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The impact of globalization on employment in the Philippines

*Aniceto C. Orbeta Jr.**

Abstract

This paper presents one of the few empirical estimates of the impact of globalization, here represented by trade flows, on employment level and structure using Philippine data. Using both aggregate and sub-industry level manufacturing data, the paper shows that increases in the propensity to export shift the demand for labor upward. It also shows that the impact of the propensity to import on labor demand is unclear, yielding from significantly positive to insignificant coefficients. In terms of employment structure, the impact of openness on the proportion of women workers is not significant at the aggregate level; at the manufacturing sub-industry level, however, the increase in the propensity to export is a boon for women workers. Finally, increases in export propensity increase the proportion of low-skilled production workers both at the aggregate and manufacturing sub-industry level.

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1. Introduction

Globalization has been associated with profound changes in the labor market such as changes in the level and structure of labor demand, in skill shortages and relative wages, and in employment elasticities, among others. All of these have far-reaching implications on workers' welfare and therefore on the success of the process of adjustment to globalization itself. The heated debates on these issues are clear indications that this is far from being resolved. The paper contributes to this debate by disentangling some of these issues and providing empirical basis for some of the arguments. Better understanding of the impact of globalization will

*Senior Research Fellow, Philippine Institute for Development Studies. Correspondence: aorbeta@pids.gov.ph.

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guide analysts and policymakers in the design of a policy environment that will allow workers to better ride the tide of globalization.

O'Rourke and Williamson [2000] defined globalization to mean "the integration of international commodity markets". Globalization is characterized by two major aspects that have profound impact on labor markets. One is the increase in cross-border movements (trade) of final goods and services. The other is the increase in the cross-border flow of production inputs—namely, labor, capital, and technology. Of course globalization has other aspects, such as the increase in social-interaction of peoples (see, for example, Castles [1999] citing Held et al. [1999]), but these are of limited importance for the purposes of this paper.

This paper focuses on the impact of trade of goods and services on employment level and structure. It presents one of the few attempts at empirically establishing the impact of trade on employment level and structure using Philippine data. It does this both at the aggregate and the manufacturing sub-industry levels. The use of several levels of aggregation was designed to strengthen whatever empirical results the paper may produce. Careful attention was also given to the econometric estimation issues called for by the varied data types used in the study.

This paper is organized as follows. The next section provides a focused review of the issues in the area. A presentation of the methodology and data used in the study follows. The next section presents the analysis of the estimation results. The last section summarizes and concludes.

2. Review of issues

The review of issues will be limited to the subject of the paper fully mindful that there are other issues on the impact of globalization on the labor market. The review is thus confined to the issues of the impact on employment level and structure. For more recent comprehensive reviews please see, for example, Rama [2001], Harrison and Hanson [1999]; for Philippine studies see Medalla et al. [1995] and Lanzona [2001].

2.1. Impact of trade on employment level

The effect of globalization on employment is mediated through its impact on overall and sectoral economic growth. With globalization, economic structure would tend to correspond more closely to the comparative advantage of the country. Sectoral shares will change in different ways depending on the country's natural and human resource endowments, existing infrastructure and technological capabilities, and the degree to which the domestic economy has already been exposed to international competition in the past [ILO 1996].

In the case of highly developed economies, globalization would result in more opportunities for the acceleration of capital outflows and a reduction in the share

of manufacturing activities as production shifts to off-shore locations in search of lower costs and better access to overseas markets. This is what is known as “de-industrialization” where cheap imports from low-wage economies flood highly developed economies’ markets, thus destroying unskilled jobs.

For developing countries, globalization would result in the decline of inefficient heavy or capital-intensive industries that are heavily protected by high tariffs and an increase in labor-intensive and export-oriented industries, reflecting the country’s comparative advantage.

More specifically, globalization is expected to increase the share of foreign trade in national income and a decline in self-sufficiency ratios in individual sectors. In most developing countries, globalization should also result in a decline in capital output ratio as investment flows much more freely toward profitable sectors. Given the relatively low wage rates in such economies, these would normally be labor-intensive sectors.

Globalization means reduction in government intervention and controls on private sector economic activities. This is expected to spur private economic activity that would mean an increase in foreign trade and improved fiscal position. This would mean employment expansion even in the short term.

In many cases, however, the liberalization process is accompanied by macroeconomic stabilization measures utilized to improve the external and internal balances in the economy with a view to restraining inflationary pressures and making growth sustainable. The stabilization measure causes aggregate domestic demand to fall and has deflationary effect on investment due to lower government capital spending. This has a negative effect on employment levels. The net effect on the overall employment depends on the private sector’s ability to “crowd in” and the speed by which employment elasticity will adjust. Thus, a fall in employment levels is expected to happen in the short run when stabilization effects dominate.

On the other hand, due to competitive pressures from globalization, firms that have been subjected to international competition would need to increase and improve productivity levels and may do so by reducing employment.

The net impact of globalization on employment and unemployment, therefore, will depend on a host of socioeconomic and political factors affecting the processes of liberalization.

Turning to the empirical literature, the analysis of the impact of trade on employment has a long history, particularly for developed countries. Many studies using developing-country data have also come out much more recently.

Baldwin [1995] provided a comprehensive survey of the impact of trade liberalization on employment for Organisation for Economic Co-operation and Development (OECD) countries. The study generated two conclusions: (a) the output and employment impact of shifts in the volume and composition of trade is that the

net employment effects of changes in exports and imports have not been significant in OECD countries; (b) trade changes have produced significant adverse employment effects in particular industries, especially labor-intensive sectors such as textiles, clothing, timber, furniture, and leather.

Krueger [1983] summarized the study on the linkages of trade policies and employment in ten industrializing countries. The conclusion was that moving toward a more neutral trade policy will lead to more labor-intensive production. Harrison and Hanson [1999], however, pointed out that no direct measurement was done. The study merely hypothesized that trade reform would lead to employment increases as production shifts toward more labor-intensive tradables.

Much more recent studies using data from Latin American countries reveal the modest impact of trade liberalization on employment and wages. Rama [1994], for instance, used four-digit manufacturing data of Uruguay to measure the impact of trade liberalization and employment. The estimation results show that a 1 percent decline in protection rate led to a 0.4-0.5 percent reduction in employment within the same year. Revenga [1994], on the other hand, used plant-level data for Mexico to study the impact of reductions in tariff and quota coverage on firm-level employment. Her estimates revealed that tariff reduction has no impact on employment. Reduction in quota coverage from 90 percent to 10 percent, however, is associated with a 2-3 percent decline in employment. Currie and Harrison [1997] found that most manufacturing firms in Morocco were unaffected by tariff reductions and elimination of quotas. Significant impacts were found in only few industries such as textiles and beverages. In particular, a 21 percent decline in the tariff protection for firms in the textiles, beverages, and apparel was associated with a 6 percent decline in employment. Harrison and Hanson [1999] provided some explanations to this sluggish response of employment to trade liberalization. One is labor market imperfections such as hiring and firing costs, and minimum wage regulations have prevented firms from responding to the trade reforms. Another explanation is the lack of output response. When output is not affected it follows that employment will also not be affected.

The study avoids the problem-laden output response route and goes straight to movements in the trade of goods and services as the determinant of labor demand.

2.2. Impact of trade on the employment structure

2.2.1. Occupational structure

Changes in the occupational structure of the labor force depend on the countries' level of development, their degree of openness in the past, and initial conditions.

