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**Labor Market and Globalization:  
A Comparison of the Latin American and the  
East Asian Experiences in the 1980s and 1990s**

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April 2010

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## ABSTRACT

### **Labor Market and Globalization: A Comparison of the Latin American and the East Asian Experiences in the 1980s and 1990s<sup>\*</sup>**

In this paper we analyse the labor market and its relationship with globalization in two groups of countries similar in their GDP per capita levels at the beginning of the 1980s but otherwise significantly different in their economic and social structures. On the one hand we look at Argentina, Brazil and Chile, on the other hand we analyse South Korea, Taiwan and Thailand. It is argued that the Latin American group adopted pro-globalization policies too quickly and without an adequate social safety net, and that the East Asian group was particularly vulnerable to the 1997 crisis in connection with an ill-designed financial markets liberalisation and poor labor market policies. We suggest that the high social costs of labor market imbalances generated throughout the 1980s and 1990s in these two groups of countries should have been tackled within an encompassing development strategy, with an eye at social safety nets and labor supply policies – such as active and passive labor market institutions – designed for each country specifically.

JEL Classification: F16, J21, O15

Keywords: globalization, labor market, Latin America, East Asia

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# 1 Introduction

The effect of Globalization on Labor markets has been object of growing interest for economists, social scientists, as well as policy makers and politicians in the last decades. The literature is not fully addressing this increasing policy focus concerning the relationship between Labor market and Globalization (Rodrik (2002)). This might be true *-a fortiori-* in developing countries (DCs henceforth), that have been exposed to the Globalization phenomenon in more recent years than advanced economies. In the 1980s and in the 1990s international organisations -such as IMF and WB- have proposed development strategies mainly based on the Washington Consensus approach, initially targeted at Latin American countries but then applied to other DCs (Williamson (1990)). In this paper we analyse the pros and cons of this methodology by comparing two groups of countries that adopted different development strategies. This allows us to pinpoint some stylized facts about the relationship between the Labor market dynamics and the Globalization process.

Latin American countries have quite closely followed international organizations policy advise (e.g. conditionality schemes and structural adjustment programmes), whereas East Asian countries have implemented more independent development policies (with the exception of the IMF-led financial markets liberalisation strategy). Latin American countries adopted reforms packages envisaging higher flexibility and deregulation, downsizing of trade unions and minimal state intervention. These reforms were in line with the philosophy that the market could solve the imbalances of the economy even in DCs. In other words, growth and prosperity *had to* be the enhanced by free market institutions. These recommendations generated far from spread consensus, being the Washington Consensus approach under attack and constant revision (Stiglitz (2002)). In fact, policy makers might need to cope with both market and state failures (Cimoli, Dosi and Stiglitz (2009)), Labor markets imperfections (Boeri and Ours (2008)) and heterogeneous Labor markets adjustments as stated, for example, in OECD (2005):

”There is no single road to better Labor markets”.

Developing countries -as well as advanced economies- are constantly pervaded by imperfect competition (e.g. non-contestable markets and incumbents’ market power), externalities (e.g. existence of public goods and technology spillovers), incomplete contracts and indefinable property rights (high transaction costs, agency problems and informational asymmetries). These market failures hinder consumers and firms in their effort to reach any efficient competitive equilibrium<sup>1</sup> and industrial policies and/or

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<sup>1</sup>See Grossman and Stiglitz (1976), Grossman and Stiglitz (1980) and Greenwald and Stiglitz

state intervention might be necessary<sup>2</sup>. For example, the trade-off between efficiency and equity has been widely investigated in the literature but imperfect information and externalities might even induce the market equilibrium to be neither efficient nor equitable<sup>3</sup>.

As the Washington Consensus approach showed its limits in the analysis and policy prescriptions concerning DCs quickly changing their institutional infrastructures (Roland (2001)), a Post Washington consensus approach has emerged (Stiglitz (2004)). Policy makers are asked to promote growth and development with consideration for domestic institutions and the homegrown possibility of success (Stiglitz (2002), Hausmann and Rodrik (2003)). In DCs the development of infrastructures takes time, repays in the long run, and should be routed both on the physical and on the institutional sides (Roland (2004)). Each country specific traditions and cultural values embedded in history imply that growth and development could be reached only under certain conditions specific to each country (see Castaldi and Dosi (2003) on path dependency in the development process). There exist no unique market model (see Hall and Soskice (2001) on 'Varieties of Capitalism') and market failures require government interventions, especially in a 'second best' world (Cimoli, Dosi and Stiglitz (2009)).

Within this new perspective, we compare two groups of countries -three from Latin America (Argentina, Brazil and Chile) and three from the East Asia (South Korea, Taiwan and Thailand)- that broadly differ in their economic and social contexts. The comparison might show how countries specificities require different policy advise on development strategies. We focus on Labor markets dynamics and on the potential economic distress generated by imperfect markets, where high unemployment, low participation rate and large informal sector might prevail. We try to understand which Labor market policies would allow fragile and underdeveloped Labor markets a smooth adjustment towards full employment in different contexts. We focus on two relationships, namely between trade openness and unemployment, and between Labor market structure and Labor market policy design. Following Dore (2003), we investigate whether the Globalization phenomenon has imposed new forms and meaning of works, where adequate social safety nets seems to be needed in order to tackle the social costs associated with poverty and inequality. In fact Dore (2003) notes that the deregulation in product, financial and Labor markets has been associated to

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(1986).

<sup>2</sup>See Rodrik (2009), Cimoli, Dosi and Stiglitz (2009).

<sup>3</sup>See Nelson and Sampat (2001) on a Schumpeterian framework with externalities and complementarities in innovation; the 'evolutionary-institutional perspective' summarised in Roland (2001) and Roland (2004); Hoff (2000); Rodrik (2004b); Rosenstein-Rodan (1943) on state intervention in DCs affected by coordination failures.

the process of Globalization<sup>4</sup>, but that deregulation has not been always beneficial, if conducted indiscriminately. Finally he advocates that two kinds of Labor market efficiencies mechanisms -allocative (macro) and productive (micro)- have to be properly balanced. In a political economy perspective this translates into the necessity to compensate the losers (unemployed and under-employed) by asking some sacrifice to the winners (Lee (2000), Stiglitz (2004)). We will touch upon these points for the two groups of countries.

The paper is organized as follows: in section 2 we revise some studies on Globalization and Labor markets, with a focus on Latin America and East Asia. Section 3 summaries some stylized facts on Labor markets characteristics in the two group of countries and sheds some light on the dynamics of unemployment, activity rates and employment status pre/post reforms. In the same section we review the patterns of trade openness versus unemployment rates in the 80s and 90s and we enlighten the role of passive versus active Labor market policies. New directions of research and their policy implications are described in section 4. The last section concludes.

## 2 Literature

Social scientists think at Globalization as a combination of different and complex phenomena, that encompass both outcomes (economic performance results) and processes (policies). Globalization *implies* reduced communication and transportation costs and increased trade openness, as well as it is *enhanced by* pro-liberalisation policies, such as reduction of tariffs and/or customs duties, deregulation in the products markets, freeing of foreign direct investment and freeing of financial capital flows<sup>5</sup>.

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<sup>4</sup>Krugman identifies three main sources of Globalization in Labor market: a) low wage competition from developing countries, b) skills premium induced by the technological change c) the new market attitude where few winners take all.

<sup>5</sup>In fact liberalisation of international trade, FDI and capital flows, as well as privatization, stabilization and deregulation policies belong to the "Washington Consensus" economic pillars. They are meant to create the conditions for a fast and comprehensive structural change. As far as short term non-structural policies are concerned, restrictive monetary policies, restrictive fiscal policies and support of the exchange rate value have been usually advocated to be instrumental in stabilizing developing economies affected by hyperinflation. There is widespread consensus that an excessive price dynamics can be harmful, but it is not obvious that a very low inflation level could be advisable. The limited nominal adjustment of prices and exchange rates could require an excessive adjustment of real variables, and the drawbacks in term of reduced potential growth, international competition and employment could be very high, especially in the medium-long run. The welfare effect on lower (formal) employment, higher inequality, and overall higher poverty in DCs could be relevant (Stiglitz (2002)).

Rodrik (2002) points out that Globalization in the Labor market would be ideally associated with (normative approach): reduced migration restrictions *via* the liberalisation of market of cross border Labor-services; more flexible Labor markets; compliance between pay and productivity to cope with the increased international competition. However, there is a trade-off between social advantage in destroying unproductive jobs and the private cost in being unemployed when there is insufficient job creation as a consequence of a negative Labor market shocks. In a perfect world, Labor market liberalisation entails higher degree of migration in order to allow factors such as Labor to move where there is higher relative demand (and reward). However, the design of adequate Labor market policies compatible with the process of Globalization relies on different theoretical assumptions. For example, reduced migration restrictions should be accompanied by the liberalisation of trade, FDI and financial flows (Lee (1996)) in order to lead to higher levels of prosperity.

