

The world: Manufacturing (and beyond)

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Manufacturing

- ◆ The sector which usually drives (initial) economic development
- ◆ The sector with stronger trade unions, industrial relations and collective bargaining
- ◆ One of the sectors mostly involved in international trade and competition

Very different situations

- ◆ China, India, and Brazil driving force of economic growth
- ◆ EU, Japan and US: employment reduction, reorganisation, but crucial for exports and GDP (to varying degrees)
- ➔ Links through the integration of markets
- ➔ The globalization of labour: trade, foreign direct investments, migration

International trade growth

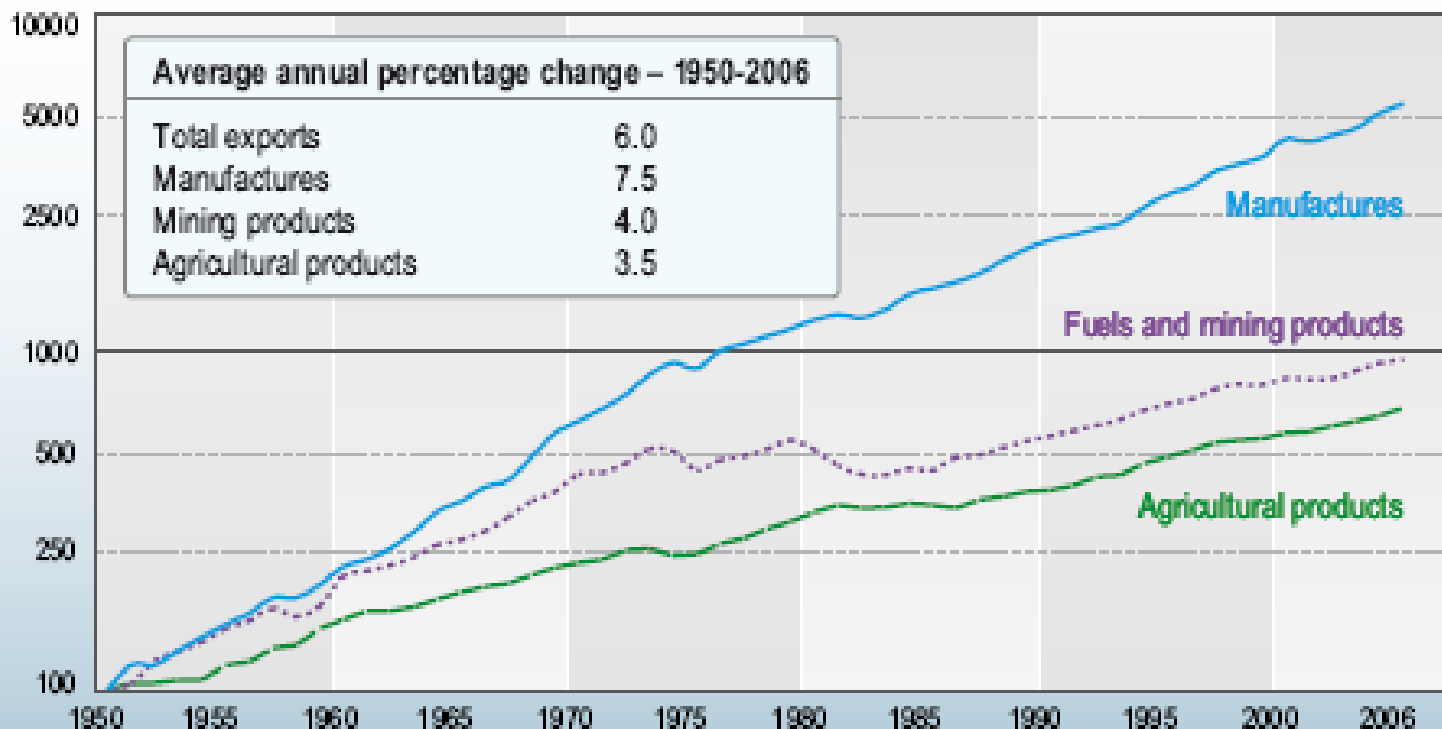
Source: Wto (2007), *International trade indicators 2007*

