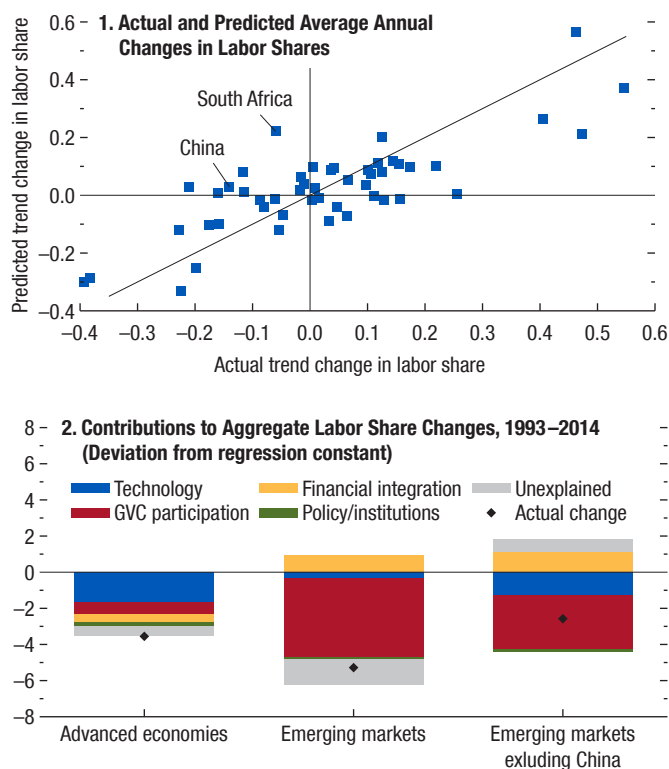


Figure 3.11. Aggregate Results

The empirical model explains about two-thirds of the evolution of aggregate labor share trends across countries, with China and South Africa being two important outliers. In advanced economies, technology contributes to about half the variation in labor share declines across countries, with global value chain (GVC) participation and financial integration accounting for one quarter. In emerging markets, GVC participation is the dominant factor for labor share declines, offset by the positive effect of financial integration, while technology plays a much smaller role.



Source: IMF staff calculations.

Note: Panel 1 shows actual average annual changes in labor shares for countries with at least 10 years of data and predictions based on the aggregate trend regression model (see Annex 3.4). Derived contributions are scaled to show total changes over 25 years.