similarly for younger
7 workers. So we do just a back-of-an-envelope calculation
8 where we take these effects by demographic group. You know,
9 for example, we'll start by education and apply these
10 coefficient effects by demographic group to the shares in
11 each demographic group for each race or ethnicity, and, you
12 know, that alone is large enough to explain the negative
13 Hispanic effects. And same thing with age as well. Even one
14 of those, you know, could explain our large negative effects.

15 Oh, Bill, you have your hand up?

16 MR. POWERS: Yeah. Thank you, Lindsay.

17 So a number of us are hearing a hiss in the
18 background. We think it's coming from your microphone. I
19 know that Tyrell had suggested he might have a suggestion for
20 you to help you to change your setting.

21 DR. OLDENSKI: Oh, my apologies.

22 MR. POWERS: Tyrell, did you want to come on and
23 just see if we can -- no, no worries. I could hear it all
24 along, but we also got a comment in the chat about it, so I
25 figure I'd take a moment to see if we could address it.

1 Tyrell, do you have -- can you come on or talk to
2 Lindsay about what setting you might want her to change?

3 MR. AHMAD: I don't see Tyrell, but, Lindsay, if
4 you go in your audio and video settings, and go to your audio
5 settings, there's, like, this thing that you can set for
6 optimize for my voice. Maybe you can try that.

7 DR. OLDENSKI: Okay.

8 (Pause.)

9 DR. OLDENSKI: Okay. There we go. Did that help?
10 Has that made any improvement?

11 MR. POWERS: I think it may be the same. Sorry
12 about that. We can still hear you, there is just a hiss from
13 the microphone.

14 DR. OLDENSKI: Oh, I'm sorry. Are you still able
15 to understand me?

16 MR. POWERS: Yes. Yes.

17 DR. OLDENSKI: Okay.

18 MR. POWERS: All right. Well, we've tried. Let's
19 just carry on from here. Sorry about the interruption.
20 Thank you.

21 DR. OLDENSKI: Okay. Sorry. Thanks.

22 Okay. So, as I said, education alone is enough to
23 explain the negative Hispanic results. Same thing with age.

24 However, for Black workers, that's not the case.

25 Oh, sorry, I just saw there was a question. Did

1 someone want to raise their hand and ask?

2 MR. POWERS: Junie, did you want to ask?

3 MS. JOSEPH: Sure, I can ask.

4 Thank you so much for your presentation. I've
5 really enjoyed it so far. I just wanted to -- like, you seem
6 like you're about to continue, and you talked about education
7 and age. But I find your result about women kind of
8 compelling, right, because mostly employment in manufacturing
9 is men. So I'd love for you to talk a bit more about that.

10 DR. OLDENSKI: Yeah, and, again, you know, these
11 are just relative to -- well, so this is -- okay, so, first
12 of all, this is not just manufacturing. This is overall. So
13 we're looking -- so just to be clear, we're applying the
14 overall effects. And so what we think is going on here with
15 Hispanic women is, you know, so Hispanic women generally have
16 lower employment shares relative to white women just overall
17 and Black women have higher employment shares. So this is,
18 again, economy-wide, not just in manufacturing.

19 And, again, there, you know, we see sort of more
20 negative effects on women. And what's interesting here, this
21 actually kind of leads into what I'm doing next, is, you
22 know, we looked just now kind of at exposure, but you can
23 also take our regressions and run them separately by race,
24 ethnicity group, and demographic group. So we admit we're
25 putting a lot of demands on our data by slicing it up like

1 this, but we think it's still instructive. And, you know, a
2 lot of these, especially for Hispanic workers, are not
3 significant.

4 But one of the ones we do see that's significant is
5 that, you know, conditional on exposure at the CZ level,
6 Hispanic women are more negatively impacted relative to white
7 women, and we think what's going on there is that this is not
8 manufacturing because, as you pointed out, you know, female
9 employment in manufacturing is extremely low. But this I
10 think is reflected in those spillover effects, and I'll show
11 in a couple of slides that the spillover effects are much
12 more salient for Hispanic workers than they are for Black
13 workers and that, you know, a lot of this is probably some of
14 those, you know, low-skilled services that are complementary
15 to manufacturing. So this could be things, you know, like
16 cleaning services or food service and things like that is
17 what we suspect is going on there. But, yeah, it clarifies
18 this is overall employment, not just manufacturing, yeah.

19 But what is interesting is, when you look at Black
20 employment, you see when you break it up by demographic
21 groups, there are positive differential Black employment
22 effects for every group, right? For men, for women, for high
23 school dropouts, high school grads, college grads, all of the
24 age groups. So, you know, this isn't something that can be
25 explained by just, you know, differential effects on

1 low-skilled Black workers or Black workers of a certain age
2 group or anything like that. You know, we really do see this
3 across the board.