Chart 1.3

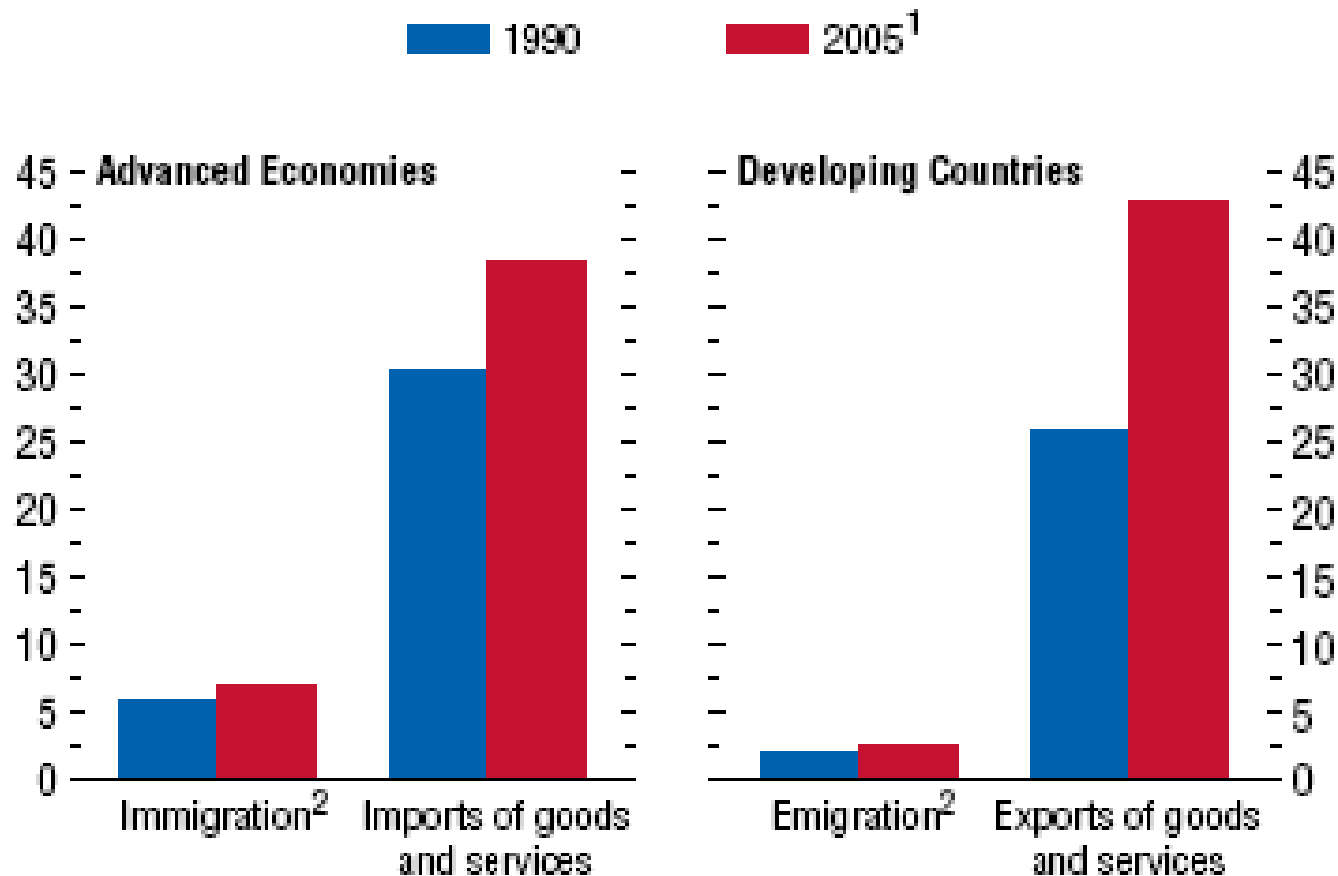
World merchandise trade volume by major product group, 1950-2006

(Volume indices, 1950=100)

