

Three papers on Quality of Jobs and Quality of Labor

Comments from David S. Kaplan
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3 papers, 3 very different topics

- Some comment elements
 - All three on important topics
 - All three with careful and credible empirical work
- But since this is a development conference ...
 - Perhaps all three could emphasize policy implications more

Maria Micaela Sviatschi's paper

- FTZ's change labor-market conditions for women → increase educational attainment
- Increased educational attainment for women has important social benefits
 - For example, better health outcomes for children
- Although the labor-market shock was temporary, impact is long lasting

Quite careful, credible ID strategy

- Author faces the standard problems in defending ID strategy
 - Maybe FTZ are not exogenous
- There will always be doubts with DD and DDD papers, but various specification checks make results as convincing as possible
- Bottom line, results seem believable

Perhaps there are more important policy implications

- In my opinion, the main takeaway messages are
 - Bad news: It can be hard to break out of bad equilibrium in which female education is too low
 - Good news: Once you break out of the bad equilibrium, it is easier to stay in good equilibrium
- Main policy implication: Find any way to encourage female education
 - Short-term initiative almost guaranteed to be cost effective because will have long-term benefits

Other important policy implications

- More education may not be enough to increase labor-force participation
 - Complementary policies necessary to increase labor-force participation
- But increases in female education have important effects outside of the labor market

Almeida, Carneiro, & Narita paper

- Exploit plausible exogenous variation in labor enforcement (labor inspections)
- Increased enforcement affects structure of LM
 - More wage earners, more unpaid workers, fewer self employed
- Increased enforcement → more compliance
 - Social security, registration, minimum wage
- Other unintended consequences
 - Fewer voluntary benefits (housing, food, education, health)

Very hard to study enforcement

- This series of papers may be the best
- One country (with one legal framework), but differential enforcement
- But still we are lacking important information
 - Example: small versus large firms
 - Authors study impact on firm size
 - When inspections rise, do the large firms get hit particularly hard?
 - Inspections of large firms could increase employment in small firms

Paper about enforcement or about enforcement in Brazil?

- Enforcement an important tool for compliance
 - But firms can make legally-permitted adjustments
 - Examples: more unpaid work and reduction of voluntary benefits
 - These seem like generally applicable lessons
- More enforcement → better outcomes?
 - “This paper analyzes whether the enforcement of the labor code, through the compliance with the set of mandated job benefits, translates into higher overall job quality”.
 - This answer must depend on both the law and on the details of the enforcement.

Key lessons for policymakers

- Possible to increase compliance with the law
 - The impact on economic outcomes will depend in large part on the quality of the law
 - If law imposes high costs to firms, increased enforcement may generate unwanted results
 - If law has loopholes, increased enforcement may be ineffective
- Positive impact of enforcement requires having a law worth enforcing

Brambilla, Lederman, & Porto paper

- Builds on growing literature on exporting, quality, and demand for skills
 - Firms export higher quality products and that
 - Workers of varying skills to different tasks depending on factor prices, firm productivity, and the skill intensity of tasks
- Skill composition of employment matters
 - Exporters need highly skilled specialized workers, not skilled administrative workers

How to estimate causal impact of exporting?

- Established IV technique in literature
 - Weighted averages of real GDP and the real exchange rate face by Chilean exporters
 - Firm-specific weights determined by are the initial shares of exports in sales
- I'm no expert in this literature, but that seems plausible to me

Key message with policy relevance

- Exporting raises demand for specific sets of skills
 - Engineers more likely to benefit than accountants
- Authors mention implications for impact of trade on income and wage inequality
- Probably another even simpler policy implication

Where do the engineers come from?

- Suppose a country's growth strategy involves expansion of exporting high-quality goods
 - Aerospace industry in Mexico has been targeted as a national priority
 - Results of this paper suggest pressing need for skill in specialized tasks
 - But where do these people come from?

Recent visit to aerospace sector in Queretaro

- No one said their human-resources problem was hiring for human resources department
 - No one mentioned accountants either
 - Engineers and technicians were the big concern
- Export-driven growth strategy probably requires educational/training plan
 - For example, Queretaro has a University dedicated to this sector