4 And, again, you know, this can't be explained by
5 observables for Black workers because, when I show the
6 observables, they go the opposite direction for Black
7 workers, right? You know, just based on education levels or
8 age, we would expect the Black workers to be more negatively
9 impacted, and we just don't see that at all. Yeah. So, you
10 know, again, the Hispanic story does seem to be like
11 something that could be explained by demographics, but that's
12 not the case for Black workers, who are doing relatively
13 better across the board.

14 We also looked at migration patterns, right,
15 because we're looking at the employment to population in the
16 CZ, so if people are leaving CZs in response to the China
17 shock and if Black workers are doing that at a faster rate
18 than white workers, you know, then that might explain the
19 results, but we don't see that at all. First of all, Black
20 workers, where we have the most puzzling results, really
21 don't have any significant differences in population counts
22 within the CZs. And if we look at overall, you know, not
23 broken up by demographic groups, it's basically zero
24 difference between white workers' propensity to leave in
25 response to the China shock. And for Hispanic workers, you

1 know, the coefficients tend to be negative, but they're not
2 significant, so we can't really say with any degree of
3 confidence that the Hispanic workers are more likely to leave
4 a CZ or slow down their rate of entry as a result of the
5 China shock.

6 We also wonder about, you know, some of these
7 demographic effects and what happens if we include them more
8 directly. So I actually start with Column 3 here. So, in
9 this column, we include group-specific controls. So we use,
10 you know, a lot of the controls we use for Autor, Dorn and
11 Hanson include things like the share of college-educated
12 population, the share of immigrants, you know, gender shares,
13 things like that.

14 And so, you know, before we just used the overall
15 CZ level controls and interacted them with the race and
16 ethnicity groups. But, here, we actually look at the
17 demographics by race or ethnicity groups, so the share of the
18 Hispanic population that's college-educated or that's female
19 or that are immigrants. And, you know, once we control for
20 that, so for manufacturing, you know, the results are fairly
21 unchanged. But, for non-manufacturing, our negative
22 significant result for Hispanic workers goes away when we
23 control for those demographics. So that's just kind of more
24 confirming evidence that it really is, you know, sort of
25 these demographic factors.

1 However, when we control for demographics, that
2 doesn't really affect the result for non-manufacturing
3 employment for Black relative to white workers. So, you
4 know, again, we've got these two different groups that have
5 very different stories going on here.

6 We also use our group-specific import exposure. So
7 I mentioned we have the CZ level for exposure from Autor,
8 Dorn and Hanson, but we can also break that up by exposure by
9 group. So, you know, in the same CZ, Black workers may be
10 less exposed than white workers if they're less likely to be
11 working in, you know, the manufacturing industries that are
12 exposed. And we see, you know, again overall effects are the
13 same.

14 For non-manufacturing, we get the same, you know,
15 very similar effects for the relative Black effect. But, for
16 Hispanic workers, we actually get this positive effect. So
17 it seems like, you know, these CZ-wide spillover effects are
18 really driving the negative Hispanic coefficients. And when
19 we just look at direct exposure to Hispanic workers in
20 manufacturing, we see results similar to that of the Black
21 workers, right? We see these positive non-manufacturing
22 differential effects. And, you know, so this suggests to us
23 that it really is these spillover effects. It's people
24 working in non-manufacturing industries or, you know, working
25 in industries that are complements to what the white workers

1 are doing. And when there's a shock, you know, that affects
2 white manufacturing employment in the CZ and these
3 predominantly white manufacturing plants are being shut down,
4 that also has a negative effect on Hispanic workers in
5 complementary occupations or industries.

6 And then we try to look at this even more directly
7 in Column 2 by including cross-group effects. So, if you're
8 part of the Black population, what's the effect of an
9 increase in the white import exposure in your CZ, or if
10 you're Hispanic, what's the effect of an increase in the
11 white import exposure in your CZ. And you can see, for Black
12 workers, the cross-race effects don't really matter, but for
13 Hispanic workers, it appears that the negative
14 non-manufacturing effects are, you know, almost entirely
15 being driven by these cross-race effects.

16 So, you know, for Hispanic workers, we're starting
17 to get a very clear story that the demographics, particularly
18 education, really matter and that they're really harmed by
19 these spillover effects from the negative shocks to white
20 workers.

21 All right. So, you know, moving on to really, you
22 know, trying to push on what's driving these positive effects
23 for Black workers, we can look at the differential impacts by
24 industry, and we see for Black workers there's two industries
25 that really stand out as being the ones within which Black

1 workers are seeing these non-manufacturing benefits, and
2 that's trade, transportation, and warehousing, so this
3 includes retail and wholesale, and professional services.

4 So, you know, it's not really surprising that these
5 are the areas that are growing because, if you look at the
6 broader literature, you know, and even just thinking
7 intuitively, when goods come from China, they don't just, you
8 know, magically appear in the hands of consumers, right?
9 They're not being sent from a manufacturing plant to, you
10 know, your house, right? There's a retailer, there's a
11 wholesaler, there's some sort of, you know, distributor.