In the case of highly developed economies, improvement of skills, technological improvement, and transfer of lower-skilled jobs are expected as the nature of the job changes in favor of the higher-skilled and white-collar ones. The nature of jobs would change due to the adoption of newer technology to keep labor costs down and improve productivity.

In the case of developing economies, an increase in the demand for workers with basic skills is most likely to take place because of their comparative advantage in labor-intensive and export-oriented industries. The expansion in employment is expected in industries involved in semifinished assembly, light engineering, agro-processing and metal-based batch production. On the other hand, reduction in employment may be expected in industries involved in iron and steel, heavy machine tools, continuous process chemical and pharmaceutical industries, and electric generation equipment industries.

2.2.2. Sex and age structure

Female labor-force participation in most developing countries is expected to increase as a result of globalization. However, their work conditions and wages may deteriorate. These effects are brought about by many interrelated factors. Females are generally lower paid and less organized, thus hiring them in assembly operations will enable the firms to reduce wage costs and have more flexible employment. Export-oriented industries, especially those engaged in semiconductor assembly, garments, and light engineering, prefer female workers due to their skills. The service industries provide more employment to female workers, but work is usually characterized by the dominance of part-time, casual, or temporary jobs as well as lower wage rates and high incidence of subcontracting.

The demographic composition of the labor force is also affected by globalization. The age structure of the labor force may be expected to fall as existing industries, established behind tariff protection, decline and new industries requiring new skills take their place. The need to retrain workers could also result in a lowering of the age profile of the labor force.

3. Methodology and data

3.1. Methodological considerations

3.1.1. Impact of trade on employment levels

Based on the Heckscher-Ohlin model, Wood [1996] explains that trade has two effects: the sectoral and the factoral. The sectoral effects expand production of the abundant-factor-intensive goods and contract production of scarce-factor-intensive goods. The factoral effects, which follow from the sectoral shifts in the composition of production, increase the demand for (and price of) abundant factors and reduce the demand for (and price of) scarce factors—known as the Stolper-Samuelson

theorem. The paper models the impact of trade on employment using the factoral effects, i.e., given shifts in production structure (e.g., toward more exports), are there shifts in labor demand? Most studies on the impact of trade relate changes in trade protection, e.g., tariffs and quantitative restrictions, and employment (e.g., Revenga [1994]; Rama [1994]). The results from these studies, as explained by Harrison and Hanson [1999], are usually clouded by interim sectoral effects that are affected by a host of changes in macroeconomic policies concurrently applied to the economy for many other reasons. The approach used in the paper minimizes these other effects by going straight to test the hypothesis whether increase in openness—exports propensity, for example—increases/decreases labor demand.

To test whether trade increases the employment propensity, we estimate the traditional labor demand function but with shifters, i.e.,

$$E_t = f(Q_t, w_t, r_t; z_t) \quad (1)$$

where

E_t = employment

Q_t = real output

w_t = real wage rate

r_t = real user cost of capital

z_t = shifters

Hamermesh [1993] provides a recent detailed treatment of labor demand functions. The presence of output among the explanatory variables of factor demand functions is common in applications using developing country data that are almost always operating below full capacity (e.g., Faini and de Melo [1996]).¹ Three globalization shifters (indicators of sectoral effects) will be used: the ratio of export to gross domestic product (GDP), the ratio of imports to GDP, and the ratio of the sum of exports and imports to GDP. These are well-known measures of a country's openness. If exports use the more abundant factor—labor—then, holding other things constant, increases in propensity to export will shift the demand for labor upward. On the other hand, if imports substitute for domestic production, this is expected to dampen demand for labor, holding other things constant. The sum of export and imports will capture the net of these opposite effects.

The paper uses both aggregate and manufacturing sub-industry level data to estimate this relationship.

3.1.2. Impact of trade on the structure of employment

Two aspects of employment structure are analysed. One is the impact on the proportion of women workers. The other is the impact on the proportion of low-skilled production workers. The common hypothesis is that trade increases the demand for women workers as well as low-skilled production workers.

¹Faini and de Melo [1996] do not include other factor inputs in the labor demand function, which other specifications do (e.g., Hamermesh [1993]).

To analyse the impact of trade on the employment structure, the method described in Wood [1996], which relates the proportion of manufacturing employment to total employment to the ratio of manufactured exports to total value added, was adopted, i.e.,

$$Li_t/L_{Tt} = f(O_t, pr_t) \quad (1)$$

where

Li_t/L_{Tt} = employment structure of interest

O_t = openness indicator

pr_t = ratio of factor price of i to total factor price

The left-hand-side variable will be the proportion of women workers or proportion of production workers. The openness indicators that will be used are the same as the ones identified earlier: export to GDP ratio, import to GDP ratio, and the ratio of the sum of exports and imports to GDP. The ratio of the price of a specific factor to the total average factor price captures the changes in relative factor cost effects. The original Wood [1996] formulation does not have the relative price variable. It should be easy to understand why relative prices should also be an important factor in the decision to hire more or less of the input of interest.

Again, aggregate and manufacturing sub-industry data are used to estimate this relationship.

3.2. Estimation methods

Estimation method used depends on what data set is used. The aggregate data sets used are simple time series. For this data set, Prais-Winsten estimation results are presented whenever autocorrelation is exhibited by the data based on Durbin-Watson statistics. Otherwise, ordinary least squares estimates are presented. Sub-industry data are cross-section time series. For these data sets, ordinary least squares, random, and fixed effects estimates are presented. Greene [1997] pointed out that the distinction between fixed and random effects may be erroneous. It was argued that it should always be random effects model unless there are a priori reasons that the difference between sub-industries can be modeled as parametric shifts in the equations, which calls for fixed-effects. On the other hand, the problem with the random effects model is that it assumes that the individual sub-industry effects are uncorrelated with the other regressors. If this assumption is rejected, random effects estimates suffer from omitted variable bias. The results of the three estimation procedures are presented so that comparisons can be done. Breusch-Pagan tests are done to determine if individual effects are present for the random effects. A Hausman test² is conducted to test whether random effects violate the

²Hausman test is based on the test of differences of coefficients that can also arise from misspecifications. The test of the orthogonality between individual effects and the other regressors, therefore, presumes that there is no misspecification [Green 1997].

assumption of orthogonality of the individual effects and the other regressors. For fixed-effects estimates, an F-test for the individual fixed effects jointly being zero is also reported.

All estimations are done in Stata.

3.3. Data

The study used three data sets in the estimations. One is aggregate data on employment and output—exports and imports for years 1980 to 2000. The two others are manufacturing sub-industry level data.

One of the manufacturing sub-industry-level data is from the Annual Survey of Establishments (ASE) at the three-digit Philippine Standard Industrial Classification (PSIC) level. The use of the ASE is limited to the years where direct export values are gathered, i.e., 1993-1997. The other manufacturing sub-industry data are from the National Asia Pacific Economic and Scientific Database (NAPES) at the two-digit commodity code. Like the ASE, the NAPES data set was augmented by other national data sets, such as interest rate, to be able to estimate identical specifications with the one using the ASE data so that comparability of estimates is assured.

