Are Developing Country Labor Markets Polarizing, Too?

William F. Maloney\textsuperscript{1} Carlos Molina\textsuperscript{2}

\textsuperscript{1}Chief Economist, EFI, World Bank
\textsuperscript{2}University of the Andes, Bogota

Symposium on Technology, Innovation and Inclusive Growth
April, 28 2016
Motivation


- **Europe**: Goos, Manning and Salomons (2014) From 1993 to 2006 middle wage occupations decline as a share of employment in 16 countries.

- **US**: Beaudry, Green and Sand (2013) show that the collapse of middle level paying jobs has now spread to the high-skill labor market.

- **The Question**: Are we seeing Polarization in the Developing world?

- **Data**: Census data 21 countries before and after 2000, more
Polarization in developing countries

Should we expect to see polarization in developing countries as well?

- Differing initial occupational distributions?
- Net impact of off-shored jobs?
- Impact of ICT?
- Automation related productivity growth in small economies?
- Limited feasibility of automation in LDCs?
- Skills for emerging complementary tasks (Acemoglu and Autor 2016)?
Mean annual percentage change in employment (%)

Legend:
- 1983–1987
- 1987–1993
- 1993–1999
- 1999–2004

India
## Polarization in developing and advanced countries

Testing changes in log of employment after 2000

<table>
<thead>
<tr>
<th>Variables</th>
<th>Legislators and Managers</th>
<th>Professionals</th>
<th>Technicians</th>
<th>Clerks</th>
<th>Service workers and market sales</th>
<th>Skilled agricultural and fishery</th>
<th>Crafts and related</th>
<th>Operators and assemblers</th>
<th>Elementary occupations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year ≥ 2000*AC</td>
<td>0.706*** (0.124)</td>
<td>0.666*** (0.0996)</td>
<td>1.051*** (0.186)</td>
<td>0.188** (0.0852)</td>
<td>0.326*** (0.0667)</td>
<td>-0.449*** (0.141)</td>
<td>0.0613 (0.141)</td>
<td>-0.0430 (0.269)</td>
<td>0.266 (0.257)</td>
</tr>
<tr>
<td>Year ≥ 2000*DC</td>
<td>0.692*** (0.166)</td>
<td>0.777*** (0.133)</td>
<td>1.316*** (0.233)</td>
<td>0.608*** (0.135)</td>
<td>0.967*** (0.133)</td>
<td>-0.0138 (0.0755)</td>
<td>0.498*** (0.0968)</td>
<td>0.704*** (0.173)</td>
<td>0.686*** (0.151)</td>
</tr>
</tbody>
</table>

FE | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes | Yes |
Observations | 210 | 210 | 203 | 209 | 210 | 210 | 210 | 208 | 210 |
R-squared | 0.944 | 0.946 | 0.884 | 0.957 | 0.945 | 0.977 | 0.965 | 0.937 | 0.891 |

Two way robust-clustering standard errors to year and country level

*** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$
Polarization in developing and advanced countries
Testing changes in share of employment after 2000

<table>
<thead>
<tr>
<th>Variables</th>
<th>(1)</th>
<th>(2)</th>
<th>(3)</th>
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<th>(5)</th>
<th>(6)</th>
<th>(7)</th>
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<td>Year ≥ 2000*AC</td>
<td>2.869***</td>
<td>4.441***</td>
<td>6.318***</td>
<td>-1.006</td>
<td>0.862***</td>
<td>-4.786***</td>
<td>-3.596**</td>
<td>-4.537</td>
<td>-0.682</td>
</tr>
<tr>
<td></td>
<td>(0.536)</td>
<td>(0.825)</td>
<td>(0.851)</td>
<td>(0.669)</td>
<td>(0.267)</td>
<td>(1.354)</td>
<td>(1.585)</td>
<td>(3.447)</td>
<td>(1.852)</td>
</tr>
<tr>
<td>Year ≥ 2000*DC</td>
<td>0.465</td>
<td>1.421***</td>
<td>2.305***</td>
<td>0.887</td>
<td>5.161***</td>
<td>-11.39***</td>
<td>-0.672</td>
<td>0.617</td>
<td>1.169</td>
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<tr>
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<td>(0.334)</td>
<td>(0.361)</td>
<td>(0.490)</td>
<td>(0.540)</td>
<td>(0.996)</td>
<td>(2.489)</td>
<td>(0.528)</td>
<td>(0.838)</td>
<td>(1.072)</td>
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Two way robust-clustering standard errors to year and country level

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Thank you