What we actually observe is that Globalization is associated with (positive approach): low wage competition from developing countries (without observing reduced migrations restrictions); skills premium induced by the technological change (without observing a corresponding increase in education in DCs); few winners take all effect of opening international markets (without observing compensations for the losers). The reasons behind the weak public support for the reallocation of Labor factors across the frontiers -which should be part of the Globalization phenomenon- might be identified in the fact that the beneficiaries of reduced immigration restrictions are difficult to be identified and this hinders the introduction of Labor mobility reforms in the economic policy agenda. Mayda and Rodrik (2005) and Mayda (2006) argue that countries with a higher human capital tend to have a pro-Globalization attitude among people with a higher education. However, within countries with low human capital (e.g. Philip-pine), the relationship is reversed: the higher the education the lower the support for Globalization. The redistributive effects and social tensions are quite important in this second type of judgment and the authors point out that the cultural and social impact of Globalization is a crucial factor<sup>6</sup>.

In the following paragraphs, we quickly review the neoclassical trade model, its assumption and welfare implications. Second, we will refer to alternatives theories and

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<sup>6</sup>Even if there is no general consensus among economists on the overall effects of Globalization on welfare, there is a strong agreement on the following statement (Raymond Torres in Lee and Vivarelli (2004)):

”[...] a social-safety net is needed to ensure that social costs associated with the transition towards open market are minimized and the gains are more equally distributed. This is also important to secure political support for such polices.”



stress the weaknesses of the perfect competition model in the context of DCs. Third, we refer to some empirical studies and finally we argue about the relationship between growth and inequality when comparing Latin America and East Asia.

The Heckscher Ohlin model with two open economies -a capital abundant north and a Labor abundant south- predicts that trade openness will lead to aggregate welfare improvements even without Labor migration. The north will export goods produced with capital intensive technology and the south will export goods produced with Labor-intensive one. The Stolper-Samuelson effect predicts that the increase in Labor demand in the south would rise unskilled Labor wages with respect to skilled (vice versa in the north). In other words, if unskilled Labor is relatively abundant in the south, inequality will *decrease*. In this framework, perfect competition and full employment are taken as assumptions. This represents a world where there are no market failures, learning and linkages processes, increasing return to scale, externalities, cumulative effects, imperfect information (Greenwald and Stiglitz (1986)) and coordination failures (Hoff (2000), Rodrik (2004a)).

In neo-keynesian type of models unemployment does emerge as a "natural" phenomenon and there is no full employment. Therefore there are cases where openness can boost prosperity only partially, because of a persistent out of the equilibrium outcomes. Furthermore, the Labor force composition in terms of skills is very different between DCs and advanced economies and this might have important implications. For example, Fenestra and Hanson (1997) model a two-country two-sector economy where there are two sectors, an export oriented and a non-export oriented one. In this kind of economy factor intensities vary both between countries and within countries (across sectors). If the south (poor) export sector is less skill-intensive than the north (rich) export sector, but it is more skill-intensive than the non-traded south sector, trade will raise the relative demand for skilled in the south, it will reduce the demand for unskilled and it will increase the wage gap within the country. However, if the contrary is true -i.e. in the south the export oriented sector is less skill-intensive with respect to the non-traded one- then trade will increase the demand for unskilled and reduce the wage gap. However, the drawback of this second case is that there will be no upgrading of the economy as a whole in term of the education improvement and the long term growth perspective of the country will suffer.

An other strand of the literature on absorption technology capabilities (within the evolutionary economics approach, e.g. Lall (2001), Castaldi, Cimoli, Correa and Dosi (2004), Nelson and Sampat (2001)) argues that a country adopting a new technology will not have any efficiency improvement if it lies below a threshold of 'technological opportunity'. Therefore it is not always the case that openness generates growth: low

technology firms will lose market shares and start to fail, and the few domestic firms able to compete will not be able to outweigh this effect at the macro level. Countries with a low level of technological development (such as Ghana, Tanzania, Indonesia and Mexico) will react in a very negative way to a pure rapid exposure to import competition. Intervention and industrial policies (infant-industry type of argument) will be necessary to support, at least initially, weak domestic firms.

Ocampo and Taylor (1998) argue that if the Sayer law fails at the macro level and increasing return to scale shows up at the micro level, there is an argument against contemporaneous implementation of trade liberalisation and contractionary fiscal and monetary policies, as demand would slump and there would be job losses in the traded sector, exacerbated by real exchange rate appreciation. Dollar and Kraay (2001) warn against deregulation when indigenous financial systems are weak, there are short term investments, high volatility and output per capita growth (demand side) is higher than Labor productivity growth (supply side). In this case, the imbalance between the Labor and the product market can damage the economy. A well functioning product market and policies allowing improvement in the output per capita and Labor productivity are fundamental, but they can be coupled with alternative policies like capital controls, industrial policy, by maintaining sensible price level and expansionary macro policies. Also Hoff (2000) and Rodrik (2004a) point out the role of government in correcting externalities and internalizing human and social capital spillovers effects in imperfect Labor markets.

## 2.1 Empirical Studies

Empirical studies on Latin America (Cimoli and Katz (2002), Cimoli and Correa (2002)) find that the relationship between Globalization and employment is affected by the relative effect of elasticity of demand for imports and exports. If the former is greater than the latter, they argue, the growth effect through the augmented internal demand can be more than outweighed by the reduction of employment in the domestic firms, that are in that case selling less than the closed economy case. This does not advocate the hindering of the market selection process, but it shows that there is no automatic increase of employment for an economy opening to trade.

The skill biased technological change (SBTC) approach shows the effect on wage inequalities and adverse redistributive effect in the case of trade openness. Models of increasing wage inequalities within countries with factor bias technological change move in this direction. Berman, Bound and Machin (2006) analyse the pattern of skill change over time in three types of countries: high income, middle income and low income. When they consider a period of relative trade openness two effects are in place:

a) job creation is not registered for all types of jobs, but mainly for the skilled Labor force, generating an increase in the relative demand of skilled Labor and widening the gap of skilled-unskilled wages; b) the skilled bias registered in advanced countries appears to be similar to the one of middle income countries, but the effect in developing countries (or low income) is much weaker. The policy maker should therefore improve the skills of the Labor force (i.e. supply side policies) in order to avoid a low-skilled poverty trap.

Dore (2003) points out that when DCs were advised to adopt reforms in order to converge toward more flexible Labor markets of the Anglo-Saxon type (trade union downsizing, limited unemployment protection system, abolition of minimum wages, reduction of hiring and firing costs) the lack of a proper safety net and of a temporary unemployment insurance system has the potential to lead to inequity and distressing social turmoil<sup>7</sup>. Public health, unemployment insurance and retirement benefits seem to be the minimum requisite in a functioning Labor market system (Blanchard and Tirole (2008)). Galli and Kucera (2004) find that higher Labor standards (liberty of association and collective bargaining rights<sup>8</sup>, better conditions for workers in terms of wages and employment protection) do not necessarily lead to higher unemployment or inefficient Labor markets.

## 2.2 Studies on Growth and Inequality: Latin America versus East Asia

Forbes (2000) enlightens the different patterns of growth and inequality in Latin American and East Asian economies in the second half the last century. The former grew very slowly with high levels of inequality and the latter experienced high growth with initially low level of inequality. The inverse relationship between inequality and growth appears to have an empirical corroboration in the opposition of these two groups of countries, as stated by Persson and Tabellini (1994). The two authors argue that income inequality is harmful for growth because it leads to policies against property rights protection, and this restrains investment<sup>9</sup>. They argue that inequality generates a redistribution from rich to poor, and this leads to low appropriation of returns from

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<sup>7</sup>The "Augmented Washington Consensus" moved in this direction. The Globalization of markets and structural adjustment policies (such as liberalisation, privatization and stabilization) should be coupled with appropriate social safety nets and targeted poverty reduction policies.

<sup>8</sup>ILO 84th Convention.

<sup>9</sup>Sonin (2003) criticizes the direction of the above mentioned redistribution argument. In some countries (e.g. transition, where oligarchy is powerful), it is exactly the other way round and rich people tend to hinder the protection of property rights being the beneficiaries of redistribution through wide rent-seeking.

investment. It is probably useful to think that inequality might be connected to the dynamics of different variables (unemployment, activity rates, employment status, *de jure* and *de facto* regulations, job security index, etc.) in Latin America and East Asia. Both groups of countries can be analysed under the same conceptual framework, but within this framework they "represent" different equilibria.

### **3 Labor Markets in Latin America and East Asia: some stylized Facts**

In the following sections we will review unemployment rates, employment rates and employment status according to the following temporal breakdown. As far as the three Latin American countries are concerned, we choose three time spans close to Castaldi, Cimoli, Correa and Dosi (2004) based on the following intervals:

[INSERT TABLE 1 ABOUT HERE]

As far as the three East Asian countries are concerned, we opted for a comparable temporal breakdown <sup>10</sup>, based on the growth period of the 80s, the 90s exceptional performance before the crisis, and the post-crisis period.

[INSERT TABLE 2 ABOUT HERE]

We are interested in the medium run phenomena occurred in the aforementioned three time windows<sup>11</sup> for the two groups of countries.