3.3.1. Aggregate data

The total employment is from the national labor force survey (LFS) of the National Statistics Office (NSO). Output used is real gross domestic product from the National Income Accounts (NIA) from the National Statistics Coordination Board (NSCB). Wage rate used was generated using the compensation for employees in the NIA Consolidated Account I divided by the number of wage and salary workers in the LFS. This was deflated using the GDP deflator. Since the paper estimates labor demand functions, this is real wage that is relevant. The interest rate used is the bank-lending rate³ from the Bangko Sentral ng Pilipinas (BSP) converted into real values using the GDP deflator. Exports and imports are from trade statistics of the NSO. The data cover the years 1980-2000.

3.3.2. Manufacturing sub-industry level data

Annual Survey of Establishments (ASE). Data on manufacturing industries at the three-digit PSIC level (23 sub-industries, Table 2) was used. Employment, wages and salaries, and output data are from the survey. Real wage data are generated from the salaries and wages in the survey divided by the number of paid employees. This was converted into real values using manufacturing price index. Interest rate is the bank-lending rate described above.⁴ Export data are direct export component of goods sold. Direct export data are only available starting 1993, and the latest available ASE data are 1997 so the data set covers only the period 1993-1997.

³The Bangko Sentral ng Pilipinas (BSP) defines this as the weighted average interest charged by commercial banks on loans granted during a given period of time. Monthly data are derived as the ratio of actual interest income of sample banks on their peso-denominated loans to the total outstanding level of these loans.

⁴Earlier versions of the estimate used user cost of capital computed using a simplified version of the formula described in Gregorio [1979]. As in most usage, the second term

NAPES database. The NAPES reports industry data at the two-digit commodity level. Only data on manufacturing commodities (22 commodities; code c01-c22, Table 4) were used. Employment, output, wage bill, and exports data are also reported. The interest rate used is the bank-lending rate described above because other variables required to compute user cost of capital are not available. Data cover the years 1980-1995.

3.4. Trends in selected statistics

3.4.1. Aggregate data

Table 1 shows that ratios of both export and import to GDP are rising. This indicates the increasing openness of the economy. It is also shown in the table that exports are being increasingly dominated by manufactured products. In term of employment to value added ratio, the trend is not as clear both at the total economy and manufacturing industry levels. In terms of employment structure, there is a trend toward more female workers. This is not surprising as studies show that labor-force participation of women is still low—only about half that of men. The proportion of production and related workers to total employment is also rising.

Table 1. Trends in selected statistics, aggregate data

<i>Indicators</i>	1980	1985	1990	1995	2000
Export/GDP, %	17.8	15.1	18.5	23.5	51.0
Import/GDP, %	25.5	17.7	29.4	38.4	45.2
Manufactured Export, %	39.7	62.2	72.6	82.7	93.0
Employment/GDP, Total (persons per 1985 Million Php)	28.1	35.5	31.3	32.0	29.1
Employment GDP, Manufacturing (persons per 1985 Million Php)	10.8	13.4	11.9	12.6	11.8
Proportion of Women Workers, %	34.1	36.8	36.3	37.0	37.9
Proportion of Production Workers, %	19.2	19.3	20.6	21.7	23.7

Sources: NSCB, National Income Accounts; Labor Force Survey, NSO.

3.4.2. Manufacturing industry data

In the manufacturing sector, Table 2 indicates that ASE data do not show a clear trend in either employment to output or value-added ratios. Nor is labor-capital ratio showing a clear trend at the manufacturing industry level. Only few manufacturing sub-industries indicate increasing trends in employment to output or to value-added ratios, such as those involving leathers products (PSIC 323 and 324) and pottery

was ignored, i.e., the expression used is $q(r+d)/(1-u)$, where q is the price index for fixed capital, r is interest rate (bank-lending rate), d is depreciation rate (depreciation expenses/book value of fixed assets), and u is corporate income tax rate. This was later dropped for comparability purposes because the NAPES database does not have variables that will allow computation of the user cost of capital.

(PSIC 361). Export propensity is clearly rising as shown in Table 3, although due to data limitations this only covers 1993-1997. In terms of structure of employment, Table 3 shows that the proportion of women workers is rising. The trend, however, is not very clear for the proportion of low-skilled production workers.

Using the NAPES database, Table 4 shows the same unclear pattern of employment to output or value-added ratios. The employment output ratio appears to be rising, but the employment to value-added ratio is shown to be declining. In terms of openness indicators, the data set indicates a rising propensity to export but unclear trend in the propensity to import.

4. Estimation results

4.1. Impact on level employment

4.1.1. Aggregate level

Estimates using aggregate level data show that the determinants of labor demand have the expected signs, i.e., positive for output, negative for real wages, and positive, although not significant, for the interest rate, which proxies for the cost of capital (Table 5). It is also shown that labor demand shifts upward with higher propensity to exports and imports. The result for imports appears to be contrary to the common notion that imports substitute for domestic production. It is fairly well known, however, that in most developing countries like the Philippines, domestic production is highly dependent on imports. This explains the positive impact on labor demand. Given the positive impact of both exports and imports, it is not surprising that the ratio of the sum of exports and imports to GDP would have a positive effect on labor demand, too.

4.1.2. Manufacturing sub-industries level

Using manufacturing sub-industry-level data from the NAPES database, Breusch and Pagan test attests to the presence of individual sub-industry effects, which means that panel data estimation techniques should be used (Table 6). The Hausman test, on the other hand, rejects the random effects estimation assumption of the absence of correlation between the individual sub-industry effects and the other regressors, which means that random effects estimates suffer from inconsistency due to omitted variables. However, for the purposes of this study, there is not much qualitative difference in the estimation results of the two procedures. Both estimates show positive impact of export propensity on labor demand. Propensity to import is insignificant as a determinant of labor demand. The coefficient of the sum of exports and imports to output ratio is positive and significant. The interest rate is insignificant as a determinant of labor demand. Thus, the results using these data sets corroborate the results generated using aggregate data.

Table 2. Manufacturing establishments with average total employment of 10 or more by industry group (person per 1985 million)

PSIC	Industry Description	1983		
		Emp./ Output	Emp./ VA	Emp./ Capital
311	Food Manufacturing 1	1.13	4.23	5.62
312	Food Manufacturing 2	3.06	10.33	7.29
313	Beverage Manufacturing	2.04	3.61	47.08
314	Tobacco Manufacturing	1.37	4.84	7.42
321	Mfr of Textiles	5.60	14.72	7.72
322	Mfr of Wearing Apparel, Except Footwear	11.08	27.15	67.75
323	Leather & Products of Lthr, Subs & Fur	9.72	22.57	32.45
324	Mfr of Leather Footwear	10.34	18.07	45.72
331	Mfr of Wood & Wood/Cork Prods, Exc Furn	6.05	14.87	15.22
332	Mfr/Rrp of Furniture & Fixture (Wooden)	12.64	25.69	50.65
341	Mfr of Paper & Paper Products	1.86	5.28	2.81
342	Printing, Publishing & Allied Ind	4.87	11.26	16.14
351	Mfr of Industrial Chemicals	1.03	2.98	2.38
352	Mfr of Other Chemical Products	1.29	3.19	10.51
353	Petroleum Refineries	0.03	0.14	1.22
354	Misc Products of Petroleum & Coal	1.63	8.51	7.40
355	Mfr of Rubber Products	4.44	10.02	21.16
356	Mfr of Plastic Products, N.E.C.	3.90	10.47	14.24
361	Mfr of Pottery, China & Earthenware	5.20	9.15	8.33
362	Mfr of Glass & Glass Products	3.48	10.07	4.52
363	Mfr of Cement	1.42	4.53	1.99
369	Mfr of Other Non-Metallic Products, NEC	5.73	14.62	8.52
371	Iron & Steel Basic Industries	1.01	2.23	2.66
372	Non-Ferrous Metal Basic Industries	2.07	6.28	2.86
381	Fabricated Metal Prods Exc Mach & Equip	3.67	10.64	14.26
382	Mfr of Machinery Exc Electrical	8.60	18.32	22.30
383	Elect Mach Apparatus, Appliances & Supp	3.40	8.84	16.52
384	Mfr of Transport Equipment	2.01	7.31	4.84
385	Prof, Scientific, Msurg & Cont Equipment	4.85	17.85	20.53
386	Furniture & Fixtures, Prim of Metal	9.48	19.81	6.49
390	Other Manufacturing Industries	7.82	15.96	25.95
	Total	2.37	7.00	8.14

