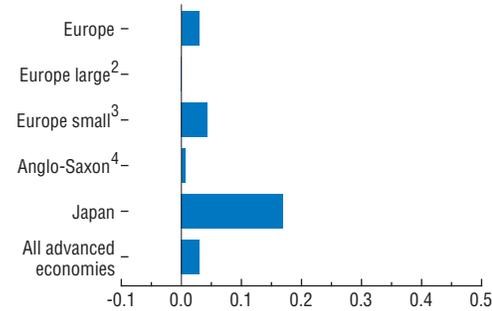


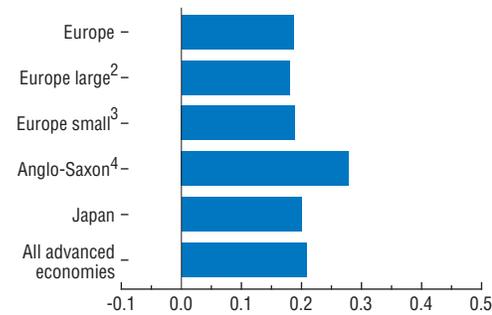
Figure 5.14. Effects of Changes in Trade Prices on Labor Share, Output, and Labor Compensation¹
(Percent)

Although on the whole the labor share went down, the globalization of labor increases the size of the pie to be shared among all citizens, resulting in a net gain in workers' compensation in most countries.

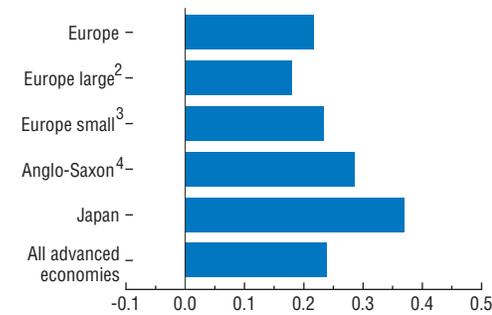
Impact of Change in Trade Prices on Annual Change in Labor Share



Impact of Change in Trade Prices on Annual Change in Output



Impact of Change in Trade Prices on Annual Change in Labor Compensation



Source: IMF staff calculations.

¹1980–2004 or longest period available. 1986–2004 for Japan, as changes in the relative import price in earlier years reflected the yen's strong appreciation rather than globalization. The effects are based on estimated regression coefficients and average annual changes in the respective variables by country (see Appendix 5.1).

²Europe large includes France, Germany, Italy, and Spain.

³Europe small covers Austria, Belgium, Denmark, Finland, Ireland, the Netherlands, Norway, Portugal, and Sweden.

⁴Anglo-Saxon countries include Australia, Canada, the United Kingdom, and the United States.