12 And there's a paper by Bernard, et al. that
13 documented that in 2002 the majority of U.S. imports from
14 China were imported by either wholesalers or retailers. And,
15 you know, there's a paper by Fort, Pierce and Schott that
16 looks not specifically at the China shock, but they just look
17 at overall trends in manufacturing and, you know, find that
18 as manufacturing firms have been cutting their manufacturing
19 employment or reducing employment at their manufacturing
20 plants, they've been expanding at their non-manufacturing
21 plants and that about one-third of this overall growth in
22 non-manufacturing employment at these manufacturing firms is
23 in retail. And, you know, this is consistent also with
24 Bloom, et al., who find non-manufacturing gains from the
25 China shock are concentrated in professional services and

1 wholesale trade, right?

2 So somebody's got to get these goods to consumers.
3 You know, they're being sold, you know, either on the retail
4 side at Walmart, at Dollar Stores, through Amazon, and, you
5 know, I wouldn't be surprised that a lot of the jobs that are
6 coming up are at Walmart and Dollar Stores or, you know,
7 Amazon delivery drivers.

8 And then, on the professional services side, this
9 isn't really surprising because, as firms are offshoring
10 production, you know, what is left for them to be doing in a
11 lot of these professional services?

12 And so, you know, that raises the question of,
13 okay, you know, maybe it's not surprising which industries we
14 see Black workers gaining in, but it's still surprising that
15 it's Black workers who are transitioning to these jobs more
16 so than white workers. And so, you know, we take some
17 historical context into consideration here and look at the
18 roles of Black and white workers in manufacturing over time.

19 So the top left panel here shows the relative
20 manufacturing employment. This dark blue line here is
21 relative manufacturing employment for Black relative to white
22 workers, and, you know, it's increasing from the '60s to the
23 '80s. And in the '80s, it was, you know, about equal, right,
24 for Black and white workers. But then, since 1980, the
25 relative importance of manufacturing for Black workers in

1 total employment has been declining.

2 And, you know, initially there were also declines
3 in overall employment, but starting in 2000 you actually see
4 relative increases, right, for Black workers in total
5 employment, but manufacturing is just becoming less and less
6 important even as they're getting gains in overall employment
7 relative to white workers.

8 And at the same time, the manufacturing wage
9 premium has been falling, right? So this is, you know, what
10 wage you're going to earn in manufacturing relative to
11 non-manufacturing jobs. And, you know, in 1960, Black
12 workers actually had a higher manufacturing wage premium, but
13 that fell consistently over time. And so, you know, when the
14 China shock hit, if you were a Black worker, you know, the
15 gap between what you would earn in manufacturing versus
16 non-manufacturing is much smaller than the gap for white
17 workers.

18 So, if a white worker was going to move from their
19 manufacturing job into, you know, say this job at Walmart or,
20 you know, whatever service job has opened up as a result of
21 increasing imports from China, they're going to have on
22 average farther to fall, right? They're going to have a
23 greater drop in income relative to what they may have been
24 earning previously in manufacturing on average. But, for
25 Black workers, you know, that gap is on average much, much

1 smaller. And we also see union membership declining over
2 time for Black relative to white workers.

3 So all of this really paints this picture that
4 manufacturing as a whole is just less important for Black
5 workers over time compared to white workers and that white
6 workers seem to have, you know, higher relative wages, higher
7 rents coming from these, you know, these wages and the union
8 membership, and therefore are less likely to be moving into
9 the non-manufacturing jobs.

10 And you can see this in job-to-job flows. So along
11 the top you have the sector that the worker was previously
12 working in, and then, when they changed jobs, you can look,
13 you know, along the left column to see what sectors they're
14 moving into.

15 So, if you look down here, sort of the second to
16 the bottom row in the middle, you see that for Black workers
17 that leave jobs in manufacturing, about 76 percent of them
18 move to non-manufacturing jobs, right? This is from 2000, so
19 our baseline period. And that's a lot higher than the white
20 or Hispanic workers, who are less likely than Black workers
21 to leave manufacturing for non-manufacturing jobs even at
22 baseline. So they seem to have, you know, a lower wage
23 premium in manufacturing and a greater propensity to move
24 from manufacturing to services to start with.

25 So, again, this is, you know, kind of summarizing

1 what I found with or what we found with Black workers'
2 mechanisms. It's also, you know, we want to kind of keep in
3 mind it's kind of ironic here that some of the declines in
4 relative manufacturing rents for Black workers came from
5 these negative shocks in the 1970s and '80s, including the
6 Japan shock that was, you know, shown to be one of the
7 considering factors. So there really was a very different
8 environment for Black workers in manufacturing in the 1980s
9 when that shock hit relative to the 2000s. I mean, that's
10 really important, especially for policymakers, to keep in
11 mind if they're thinking about how different races and ethnic
12 groups are going to respond to trade shocks.

