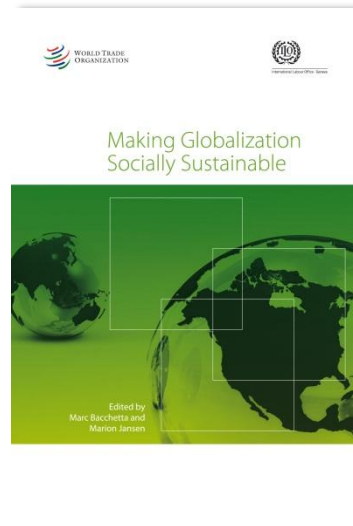


Making Globalization Socially Sustainable

An ILO – WTO co-publication

Edited by Marc Bacchetta (WTO) and Marion Jansen (ILO)

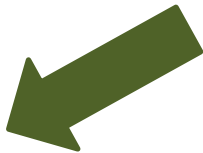


Globalization and employment



Chapter 1: Globalization, Offshoring and Jobs
Holger Görg (Kiel University)

Chapter 2: **Trade, Employment Structure and
Structural Transformation**
Margaret McMillan (IFPRI)
Dani Rodrik (Harvard University)



Chapter 3: The Crisis, Policy Reactions and Jobs
David Bell (University of Stirling)
David G. Blanchflower (Dartmouth College)

Globalization and Uncertainty

Chapter 4: Globalization and Economic Volatility

John Haltiwanger (University of Maryland)

Chapter 5: Actual and Perceived Effects of Offshoring on Economic Insecurity: The Role of Labor Market Regimes

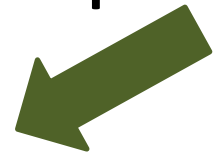
William Millberg (New School for Social Research, New York)

Deborah Winkler (New School for Social Research, New York)


Chapter 6: Social Protection in Labour Markets Exposed to External Shocks

Devashish Mitra (Syracuse University)

Priya Ranjan (University of California – Irvine)



Ensuring a Sustainable Distribution of the Gains from Globalization

- 
- Chapter 7: Globalization and Within Country Income Inequality
Nina Pavcnik (Dartmouth College)
- Chapter 8: Redistribution Policies in a Globalized World
Carles Boix (Princeton University)
- Chapter 9: Education Policies to Make Globalization More Inclusive
Ludger Woessmann (University of Munich)

Trade, Employment Structure and Structural transformation (McMillan & Rodrik)



- Developing countries are characterized by large productivity gaps between different parts of the economy;
- When labour and other resources move from less productive to more productive activities, the economy grows.



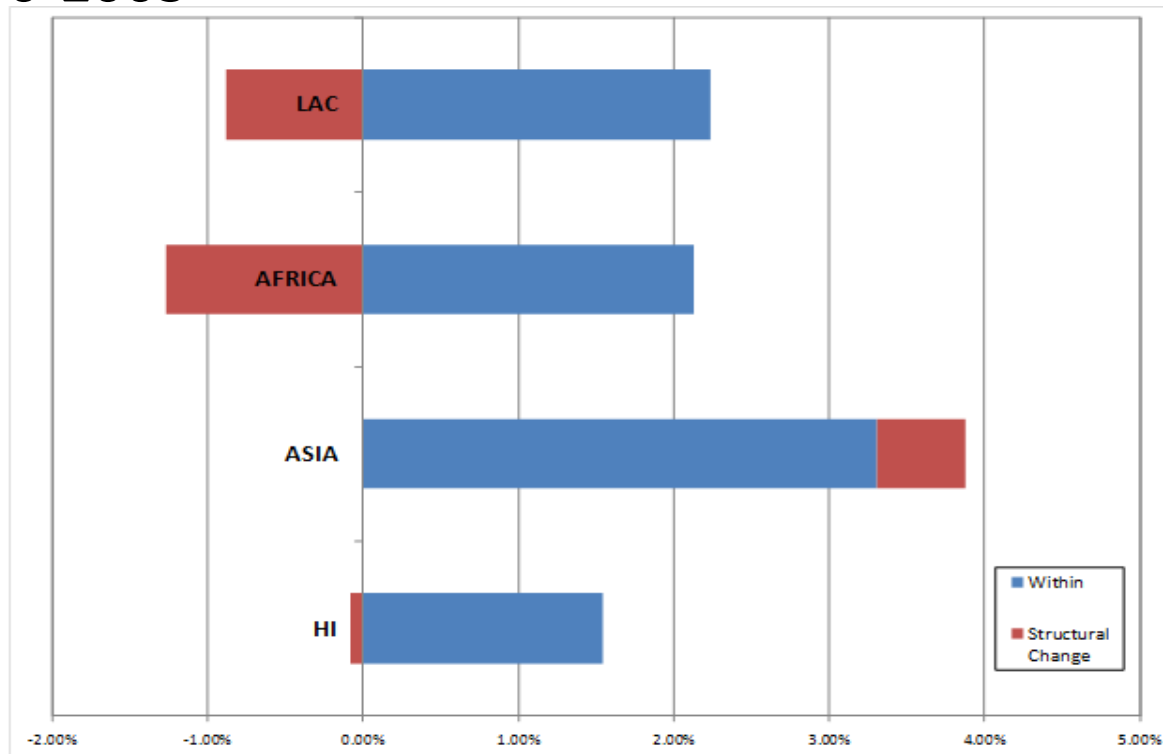
=> growth enhancing structural change !



