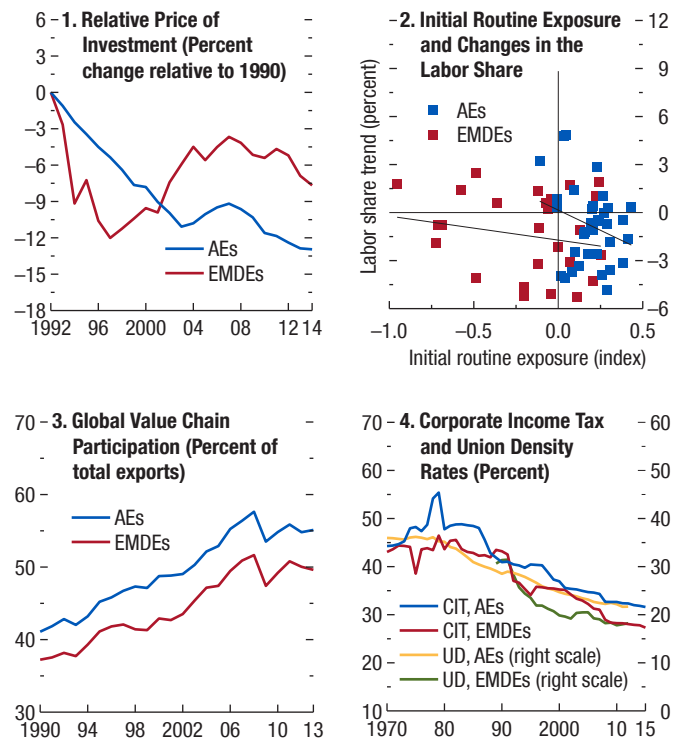


Figure 3.6. Trends in Potential Drivers of Labor Shares

The relative price of investment has declined more in advanced economies than in emerging market and developing economies. Countries with higher initial routine exposure experienced larger subsequent declines in labor shares. Global value chain participation increased, while corporate income taxes and union density rates declined in both sets of countries.



Sources: Autor and Dorn (2014); Eora Multi-Region Input-Output database; Eurostat, European Union Labor Force Survey; Integrated Public Use Microdata Series International; Integrated Public Use Microdata Series USA; International Labour Organization; Karabarbounis and Neiman (2014); national authorities; Organisation for Economic Co-operation and Development; United Nations database; World Input-Output Database; and IMF staff calculations.

Note: Panel 2 shows estimated trends in the labor share. Trend coefficients are reported on the y-axis in units per 10 years. Initial routine exposure is measured as the first available observation between 1990 and 1995. Panels 1, 3 and 4 show fixed effects from regressions that also include country fixed effects to account for entry and exit during the sample. The regressions are weighted by nominal GDP in current U.S. dollars. Fixed effects are normalized to reflect the respective variable's level in 1993. AEs = advanced economies; CIT = corporate income tax rate; EMDEs = emerging market and developing economies; UD = union density rate.