Table 2. Manufacturing establishments with average total employment of 10 or more by industry group – person per 1985 million (continued)

PSIC	Industry Description	1985		
		Emp./ Output	Emp./ VA	Emp./ Capital
311	Food Manufacturing 1	1.72	5.22	11.24
312	Food Manufacturing 2	3.55	11.51	9.68
313	Beverage Manufacturing	1.98	3.30	6.56
314	Tobacco Manufacturing	1.12	3.03	18.17
321	Mfr of Textiles	6.15	19.76	12.45
322	Mfr of Wearing Apparel, Except Footwear	17.81	34.85	106.95
323	Leather & Products of Lthr, Subs & Fur	12.28	33.36	47.68
324	Mfr of Leather Footwear	16.44	44.73	57.54
331	Mfr of Wood & Wood/Cork Prods, Exc Furn	8.45	21.81	21.90
332	Mfr/Rrp of Furniture & Fixture (Wooden)	16.88	36.99	71.31
341	Mfr of Paper & Paper Products	1.91	4.91	5.06
342	Printing, Publishing & Allied Ind	5.96	13.86	26.12
351	Mfr of Industrial Chemicals	1.20	3.77	4.03
352	Mfr of Other Chemical Products	1.56	3.89	11.43
353	Petroleum Refineries	0.05	0.16	0.89
354	Misc Products of Petroleum & Coal	1.67	7.05	10.54
355	Mfr of Rubber Products	6.35	19.13	28.82
356	Mfr of Plastic Products, N.E.C.	4.02	13.06	8.48
361	Mfr of Pottery, China & Earthenware	7.53	14.83	10.04
362	Mfr of Glass & Glass Products	2.75	6.34	4.21
363	Mfr of Cement	1.87	6.05	1.64
369	Mfr of Other Non-Metallic Products, NEC	7.91	19.25	12.25
371	Iron & Steel Basic Industries	1.58	4.51	3.82
372	Non-Ferrous Metal Basic Industries	0.61	5.42	0.55
381	Fabricated Metal Prods Exc Mach & Equip	3.89	13.39	12.63
382	Mfr of Machinery Exc Electrical	8.04	19.21	26.53
383	Elect Mach Apparatus, Appliances & Supp	3.48	10.17	14.46
384	Mfr of Transport Equipment	4.79	14.44	6.83
385	Prof, Scientific, Msurg & Cont Equipment	12.64	21.09	53.35
386	Furniture & Fixtures, Prim of Metal	13.47	36.33	7.36
390	Other Manufacturing Industries	14.53	26.16	58.92
	Total	2.77	7.89	10.45

Table 2. Manufacturing establishments with average total employment of 10 or more by industry group – person per 1985 million (continued)

PSIC	Industry Description	1990		
		Emp./ Output	Emp./ VA	Emp./ Capital
311	Food Manufacturing 1	1.55	6.06	11.70
312	Food Manufacturing 2	2.26	4.69	10.79
313	Beverage Manufacturing	1.45	2.44	4.86
314	Tobacco Manufacturing	1.06	1.90	10.35
321	Mfr of Textiles	5.34	15.41	12.86
322	Mfr of Wearing Apparel, Except Footwear	10.64	21.78	90.05
323	Leather & Productsof Lthr, Subs & Fur	11.19	20.04	46.09
324	Mfr of Leather Footwear	19.25	41.46	38.06
331	Mfr of Wood & Wood/Cork Prods, Exc Furn	6.65	18.39	28.83
332	Mfr/Rrp of Furniture & Fixture (Wooden)	12.99	27.04	56.21
341	Mfr of Paper & Paper Products	1.79	5.03	7.69
342	Printing, Publishing & Allied Ind	5.08	12.26	25.30
351	Mfr of Industrial Chemicals	0.93	2.53	1.11
352	Mfr of Other Chemical Products	1.13	2.53	8.52
353	Petroleum Refineries	0.06	0.31	0.54
354	Misc Products of Petroleum & Coal	1.49	10.71	11.40
355	Mfr of Rubber Products	5.00	11.62	22.41
356	Mfr of Plastic Products, N.E.C.	3.22	11.19	14.91
361	Mfr of Pottery, China & Earthenware	6.12	10.61	18.80
362	Mfr of Glass& Glass Products	3.24	5.96	6.34
363	Mfr of Cement	1.14	3.28	2.09
369	Mfr of Other Non-Metallic Products, NEC	4.96	8.94	11.69
371	Iron & Steel Basic Industries	0.97	4.98	2.90
372	Non-Ferrous Metal Basic Industries	0.31	1.46	0.35
381	Fabricated Metal Prods Exc Mach & Equip	3.48	10.91	21.08
382	Mfr of Machinery Exc Electrical	6.67	16.46	28.60
383	Elect Mach Apparatus, Appliances & Supp	2.34	6.03	11.04
384	Mfr of Transport Equipment	1.32	5.15	6.21
385	Prof, Scientific, Msurg & Cont Equipment	10.88	15.50	60.12
386	Furniture & Fixtures, Prim of Metal	8.69	16.89	22.51
390	Other Manufacturing Industries	7.39	16.02	40.53
	Total	2.46	6.75	10.12

Table 2. Manufacturing establishments with average total employment of 10 or more by industry group – person per 1985 million (continued)

