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Autore	Hollweg Claire H
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## Countries; Correlates of Labor Mobility Costs

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### Sommario/riassunto

The analysis in this report confirms the findings of previous studies that trade liberalization improves aggregate welfare and is in the long run associated with higher employment and wages. The analysis addresses a major gap in the literature, which has heretofore provided limited evidence about the trade-related adjustment costs faced by workers in developing countries and how they are affected by mobility costs. Labor market frictions reduce the potential gains from trade reform. For a tariff reduction in a given sector, the resulting change in relative prices raises real wages in some sectors.

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