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Trade, Employment Structure and Structural transformation (McMillan & Rodrik)

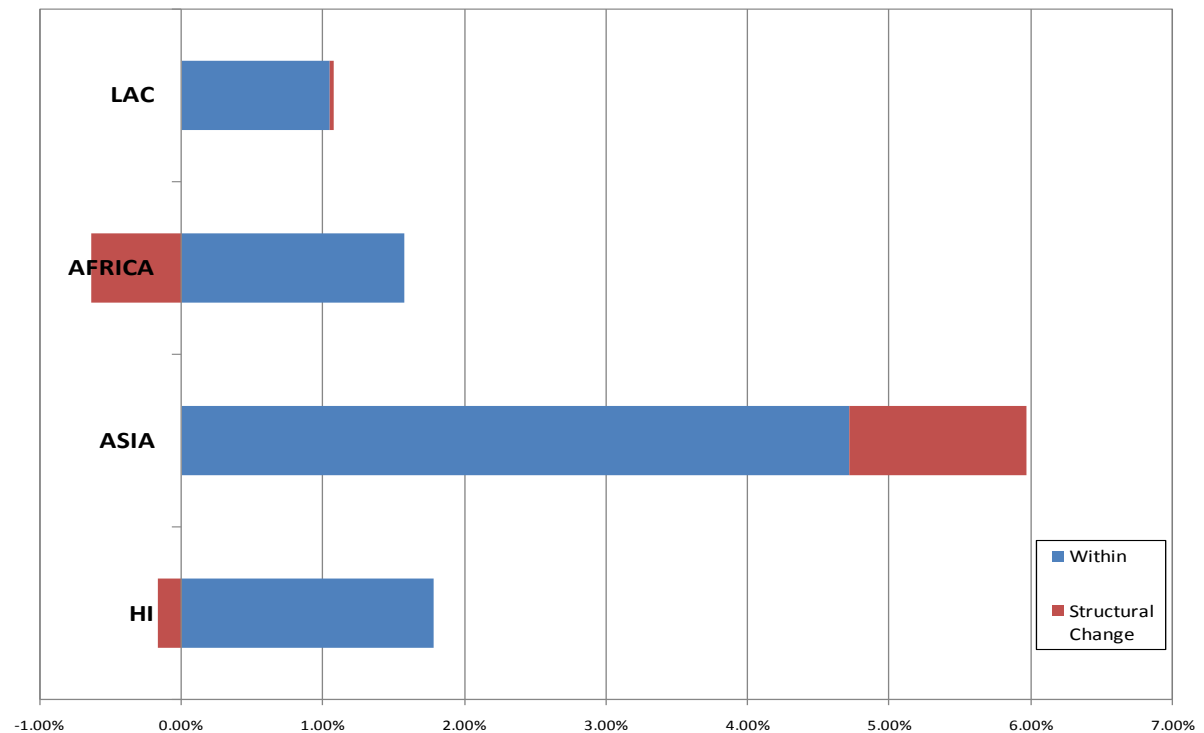
Decomposition of productivity growth by country group, 1990-2005