PSIC	Industry Description	1995		
		Emp./ Output	Emp./ VA	Emp./ Capital
311	Food Manufacturing 1	1.49	4.79	7.24
312	Food Manufacturing 2	2.29	5.56	7.87
313	Beverage Manufacturing	1.12	1.80	2.33
314	Tobacco Manufacturing	0.95	1.42	15.30
321	Mfr of Textiles	4.10	10.71	8.11
322	Mfr of Wearing Apparel, Except Footwear	9.53	18.44	60.19
323	Leather & Products of Lthr, Subs & Fur	11.30	25.96	55.95
324	Mfr of Leather Footwear	11.49	32.71	63.91
331	Mfr of Wood & Wood/Cork Prods, Exc Furn	6.85	19.70	19.67
332	Mfr/Rrp of Furniture & Fixture (Wooden)	5.66	14.56	25.53
341	Mfr of Paper & Paper Products	1.96	5.65	3.47
342	Printing, Publishing & Allied Ind	4.23	10.24	13.20
351	Mfr of Industrial Chemicals	1.02	2.92	1.97
352	Mfr of Other Chemical Products	1.12	2.11	5.11
353	Petroleum Refineries	0.05	0.15	0.19
354	Misc Products of Petroleum & Coal	0.95	3.29	8.49
355	Mfr of Rubber Products	4.56	9.18	12.06
356	Mfr of Plastic Products, N.E.C.	2.93	8.18	7.01
361	Mfr of Pottery, China & Earthenware	8.53	14.38	15.50
362	Mfr of Glass & Glass Products	1.95	3.20	2.30
363	Mfr of Cement	0.85	1.74	0.76
369	Mfr of Other Non-Metallic Products, NEC	4.37	8.71	7.07
371	Iron & Steel Basic Industries	1.12	3.86	1.93
372	Non-Ferrous Metal Basic Industries	0.40	1.52	0.90
381	Fabricated Metal Prods Exc Mach & Equip	4.35	13.03	14.80
382	Mfr of Machinery Exc Electrical	3.19	8.51	12.98
383	Elect Mach Apparatus, Appliances & Supp	2.40	6.94	8.07
384	Mfr of Transport Equipment	1.00	3.85	7.60
385	Prof, Scientific, Msurg & Cont Equipment	8.12	16.50	22.00
386	Furniture & Fixtures, Prim of Metal	7.11	22.41	20.43
390	Other Manufacturing Industries	7.81	16.65	29.79
	Total	2.15	5.50	6.59

Table 2. Manufacturing establishments with average total employment of 10 or more by industry group – person per 1985 million (continued)

PSIC	Industry Description	1997		
		Emp./ Output	Emp./ VA	Emp./ Capital
311	Food Manufacturing 1	1.71	3.92	7.67
312	Food Manufacturing 2	2.69	9.17	8.98
313	Beverage Manufacturing	1.25	2.21	2.70
314	Tobacco Manufacturing	0.98	1.42	12.05
321	Mfr of Textiles	4.68	12.52	9.22
322	Mfr of Wearing Apparel, Except Footwear	8.54	19.28	58.08
323	Leather & Productsof Lthr, Subs & Fur	10.98	27.86	53.41
324	Mfr of Leather Footwear			
331	Mfr of Wood & Wood/Cork Prods, Exc Furn	4.95	14.82	13.45
332	Mfr/Rrp of Furniture & Fixture (Wooden)	8.70	19.89	30.16
341	Mfr of Paper & Paper Products	2.12	5.40	2.35
342	Printing, Publishing & Allied Ind	5.12	11.03	13.90
351	Mfr of Industrial Chemicals	1.90	5.29	4.85
352	Mfr of Other Chemical Products	1.10	2.22	4.00
353	Petroleum Refineries	0.03	0.08	0.17
354	Misc Products of Petroleum & Coal	0.74	4.24	6.75
355	Mfr of Rubber Products	3.25	9.21	5.86
356	Mfr of Plastic Products, N.E.C.	3.35	7.70	9.10
361	Mfr of Pottery, China & Earthenware			
362	Mfr of Glass& Glass Products	2.42	3.87	3.82
363	Mfr of Cement	0.74	1.49	0.46
369	Mfr of Other Non-Metallic Products, NEC	6.59	13.27	6.69
371	Iron & Steel Basic Industries	1.42	5.15	2.95
372	Non-Ferrous Metal Basic Industries	0.77	2.55	1.86
381	Fabricated Metal Prods Exc Mach & Equip	4.78	11.57	16.65
382	Mfr of Machinery Exc Electrical	2.07	7.50	8.86
383	Elect Mach Apparatus, Appliances & Supp	1.90	4.90	6.56
384	Mfr of Transport Equipment	1.05	2.64	4.64
385	Prof, Scientific, Msurg & Cont Equipment	8.32	15.95	19.07
386	Furniture & Fixtures, Prim of Metal			
390	Other Manufacturing Industries	5.62	12.77	19.32
	Total	2.22	5.33	6.63

Table 2. Manufacturing establishments with average total employment of 10 or more by industry group – person per 1985 million (continued)

Source: Annual Survey of Establishments, NSO, various years

Census Value Added (VA) – represents the difference between the value of output and total costs of materials and supplies consumed, fuels purchased, industrial services done by others and goods purchased and resold

Value of Output – represents the total value of products sold, receipts from contract work and industrial services done for others, receipts from goods bought and sold in same condition, fixed assets produced on own account and change in inventories (ending less beginning of finished products, work-in-process and goods for resale)

Capital – Year-end book value of fixed assets

Employment – Total Employment

Table 3. Trends in selected statistics, ASE

PSIC	Industry Description	1985			
		No. of	Prop. of	Prop. of	Dir.
		Estab- lishments	Women Workers (%)	Production Workers (%)	Exp./ Output (%)
311	Food Manufacturing 1	407	-	68.8	-
312	Food Manufacturing 2	924	-	69.8	-
313	Beverage Manufacturing	88	-	44.7	-
314	Tobacco Manufacturing	26	-	85.5	-
321	Mfr of Textiles	312	-	82.3	-
322	Mfr of Wearing Apparel, Except Footwear	413	-	87.2	-
323	Leather & Products of Lthr, Subs & Fur	50	-	81.0	-
324	Mfr of Leather Footwear	132	-	84.9	-
331	Mfr of Wood & Wood/Cork Prods, Exc Furn	284	-	74.5	-
332	Mfr/Rrp of Furniture & Fixture (Wooden)	276	-	83.6	-
341	Mfr of Paper & Paper Products	99	-	70.8	-
342	Printing, Publishing & Allied Ind	354	-	67.0	-
351	Mfr of Industrial Chemicals	82	-	44.4	-
352	Mfr of Other Chemical Products	212	-	41.3	-
353	Petroleum Refineries	4	-	55.1	-
354	Misc Products of Petroleum & Coal	8	-	65.8	-
355	Mfr of Rubber Products	107	-	67.9	-
356	Mfr of Plastic Products, N.E.C.	157	-	75.4	-
361	Mfr of Pottery, China & Earthenware	21	-	79.7	-
362	Mfr of Glass & Glass Products	27	-	76.8	-
363	Mfr of Cement	16	-	60.0	-
369	Mfr of Other Non-Metallic Products, NEC	155	-	70.3	-
371	Iron & Steel Basic Industries	105	-	56.0	-
372	Non-Ferrous Metal Basic Industries	34	-	65.9	-
381	Fabricated Metal Prods Exc Mach & Equip	262	-	74.9	-
382	Mfr of Machinery Exc Electrical	328	-	69.6	-
383	Elect Mach Apparatus, Appliances & Supp	148	-	73.3	-
384	Mfr of Transport Equipment	161	-	67.6	-
385	Prof, Scientific, Msurg & Cont Equipment	12	-	74.1	-
386	Furniture & Fixtures, Prim of Metal	23	-	71.9	-
390	Other Manufacturing Industries	142	-	84.2	-
Total		5369	-	72.5	-

Table 3. Trends in selected statistics, ASE (continued)

