Trade Liberalization and Working Conditions

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This Paper

- **Research question**: How does trade liberalization affect workers' employment conditions beyond wages?

- **Data and empirical setting**:
  - EU enlargement as a quasi-natural experiment
  - Tariff data to construct regional exposure to import and export liberalization
  - Worker-level survey data on contracts, working schedules, hours and wages
  - Firm-level data to measure revenue volatility

Main findings

- Shows that **export liberalization affects employment conditions**:
  - Increases temporary employment and atypical work schedules
  - Effects persist more than a decade after accession
- Provides evidence on a **new adjustment mechanism**:
  - **Export** liberalization increases exposure to foreign-demand volatility
  - Higher volatility increases firms' demand for employment flexibility

Import vs. export effect: does geography matter?

- Import and export liberalization may differ in their **geographical composition**
  - Import: intra-EU tariff elimination + MFN changes vis-à-vis non-EU countries
  - Export: changes in market access across destination markets

Open issue

Could the import-export asymmetry partly reflect differences in the geographical composition of the tariff shocks?

Suggestion

- Decompose both shocks by partner group:

$$Lib^{M} = Lib^{M}_{EU} + Lib^{M}_{ROW}, \qquad Lib^{X} = Lib^{X}_{EU} + Lib^{X}_{ROW}$$

- Does the import-export asymmetry survive **within the same partner group**?

$$\beta^{X}_{EU} \; vs. \; \beta^{M}_{EU}, \qquad \beta^{X}_{ROW} \; vs. \; \beta^{M}_{ROW}$$

Testing the volatility mechanism

- The export liberalization shock combines **destination-specific changes in market access**
- Destinations differ in the volatility of their demand

Suggestion

- Measure destination-sector demand volatility **before accession** using total imports from the world
- Split the export liberalization shock into:

$$\text{Export liberalization} = \underbrace{\text{access to low-volatility markets}}_{\text{stable destinations}} + \underbrace{\text{access to high-volatility markets}}_{\text{volatile destinations}}$$

Prediction

- If foreign-demand volatility is the mechanism:

$$\boxed{\text{Effect of access to high-volatility markets} > \text{Effect of access to low-volatility markets}}$$

Minor comments and clarifications

- **Labor-market reforms:**
  - The institutional discussion is reassuring, but Table 2 has limited power (11 observations)
  - OECD also provides pre-accession measures of **restrictions on temporary employment**, which are directly related to the main outcome
  - As a demanding robustness check, consider country $\times$ year fixed effects to absorb national time-varying labor-market reforms
- **Balance tests:**
  - Identification ultimately comes from 115 country-sector tariff shocks
  - In Table 9, Panel B, consider testing balance directly on the **main pre-accession outcomes** (temporary employment and atypical hours) at the country-sector level
- **Inference with few clusters:**
  - Standard errors are clustered at the NUTS-1 level, with only 15 regional clusters
  - As a robustness check, consider reporting wild cluster bootstrap inference