#### **3.1 Unemployment, Activity rates and Employment Status**

The picture concerning the dynamics of unemployment in the three Latin American countries is quite heterogeneous. In the pre-reform period, Argentina experienced an average unemployment rate between three and four percent (3.4% in the 1974, but coming from relatively higher unemployment rates in the 1970-1973 period). However there was a strong increase in the 15 years windows, i.e. a doubling with respect to 1974. Brazil, after the end of the golden age period and at the beginning of the pre-reform period, registered low unemployment rates (less than 2% in 1976) that remained stable or slightly increased thereafter. At the beginning of the pre-reform period Chile was instead characterized by two digits unemployment rates (14.7% in 1975) and then it was showing an impressive decline (5.7% in 1990). The post reform period, paradoxically,

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<sup>10</sup>We choose to respect the maximum comparability as possible. For this reason, we do not report "activity rates" for Taiwan and "employment status" for Brazil, where the sources are blurred and unreliable.

<sup>11</sup>Detailed yearly statistical tables (ILO LABORSTA) are reported in the appendices.

shows a convergence to a higher unemployment rate for the three countries, being the figures 12.8%, 7.0% and 6.6% in Argentina, Brazil and Chile, respectively. In recent years the numbers tend to diverge again, but a common feature of increased average unemployment appears. With the exception of Chile, there is a clear evidence of social distress in the very last years of economic development. As far as the gender specificity is concerned, Brazil registered a particularly sharp increase in women unemployment in the 90s: in 2003 women unemployment rate was still 4 percentage points higher than the men's. In general, the unemployment dynamics were characterised by a strong gender specificity.

[INSERT TABLE 3 ABOUT HERE]

In the 40-year time windows there was no strong improvement in the activity rates as shown in Table 4, that reports the proportion of the working age population actively working or searching for a job (employed plus unemployed). More than 40% of the population (30% in Brazil) is out of the Labor force, presumably underemployed or in the shadow economy and no big changes occurred since 1974. In the 1970s the activity rates were very close in the three Latin American countries, around 50%. However the average masks big gender differences: men's activity rate was around 80% and women's rate between 20% and 30%. The pre-reform period changed partially the above mentioned patterns: in 1990 Argentina's active population was structured as 20 years before; in Brazil the total activity rate increased of 10%, and the women's activity rate doubled (from 21% to 44%); in Chile the proportion of women's willing to work or employed increased from 22% to 32%. If we consider the post reform period, a convergence in the activity rates is registered. Argentina progressively substituted men with women in the Labor force, the activity rates stabilized around 70% and 45%, respectively. Brazil continued to record increase the activity rate for women (up to 55%) with only a slight decrease in men's (apparently there was no "substitution" like in Argentina). Finally Chile did not changed the Labor market structure with respect to the 1990s.

[INSERT TABLE 4 ABOUT HERE]

The employment decomposition by status is described in table 5. For Argentina and Chile<sup>12</sup> the bulk of the employment (70%) is the employees component (this is a very different feature with respect to the East Asian Labor markets' structure), while the own-account workers are around the 22-27%. There is no change between post-reform and recent years averages.

[INSERT TABLE 5 ABOUT HERE]

We now turn to East Asian countries. The unemployment rates remained low

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<sup>12</sup>Brazil data are not available for comparable categories in LABORSTA, ILO.

until the financial crisis of the late 1990s. The unemployment rate remained under 5% in South Korea, below 3% in Taiwan and not higher than 3.5% in Thailand until 1997 (if we exclude the single upsurge in unemployment of 5.9% in 1987, this being the period of the Thailand-Laos War 1987-88) . In fact the averages shown in table 3 are very low, even for a advanced and flexible Labor markets. East Asian Labor market does not show evident differences between genders. The effects of the 1997-1998 crises on the Labor markets were rather negative for all the three countries, although not at the same time. South Korea experienced a fast unemployment increase in 1998 and 1999 but was back to a 3.5% rate in 2004. Taiwan did not suffer soon after 1997 but then reached an unprecedented 5.0% in unemployment in 2003. Thailand jumped to 3.4% in 1998 but then was back to 1.5% in the 2004. However, the averages for the post crisis period were 4.4%, 4.9% and 2.3% for South Korea, Taiwan and Thailand higher compared to the previous period but still low numbers.

Activity rates for South Korea and Thailand remained, respectively, around 60% and 70% in the 90s, registering a slight increase for the former (56.2% in 1970) and drop for the latter (80.4%). South Korea and Taiwan exhibit an employment structure by status not so different from the Latin American countries (the bulk in the employees category and around 15-20% in own account workers) despite the fact that they register higher levels of contributing family workers (7-8% versus 1-2% in Argentina and Chile). Thailand is a completely different story. Even if declining over time, the contributing family workers accounted for almost 26-35% of employment and the employees and own account workers were very close in values in the second part of the 80s. The Labor market progressively changed and it appears that the family work shifted to the employees categories, especially for women. This kind of structure can partially explain the reduced effect of the crisis on the unemployment rate. In fact, agriculture and non-traded sectors were an important Labor basin during the crisis. The productivity growth in the trade sector was due to the reallocation of Labor force to the non-traded one and this phenomenon allowed for a softer impact of the crisis on employment.

### **3.2 Trade Openness and Unemployment rates Dynamics: 1965-2004**

Figures 1-5 report World Development Indicators<sup>13</sup> dynamics for trade as percentage of GDP (proxy of openness), and unemployment (proxy of social distress) for the six countries. Two stylized facts emerge: in all countries the Globalization (when described by this proxy) seems to be incremental phenomenon, as opposed to radical

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<sup>13</sup>Taiwan data based on ILO and Industrial statistics sources.

change; there is a synchronization<sup>14</sup> between openness and unemployment, apart from Chile and Thailand<sup>15</sup>. As pointed out by Gros in Lee and Vivarelli (2004) there are still few studies conducted on the relationship between unemployment, underemployment and Globalization. The dynamics of entry to and exit from the Labor force (change in the activity rate, see table 4), and to and from the informal sector are crucial in development studies. In fact, wage dynamics and the connected redistributive effect, as well as the consensus attached to the reform process (e.g. the lack of social safety net does not create support for reforms in political economy context), are crucially affected by the size of the out of Labor force and/or informal sector. Let us analyse the two groups of countries more in detail.

[INSERT FIGURE 1 ABOUT HERE]

[INSERT FIGURE 2 ABOUT HERE]

[INSERT FIGURE 3 ABOUT HERE]

[INSERT FIGURE 4 ABOUT HERE]

### 3.2.1 Supply and Demand side of the Labor Market

**Latin America** The 1990s are characterised by an overall rise in unemployment in the three Latin America countries<sup>16</sup>, which seems to be connected to a general slow down of growth in other advanced countries. However, Latin American countries usually suffered from high inequality rates, and the social impact of policies acting on the Labor market should be among the priorities of the development agenda. The general rise in unemployment experienced in 1990s is spread across the board on all demographic groups, youth and adults, workers in rural and urban areas, and workers with different levels of education. The main explanation for the rise in unemployment seems to be the increased participation rate -supply side- not fully absorbed by the Labor market -demand side-. The increase in the participation rate is also due to the increase in education and secular decline in fertility (demand side), and to the deceleration of the economic activity in the second half of the 90s, which slows down employment growth.

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<sup>14</sup>No causation is claimed.

<sup>15</sup>Only in the very last years the two variables tend to move together.

<sup>16</sup>The Latin American context could be compared to the Caribbean region, because of proximity and similar culture. However there is huge difference in the their legal organizations: in the former case there is the civil law of French origin, in the latter they followed the common law emerged in England. On the other side Mexico and Central America are not fully comparable with LAC, because the former have experience very different patterns in terms of unemployment and wages, mainly due to due to the migration (legal and illegal) possibility to the USA and the participation (for Mexico) to NAFTA.

The focus of some policy advisors should be directed both on the demand side, i.e. how to give the incentive to firms to absorb more Labor (liberalisation, tax reduction, deregulation, etc), and the supply side (education, active-passive Labor market policies and training). This is particularly true for Latin America, where there are no adequate social safety nets. The use of the market as "insurance device" is particularly difficult and inappropriate in low or middle income countries (like Argentina, Brazil and Chile). Where income is more dependent on Labor earnings, any policy conceived for the Labor market in a broad sense (employed, unemployed and out of the Labor force) is crucial in tackling the social cost of not-employment, bad-employment and underemployment (Lee and Vivarelli (2004)). In Latin America most workers have no access to formal unemployment benefits schemes like in Europe. This leads to the coexistence of two phenomena: low incentive to remain unemployed and, at the same time, higher social costs.

**East Asia** The rapidly growing East Asian economies experienced a decrease in poverty before the 1997 crisis, and an increase afterward. They experienced a much lower level of inequality overall, and a much lower level of both *de jure* and *de facto* regulations compared to Latin American countries. Employment laws, industrial regulations laws and social security laws were less binding with respect to Latin American Countries. This happened notwithstanding the influence of German law codes, transferred to some Asian countries, among which Japan, China, South Korea and Taiwan. However the average for employment laws, industrial regulations laws and social security for Asian countries is very close to Chilean numbers, confirming the perception that Chile is still a relative flexible Labor market country on some dimensions. This is not the case for the social security index, though. However, the East Asian countries were less able to guarantee social rights, even if this probably allowed them to pursue a faster growth. For example the so called Asian crises economies (Lee and Vivarelli (2004)) did not benefit from the fire-wall of capital controls (e.g. see China) and were exposed to the consequences of capital flows crisis.