<i>PSIC</i>	<i>Industry Description</i>	1990			
		<i>No. of</i>	<i>Prop. of</i>	<i>Prop. of</i>	<i>Dir.</i>
		<i>Estab- lishments</i>	<i>Women Workers</i>	<i>Production Workers</i>	<i>Exp./ Output</i>
		(%)	(%)	(%)	
311	Food Manufacturing 1	801	36.9	69.1	-
312	Food Manufacturing 2	1761	25.1	68.6	-
313	Beverage Manufacturing	98	9.0	44.6	-
314	Tobacco Manufacturing	28	51.8	86.6	-
321	Mfr of Textiles	537	48.7	85.1	-
322	Mfr of Wearing Apparel, Except Footwear	1550	82.5	86.0	-
323	Leather & Productsof Lthr, Subs & Fur	106	62.1	81.8	-
324	Mfr of Leather Footwear	351	49.5	84.9	-
331	Mfr of Wood & Wood/Cork Prods, Exc Furn	604	11.6	81.4	-
332	Mfr/Rrp of Furniture & Fixture (Wooden)	601	26.8	85.4	-
341	Mfr of Paper & Paper Products	158	20.6	74.6	-
342	Printing, Publishing & Allied Ind	591	30.3	65.3	-
351	Mfr of Industrial Chemicals	137	6.6	21.6	-
352	Mfr of Other Chemical Products	298	29.9	44.6	-
353	Petroleum Refineries	4	12.9	27.0	-
354	Misc Products of Petroleum & Coal	12	18.6	60.7	-
355	Mfr of Rubber Products	179	35.2	83.1	-
356	Mfr of Plastic Products, N.E.C.	285	24.2	77.9	-
361	Mfr of Pottery, China & Earthenware	51	33.0	80.9	-
362	Mfr of Glass& Glass Products	34	6.1	64.5	-
363	Mfr of Cement	18	6.3	61.1	-
369	Mfr of Other Non-Metallic Products, NEC	353	9.9	75.8	-
371	Iron & Steel Basic Industries	153	9.1	73.9	-
372	Non-Ferrous Metal Basic Industries	31	8.8	69.2	-
381	Fabricated Metal Prods Exc Mach & Equip	412	11.3	74.0	-
382	Mfr of Machinery Exc Electrical	463	13.8	76.0	-
383	Elect Mach Apparatus, Appliances & Supp	228	65.0	78.8	-
384	Mfr of Transport Equipment	241	10.5	74.2	-
385	Prof, Scientific, Msurg & Cont Equipment	9	75.6	74.7	-
386	Furniture & Fixtures, Prim of Metal	31	10.4	75.5	-
390	Other Manufacturing Industries	321	52.8	80.5	-
	Total	10446	41.0	75.4	-

Table 3. Trends in selected statistics, ASE (continued)

<i>PSIC</i>	<i>Industry Description</i>	1993			
		<i>No. of</i>	<i>Prop. of</i>	<i>Prop. of</i>	<i>Dir.</i>
		<i>Estab- lishments</i>	<i>Women Workers (%)</i>	<i>Production Workers (%)</i>	<i>Exp./ Output (%)</i>
311	Food Manufacturing 1	765	34.4	72.3	23.3
312	Food Manufacturing 2	1924	27.3	70.4	3.7
313	Beverage Manufacturing	86	9.9	43.6	0.0
314	Tobacco Manufacturing	22	49.4	90.1	1.7
321	Mfr of Textiles	575	52.0	81.8	33.1
322	Mfr of Wearing Apparel, Except Footwear	1722	79.6	86.9	57.1
323	Leather & Products of Lthr, Subs & Fur	83	63.0	79.6	47.0
324	Mfr of Leather Footwear	363	51.6	81.1	18.2
331	Mfr of Wood & Wood/Cork Prods, Exc Furn	454	13.5	82.9	28.5
332	Mfr/Rrp of Furniture & Fixture (Wooden)	557	22.9	80.5	42.6
341	Mfr of Paper & Paper Products	200	22.4	78.1	9.4
342	Printing, Publishing & Allied Ind	630	31.0	63.2	11.0
351	Mfr of Industrial Chemicals	148	17.4	52.0	16.2
352	Mfr of Other Chemical Products	291	30.4	44.2	3.2
353	Petroleum Refineries	4	14.0	29.1	0.7
354	Misc Products of Petroleum & Coal	16	22.2	58.1	0.3
355	Mfr of Rubber Products	178	39.8	77.2	11.3
356	Mfr of Plastic Products, N.E.C.	377	27.4	77.9	7.3
361	Mfr of Pottery, China & Earthenware	61	42.5	86.8	41.6
362	Mfr of Glass & Glass Products	53	8.9	67.9	12.4
363	Mfr of Cement	18	6.7	58.9	0.0
369	Mfr of Other Non-Metallic Products, NEC	322	13.7	72.3	10.7
371	Iron & Steel Basic Industries	178	9.1	75.3	5.6
372	Non-Ferrous Metal Basic Industries	30	15.8	74.2	69.0
381	Fabricated Metal Prods Exc Mach & Equip	565	15.9	78.3	10.6
382	Mfr of Machinery Exc Electrical	488	22.1	77.1	60.4
383	Elect Mach Apparatus, Appliances & Supp	265	66.5	78.5	64.6
384	Mfr of Transport Equipment	257	13.1	70.7	7.4
385	Prof, Scientific, Msurg & Cont Equipment	19	77.7	77.3	70.8
386	Furniture & Fixtures, Prim of Metal	35	22.2	56.0	60.4
390	Other Manufacturing Industries	319	61.5	80.4	53.8
	Total	11005	43.2	75.6	19.6

Table 3. Trends in selected statistics, ASE (continued)

<i>PSIC</i>	<i>Industry Description</i>	1995			
		<i>No. of</i>	<i>Prop. of</i>	<i>Prop. of</i>	<i>Dir.</i>
		<i>Estab- lishments</i>	<i>Women Workers</i>	<i>Production Workers</i>	<i>Exp./ Output</i>
		(%)	(%)	(%)	
311	Food Manufacturing 1	712	38.5	72.1	23.8
312	Food Manufacturing 2	1796	28.1	70.2	4.1
313	Beverage Manufacturing	88	9.1	41.1	0.1
314	Tobacco Manufacturing	20	45.1	89.4	1.3
321	Mfr of Textiles	491	52.3	81.3	29.3
322	Mfr of Wearing Apparel, Except Footwear	1495	79.0	84.8	63.2
323	Leather & Productsof Lthr, Subs & Fur	84	66.0	82.4	67.7
324	Mfr of Leather Footwear	370	55.6	87.1	48.2
331	Mfr of Wood & Wood/Cork Prods, Exc Furn	351	16.4	82.3	30.6
332	Mfr/Rrp of Furniture & Fixture (Wooden)	435	48.5	139.5	65.4
341	Mfr of Paper & Paper Products	205	22.8	77.3	7.2
342	Printing, Publishing & Allied Ind	632	30.6	63.4	4.0
351	Mfr of Industrial Chemicals	189	19.7	56.1	24.1
352	Mfr of Other Chemical Products	293	33.2	43.8	2.0
353	Petroleum Refineries	4	12.7	28.6	1.4
354	Misc Products of Petroleum & Coal	16	21.1	44.6	0.1
355	Mfr of Rubber Products	175	41.2	78.5	28.3
356	Mfr of Plastic Products, N.E.C.	359	27.1	76.4	4.9
361	Mfr of Pottery, China & Earthenware	59	43.2	84.8	38.3
362	Mfr of Glass& Glass Products	46	9.1	65.0	9.2
363	Mfr of Cement	18	6.2	67.3	0.0
369	Mfr of Other Non-Metallic Products, NEC	249	18.3	74.3	13.8
371	Iron & Steel Basic Industries	196	7.5	75.7	4.9
372	Non-Ferrous Metal Basic Industries	40	18.0	70.6	0.9
381	Fabricated Metal Prods Exc Mach & Equip	548	17.9	75.2	19.5
382	Mfr of Machinery Exc Electrical	451	48.1	82.1	68.6
383	Elect Mach Apparatus, Appliances & Supp	287	70.0	81.2	64.8
384	Mfr of Transport Equipment	253	12.1	69.0	4.1
385	Prof, Scientific, Msurg & Cont Equipment	18	80.6	83.6	74.3
386	Furniture & Fixtures, Prim of Metal	35	24.9	75.5	75.4
390	Other Manufacturing Industries	304	64.9	83.2	58.8
	Total	10219	45.6	76.4	20.1