Log. scale



Migration and trade

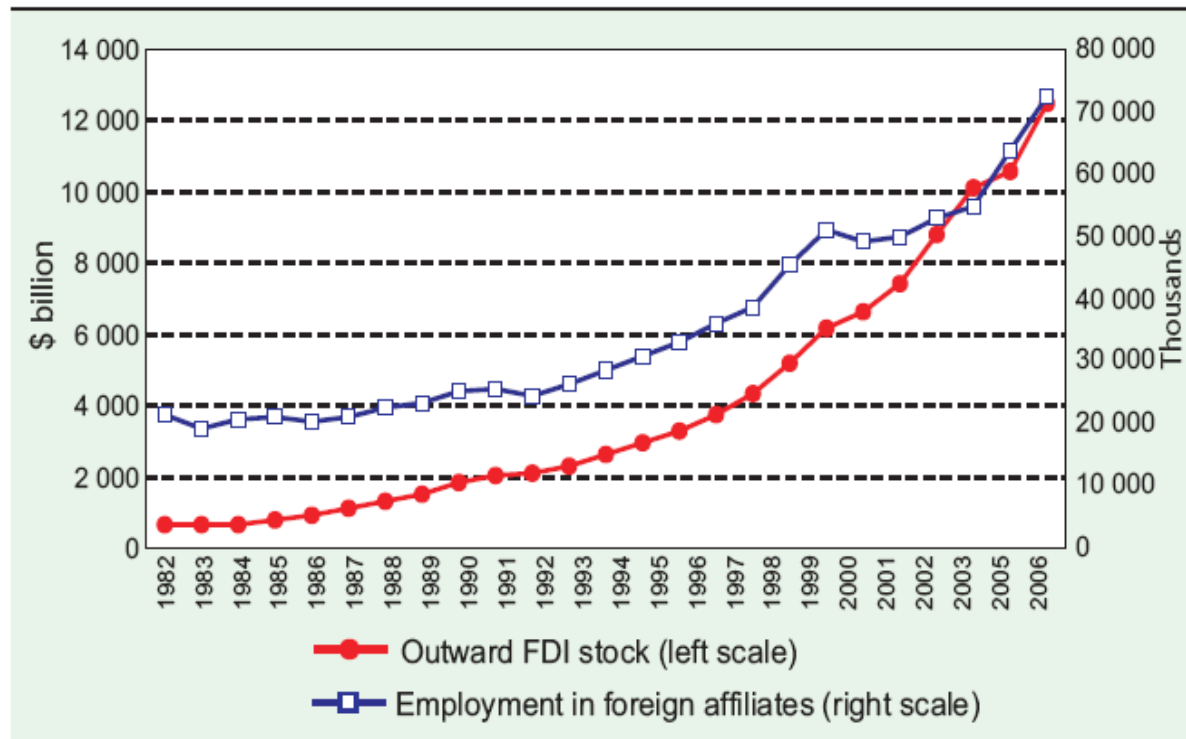


Source: Imf (2007), *World economic outlook*, n. 1, cap. 5, The Globalization of Labor

Multinational companies

Source: Unctad (2007), *World investment report 2007*

Figure I.4. Outward FDI stock and employment in foreign affiliates, 1982-2006

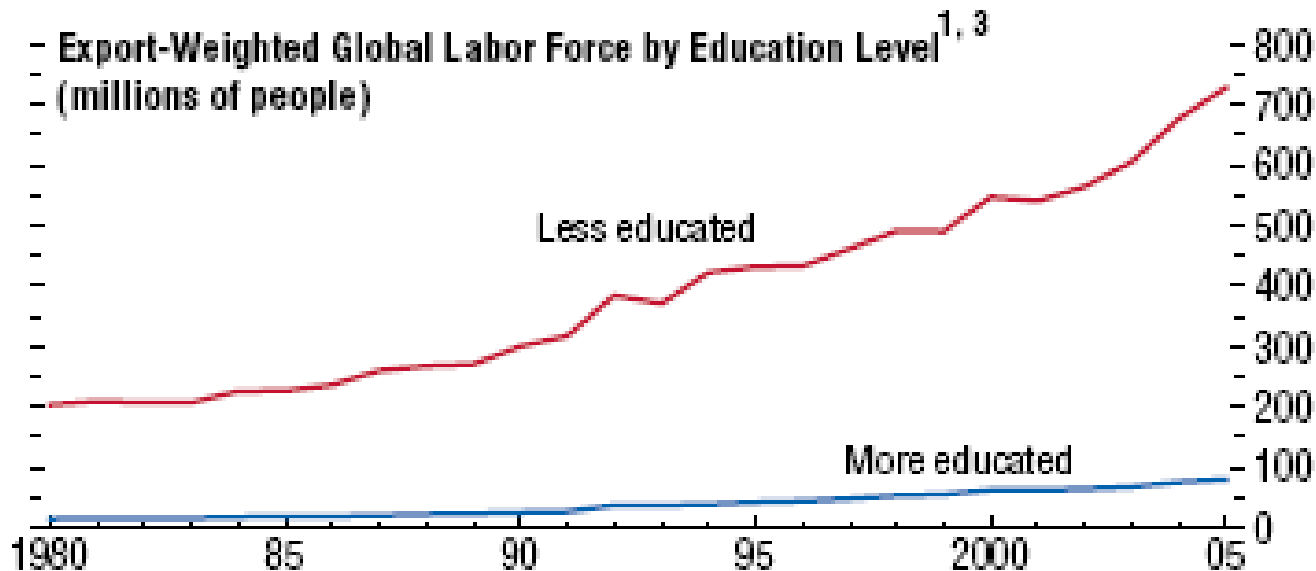


Source: UNCTAD, FDI/TNC database.

Note: For the employment estimation method, see footnote g in table I.4.

Global labour

Source: Imf (2007), *World economic outlook*, n. 1, cap. 5, The Globalization of Labor



