

Does International Trade Make People Happier? An Empirical Study with Longitudinal Data for the U.S.A.

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Abstract:

In this paper, we will analyze how does trade openness in United State at state level affect the happiness of people working in different sectors, such as manufacturing sector and service sector. Merging the individual level microdata from the Panel Study of Income Dy- namic (PSID) with the macro level state trade openness data in United State, this paper investigated the effect of state level openness on happiness of people work in both manu- factory sector and service sector. By applying the Ordered-Logit and the multinomial-Logit methods, we find that people living in states more open to international trade are happier. Moreover, people working in service sector are happier with a higher trade openness level than those working in other sectors.