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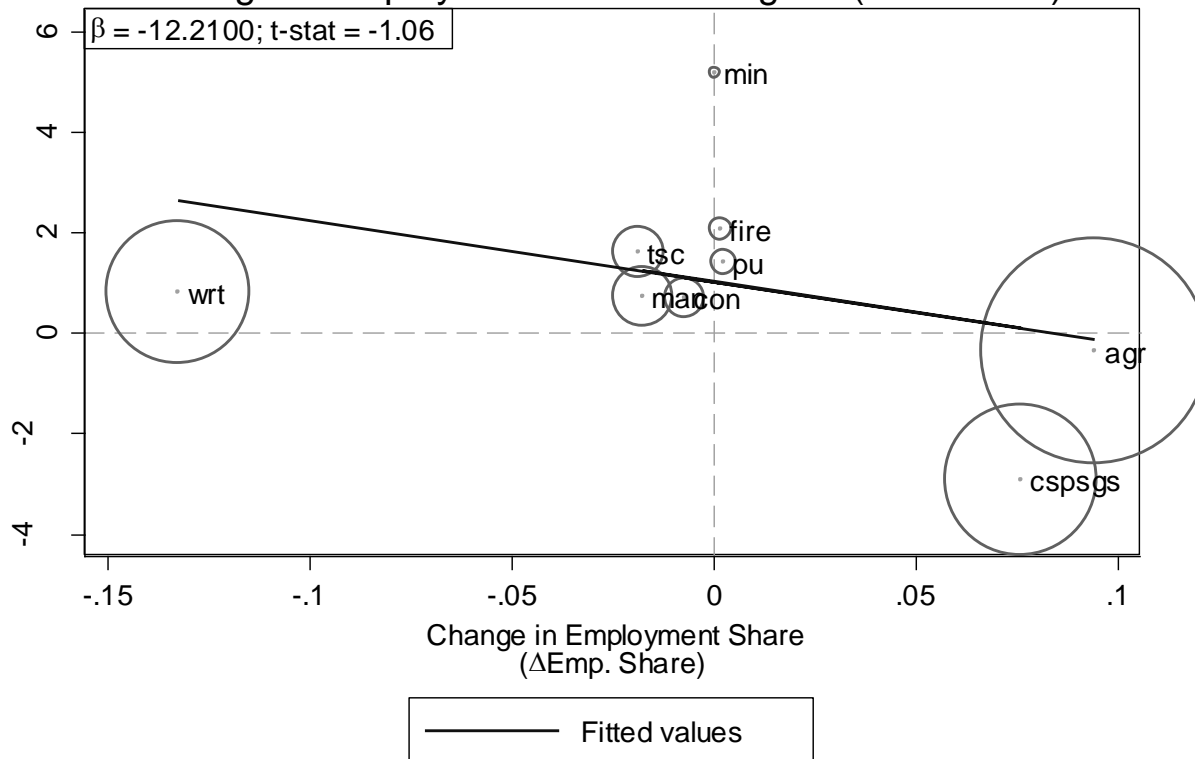
Trade, Employment Structure and Structural transformation (McMillan & Rodrik)

Decomposition of productivity growth by country group, 1990-2005
(weighted averages)



Trade, Employment Structure and Structural transformation (McMillan & Rodrik)

Correlation Between Sectoral Productivity and Change in Employment Shares in Nigeria (1990-2005)



