

WORKER HETEROGENEITY,  
WAGE INEQUALITY, AND TRADE  
THEORY AND EVIDENCE FROM BRAZIL

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February 2017

# OVERVIEW

- ▶ How does trade affect income inequality?
  - ▶ Across groups: some types of workers helped more/less, some hurt
  - ▶ Within groups: composition of within group earnings change
- ▶ Effect is ambiguous, in general
  - ▶ Inequality may increase if high income workers are helped and low income workers are hurt
  - ▶ May decrease if the opposite