13 Whereas, for Hispanic workers, there's a lot of
14 evidence that it's really, you know, based on observables,
15 and as Hispanic education levels and other observables
16 improved over time, that helped with this convergence.

17 So I'm going to actually end exactly right on time
18 today. So just to conclude, you know, we showed Black-white
19 employment and earnings gaps. They're large. They
20 stagnated. But the China shock is a modest force actually
21 pushing in the opposite direction. That, you know, is
22 perhaps a surprising result. But it's really important,
23 though, to keep this in mind in the sort of broader context
24 of racial inequality within the U.S. and consider that, you
25 know, again, because these are relative, these are in part

1 due to declining outcomes for white workers.

2 Hispanic-white gaps have made considerable
3 progress. The China shock partially offset that but has been
4 improving as observables have been improving, so if we want
5 to take some policy lessons about that, you know, you can
6 really focus on mobility across sectors. It's not that there
7 weren't non-manufacturing jobs. It's just that, you know,
8 some groups were moving into them and some weren't. We have
9 to sort of think about, you know, why that is. You know,
10 were there these huge rents or wage premium for manufacturing
11 for white workers? You know, could that be addressed by
12 greater training programs, you know, that might kind of allow
13 white workers to move into non-manufacturing jobs with
14 similar incomes to what they had in manufacturing.

15 And then, you know, also focus on one's skill
16 acquisition. We can see that with the Hispanic outcomes,
17 that it really was -- a lot of it was about education levels
18 and things seemed improve as education levels improved for
19 that.

20 All right, so I'll end it there and then pass it on
21 to my discussant.

22 MS. POWELL: Thank you so much, Dr. Oldenski. And
23 as she said, let's pass it on to Saad.

24 (Pause.)

25 DR. OLDENSKI: Sorry, do you need me to stop

1 sharing here? Uh-oh, I think I've frozen.

2 (Pause.)

3 MR. POWERS: Saad, you're not in -- I don't see it
4 in Presentation mode yet.

5 MR. AHMAD: Let me try it again. Let me try to
6 share it again.

7 (Pause.)

8 MR. AHMAD: Thank you, Lindsay, for your
9 presentation. And, again, I would just reiterate what Bill
10 said, that this is a very important work as, you know, within
11 the agency, we keep getting questions on, you know, okay,
12 what are the factors by race, ethnicity, all these different
13 trade shocks, so I think this is a very, very useful paper
14 for our own work.

15 I just summarized the main findings, I think,
16 although you spent a lot -- you did a great job with those,
17 but I just summarized, you know, the paper is looking at, you
18 know, how import competition from China affected labor
19 outcomes for different racial and ethnic groups, and, again,
20 I said a very kind of important topic for policy-makers these
21 days, and they find that the China shock led to the
22 Black-white employment to population gap to narrow by three
23 percentage points, which is a substantial amount, a
24 significant amount of the gap, about 20 percent. But then
25 they were not finding much effect on the wage gap as a result

1 of the China shock. But the China shock did widen the
2 Hispanic-white employment gap, although it has recovered in
3 recent years.

4 And kind of the main mechanism that they kind of
5 identified for these differential impacts from the China
6 shock were that the white and Hispanic workers were more
7 adversely affected than Black workers because they were more
8 likely to live in different areas, they were more likely to
9 work in different industries, and also less likely to
10 transition to non-manufacturing jobs. So, again, these are
11 kind of some of the factors where we were seeing these kind
12 of differences between the different racial groups as a
13 result of the China shock.

14 So my main question, I'm more kind of like thinking
15 about how we can use these findings for -- you know, whether
16 these findings that we are seeing can be transferrable to
17 other policy, trade policy shocks? So that's kind of the
18 first question. Are we just looking at a specific shock in
19 time, you know, or is it something that we can generalize and
20 think about if it's trade more general?

21 The second question is more kind of like, you know,
22 we had the race and, you know, ethnicity breakdown, but
23 another question we came about is also on the gender side.
24 And given this high dimensional data that Lindsay had, being
25 able to control for a lot of demographic characteristics, but

1 could we also, like, explore the differences between
2 different demographic groups? And particularly I'm thinking
3 more about gender and the immigration status of groups.

4 And lastly, you know, this was like a trade
5 globalization episode, not really kind the policy trend,
6 going more toward to trade restrictiveness episode. So can
7 we kind of expect something similar on our others? So what
8 should we expect basically if we use this framework? How
9 should we kind of think about that?

10 So kind of like what was interesting when I was
11 reading this paper, so I've been, you know, looking at this
12 kind of a little bit, and, you know, this map that they have
13 in the paper is a pretty interesting map showing where the
14 Black population is concentrated, you know, more on the South
15 and, you know, the Sun Belt, and, you know, one of the main
16 kind of ideas of the paper is that most of the areas that are
17 indicated in the red, the Black population, were not
18 specifically harmed by the China shock, where it was mostly
19 concentrated in the Midwest and, you know, the Rust Belt
20 areas.