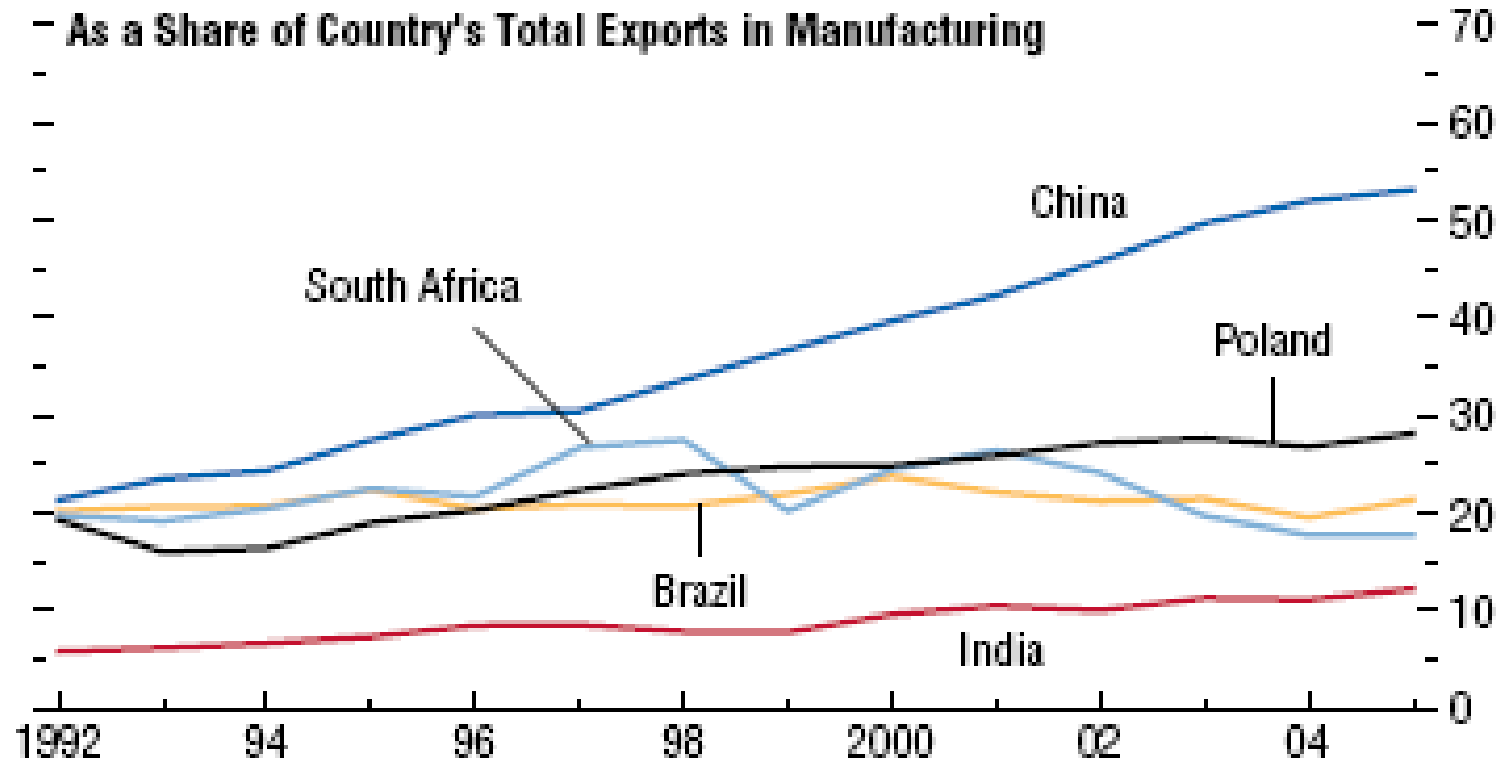
Sources: United Nations, *Population Prospects: The 2004 Revision Population database*; World Bank, *World Development Indicators*; and IMF staff calculations.

¹ National labor forces scaled by export-to-GDP ratios.

