

## **Globalization of Labor Markets and Inequality**

Michael Kremer

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Michael Kremer examines two new ways of modeling trade and immigration that imply effects different from the standard Heckscher-Ohlin model. The standard model carries straightforward predictions that inequality should lessen in poor countries that open up to trade and increase in rich countries that allow low-skilled workers to immigrate. Kremer shows that under some alternative assumptions, trade can increase inequality in poor countries, while migration can raise the relative wages of low-skilled workers.