*Note: Size of circle represents employment share in 1990

**Note: β denotes coeff. of independent variable in regression equation:

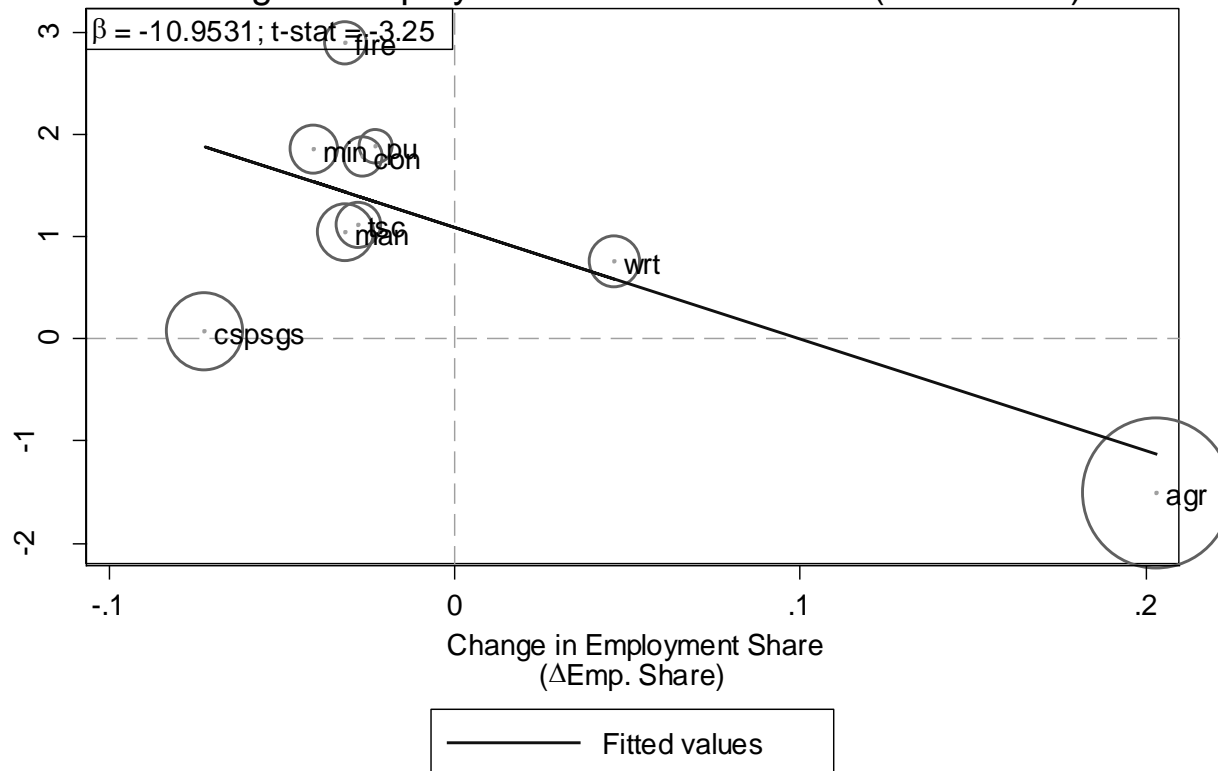
$$\ln(p/P) = \alpha + \beta \Delta \text{Emp. Share}$$

Source: Authors' calculations with data from Nigeria's National Bureau of Statistics and ILO's LABORSTA



Trade, Employment Structure and Structural transformation (McMillan & Rodrik)

Correlation Between Sectoral Productivity and Change in Employment Shares in Zambia (1990-2005)



*Note: Size of circle represents employment share in 1990
 **Note: β denotes coeff. of independent variable in regression equation:
 $\ln(p/P) = \alpha + \beta \Delta \text{Emp. Share}$
 Source: Authors' calculations with data from CSO, Bank of Zambia, and ILO's KILM



Trade, Employment Structure and Structural transformation (McMillan & Rodrik)

Determinants of magnitude of structural change term

| | (2) | (3) | (4) |
|----------------------------------|--------------------|--------------------|--------------------|
| Agricultural share in employment | 0.027 (2.26)** | 0.016 (1.48) | 0.023 (2.45)** |
| Raw material share in exports | -0.050 (2.44)** | -0.045 (2.41)** | -0.046 (2.73)** |
| Undervaluation index | | 0.016 (1.75)*** | 0.017 (1.80)*** |
| Employment rigidity index | | | -0.026 (2.64)** |
| observations | 38 | 37 | 37 |
| R-squared | 0.43 | 0.48 | 0.55 |