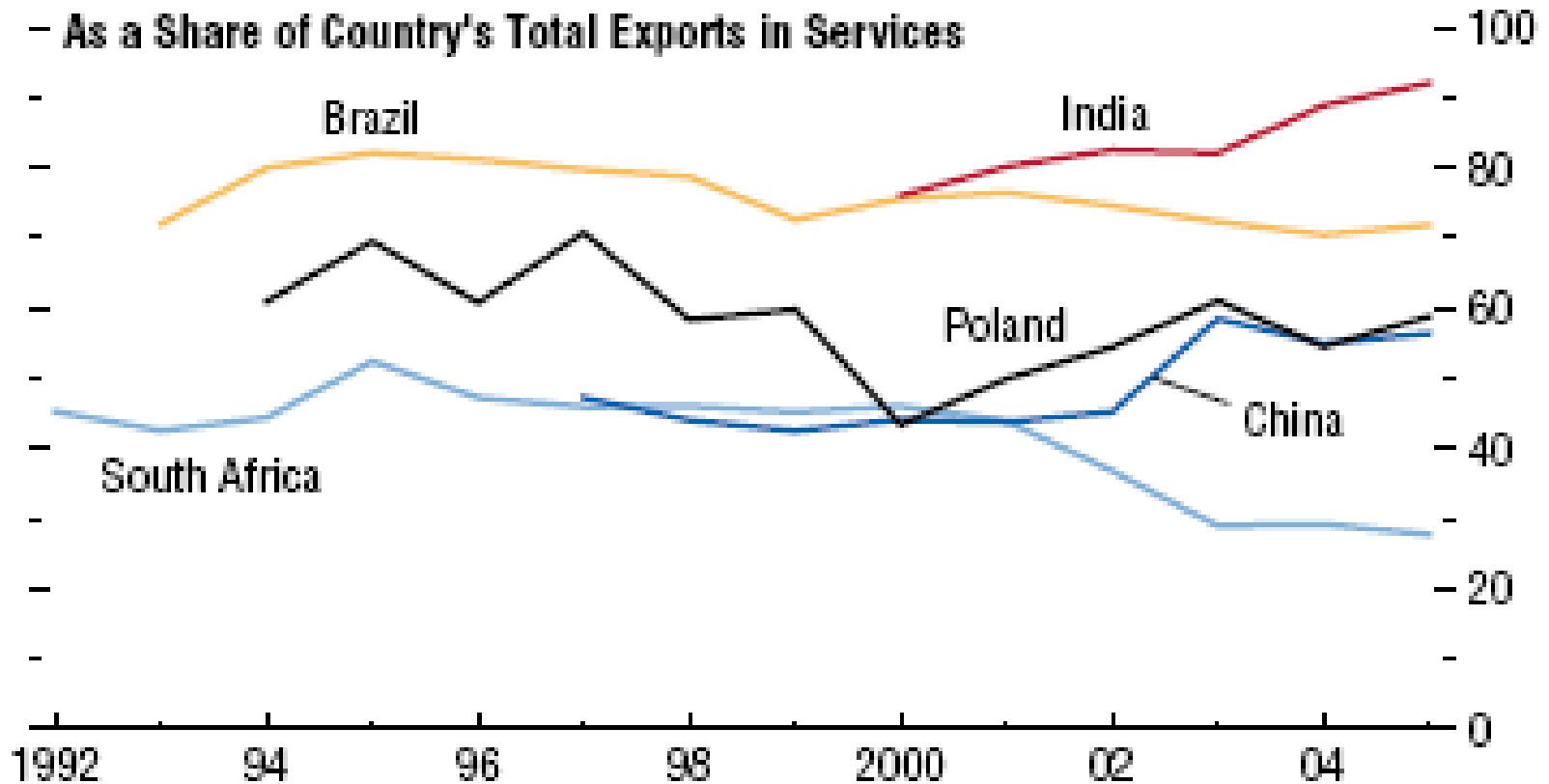
² Includes Western Hemisphere, Middle East and North Africa, and sub-Saharan Africa.

³ More educated labor force is defined by persons with university-level education. Less educated is defined by labor force with primary and secondary education plus the uneducated.