21 So kind of looking at another kind of active area
22 in the literature is looking at the NAFTA shock, and there's
23 a recent work by Choi, et al., I think that was published in
24 AAR recently, where they focus on the NAFTA shock. And so I
25 looked at their map and, you know, what they were finding,

1 and this is for the NAFTA effect. You know, it's very
2 interesting that the shock for NAFTA really did seem to
3 target the Sun Belt and, you know, the South a lot harder
4 than the Rust Belt.

5 And so, again, the question is, you know, was it
6 the case that NAFTA, you know, happened in '94, you know, so
7 when we look at the data at 2000, whether most of the effects
8 of the NAFTA shocks really hit the Black workers a lot harder
9 than white workers. And so, when you were capturing the
10 China shock, were you able to capture that effect or it's
11 just like, you know, that Black workers are already affected
12 by trade and now we're just kind of looking at the post-NAFTA
13 effect on that case?

14 So I thought that was interesting, and, again, I
15 thought like most of these studies, you know, generally, they
16 depend on -- like, some studies look exclusively at NAFTA,
17 some studies look exclusively at the China shock. I just
18 wonder, like, if we are really being able to capture the
19 effects of trade shocks, you know, just a single isolated
20 incident.

21 The second thing I was thinking about with the
22 demographic groups, what I considered in my head was, like,
23 you know, why not think about Asian workers in this analysis
24 and maybe there were some sample issues, you know, again, you
25 know, but I thought that would be interesting because, you

1 know, like, we have that -- usually my kind of prior thinking
2 is that Asian workers are usually a little bit well off than
3 Hispanic and Black workers, and whether, you know, we can see
4 that as a result of the trade shock as well, that, you know,
5 Asian workers are less affected from the trade shock than
6 other demographic groups.

7 The other thing is that, you know, they have the
8 data on different demographics of interest, you know, age,
9 gender, foreign born, college education, and occupation. I
10 think they do a really good job of controlling for these
11 factors in the analysis. But it might be also interesting as
12 we think about future work, collecting toward maybe like look
13 at some intersections, you know, and seeing, you know, if
14 there are differences among groups by more than two types of
15 characteristics, right? So we might use this framework to
16 think about, okay, is there differences between white men and
17 Black women or, you know, Black women and white women. So
18 some kind of intersectionality I think might be an
19 interesting dimension to explore to kind of see, you know,
20 what do these results hold when we're looking at one or more
21 of these characteristics.

22 Another thing I was kind of thinking about just
23 because they were focusing on Hispanic workers was something
24 that I felt could be explored a little bit more is the
25 foreign-born status, especially I think for Hispanic workers.

1 This might be kind of an important factor, you know, in that
2 period. You know, post-2000, immigration became a hot issue
3 and whether, you know, like strictness, you know, looking at
4 more on the immigration side at some like, you know,
5 restrictiveness. Maybe that affected the employment outcomes
6 for Hispanic workers.

7 And then there's this recent work again, you know,
8 by David Autor and his co-authors, who have looked at the
9 China shock, and they were looking more of the effects on
10 foreign-born workers and, you know, they found that they are
11 more sensitive to negative labor demand shocks. So, again, I
12 thought that could be another dimension that could be further
13 explored maybe in some future work with this framework.

14 And, lastly, as I said, yeah, this was a trade
15 globalization episode, and most of the current, you know,
16 trade policy on the U.S. side has been very restrictive. You
17 know, there's a reason we're looking at the impacts of the,
18 you know, tariffs that have been imposed on Chinese imports
19 in the steel and aluminum.

20 And they have found much muted effects. Most of
21 the effects have been on the price side than for in the face
22 of the employment side and the manufacturing side. I know
23 this paper again by David Autor and co-authors where they
24 looked at the employment effects and they were finding much
25 less effects from the tariffs, the new tariffs.

1 But, again, in the context of the racial gaps, I
2 was curious, like, what we can think about the implications
3 of these policies. Should we kind of think that, you know,
4 we had the China shock and the wage gap at least for the
5 Black and white workers was, you know, narrowing. Should we
6 not expect on the opposite side should it start expanding?
7 And, you know, again, kind of going back to my first
8 question, you know, how can we, like, think about these
9 estimates when we are asked to, like, think about, you know,
10 new trade shocks on the impact on racial equality, which is I
11 think a very important question.

12 And, again, I think this paper is I think one of
13 the first papers that really does a very thorough job of
14 analyzing this, so, again, it's something that I think we in
15 the policy sphere can really think about these questions.

