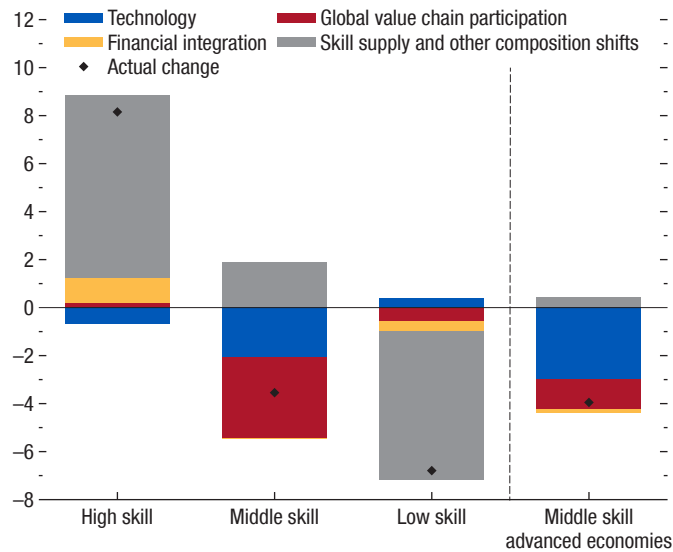


Figure 3.14. Contributions to Aggregate Labor Share Change by Skill, 1995–2009

While increases in high-skilled and decreases in low-skilled labor shares are driven predominantly by common shifts to skill supply across countries (through higher educational attainment, for example), technological change and global value chain integration exert strong negative impacts on middle-skill labor shares, consistent with the hollowing-out hypothesis.



Sources: World Input-Output Database; and IMF staff calculations.
 Note: Decompositions are derived from aggregate labor share regressions by skill group. Middle-skill advanced economies refers to the decomposition of the aggregate middle-skilled labor share, using only the advanced economy subsample in the regression. Contribution of skill supply and other shifts in composition is the combined effect of educational composition and the regression constant.