Table 3. Trends in selected statistics, ASE (continued)

PSIC	Industry Description	1997			
		No. of	Prop. of	Prop. of	Dir.
		Estab- lishments	Women Workers (%)	Production Workers (%)	Exp./ Output (%)
311	Food Manufacturing 1	1802	34.1	70.3	15.2
312	Food Manufacturing 2	1916	31.8	68.4	1.0
313	Beverage Manufacturing	124	10.2	43.1	0.7
314	Tobacco Manufacturing	18	44.8	87.2	1.0
321	Mfr of Textiles	583	55.7	81.1	36.6
322	Mfr of Wearing Apparel, Except Footwear	2003	76.0	81.5	66.0
323	Leather & Products of Lthr, Subs & Fur	559	59.9	83.1	60.8
324	Mfr of Leather Footwear	0	-	-	-
331	Mfr of Wood & Wood/Cork Prods, Exc Furn	574	18.1	79.1	24.3
332	Mfr/Rrp of Furniture & Fixture (Wooden)	659	31.2	76.5	38.1
341	Mfr of Paper & Paper Products	288	26.8	73.4	10.3
342	Printing, Publishing & Allied Ind	911	37.9	65.5	0.0
351	Mfr of Industrial Chemicals	321	24.7	62.2	7.7
352	Mfr of Other Chemical Products	393	29.8	51.0	5.3
353	Petroleum Refineries	5	11.6	41.8	0.3
354	Misc Products of Petroleum & Coal	15	24.7	43.7	0.0
355	Mfr of Rubber Products	146	15.5	77.0	10.0
356	Mfr of Plastic Products, N.E.C.	457	31.3	74.9	9.7
361	Mfr of Pottery, China & Earthenware	0	-	-	-
362	Mfr of Glass & Glass Products	65	11.8	66.8	7.2
363	Mfr of Cement	19	6.0	67.5	0.0
369	Mfr of Other Non-Metallic Products, NEC	666	28.6	78.4	15.3
371	Iron & Steel Basic Industries	374	9.4	72.6	1.7
372	Non-Ferrous Metal Basic Industries	74	24.8	67.9	4.2
381	Fabricated Metal Prods Exc Mach & Equip	895	17.3	72.2	1.7
382	Mfr of Machinery Exc Electrical	99	52.7	84.2	84.4
383	Elect Mach Apparatus, Appliances & Supp	302	71.1	79.8	72.1
384	Mfr of Transport Equipment	351	11.4	71.7	7.3
385	Prof, Scientific, Msurg & Cont Equipment	65	84.7	89.7	60.9
386	Furniture & Fixtures, Prim of Metal	0	-	-	-
390	Other Manufacturing Industries	1050	34.1	78.3	23.5
	Total	14734	44.0	74.7	22.1

**Table 4. Selected indicators manufacturing establishments
by industry group (NAPES database)**

<i>Commodity Code</i>	<i>Sub-industries</i>	1980			
		<i>Labor/ Output*</i>	<i>Labor/ VA*</i>	<i>Export/ Output**</i>	<i>Import/ Output**</i>
C01	Aerospace	-	-	-	-
C02	Computers	-	-	-	-
C03	Electronics	-	-	-	-
C04	Pharmaceuticals	-	-	-	-
C05	Instruments	93.5	195.2	-	-
C06	Motor vehicles	-	-	-	-
C07	Chemicals	12.7	41.2	253.3	1,164.0
C08	Electric machinery	38.8	104.7	-	-
C09	Machinery	67.6	154.0	3.7	35.6
C10	Other transport eqpt.	-	-	1.2	16.0
C11	Shipbuilding	-	-	5.1	311.4
C12	Petroleum refining	0.3	2.7	-	-
C13	Stone,clay&glass	51.0	125.8	-	-
C14	Other manufacturing	75.6	184.1	1.4	16.8
C15	Rubber&plastics	50.1	136.8	19.9	28.7
C16	Non-ferrous metals	23.6	79.8	92.7	29.5
C17	Ferrous metals	18.6	98.2	18.9	30.4
C18	Fabricated metals	49.4	161.6	122.9	95.0
C19	Food,drink&tobacco	23.9	85.0	10.0	88.1
C20	Paper&printing	28.3	100.4	5.5	47.0
C21	Textiles&clothing	77.9	224.4	29.6	6.7
C22	Wood&furniture	-	-	1.9	19.6
	Manufacturing	30.2	107.8	21.0	9.4

*Persons per 1995 million USD. ** %.

Table 4. Selected indicators manufacturing establishments by industry group - NAPES database (continued)

<i>Commodity Code</i>	<i>Sub-industries</i>	1985			
		<i>Labor/ Output*</i>	<i>Labor/ VA*</i>	<i>Export/ Output**</i>	<i>Import/ Output**</i>
C01	Aerospace	-	-	-	-
C02	Computers	47.2	240.2	-	-
C03	Electronics	47.0	179.8	-	-
C04	Pharmaceuticals	24.8	67.4	5.3	332.7
C05	Instruments	204.6	659.1	60.4	63.6
C06	Motor vehicles	46.8	233.7	1.9	15.2
C07	Chemicals	17.5	85.8	35.3	290.0
C08	Electric machinery	48.3	167.5	6.1	70.0
C09	Machinery	114.7	325.0	17.0	72.3
C10	Other transport eqpt.	70.9	206.2	5.1	43.3
C11	Shipbuilding	137.1	328.8	19.5	265.0
C12	Petroleum refining	0.8	2.8	0.5	41.1
C13	Stone,clay&glass	45.7	159.6	1.5	33.8
C14	Other manufacturing	188.1	391.9	1.1	6.3
C15	Rubber&plastics	71.1	315.6	9.3	7.6
C16	Non-ferrous metals	8.2	87.6	196.0	61.5
C17	Ferrous metals	21.4	66.9	23.9	17.4
C18	Fabricated metals	53.5	226.1	83.4	16.5
C19	Food,drink&tobacco	30.0	95.5	8.0	31.0
C20	Paper&printing	42.6	125.7	6.5	55.8
C21	Textiles&clothing	137.1	516.5	18.9	8.8
C22	Wood&furniture	-	-	4.2	26.4
	Manufacturing	37.4	131.2	36.6	18.9

*Persons per 1995 million USD. ** %.