16 I'll stop here.

17 MS. POWELL: Great. Thank you so much, Saad.

18 Dr. Oldenski, we're going to give you the first
19 opportunity to respond to Saad's comments. And then all
20 those who are still online, please feel free to drop
21 questions in the chat or raise your hands and we will get to
22 your questions after Dr. Oldenski's comments.

23 DR. OLDENSKI: Great. Thanks. Yeah.

24 And thanks, Saad, for that great discussion I
25 think you raise a lot of really important points.

1 So, first of all, we would definitely like to
2 disaggregate further. Again, it's tricky with the data and
3 that's kind of similar -- you know, I'll kind of jump around
4 out of order and group these questions and comments together.

5 But, you know, that also kind of explains why we
6 don't really look at Asian workers, right? We tried to do
7 that, but the Asian employment shares in manufacturing are so
8 small, especially when we break up by CZ level, we had
9 trouble with that. But I do think it's an important point
10 and I think it's something -- we wouldn't be able to look at
11 manufacturing, but if we looked at the economy as a whole or
12 manufacturing, we can at least look at those results because
13 this is something that I know people are interested in. But
14 we're kind of limited to largely these groups. So I think
15 that's an excellent point.

16 Also, kind of, you know, the issue about how in
17 general this question is or the results are to other trade
18 shocks is really important. And I think, you know, if we're
19 talking about additional trade liberalization, we would
20 expect very similar results, right, because, you know, what
21 we're kind of showing when we do our historical analysis is
22 that it really is, a lot of it is related to sort of the lack
23 of attachment of Black workers in manufacturing and that we
24 would expect, you know, kind of future trade liberalization
25 to have even more of this kind of positive non-manufacturing

1 effect for Black workers because their attachment to
2 manufacturing, you know, keeps falling.

3 And Hispanic workers, we would hopefully see more
4 and more positive effects because, again, it's all based on
5 demographics for that group, and demographics have been
6 improving for that group.

7 On the opposite side, right, and sort of in view of
8 future trade liberalizations, if we look at trade
9 restrictions, you know, as Saad pointed out, the literature
10 really hasn't shown, like, these great employment gains from
11 the U.S.-China trade war or other trade restrictions. So,
12 you know, we wouldn't really expect to see manufacturing
13 gains. But, on the non-manufacturing side, there could
14 potentially be some of these negative effects on Black
15 workers. You know, I don't know, this is purely speculative,
16 but at least on the non-manufacturing side we might expect
17 that again, you know, sort of trade liberalization kind of
18 increasing or reducing the gap and trade restrictions might
19 actually increase it. But, again, I don't know. We haven't
20 actually done that, but that's something that we're very
21 interested in and we'd like to do for future work because
22 that's much more relevant in today's policy environment.

23 What about NAFTA? Yeah, a great point. You know,
24 we could look at that at some point. The results might be
25 different not just because of the geographies, like the map

1 that you showed, but also the time period. You know, the
2 '90s were kind of a transition period in terms of relative
3 Black attachment to manufacturing. So, you know, it would be
4 interesting to see what's going on in that period first of
5 all and then, second, to see the attachments again.

6 You know, given that our results are primarily
7 driven by the co-location effect rather than the population
8 or industrial composition effect, I think that, you know,
9 maybe the geographic distribution perhaps may not matter as
10 much but that the time period might, and that would help fill
11 in our understanding of this evolution for sure.

12 Yeah, I mean, again, you know, we'd love to break
13 down more about education and so forth. Again, a lot of this
14 comes from data. Also gender. We're hoping, you know, sort
15 of for future projects to be able to get the worker-level
16 census data. We can't do that with the data we have now. We
17 just don't have enough variation in the data. But we're also
18 very interested in these questions. We don't see household
19 data, right? You know, with Black workers, can some of this
20 be explained by gender, right? You know, you've got a man
21 who's laid off in manufacturing and then, you know, perhaps
22 his spouse is taking up a non-manufacturing job. You know,
23 we don't know if that's what's going on or if it's exactly
24 the same worker who's laid off in manufacturing who's, you
25 know, getting these gains in non-manufacturing. We just

1 can't see that in our data. But I absolutely agree that
2 that's really important and interesting. We'd love to
3 eventually, you know, kind of look at that with worker-level
4 data or household-level data where we can see that for sure.

5 The same thing with foreign-born status. We don't
6 see that, but that's something we could do with worker level
7 data for sure. And that's something, I mean, when you think
8 about, you know, Hispanic workers, especially lower-skilled
9 Hispanic workers, it's important, and we can't look at that
10 with our data. So thank you for citing that as well.

11 Yeah. I mean, again, you know, I think these are,
12 you know, again, I think your final point was again about
13 these trade restrictions and some of the current trade shocks
14 and trade wars we've been seeing, and they are definitely
15 very relevant for the current policy environment. We
16 definitely would like to look at that as well. We just
17 haven't yet. So thank you. Great comments.