**Passive versus Active Labor Market Policies** On the one hand, the employment structure of Latin America -high unemployment, few family workers and high inequality- are better dealt with passive Labor market policies, targeted to insure job losers and maintain social consensus. On the other hand, active Labor market policies, targeted to improve social skills and exploit gain in efficiency, seem to be more indicated in East Asian countries with low unemployment, many family workers and low



inequality<sup>17</sup>.

## 4 Labor Market Structure and Regulations: future research for Policy

The literature has been concerned about the possibility of disentangling the effect of the demand side (reduction of economic activities and of the demand of jobs) and the supply side (increase of the Labor force and skills mismatches). Furthermore, some studies focus on the relationship between Labor market regulations and some measure of income inequality. It would probably be necessary to conduct further research encompassing both aspects.

In line with the analysis by Forteza and Rama (2006), among many others scholars, we think the role of Labor market institutions and their relationship with Labor market performance to be a fundamental root of further research, especially for DCs such as Latin America and East Asia. We briefly report some of the most interesting results of recent studies.

Calderon, Chong and Valdes (2005) exploit the index defined by the cumulative number of ILO conventions ratified by a country over time as measures the legal effort of a country in applying and incorporating the rules and structure of a more fair and guaranteed Labor market in law codes (civil law system) or law practices (common law system) and find that an increase of this index of *de jure* regulations does not improve income distribution, but that it actually increases inequality for Latin American Countries. On the contrary *de facto* Labor regulations reduce income inequality, even if only weakly. Heckman and Pages-Serra (2000) find a connected result: in Latin American Labor markets severance payment rigidities (high cost to dismiss a worker) can reduce the level of employment creation in the economy and only minimum wages tend to worsen income distribution, while the extent of trade unions, government employment and maternity leave and social security contributions (all of these being a series of *de facto* regulations) improve income distribution. The higher the compliance between *de facto* and *de jure* indexes, the lower income inequality. The law per se is not really guiding any development process. The transplanting of laws in a different contexts does not help. The compliance between the two measures is the real driver and gives a sense of institutional development helping to improve income inequality.

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<sup>17</sup>In this line of research see Forteza and Rama (2006) and section 4.

## 5 Conclusions

The paper analyses the relationship between Globalization and the Labor market in three Latin American and three East Asian countries. The welfare implications of greater trade openness are not always predictable, and alternative theories help to enlighten the fallacy of a neo-classical approach to the development of completely free markets institutions. In particular, the Latin American and East Asian experiences show major differences in social structure and economic responses to external shocks and reforms. Some long run statistics are shown and some stylized facts are drawn for the six countries. The variables under scrutiny are unemployment, activity rates, employment status and trade openness and they show high variation among the six countries. It is therefore very difficult to apply a unique development strategy advise. *De jure* and *de facto* regulations in the Labor market also play a crucial role, especially comparing Latin American and East Asian countries. The former are more regulated on the paper but not so much in practice, while the latter are not regulated in both the dimensions (showing higher compliance, though). The literature shows that when *de jure* and *de facto* regulations differ too much the result is a worsening of income distribution by showing the inadequacy of the transplanting of institutions. In line with Rodrik (2002) we believe that self discovery and homegrown institutions matter in the philosophy of “feasible Globalizations”, direction which a new research agenda is pointing at. In a complex environment characterised by externalities and coordination failures, the role of the government could be rethought in the corrective direction of industrial policies and supply side policies (such as active and passive Labor market institutions). The relationship between Globalization and Labor market dynamics (and Labor market policies) is far from well understood by the literature, especially in developing countries, and further investigation is needed on the relationship between these two fundamental areas of research.

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	Pre-Reform	Post-Reform	Recent Years
Argentina	1974-1990	1991-2000	2001-on
Brazil	1974-1989	1990-2000	2001-on
Chile	1974-1984	1985-2000	2001-on

Table 1: temporal breakdown Latin American Economies

	1980s	Pre-Crisis	Post-Crisis
South Korea	1980-1989	1990-1997	1997-on
Taiwan	1980-1989	1990-2001	2001-on
Thailand	1980-1989	1990-1997	1997-on

Table 2: temporal breakdown East Asian Economies

### Unemployment Rates (%)

	Pre-Reform	Post-Reform	Recent Years
Argentina	4.3 (7.2)	12.8 (14.6)	17.5 (16.9)
Brazil	3.3 (3.5)	7.0 (8.6)	9.4 (11.9)
Chile	13.7 (14.1)	6.6 (7.6)	7.7 (8.4)
	1980s	Pre-Crisis	Post-Crisis
South Korea	3.8 (2.3)	2.4 (1.9)	4.4 (3.7)
Taiwan	2.1 (2.1)	2.1 (2.0)	4.9 (4.0)
Thailand	2.8 (3.3)	1.5 (1.8)	2.3 (2.2)

*Notes:* Source LABORSTA, I.L.O., Female data in parenthesis

Table 3: Unemployment Rates (%)



### Activity Rates (%)

	Pre-Reform	Post-Reform	Recent Years
Argentina	53.4 (28.9)	57.9 (42.7)	57.8 (45.8)
Brazil	61.4 (39.2)	66.6 (51.5)	67.5 (55.2)
Chile	47.5 (27.5)	53.6 (33.3)	53.1 (35.1)
	1980s	Pre-Crisis	Post-Crisis
South Korea	56.5 (43.0)	61.3 (48.0)	60.8 (48.1)
Thailand	82.3 (76.8)	76.5 (69.0)	73.0 (65.0)

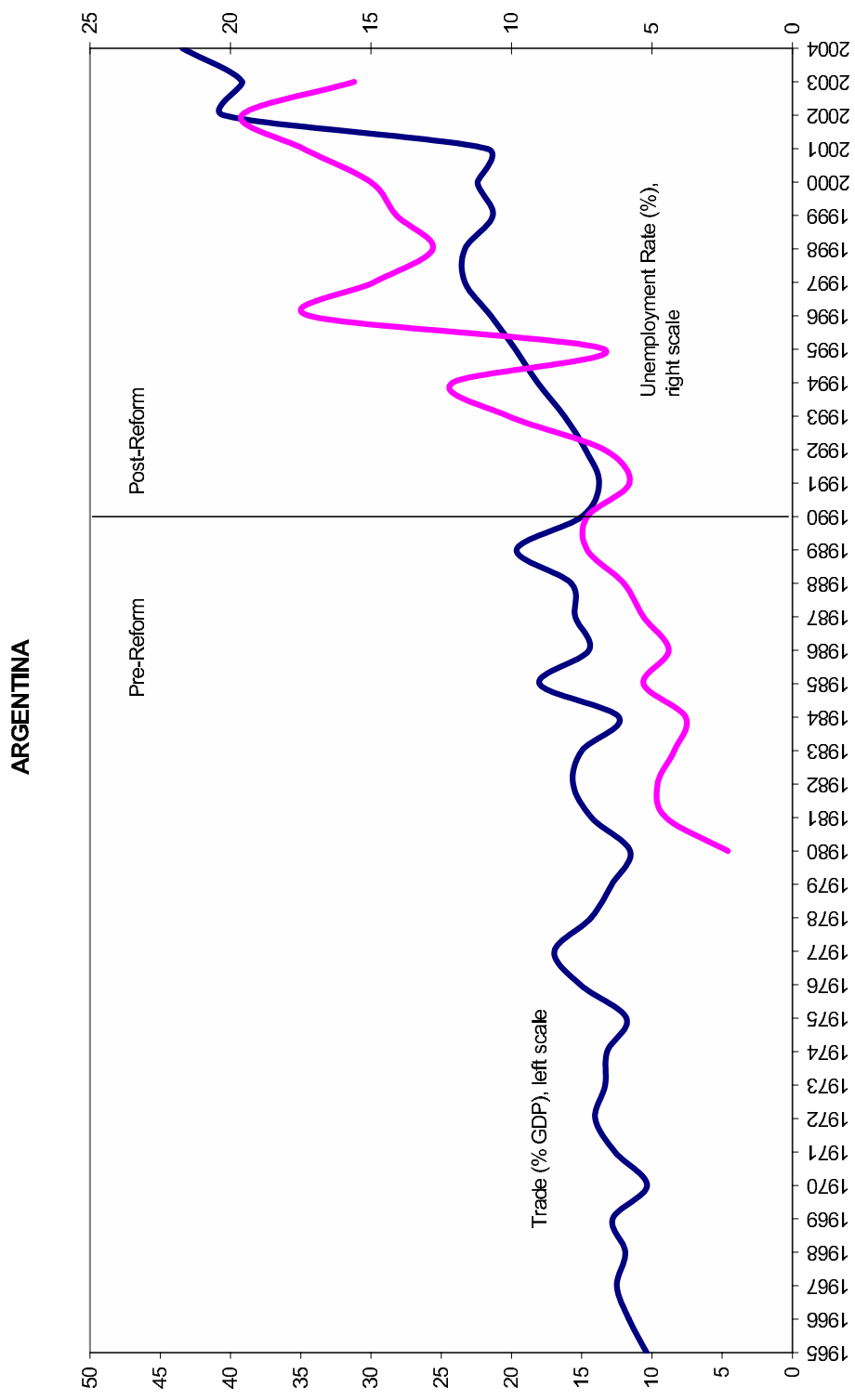
*Notes:* Source LABORSTA, I.L.O., Female data in parenthesis.