But skilled export is growing



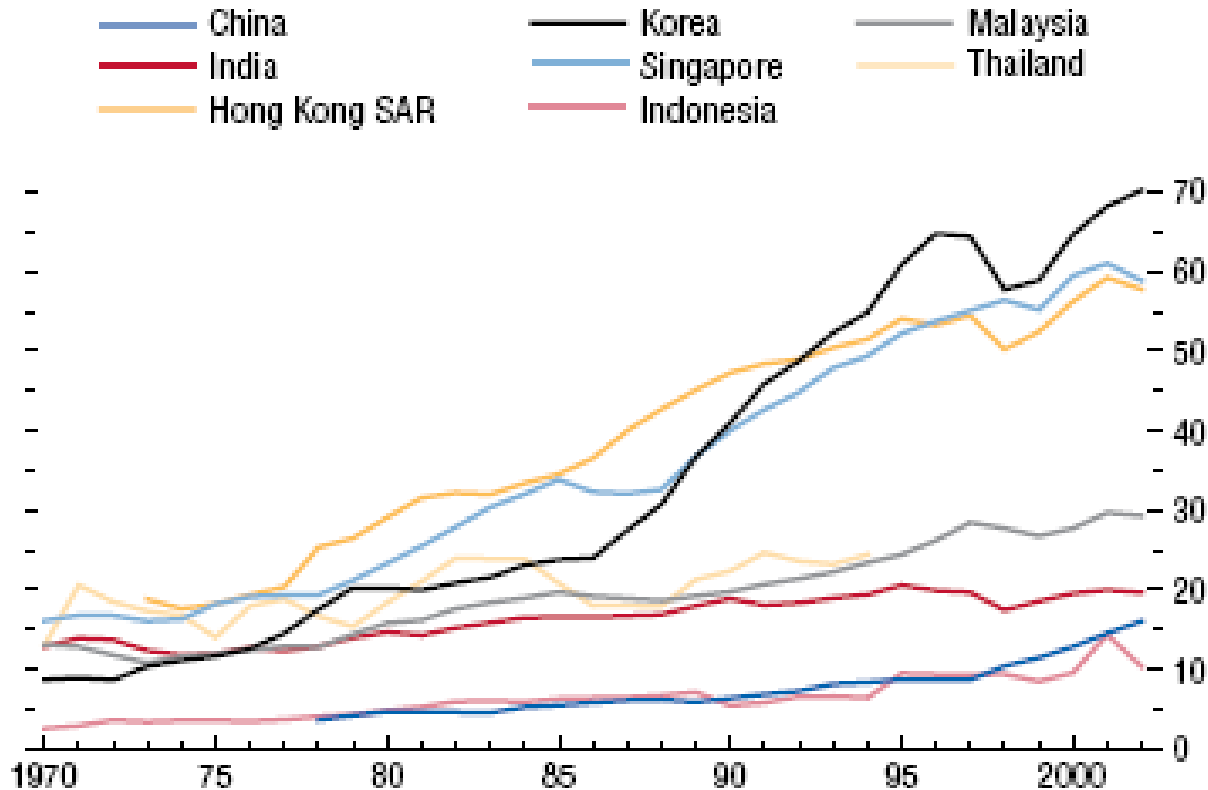
... even in services



Wages are catching up in Asia

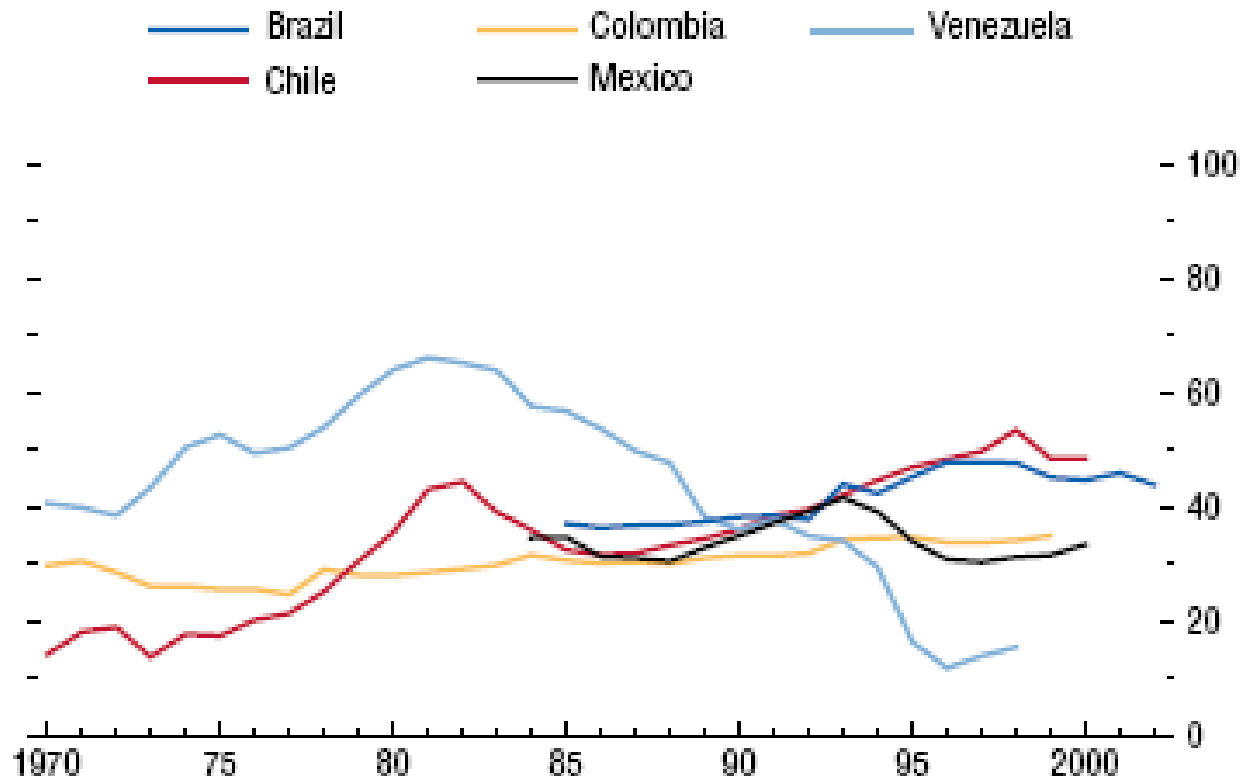
(% of US manufacturing wages constant PPP \$)