18 MS. POWELL: Great. Thank you.

19 We have a comment in or a question in the chat from
20 Stephanie Fortune-Taylor about the effects of English
21 proficiency on outcomes for Hispanic workers. Stephanie, did
22 you want to unmute and elaborate?

23 MS. FORTUNE-TAYLOR: Sure, can you hear me okay?

24 MS. POWELL: Yes.

25 MS. FORTUNE-TAYLOR: Okay. Thank you so much,

1 Lindsay, for your presentation and for your great work. Like
2 Saad said, we were really excited. We have been following
3 this paper over the course of when it came out first. So
4 thank you so much for how your work has positively impacted
5 our work.

6 I wanted to ask about, especially for Hispanic
7 workers, we know that, you know, from the Laura and Davilow
8 (phonetic) work, you know, early, like, in the 2000s that
9 especially Hispanic workers have a limited English
10 proficiency wage penalty associated, and because there's a
11 non-trivial proportion of Hispanic workers who do have
12 limited English proficiency, I was wondering if you were able
13 to look at English proficiency as possibly affecting wage and
14 employment outcomes and, if you did, if you were able to see
15 how the density of the population, of the English proficiency
16 population within a region -- like, so, for example, say you
17 go to a CZ and there are some workers who don't have great
18 English proficiency, but they're in an area where there are
19 other people who don't have great English proficiency.
20 Possibly they also have Spanish proficiency. And so maybe
21 that transition might be easier for those workers who don't
22 have great English proficiency as opposed to if they're in a
23 different place.

24 So I'm wondering if you have any information that
25 you can share with us about that.

1 DR. OLDENSKI: Yeah, that is a great comment, and
2 it's a great idea. We haven't looked at that yet. And so, I
3 mean, I would imagine that English proficiency is probably
4 correlated with overall education as well. So I think that's
5 great. A first place we can start could be to look at the
6 correlation, first of all, just between our education levels
7 and English proficiency and see if that gets us anywhere.

8 Like you said, we could get that data at the CZ
9 level. You know, ideally, we'd be able to look at
10 worker-level data and see if it affects people with English
11 proficiencies differently, but I like your suggestion of
12 looking at the CZ level rates of English proficiency because,
13 again, because we're getting these negative non-manufacturing
14 effects, you might expect, you know, services are more
15 communication-intensive. They require, you know, more
16 language skills perhaps than manufacturing. So I think
17 that's a great idea for something to look at, especially when
18 we look at our Hispanic non-manufacturing negative results.
19 So I appreciate that. Thanks.

20 MS. POWELL: All right. I don't see any hands
21 raised. Let me check the chat.

22 Bill?

23 MR. POWERS: Thanks. All right. So thank you,
24 Lindsay, for presenting this. As everyone, as Saad and
25 Stephanie have said, we're very excited to have you back or

1 have you here for this.

2 I have a question for you on Figure 3 in your
3 paper. Not to be too specific. But I think it's quite
4 interesting that you've got that that is the impact of the
5 distribution of the change in import competition for the
6 various races, and I don't know if you could bring that up or
7 I can just talk about it.

8 DR. OLDENSKI: Yeah. Let me share my slides again.
9 I think I know which one you're talking about.

10 MR. POWERS: It's Figure 3 in the paper. I'm not
11 sure if it's Figure 3 in your presentation.

12 DR. OLDENSKI: Yeah, I think I know which one
13 you're talking about. You can let me know if I pull up the
14 right one here.

15 (Pause.)

16 DR. OLDENSKI: You're talking about this one?

17 MR. POWERS: That's the one.

18 DR. OLDENSKI: Okay, great.

19 MR. POWERS: Yes, fantastic.

20 So I think this is super. I think what jumps out,
21 of course, here is that you have this bimodal distribution
22 for the Latinos. Of course, you've already presented the
23 impact up above, and you said there are definitely regions
24 where there's a high share and regions where there's a low
25 share of Hispanics in some of these sharply impacted

1 districts. Now this is accounting for industry composition
2 population effects. So maybe if you can just give us a sense
3 of how to interpret this bimodalness.

4 And then I have a different question as well.

5 You know, you mentioned some of the historical and
6 institutional forces driving some of your effects. I look at
7 this bimodal and I wonder, have there been historical forces
8 that have impacted different groups of Hispanics differently
9 so that we might see this? Or is Hispanic just too broad?
10 Are there actually two subgroups here that we might be
11 interested in looking at separately? Or is it just kind of
12 random and this is actually where you haven't identified or
13 can't think of anything along those lines and this just
14 happens to reflect where they are when the shocks happened?

15 So anything you can help us unpack that would be
16 super interesting. And tell us I think maybe more about what
17 Hispanic means here and how they've been affected.