Table 4: Activity Rates (%)

	<b>Employment Status (%)</b>	
	Post-Reform	Recent Years
Argentina		
Employees	71.8	71.8
Employers or self-employed	26.6	27.1
Family workers	1.4	1.1
Chile		
employees	68.7	68.4
employers or self-employed	27.9	29.6
family workers	2.4	2.1
	Pre-Crisis	Post-Crisis
South Korea		
Employees	61.7	63.5
Employers or self-employed	28.1	28.0
Family workers	10.2	8.6
Taiwan		
Employees	70.0	71.7
Employers or self-employed	22.0	21.0
Family workers	8.0	7.3
Thailand		
Employees	33.8	39.9
Employers or self-employed	31.7	34.7
Family workers	34.4	25.8

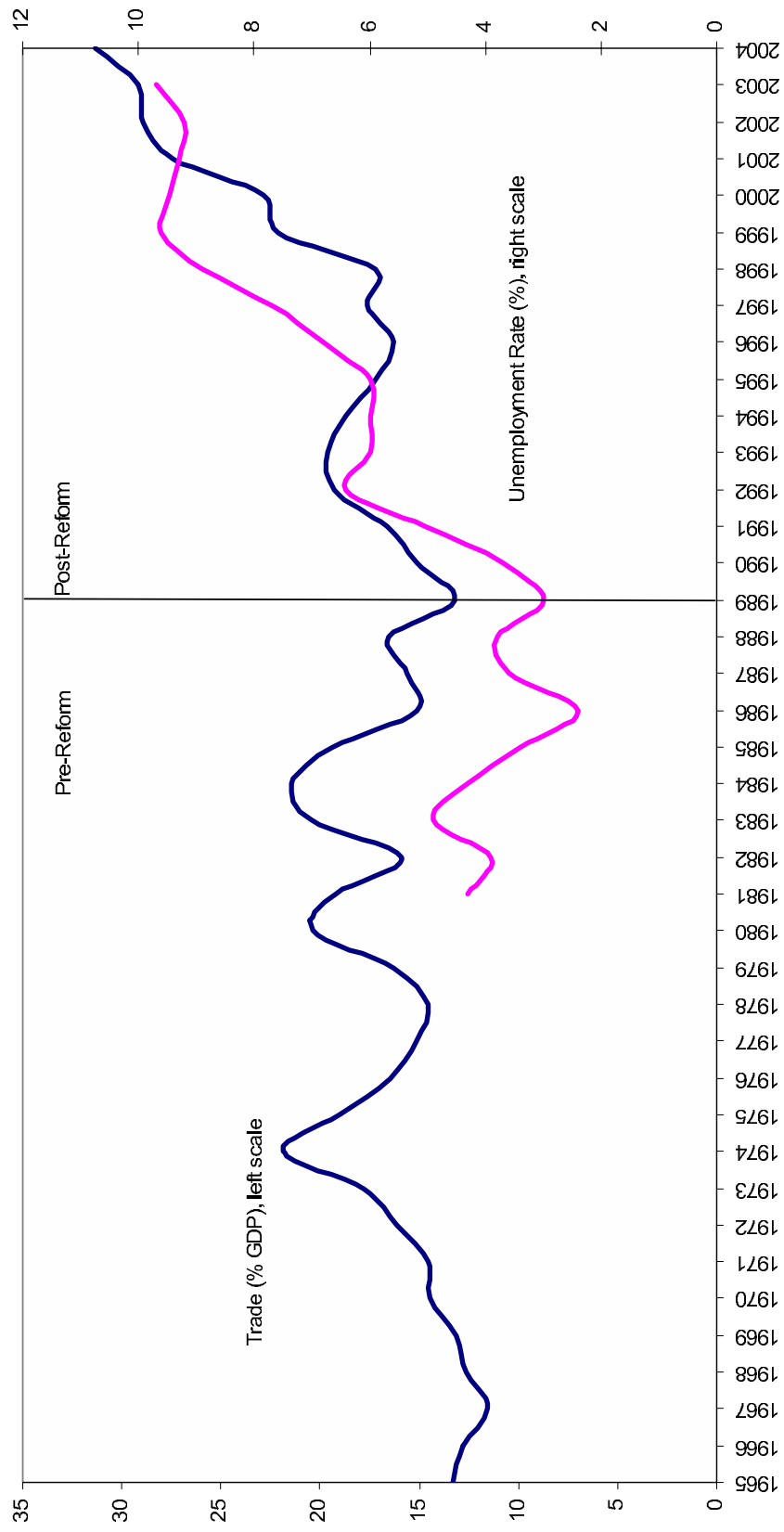
*Notes: Source LABORSTA, I.L.O.*

Table 5: Employment by Status

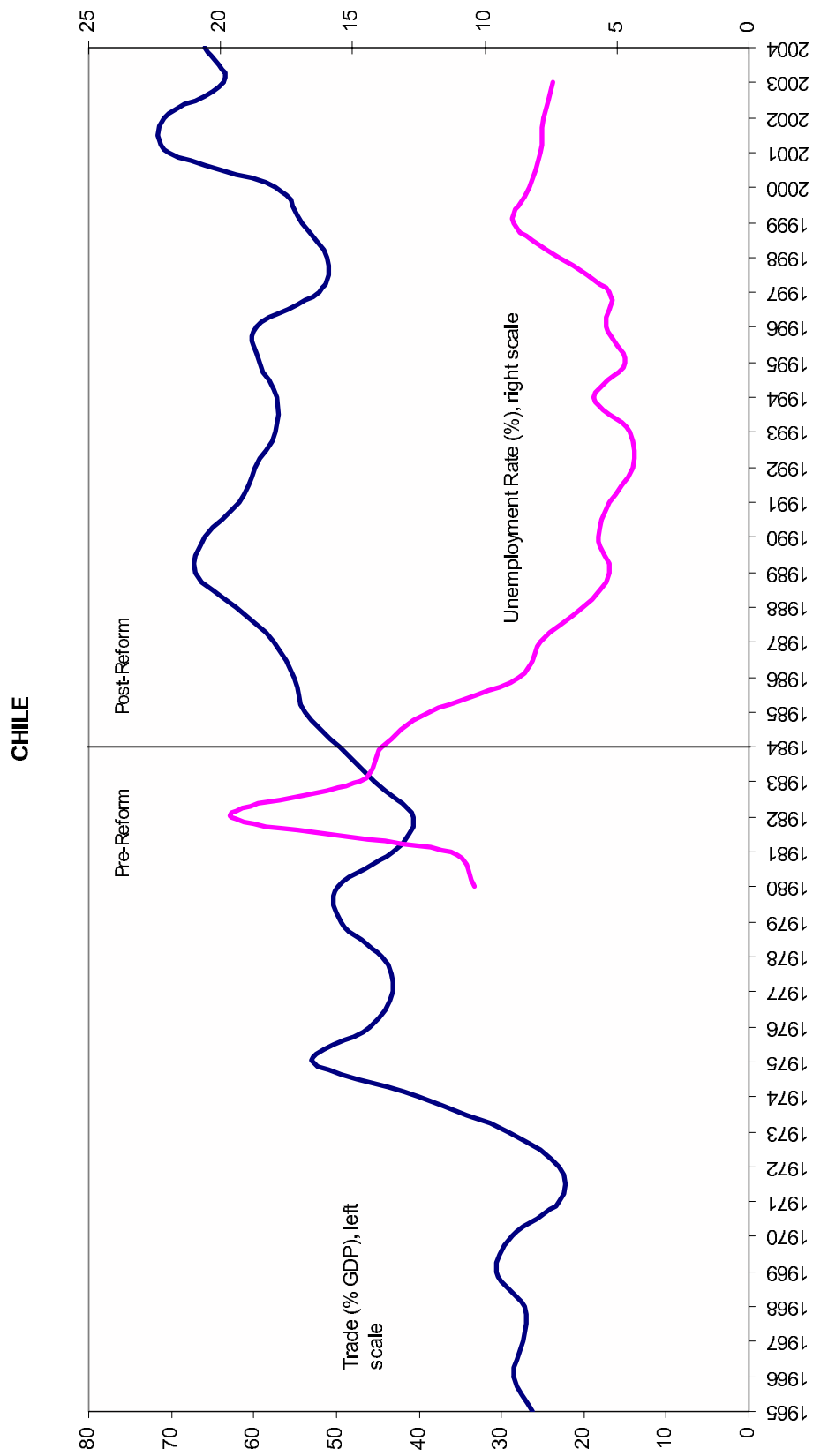


Sources: World Development Indicators for Argentina.

