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.

**Figure 5.14. Effects of Changes in Trade Prices on Labor Share, Output, and Labor Compensation**

**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.

1980–2004 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).

1 Europe large includes France, Germany, Italy, and Spain.
2 Europe small covers Austria, Belgium, Denmark, Finland, Ireland, the Netherlands, Norway, Portugal, and Sweden.
3 Anglo-Saxon countries include Australia, Canada, the United Kingdom, and the United States.