International Trade, Intellectual Property Rights and the (Un)employment of Migrants

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In this paper, we study the effect of trade liberalization and intellectual property rights (IPR) protection on the unemployment rate of migrants relative to non-migrants. We build a North-South trade and growth model with a positive steady state rate of migration. We find that bilateral trade liberalization decreases the relative unemployment rate of migrants when migration is low and increases the relative unemployment rate when the migration rate is high. IPR protection on the other hand leads to a higher relative unemployment rate of migrants regardless of the size of migration. We empirically test the predictions derived from the theory and provide evidence on the effects of trade liberalization and IPR protection for 19 OECD countries over the period 2000-2014.