# BRAZIL

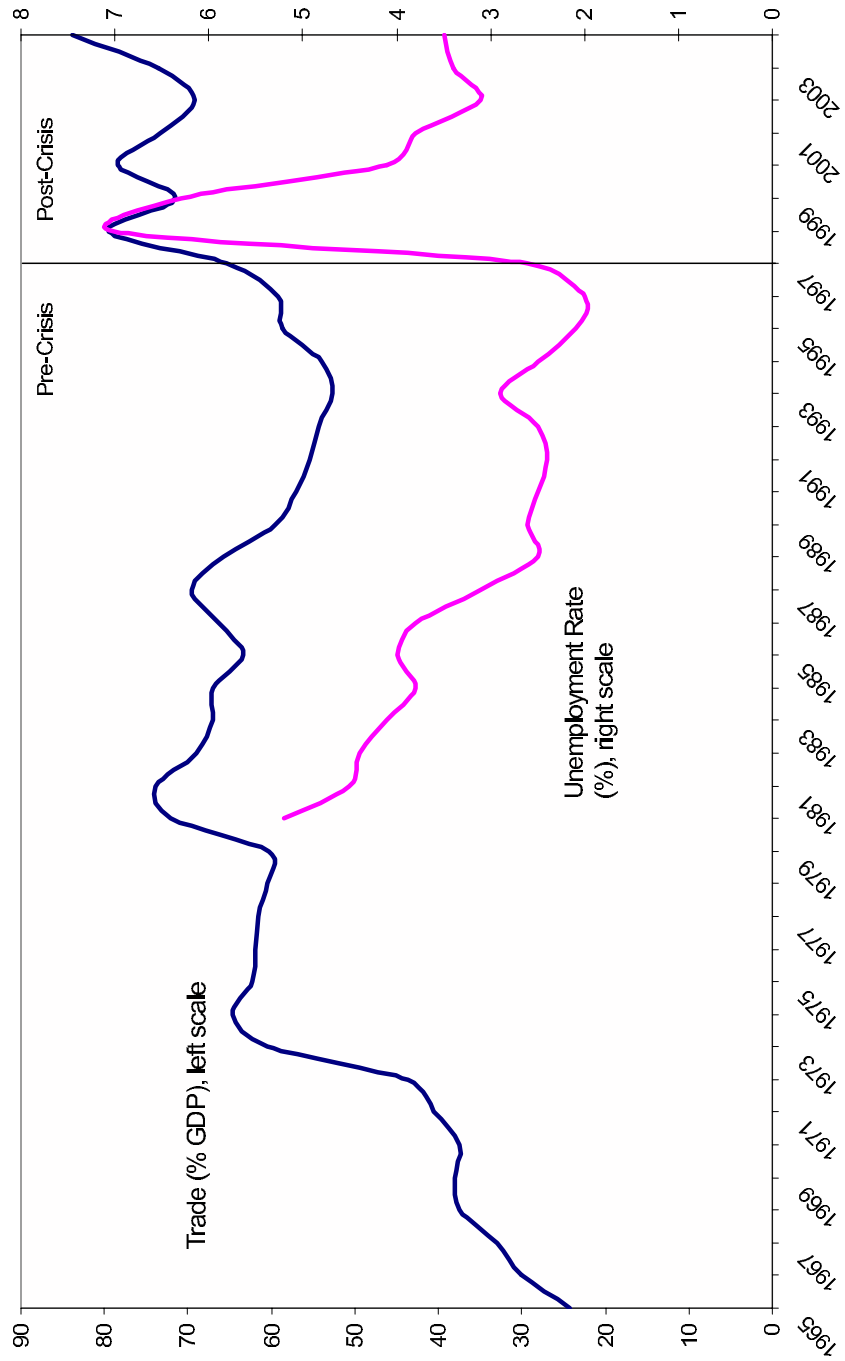


Sources: World Development Indicators for Brazil.



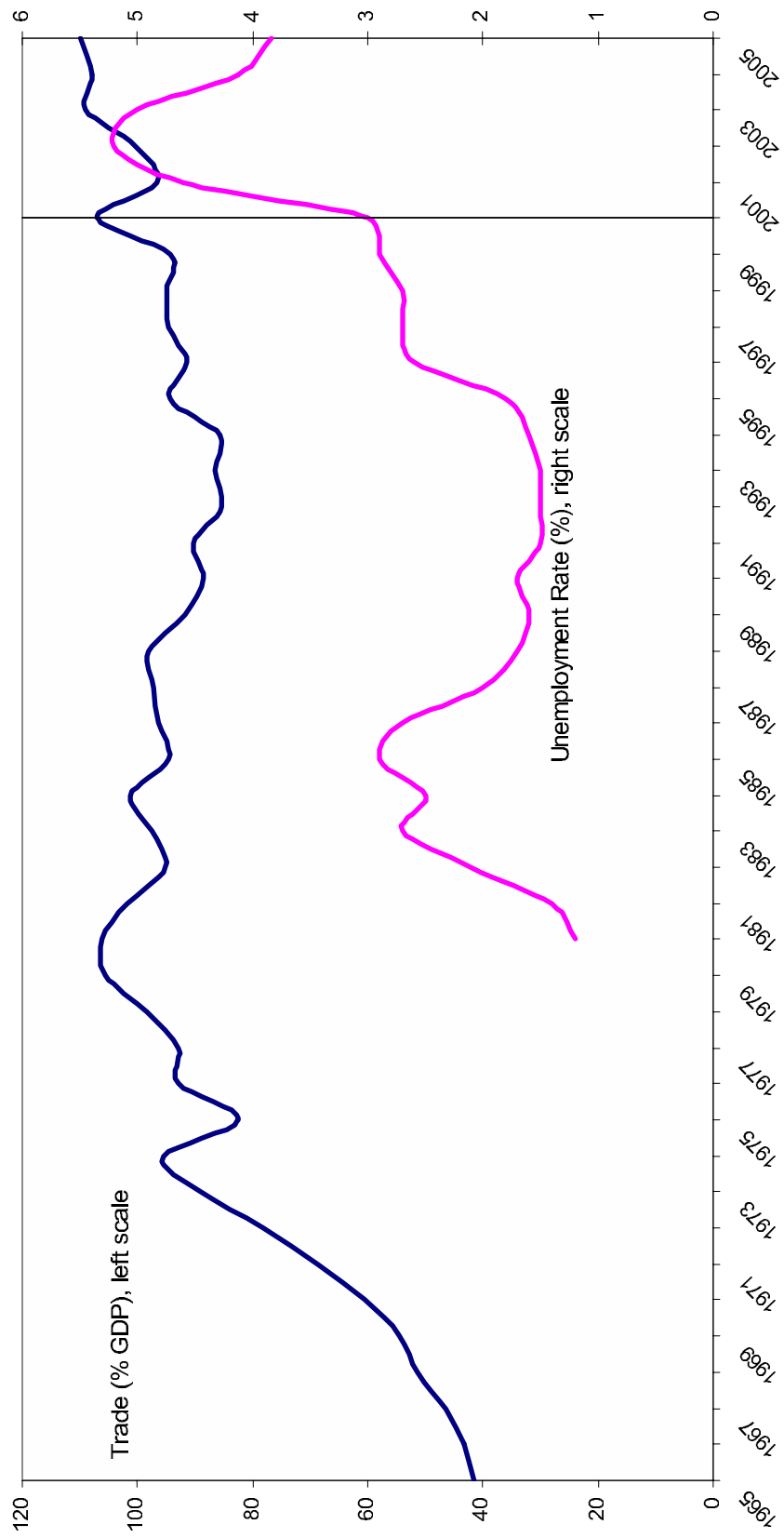
Sources: World Development Indicators for Chile.

