

Do U.S. Tariff Reductions Explain Rising Wage Inequality?: The Case of U.S. Tariffs on Imports from Countries having Free Trade Agreement with the U.S.

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Abstract

The wage gap between skilled workers and unskilled workers expanded in the U.S. Based on the essential idea of Stolper and Samuelson (1941) and following the mandated wage method of Haskel and Slaughter (2003), this dissertation examines whether the reductions of U.S. import tariffs contributed to that expanding wage gap between two types of workers in the U.S. manufacturing industries during 1974-2004. I use U.S. tariffs in imports from countries having the free trade agreements with the U.S., which were in effect by 2004. They are U.S. tariffs on imports from Canada, Mexico, Israel, Chile, Jordan and Singapore. This dissertation did not find any significant evidence that U.S. tariff reductions expanded the wage inequality during the period considered. This leads us to conclude that other forces must explain increasing U.S. wage inequality.