Emerging Asia



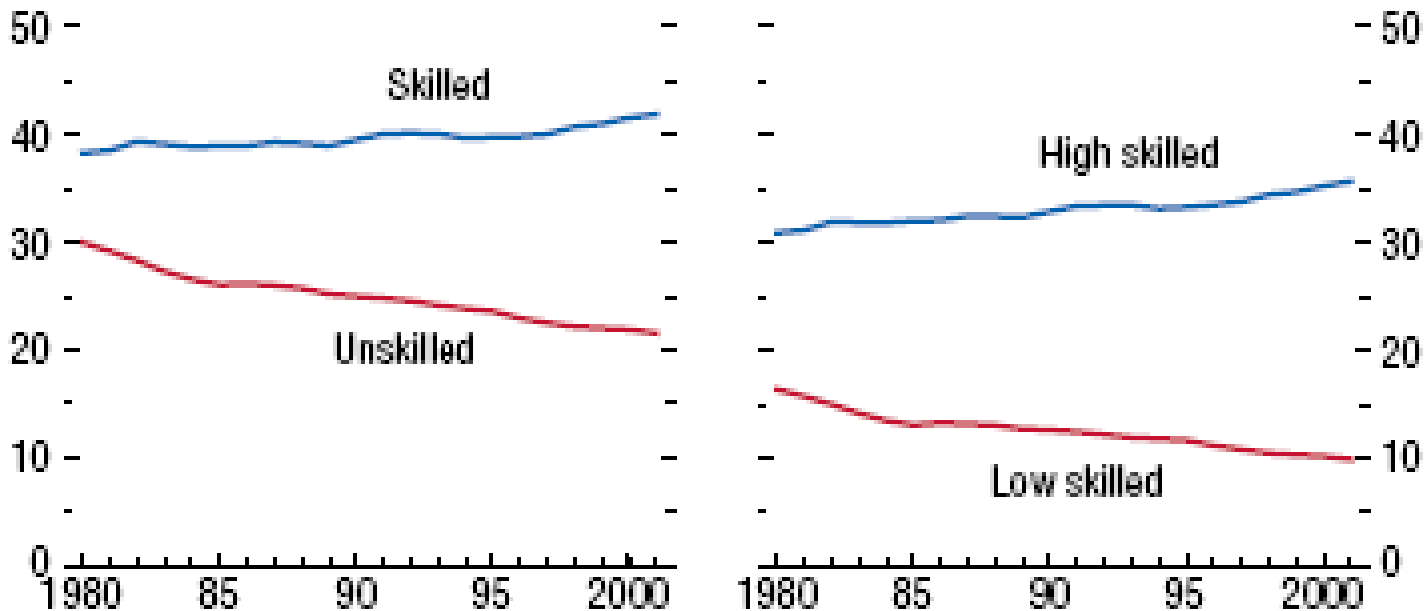
... not so in Latin America

Emerging Latin America



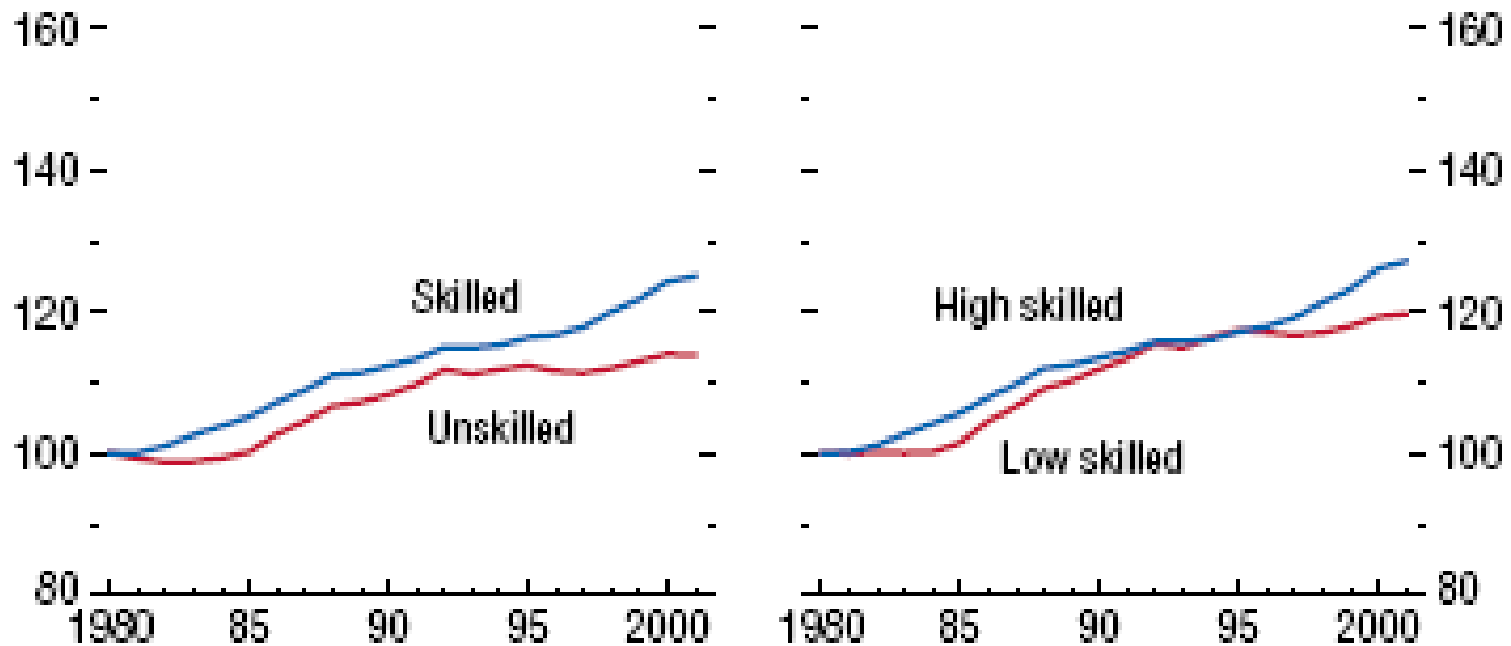
In advanced economies skills matter for income share