Social Protection in Labour Markets Exposed to External Shocks (Mitra & Ranjan)

Conclusions

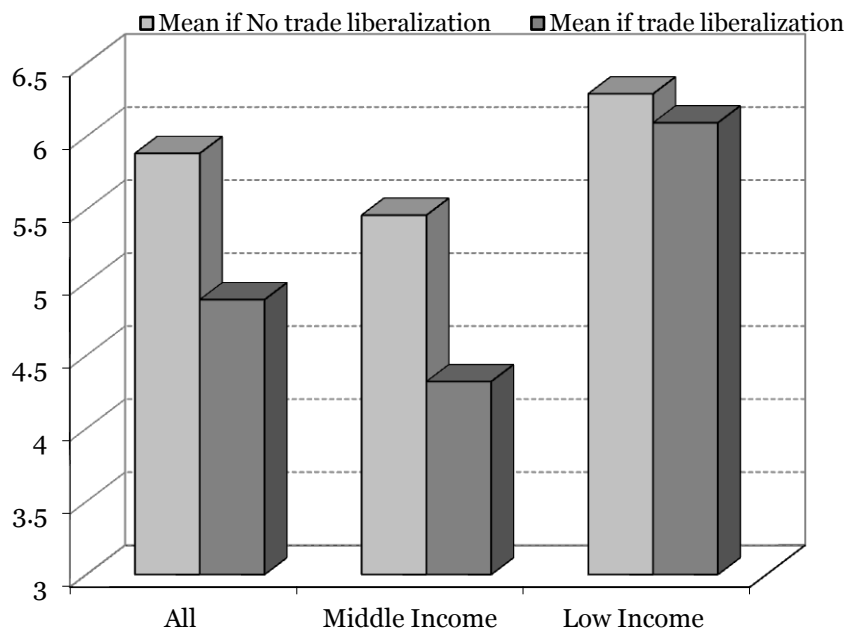
- Social protection can increase support for free(er) trade;
- “Flexicurity” systems adapted to relevant cultural and social norms should be favoured ... If possible;
- ... In developing countries, public work programmes may be the best option;
- Developing countries need to invest in improving their income tax collection infrastructure.



Trade and Employment: From Myths to Facts

Trade Diversification: Drivers and Impacts (Cadot, Carrere and Strauss-Kahn)

Does trade liberalization go hand in hand with increased diversification?



Trade and Employment: From Myths to Facts

Trade Diversification: Drivers and Impacts (Cadot, Carrere and Strauss-Kahn)

Determinants of export concentration

| | ln (Theil) | | ln (Nber) | |
|--------------------------------|---------------|------------|--------------|------------|
| | Coef. | | Coef. | |
| ln (per capita GDP) | -0.505 | *** | 1.055 | *** |
| ln (per capita GDP) - squared | 0.040 | *** | -0.106 | *** |
| ln (Infrastructure) | -0.072 | *** | 0.119 | * |
| ln (Remoteness) | 1.092 | ** | -3.533 | ** |
| Trade liberalization | -0.009 | | 0.108 | * |
| Pref. Market Access | -0.179 | *** | 0.316 | *** |
| FDI (% GDP) | 0.001 | ** | 0.000 | |
| ln (Years of Schooling) | -0.114 | * | 0.619 | *** |
| ICRG | -0.047 | * | 0.416 | *** |
| Polity Score | -0.002 | * | 0.019 | *** |
| ln (population) | -0.187 | *** | 1.582 | *** |
| Observations | 1195 | | 1257 | |
| Ajusted R-squared | 0.97 | | 0.95 | |



What is STED ?

- STED is an analytical tool developed by the ILO
- Its purpose is to provide guidance for the design of **strategic** education and training policies
- **Strategic**
 - Target sectors that are key to trade development, economic diversification and job creation
 - Embedded in a comprehensive strategy to address binding constraints in these sectors
- STED can also inform priorities for follow-up technical assistance



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