



Long-Run Effects of Trade Liberalization on Local Labor Markets: Evidence from South Africa

Paulo Bastos[†]

Nicolas Santos[§]

Keywords: Trade liberalization; local labor markets; trade shocks; long-term effects; South Africa

JEL Classification: F16, J23, J31, J61, O15, O19,

of the policy implications. Section 7 summarizes and concludes the paper.

homeland, the initial levels of the majority racial group, and the skill composition of the workforce.

4 Data and descriptive statistics

fairly similar between municipalities that include areas from the former homelands and other municipalities. These features of the data are convenient for the identification of the overall e

5 Results

the employment-weighted and import-weighted tari

5.3 Heterogeneity of impacts

Examining the localized impacts of trade liberalization is especially warranted in the South African context, where the large regional disparities associated with the homeland system imposed during apartheid persisted long after the introduction of democracy (Bastos and Bottan, 2016). The magnitude of the effects of trade liberalization on local labor markets might be expected to depend on the initial conditions of the municipality. In particular, municipalities including the former homelands might be expected to have greater difficulties in adjusting to increased import competition. The homelands had little economic activity beyond subsistence agriculture, and were

term between the employment-weighted average tariffs and the dummy variable in-

6 Discussion

[6] Broda, Christian and David Weinstein (2006), "Globalization and the gains from variety." *Quarterly Journal of Economics*, 121(2): 541-585.

[7] Clark, Nancy L. and William H. Worger (2011),

[16] Melitz, Mark (2003), "The Impact of Trade on Intra-Industry Reallocations and Aggregate Industry Productivity", *Econometrica*

!"#\$%&'7)'8+9*%3'3.%"551"/'2*\$3,'45%"6.:'(;<=>7>('?
,

!"#\$%&'()\$'

,

!"#\$%&'D)'E.6".-'./0"/6*+&'#.91

! "#\$%&'

! "\$%&'()*+,-./0123456789: ;@/,"'82"-%0;4+89/3<0<4\$,/0+&=#"8%34." ,/0+& %&?&+&,0<&@ (,2<%- %+,/%

!"#