**Income Share of Labor
(weighted; percent of GDP)**



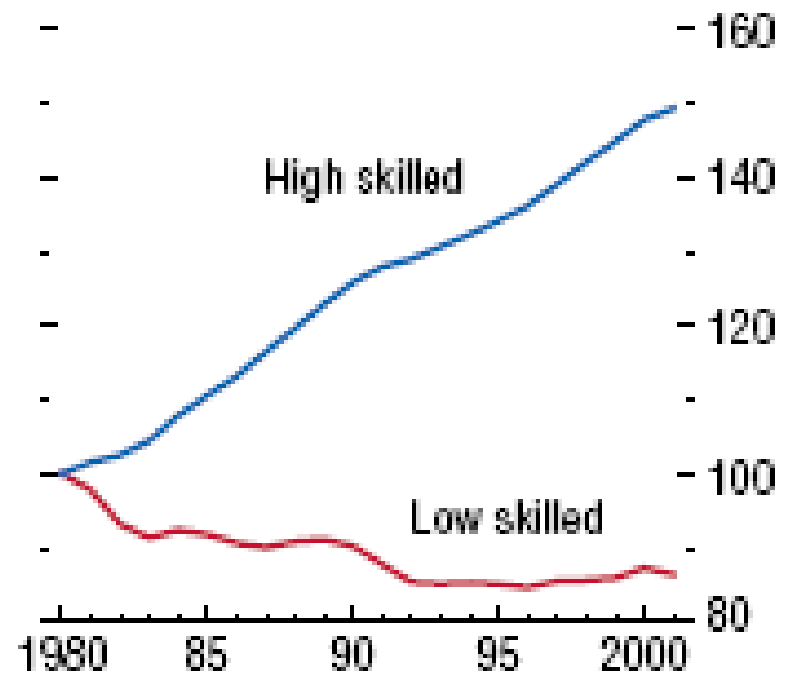
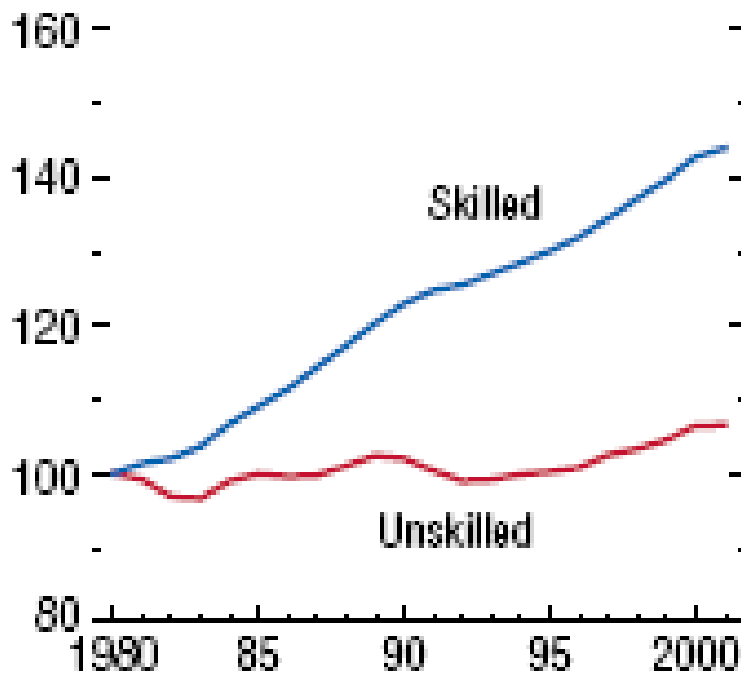
... compensation

**Real Labor Compensation per Worker
(weighted; index, 1980 = 100)**



... employment growth

Employment
(weighted; index, 1980 = 100)



Final remarks

- ◆ It seems to be crucial:
 - Investment in skill developments
 - Investment in research and development (for the complementarity with higher skills)
 - Redistributive and wage policies for low earnings/incomes
- ➔ How the present situation is affecting the three elements: trade, FDI and migration?
- ➔ From export (global)-led to domestic-led?



Post scriptum: Wage formation and industrial relations

- ◆ So far mostly market developments and pressures
- ◆ Very different wage formation processes
 - Countries
 - Skilled and unskilled: individualisation and variable elements
- ◆ Representation of skilled and unskilled workers
- ◆ Unskilled jobs are not going to disappear, especially in services...