## SOUTH KOREA

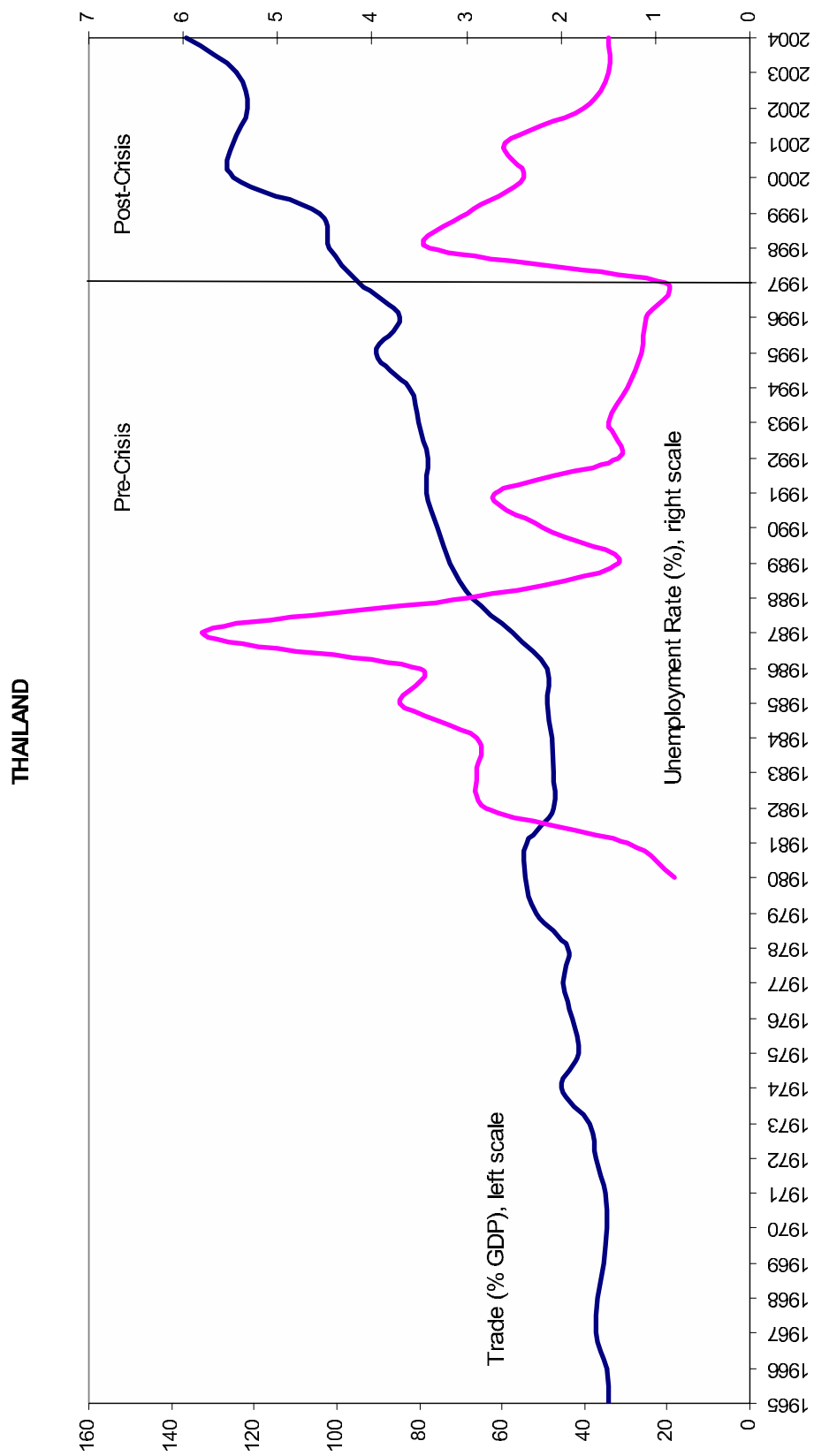


Sources: World Development Indicators for South Korea.

TAIWAN



Sources: World Development Indicators for Taiwan.



Sources: World Development Indicators for Thailand.



Appendix Table 1: Unemployment Rates

	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004			
Argentina																																							
Total	4.8	6.0	6.6	5.6	3.4	2.3	4.5	2.8	2.8	2.8	2.0	2.3	4.5	4.8	4.2	3.8	5.3	4.4	5.3	6.0	7.3	7.3	5.8	6.7	10.1	12.1	18.8	17.2	14.9	12.8	14.1	15.0	17.4	19.6	15.6				
Men																		4.5	5.3	7.0	7.3	5.6	6.4	8.5	10.7	16.5	15.8	13.0	11.9	13.3	14.1	17.4	20.2	16.3					
Women																		6.6	7.2	7.8	7.3	6.1	7.0	12.7	14.4	22.3	19.4	17.9	14.3	15.2	16.4	17.2	18.8	14.7					
Brazil																																							
Total							1.8	2.3	2.4	2.8		4.3	3.9	4.9	4.3	3.4	2.4	3.6	3.8	3.0	3.7		6.5	6.2		6.1	7.0	7.8	9.0	9.6		9.4	9.2	9.7					
Men							1.9	2.1	2.2	2.8		4.2	3.9	4.9	4.1	3.2	2.3	3.4	3.6	3.1	3.8		5.6	5.4		5.3	5.7	6.4	7.2	7.9		7.5	7.4	7.8					
Women							1.8	2.7	2.8	2.8		4.4	4.0	4.8	4.6	3.8	2.7	4.0	4.2	2.9	3.4		8.0	7.4		7.3	8.8	10.0	11.6	12.1		11.9	11.6	12.3					
Chile																																							
Total						14.7	13.0	11.6	14.2	13.6	10.4	11.3	19.6	14.6	13.9	12.1	8.8	7.9	6.3	5.3	5.7	5.3	4.4	4.5	4.5	5.9	4.7	5.4	5.3	7.2	8.9	8.3	7.9	7.8	7.4				
Men						11.4	11.4	13.4	13.4	13.5	10.6	11.9	20.2	14.6		11.7	8.4	7.3	5.6	5.0	5.7	5.1	4.1	4.2	5.4	4.4	4.8	4.7	7.0	8.2	8.0	7.6	7.5	6.9					
Women						16.3	13.1	16.3	14.0	10.0	9.9	18.3	14.7		13.4	9.7	9.3	7.8	6.1	5.7	5.8	5.6	5.1	6.8	5.1	6.8	5.3	6.7	6.6	7.6	10.3	9.0	8.4	8.5	8.3				
Korea																																							
Total	4.8	4.5	4.5	4.0	4.1	4.1	3.9	3.8	3.2	3.8	3.2	3.8	5.2	4.5	4.4	4.1	3.8	4.0	3.8	3.1	2.5	2.6	2.4	2.3	2.4	2.8	2.4	2.0	2.6	6.8	6.3	4.1	3.8	3.1	3.4	3.5			
Men	5.4	5.2	5.6	5.0	4.9	5.0	5.0	4.6	3.7	4.7	6.2	5.7	5.5	5.2	4.8	5.0	4.9	3.9	3.0	3.1	2.9	2.5	2.6	3.2	2.7	2.3	2.3	2.8	7.6	7.1	4.7	4.3	3.5	3.6	3.7				
Women	2.9	3.2	2.5	2.3	2.6	2.6	2.0	2.4	2.2	2.4	3.5	2.4	2.5	2.2	2.2	2.4	2.1	1.8	1.7	1.8	1.8	1.8	1.9	2.1	2.2	1.9	1.7	1.6	2.3	5.6	5.1	3.3	3.1	2.5	3.1	3.1			
Taiwan																																							
Total							1.2	1.4	2.1	2.7	2.5	2.9	2.7	2.0	1.7	1.6	1.7	1.6	1.7	1.6	1.7	1.5	1.5	1.5	1.5	1.5	1.6	1.8	2.6	2.7	2.7	2.9	3.0	4.6	5.2	5.0			
Men							1.1	1.2	2.1	2.7	2.4	2.9	2.8	2.0	1.7	1.6	1.7	1.6	1.7	1.6	1.7	1.5	1.5	1.5	1.4	1.5	1.8	2.7	2.9	2.9	3.2	3.4	5.2	5.9	5.5				
Women							1.5	1.6	2.3	2.8	2.5	2.9	2.5	2.0	1.7	1.6	1.7	1.6	1.7	1.6	1.7	1.5	1.6	1.6	1.6	1.7	1.8	2.4	2.4	2.3	2.5	2.4	3.7	4.1	4.3				
Thailand																																							
Total							0.2	0.5	0.4	0.6	0.3	0.6	1.1	0.9	1.0	0.8	1.3	2.8	2.9	3.7	3.5	5.9	3.1	1.4	2.2	2.7	1.4	1.5	1.3	1.1	1.1	0.9	3.4	3.0	2.4	2.6	1.8	1.5	1.5
Men							0.4	0.6	1.2	1.1	1.1	1.0	1.5	2.4	2.6	2.5	6.9	3.1	4.3	2.6	1.2	2.1	2.0	1.3	1.2	1.1	0.9	1.0	0.8	3.4	3.0	2.4	2.7	2.0	1.6	1.6			
Women							0.2	0.5	0.8	0.7	1.0	0.7	1.1	3.1	3.3	3.4	4.4	3.9	7.6	3.6	1.6	2.4	3.5	1.5	1.8	1.5	1.4	1.1	1.1	0.9	3.4	3.0	2.3	2.5	1.6	1.4	1.4		

Source: LABOURSTA, ILO.

Appendix Table 2. Activity Rates

	1970	1973	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004					
Argentina																																					
Total	53.4	53.4	53.4	53.4	53.4	53.4	53.3	52.9	53.4	53.7	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4	53.4			
Men	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	81.0	
Women	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	26.5	
Brazil																																					
Total	51.9	61.6	57.7	57.7	57.7	57.7	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	56.0	
Men	83.6	86.9	84.1	84.1	84.1	84.1	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7	82.7
Women	21.1	37.2	32.4	32.4	32.4	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	30.1	
Chile																																					
Total	49.4	49.4	47.8	47.2	47.5	48.1	51.3	50.9	52.5	53.0	52.7	52.6	53.8	55.3	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2	55.2
Men	79.5	79.5	69.9	68.3	68.0	68.9	74.3	73.6	75.2	75.8	75.1	75.2	75.5	77.0	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6	76.6
Women	21.7	21.7	26.3	26.8	27.4	28.4	29.8	29.6	31.2	31.6	31.8	31.3	33.4	34.9	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0	35.0
South Korea																																					
Total	56.2	66.3	61.3	61.3	61.3	61.3	54.8	54.8	54.8	54.0	55.8	54.0	54.5	55.2	58.3	58.5	59.5	60.0	60.6	60.9	61.7	62.0	62.0	62.0	62.2	60.7	60.5	60.7	60.8	60.8	60.8	60.8	60.8	60.8	60.8	60.8	60.8
Men	74.8	76.3	76.3	76.3	76.3	76.3	70.5	71.6	70.6	68.9	67.4	67.4	67.4	67.5	72.5	72.9	73.3	73.9	74.7	75.3	76.4	76.5	76.5	76.1	75.6	75.2	74.4	74.0	73.6	73.6	73.6	73.6	73.6	73.6	73.6	73.6	73.6
Women	38.4	46.7	46.7	46.7	46.7	39.5	42.3	43.5	42.8	40.7	41.7	41.7	41.7	43.0	45.0	45.0	46.5	47.0	47.4	47.3	47.9	48.3	48.3	48.7	49.5	47.0	47.4	48.3	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8	48.8
Thailand																																					
Total	80.4	80.4	81.6	81.6	81.6	81.6	82.2	82.2	83.1	83.1	82.1	82.1	82.1	81.7	81.7	82.0	82.5	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9	81.9
Men	87.7	87.7	88.0	88.0	88.0	88.0	87.8	87.8	87.8	87.8	87.8	87.8	87.8	87.2	87.2	87.6	88.2	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7	87.7
Women	73.4	73.4	75.3	75.3	75.3	75.3	76.6	76.6	78.4	78.4	76.3	76.3	76.3	76.2	76.2	76.5	76.8	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3	76.3

