DO EXPORT CREATE AND IMPORT KILL JOBS? EVIDENCE FROM ARDL BOUND APPROACH, DYNAMIC OLS, GMM AND VEC

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ABSTRACT

There is a wide spread notion that exports create jobs and imports destroy jobs. While the impact of exports to employment is well documented, not much research can be found on the impact of imports on creating jobs. The main purpose of this study is to explore empirically the short-run and long-run interconnectedness of imports and exports on employment. The methodologies applied include ARDL Bounds Test, Dynamic OLS (DOLS), GMM, Vector Error-Correction, Granger Causality and Impulse Response methodologies. The ARDL bound test shows long-run relationship among employment, export, and import. Both imports and exports have significant positive effect on the growth of total employment of South Carolina. The Dynamic OLS result indicates both export and import have significant positive effect to employment. GMM estimate indicates export has positive and import has negative impact on employment. Vector-error correction estimates show import has positive and export has negative impact. Granger causality test indicate unidirectional causality from employment to export and import to export. Impulse response indicates that exports and imports have positive response to employment. These results imply South Carolina policy makers need to pursue pro-trade policy to stimulate employment growth.

Keywords: Employment, Export, Import, ARDL.