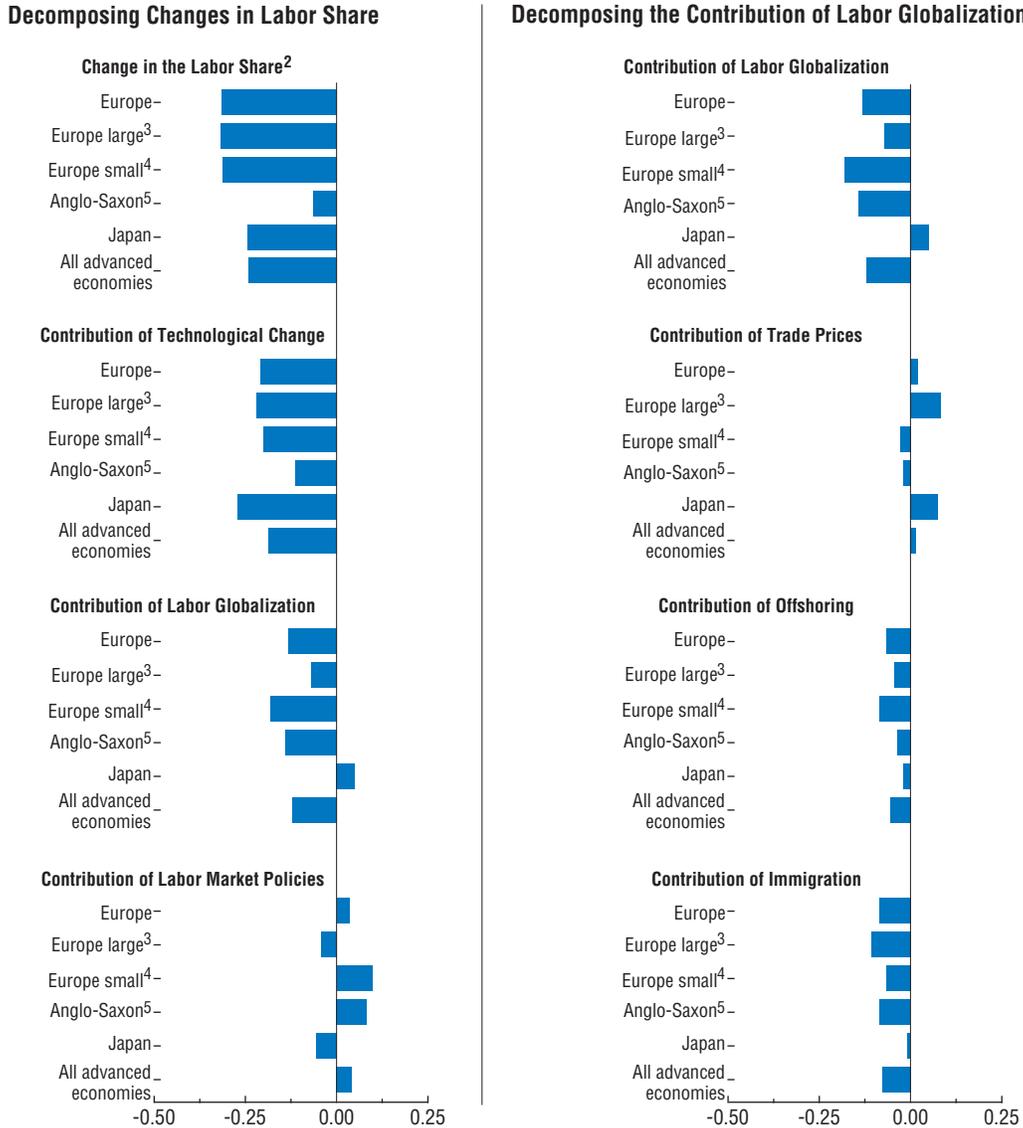


**Figure 5.12. Contributions to the Annual Change in Labor Share<sup>1</sup>**  
(Percentage points)

Labor globalization and technological progress have acted to reduce the labor share, with the impact of technological progress being somewhat larger, while changes in labor market policies have generally had a smaller but positive impact on the labor share. Trade prices, offshoring, and immigration individually play a relatively small role in explaining the decline in the labor share.



Source: IMF staff calculations.

<sup>1</sup>1982–2002 or longest period available. 1986–2001 for Japan, as changes in the relative import price in earlier years reflected the yen's strong appreciation rather than globalization. The contributions are based on estimated regression coefficients and average annual changes in the respective variables by country (see Appendix 5.1).

<sup>2</sup>The annual change in the labor share in this figure corresponds to the sample period for which all the regression variables were available and may thus differ from the one shown in Figure 5.7.

<sup>3</sup>Europe large includes France, Germany, Italy, and Spain.

<sup>4</sup>Europe small covers Austria, Belgium, Denmark, Finland, Ireland, the Netherlands, Norway, Portugal, and Sweden.

<sup>5</sup>Anglo-Saxon countries include Australia, Canada, the United Kingdom, and the United States.