Source: LABORSTA, ILO

Figure 2: Activity Rates (%)

Appendix Table 3: Employment Decomposition by Status

			1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004			
Argentina	Total	1 Employees											70.7	71.7	72.1	72.4	72.3	71.8	71.6	71.8				
		2 Employers												4.7	4.6	4.6	4.5	4.8	4.4	3.8	3.8			
		3 Own-account workers												22.9	22.1	22.0	21.7	21.7	22.7	23.4	23.3			
		5 Contributing family workers												1.7	1.5	1.3	1.4	1.2	1.1	1.1	1.1			
		6 Workers not classifiable by status												0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0			
		Men	1 Employees												68.5	69.6	69.9	70.1	69.6	68.8	67.0	66.5		
	2 Employers													6.0	5.9	6.0	5.8	6.0	5.8	5.1	5.4			
	3 Own-account workers													24.4	23.3	23.3	23.1	23.6	24.8	27.1	27.3			
	5 Contributing family workers													1.0	1.0	0.8	0.9	0.7	0.6	0.8	0.8			
	6 Workers not classifiable by status													0.1	0.1	0.1	0.0	0.1	0.0	0.0	0.0			
	Women	1 Employees												74.3	75.0	75.5	75.9	76.4	76.1	78.1	79.0			
	2 Employers													2.4	2.4	2.4	2.5	2.9	2.4	1.9	1.6			
	3 Own-account workers													20.4	20.1	19.8	19.6	18.7	19.6	18.4	17.9			
	5 Contributing family workers													2.8	2.4	2.2	2.0	1.8	1.8	1.6	1.6			
	6 Workers not classifiable by status													0.1	0.1	0.1	0.0	0.1	0.1	0.0	0.0			
	Chile	Total	1 Employees												70.1	70.4	69.2	69.2	69.4	68.6	68.5	68.2		
			2 Employers												3.1	3.2	3.0	3.3	3.0	3.0	2.9	2.9	3.1	
			3 Own-account workers												24.2	24.0	23.4	23.2	23.2	26.4	26.6	26.8	26.5	
5 Contributing family workers														2.6	2.4	2.4	2.3	2.3	2.0	2.1	2.0	2.2		
Men			1 Employees												67.7	68.5	67.4	66.7	66.7	66.3	66.1	66.7	66.2	
2 Employers															3.8	4.0	3.7	4.0	3.5	3.6	3.5	3.5	3.7	
3 Own-account workers														26.6	26.0	27.2	27.6	28.2	28.9	29.0	29.4	28.5		
5 Contributing family workers														2.0	1.5	1.6	1.7	1.6	1.3	1.4	1.4	1.6		
Women		1 Employees												75.2	74.3	72.7	74.2	74.9	73.3	73.2	73.2	71.9		
2 Employers														1.8	1.6	1.6	1.9	2.1	1.9	1.5	1.8	1.9		
3 Own-account workers														19.1	19.9	21.8	20.2	19.3	21.3	21.8	21.8	22.8		
5 Contributing family workers														3.9	4.2	3.9	3.7	3.8	3.5	3.5	3.3	3.4		
Korea		Total	1 Employees	54.4	56.2	57.0	59.2	60.5	61.1	61.0	61.9	62.6	62.8	62.7	61.0	61.7	63.1	63.3	64.0	65.1	65.0			
			2 Employers																6.9	7.2	7.3	7.4	7.4	
			2,3	31.4	30.5	30.2	28.8	28.0	28.0	28.5	28.2	27.8	27.9	27.9	28.3	28.9	28.8			20.8	20.8	20.6	19.9	19.6
			3 Own-account workers																					
			5 Contributing family workers	14.2	13.3	12.8	12.1	11.4	10.9	10.5	10.8	10.2	9.6	9.3	9.0	10.1	9.5	9.1	8.6	8.1	7.7	6.9		
			Men	1 Employees	58.6	60.3	60.8	61.9	63.1	63.5	63.4	63.5	64.2	64.9	65.0	64.7	63.0	63.2	64.3	64.0	64.3	64.7	65.6	
	2 Employers																	9.6	10.0	10.1	10.3	10.3		
	2,3	37.1	36.0	36.0	35.3	34.4	34.3	34.5	34.5	34.0	33.5	33.4	33.9	35.3	34.9			24.1	24.2	23.9	23.7	22.8		
	3 Own-account workers																							
	5 Contributing family workers	4.3	3.7	3.1	2.8	2.5	2.2	2.1	2.0	1.8	1.6	1.6	1.5	1.8	1.9	2.0	1.9	1.7	1.3	1.3				
	Women	1 Employees	48.0	50.2	51.2	55.2	56.8	57.5	57.4	58.5	59.1	59.5	59.8	58.1	59.6	61.5	62.4	63.5	65.5	66.6				
	2 Employers																	3.0	3.3	3.3	3.2	3.4		
	2,3	22.8	22.5	21.5	19.2	18.7	18.9	19.6	18.8	18.8	19.6	19.9	20.5	19.5	20.0			16.2	16.2	16.1	14.6	15.2		
	3 Own-account workers																							
	5 Contributing family workers	29.2	27.4	27.3	25.6	24.5	23.7	22.9	23.8	22.7	21.3	20.6	19.7	22.5	20.3	19.2	18.1	17.1	16.7	14.8				
	Taiwan	Total	1 Employees											68.9	69.2	69.3	70.0	70.6	70.6	71.1	71.7	71.6		
		2 Employers												5.3	5.3	5.3	5.5	5.4	5.4	5.2	5.2			
		3 Own-account workers												17.3	17.0	17.0	16.5	16.3	16.2	16.0	15.8	15.8		
5 Contributing family workers													8.6	8.5	8.4	8.0	7.7	7.7	7.5	7.3	7.4			
Thailand		Total	1 Employees	27.8	27.2	27.0	28.4	30.7	31.2	34.3	34.8	35.7	37.7	37.7	37.7	36.5	38.3	39.6	40.4	40.0	40.5	43.8		
			2 Employers	1.3	1.2	1.5	1.2	2.1	2.4	2.0	1.8	2.9	2.5	2.2	2.6	2.9	3.3	2.9	3.3	2.9	3.2	3.3	3.1	
	3 Own-account workers		31.3	29.0	28.7	29.8	29.4	28.0	29.4	29.4	29.4	30.2	30.8	29.8	31.2	31.7	30.1	32.0	31.2	31.5	30.8			
	4 Members of producers' cooperatives		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.1	0.1			
	5 Contributing family workers		39.6	42.6	42.7	40.6	37.8	38.4	34.3	34.0	31.2	28.9	30.3	29.8	27.1	26.9	24.7	25.6	24.6	22.2				
	6 Workers not classifiable by status		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0			
	Men	1 Employees	29.9	29.6	29.3	31.0	33.0	33.8	36.8	37.4	38.3	40.5	39.7	37.5	38.9	40.2	40.8	40.6	40.9	44.5				
	2 Employers	1.7	1.7	2.3	1.8	3.2	3.5	2.9	2.7	4.3	3.7	3.4	3.7	4.3	4.7	4.1	4.6	4.8	4.3					
	3 Own-account workers	41.7	39.7	39.5	40.2	39.0	37.2	38.8	38.3	38.9	39.5	38.8	40.4	40.4	38.7	39.5	38.8	38.4	36.4					
	4 Members of producers' cooperatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1					
	5 Contributing family workers	26.7	29.0	28.9	27.0	24.8	25.5	21.5	21.6	18.5	16.3	18.1	18.4	16.5	16.4	15.6	15.9	16.0	14.7					
	6 Workers not classifiable by status	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				
	Women	1 Employees	25.4	24.5	24.5	25.6	28.0	28.2	31.4	31.7	32.4	34.2	35.2	35.3	37.5	38.8	39.9	39.3	40.2	42.9				
	2 Employers	0.8	0.6	0.7	0.6	0.8	1.0	0.8	0.8	1.3	1.1	0.9	1.2	1.2	1.7	1.3	1.4	1.4	1.5					
	3 Own-account workers	19.2	16.8	16.4	17.7	18.0	17.3	18.2	19.0	19.7	20.3	18.9	19.9	21.1	19.6	22.7	21.8	23.1	24.0					
	4 Members of producers' cooperatives	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.2					
	5 Contributing family workers	54.6	58.1	58.5	56.1	53.2	53.5	49.6	48.6	46.5	44.4	45.1	43.6	40.3	39.8	35.9	37.4	35.2	31.4					
	6 Workers not classifiable by status	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0				

Source: LABORSTA, ILO

Figure 3: Employment Status