

CONTENTS

Preface	v
Acknowledgements	xi
List of abbreviations	xiii
Summary	1
Introduction	5
Part I. Trends in globalization and social progress	7
A. The gradual and uneven process of foreign trade and investment liberalization	9
B. An overview of labour market trends and income distribution	19
C. Industrial relations and basic workers' rights	28
Part II. Assessing the social impact of globalization	29
A. Positive developments in economic growth and income distribution	31
B. Underlying imbalances	40
Part III. Policy issues	47
A. Creating a well-functioning social safety net	49
B. Establishing a training system that reflects labour market requirements	52
C. Reforming labour law and industrial relations fairly and efficiently	54
D. Corporate governance	57
Concluding remarks	59
Annex 1 Estimating the impact on wages of supply and demand factors	61
Annex 2 A selected review of the literature	64

Bibliography	67
Index	71

List of figures

1 Evolution of the average import tariff rate, 1970–97	11
2 Evolution of trade flows, 1970–97	12
3 Share of exports in world trade, 1970–95	13
4 Trends of FDI inflows and outflows, 1981–97	16
5 Labour market trends, 1970–98	20
6 Wage inequalities, 1975–97	22
7 Income distribution, 1970–96	26
8 International comparison of education indicators, 1995	27
9 Relative wages in tradable and non-tradable sectors, 1976–96	34
10 Estimated impact of trade on employment by education level, 1990	35
11 Estimated impact of FDI on employment by education level, 1990	36
12 Employment content of FDI, 1995	37
13 Foreign debt, 1980–97	41
14 Debt–equity ratio, 1980–97	42
15 Trends in productivity and real wages, 1975, 1985 and 1995	43
16 Union density in tradable and non-tradable sectors, 1992 and 1995	44
17 Evolution of international cost-competitiveness, 1975–96	45
A1 Wage impact of changes in labour supply and demand	63

List of tables

1 Chronology of trade and FDI liberalization, 1970–95	10
2 Sectoral composition of trade, 1975, 1985 and 1995	14
3 Exports by country of destination, 1980–97	15
4 Imports by country of origin, 1980–97	15
5 Sectoral composition of FDI, 1962–97	17
6 Distribution of FDI by country, 1962–97	18
7 Impact on wages of supply and demand changes, 1986–96	39
A1 Estimation results (including inter-industry demand changes)	63
A2 Estimation results (excluding inter-industry demand changes)	63