18 DR. OLDENSKI: Yeah, for sure. And, you know, kind
19 of this bimodal distribution we see for the Hispanic workers,
20 this is driven by geography, right? So this is driven by the
21 fact that you've got these concentrations of Hispanic
22 populations in, you know, Florida, which is really not
23 affected very much by manufacturing jobs, and then also the
24 Southwest, you know mostly not affected with the exception of
25 a few cities, you know, kind of San Jose, L.A., and then, you

1 know, a few places in Texas. And so that's really all
2 geography rather than industry driving that.

3 And then, in terms of sort of differences within
4 the Hispanic population, let me go to my industry -- well,
5 actually, I can look at differential effects by demographic
6 group. And so you can kind of see it's not significant. I
7 don't want to say too much here because we're not getting
8 significant results, but, you know, I'm sure this kind of
9 aligns with what you were thinking. But, if we were looking
10 at say, you know, college-educated Hispanic workers versus
11 high school dropouts, you know, we do see more positive
12 results for the college-educated workers. You know, again,
13 immigration status might be correlated with that as well as
14 other things.

15 So, you know, we can't, unfortunately, with this
16 data, we can't say that much. Hopefully, if we do follow
17 this line of research using worker-level data, we'd be able
18 to answer that that much better. But I do imagine that, you
19 know, education, for example, would be one of those ways we
20 could kind of look at different groups of Hispanic workers,
21 but possibly also geography as well. I'm not sure.

22 The answer to your question is I don't feel like I
23 can give too much of an answer to the second part, but this
24 is where I would look and hope to look in future research.

25 MR. POWERS: All right. Thanks.

1 MS. POWELL: Great. We also have a question in the
2 chat from Lin Jones about the effect of technology and
3 automation on employment. Lin, would you like to unmute and
4 ask your question?

5 MS. JONES: Sure. Thank you for the very
6 interesting presentation, and thank you for sharing with us.

7 So one of the tricky part in terms of when we're
8 looking at employment effect is it's tangled with different
9 factor, you know, the policy or the trade involvement versus
10 the technology advancement. So I'm just kind of curious
11 about, when you're looking at the China shock factor, were
12 you able to isolate or exclude the effect of the technology
13 advancement that could affect the industry itself as well as
14 the employment? I was kind of curious about that.

15 DR. OLDENSKI: Yeah. So we don't directly include
16 or look at technology. However, I think that, you know, when
17 we're looking at the industries you have to consider whether,
18 you know, you think there's going to be correlation between
19 the industries that are impacted by the China shock and the
20 industries that are going to be impacted by technology. We
21 deal with that a little bit. We also do a robustness check
22 where we consider the permanent normalized trade relations
23 and the uncertainty that was removed with that. So we do
24 look at a few different things. Those affect slightly
25 different industries, and see, you know, similar results.

1 Also, the fact that at least for Black workers we
2 get very similar positive differential effects across all
3 education groups in particular and age groups. So, first of
4 all, sort of the basic question is do we believe we actually
5 have estimated an effect of the China shock separate from
6 technology? And I think all of those things, you know,
7 really suggest that yes, we have.

8 But then there's a separate question that says,
9 okay, well, what about technology? And I think that's a very
10 interesting and important question and that's not one that we
11 tackle in this paper. But, I mean, you can imagine, again,
12 this is purely speculative, but there could be differential
13 effects, right?

14 You know, a lot of these benefits for Black workers
15 are happening in, you know, retail. If, you know, all of a
16 sudden everything's purchased online and instead of being
17 delivered by an Amazon delivery driver it's being delivered
18 by a drone or something like that, you know, that this is
19 something we would want to keep an eye on and see how the
20 effects change in the future. But it's not something we've
21 done.

22 So we do feel pretty good that we're estimating
23 actual effects of import competition and not technology. But
24 we haven't looked into, you know, directly exploring the role
25 of technology as well, which could be very important, as you

1 point out.

2 MS. JONES: Thank you.

3 MS. POWELL: Well, we are pretty much at time and I
4 don't see any additional hands or comments. So I'd like to
5 conclude by thanking Dr. Oldenski for such a wonderful
6 presentation, and thanks to Saad and Bill for their comments
7 as well.

8 I'd also like to mention to everybody who's still
9 online that this is only the first of two seminars today.
10 Our second seminar will be at 1:00 with John McClesky from
11 William & Mary.

12 So, with that, anything additional, either Dr.
13 Oldenski, Saad, Bill? No?

14 DR. OLDENSKI: I just want to say thank you.

15 MS. POWELL: Well, thank you so much for your
16 presentation, and we look forward to seeing many of you back
17 at 1:00 this afternoon.

18 (Whereupon, at 11:30 a.m., the seminar in the
19 above-entitled matter was adjourned.)

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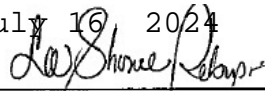
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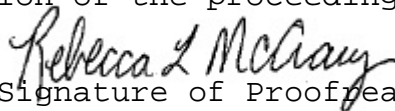
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