ASK AN ECONOMIST

Maximiliano Dvorkin has been an economist at the Federal Reserve Bank of St. Louis since 2014. His research focuses on labor reallocation and the effect of different economic forces on the employment and occupational decisions of workers and on their well-being. In his spare time, he enjoys the outdoors, cooking and spending time with his family. For more of his research, see https://research.stlouisfed.org/econ/dvorkin.

Q: What is the impact of Chinese imports on U.S. jobs?

A: Although most economic models point to overall gains from trade, these gains are not distributed evenly across workers and regions. With that in mind, Lorenzo Caliendo, Fernando Parro and I studied the impact of the surge of imports from China between 2000 and 2007 on different U.S. labor markets.[1] In particular, we examined how workers in different sectors, like manufacturing or services, and in different regions were affected.

Of the more than 3 million manufacturing jobs that were lost overall in the U.S. between 2000 and 2007, we found that about 800,000 manufacturing jobs were lost because of the increased Chinese competition. Most of these jobs were in the production of computer and electronic goods, primary and fabricated metal products, furniture and textiles.

As might be expected, larger states experienced larger losses in manufacturing jobs. After controlling for size, we found that states with a larger share of manufacturing employment (e.g., Ohio) experienced a larger than average loss, while the opposite was true for states with a smaller share of manufacturing employment (e.g., Florida).

Despite the job losses in manufacturing, the economy gained a similar number of jobs in other sectors, such as services, construction, and wholesale and retail trade. These sectors, which were not very exposed to Chinese competition, benefited from having access to cheaper intermediate inputs. As a result, U.S. firms in these sectors were able to lower their production costs. In turn, consumers were able to purchase these U.S. goods at a lower price. Between these savings and the savings on cheaper Chinese-made goods that they bought, U.S. consumers gained an average of $260 of extra spending per year for the rest of their lives, we estimated, all stemming from the increased imports from China.

Research like ours enhances the understanding of who gains and who loses from international trade. An important consideration is how to create policies that help those who are hurt by trade without our losing the gains from it. Further research is needed to answer this important question.

[1] Caliendo, Lorenzo; Dvorkin, Maximiliano; and Parro, Fernando. "Trade and Labor Market Dynamics." Working Paper 2015-009C, Federal Reserve Bank of St. Louis, August 2015. See https://research.stlouisfed.org/wp/more/2015-009.

For more discussion on this topic, listen to the Timely Topics podcast with Dvorkin at www.stlouisfed.org/timely-topics/chinese-imports-us-jobs.

LIKE FANTASY LEAGUES? TRY OUR FORECASTING GAME

The Federal Reserve Bank of St. Louis recently released FREDcast, a free interactive forecasting game in which players forecast four economic variables every month, track their forecasts' accuracy on scoreboards and compete with friends and other players in leagues.

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To start, set up a personal account in FRED, our signature economic database. (It's free, too.) Then, log in to FREDcast and make predictions for real gross domestic product (GDP), employment, unemployment and the consumer price index (CPI). Your forecasts are compared with the actual release numbers when they come out. Forecasts are due by the 20th of every month.

Players can judge their performances by looking at rankings within leagues or against all FREDcast users.

For more information and to sign up, go to **https://research.stlouisfed.org/useraccount/fredcast.**

WEBINAR WILL SHOWCASE COLLEGE AND CAREER RESOURCES

A webinar March 8 will focus on free resources that can be used for exploring careers, saving for college and navigating financial aid, among other preparations for students' futures. Teachers are the main target audience for the webinar, but parents also can benefit from learning about these resources, which come from several Federal Reserve banks and include publications, infographics, videos, audios and online courses.

Teachers can earn professional development credit for participating in the one-hour webinar, which is part of the Classroom ECONnections with the Fed series. To accommodate those living in different time zones, the webinar will be offered twice: at 3-4 p.m. CT and at 4:15-5:15 p.m. CT.

The ECONnections event listing is live: **www.stlouisfed.org/events/2017/03/ee-econnections0308**.

NEWSLETTER OFFERS A TASTE OF ST. LOUIS FED ACTIVITIES

Geared to a Main Street audience, this newsletter—Central Banker: News and Notes from the St. Louis Fed—is a quick way to keep up with what's going on at the Federal Reserve Bank of St. Louis. It's a monthly email newsletter that gives a sampling of the Bank's activities and offerings, highlighting the latest speeches, research, podcasts, videos, lesson plans, events and more.

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