



Trade and Employment: From Myths to Facts



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Trade and Employment: From Myths to Facts

Trade liberalization is expected to raise growth

But ...

- How do labour markets adjust to the challenges resulting from increased openness?
- What are the employment effects of trade reform?
- Why do some countries cope better with globalization than others?

New publication helps policy makers and other stakeholders to find answers to these questions



Trade and Employment: From Myths to Facts

Contains six thematic chapters that contribute in different ways to the three objectives of the volume:

Take stock of existing evidence on trade and employment;

Contribute to design of tools to generate evidence on employment effects of trade;

Contribute to debate on coherent labour and trade policies



Trade and Employment: From Myths to Facts

Six commissioned chapters:

- **New Evidence on Trade and Employment: An Overview**
Margaret McMillan and Iñigo Verduzco
- **Assessing the Impact of Trade on Employment**
Bill Gibson
- **Trade and the Informal Economy**
Anushree Sinha
- **Gender Aspects of Trade**
Günseli Berik
- **Trade Adjustment Costs and Assistance: The Labour Market Dynamics**
Joseph Francois, Marion Jansen and Ralf Peters
- **Trade Diversification: Drivers and Impacts**
Olivier Cadot, Céline Carrère and Vanessa Strauss-Kahn



New Evidence on Trade and Employment: An Overview

Margaret McMillan and Iñigo Verduzco

READ THIS CHAPTER IF YOU WANT TO KNOW ABOUT THE LATEST RESEARCH FINDINGS ON TRADE AND EMPLOYMENT

Overview
Chapter:
Objective 1

Themes discussed include:

- **The significance of the employment effects of trade**
- **Efficiency gains of trade liberalization in the presence of unemployment**
- **The employment implications of trade in tasks (offshoring)**



Assessing the Impact of Trade on Employment

Bill Gibson

Overview of different methodologies to assess employment effects of trade plus discussion of strengths and weaknesses:

- **Simulation methods**
- **Econometric methods**
- **Qualitative methods**

Technical
Chapter:
Objective 2

Read this chapter if you want to:

- **Conduct an assessment of the employment effects of trade**
- **Commission an assessment**
- **Or evaluate the findings of an assessment presented to you**



Trade and the Informal Economy

Anushree Sinha

A “**must**” for everybody assessing employment effects in low income countries

➤ Discussion of *THE* question:

Objective 1

“Does trade liberalization lead to a larger or a smaller informal economy”

➤ Proposals for modeling the informal economy in employment assessments of trade

Objective 2

➤ Policy Recommendations

Objective 3



Gender Aspects of Trade

Günseli Berik

Themes discussed include:

Objective 1

- Does trade competition reduce gender wage gaps?
- Does moving up the industrial ladder reduce gender wage gaps?
- Policy recommendations on how to pursue gender equity in open economies

Objective 3



Trade Adjustment Costs and Assistance: The Labour Market Dynamics

Joseph Francois, Marion Jansen and Ralf Peters

READ THIS IF YOU WANT TO KNOW:

Objective 1

- What can go wrong during the adjustment phase and how this phase affects long-run outcomes;
- How adjustment costs can be measured ex-post or estimated ex-ante
- Which policies to use to help those losing out during the adjustment phase

Objective 2

Objective 3



Trade Diversification: Drivers and Impacts

Olivier Cadot, Céline Carrère and Vanessa Strauss-Kahn

READ THIS IF YOU WANT TO KNOW:

- How to measure export diversification
- Whether your country is likely to start exporting new products or export more of the same after trade liberalization;
- What governments can do to foster export diversification in their country.

Objective 2

Objective 1

Objective 3



Objective 1: Taking stock of existing evidence

Main findings include:

- Economic gains from trade depend on local institutional settings
- Job creation in the exporting sector may be disappointing
- The informal economy cannot be ignored
- Country specifics determine how and to which extent trade liberalization contributes to increased diversification

DOMESTIC INSTITUTIONS MATTER !



Objective 3: Coherent Policy Making

Main findings include:

- Social protection systems have an important role in helping economies cope with globalization
- Targeted trade adjustment assistance may be justified in case of “concentrated” structural change.
- In open economies, governments have a role in helping firms to survive or grow (e.g. export promotion)
- High quality infrastructure is key to successful integration
- Education and skills policies prepare the ground for the development of new export products

Co-ordination
between trade,
investment and
skills
development
policies is a key
to success !



Available at:

<http://www.ilo.org/trade>