Table 4. Selected indicators manufacturing establishments by industry group (NAPES database) (continued)

<i>Commodity code</i>	<i>Sub-industries</i>	1990			
		<i>Labor/output*</i>	<i>Labor/VA*</i>	<i>Export/output**</i>	<i>Import/output**</i>
C01	Aerospace	53.8	91.0	-	-
C02	Computers	174.2	292.5	-	-
C03	Electronics	35.0	89.0	18.3	3,880.2
C04	Pharmaceuticals	18.5	38.2	758.9	1,466.0
C05	Instruments	156.3	222.1	43.4	61.8
C06	Motor vehicles	9.7	45.8	1.0	22.6
C07	Chemicals	14.2	35.6	85.5	709.1
C08	Electric machinery	30.0	79.7	4.7	77.4
C09	Machinery	102.5	250.6	14.3	77.4
C10	Other transport eqpt.	16.5	48.4	30.4	32.1
C11	Shipbuilding	98.7	200.6	17.5	468.7
C12	Petroleum refining	0.9	5.3	5.8	54.4
C13	Stone,clay&glass	47.9	105.3	0.1	122.9
C14	Other manufacturing	108.4	235.2	4.8	9.2
C15	Rubber&plastics	58.2	162.9	9.6	19.1
C16	Non-ferrous metals	4.6	21.7	131.7	40.7
C17	Ferrous metals	13.9	71.3	27.2	29.0
C18	Fabricated metals	70.5	205.6	53.5	33.6
C19	Food,drink&tobacco	33.7	79.6	6.6	54.9
C20	Paper&printing	47.1	124.9	6.6	62.3
C21	Textiles&clothing	116.5	281.9	10.3	10.9
C22	Wood&furniture	-	-	6.9	30.8
	Manufacturing	39.9	109.6	34.7	27.1

*Persons per 1995 million USD. ** %.

**Table 4. Selected indicators manufacturing establishments
by industry group - NAPES database (continued)**

<i>Commodity code</i>	<i>Sub-industries</i>	1995			
		<i>Labor/ output*</i>	<i>Labor/ VA*</i>	<i>Export/ output**</i>	<i>Import/ output**</i>
C01	Aerospace	-	-	-	-
C02	Computers	-	-	-	-
C03	Electronics	-	-	-	-
C04	Pharmaceuticals	-	-	-	-
C05	Instruments	119.5	6.0	-	-
C06	Motor vehicles	-	-	-	-
C07	Chemicals	15.5	180.1	1,888.6	15.8
C08	Electric machinery	59.2	169.3	-	-
C09	Machinery	83.8	224.1	72.9	0.4
C10	Other transport eqpt.	-	-	42.7	0.2
C11	Shipbuilding	-	-	864.4	1.9
C12	Petroleum refining	3.1	21.9	-	-
C13	Stone,clay&glass	43.8	188.1	-	-
C14	Other manufacturing	170.4	64.6	39.6	1.7
C15	Rubber&plastics	95.3	74.5	36.8	0.6
C16	Non-ferrous metals	24.4	5.1	118.3	1.3
C17	Ferrous metals	39.4	199.9	179.2	0.6
C18	Fabricated metals	111.4	156.1	265.3	4.1
C19	Food,drink&tobacco	39.1	144.1	251.7	1.1
C20	Paper&printing	62.8	257.8	357.7	1.2
C21	Textiles&clothing	184.1	111.3	42.0	0.1
C22	Wood&furniture	-	126.0	90.1	0.6
	Manufacturing	57.6	60.4	108.3	0.2

*Persons per 1995 million USD. ** %.

**Table 5. Estimation results using aggregate data:
labor demand equation with shifters**

<i>Variables</i>	<i>Total export/GDP</i>		<i>Import/GDP</i>		<i>(Ex+Im)/GDP</i>	
	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>
Ln(Real GDP)	0.3412	4.53	-0.0176	-0.21	0.2144	3.11
Ln(Real Wage)	-0.5600	-4.87	-0.5171	-6.67	-0.5462	-6.09
Ln(Bank Lending Rate)	0.0338	1.14	0.0006	0.02	0.0306	1.25
Shifter	0.7834	5.17	1.4974	8.04	0.5472	7.05
Constant	12.5003	15.01	13.4256	24.45	12.8055	19.72
rho	0.4109				0.3164	
Adj R-squared	0.9980		0.9529		0.9979	
DW Stat	1.3409		1.7566		1.4432	
Est. Procedure	P-W		OLS		P-W	

P-W – Prais-Winsten

OLS – Ordinary least squares

**Table 6a. Estimation results using manufacturing subsector data (NAPES):
labor demand equation with shifter (exports/GDP)**

<i>Variables</i>	<i>OLS</i>		<i>Fixed effects</i>		<i>Random effects</i>	
	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>Z</i>
Ln(output)	0.8495	29.00	0.6380	17.78	0.6808	19.83
Ln(real ave. wage)	-1.7909	-19.39	-0.3148	-4.44	-0.4174	-5.81
Ln(real bank lending)	-0.0936	-0.82	0.0346	0.85	0.0290	0.67
Exports/GDP	0.0470	1.65	0.0517	4.60	0.0503	4.24
Constant	5.9892	7.93	-3.1963	-6.63	-2.9914	-5.81
Adj R-squared	0.7951					
F (4,227)			102.9			
Chi-sq (4)					463.9	
Test all individual effects are zero						
F (20, 227)			89.5			
Test for Random Effects						
Breusch-Pagan [Chi-sq (1)]					543.5	
Hausman [Chi-sq (4)]					16.9	

**Table 6b. Estimation results using manufacturing subsector data (NAPES):
labor demand equation with shifter (imports/GDP)**

<i>Variables</i>	<i>OLS</i>		<i>Fixed Effects</i>		<i>Random Effects</i>	
	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>Z</i>
Ln(output)	0.8447	25.40	0.6586	17.08	0.6971	18.61
Ln(real ave. wage)	-1.7944	-19.18	-0.3372	-4.56	-0.4420	-5.89
Ln(real bank lending)	-0.0969	-0.84	0.0361	0.85	0.0277	0.61
Imports/GDP	0.0068	0.55	0.0120	1.48	0.0076	0.95
Constant	6.0999	7.94	-3.2855	-6.43	-2.9962	-5.49
Adj R-squared	0.7930					
F (4,227)			90.7			
Chi-sq (4)					420.4	
Test all individual effects are zero						
F (20, 227)			82.7			
Test for Random Effects						
Breusch-Pagan [Chi-sq (1)]					527.0	
Hausman [Chi-sq (4)]					17.7	

**Table 6c. Estimation results using manufacturing subsector data (NAPES):
labor demand equation with shifter ((Exports+Imports)/GDP)**

<i>Variables</i>	<i>OLS</i>		<i>Fixed Effects</i>		<i>Random Effects</i>	
	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>Z</i>
Ln(output)	0.8545	25.54	0.6652	17.92	0.7079	19.63
Ln(real ave. wage)	-1.7994	-19.29	-0.3383	-4.67	-0.4453	-6.05
Ln(real bank lending)	-0.0927	-0.81	0.0421	1.01	0.0343	0.77
(Exports+Imports)/GDP	0.0112	1.07	0.0194	3.36	0.0162	2.74
Constant	5.9894	7.76	-3.3974	-6.83	-3.1564	-5.91
Adj R-squared	0.79370					
F (4,227)			96.6			
Chi-sq (4)					437.1	
Test all individual effects are zero						
F (20, 227)			86.1			
Test for Random Effects						
Breusch-Pagan [Chi-sq (1)]					527.5	
Hausman [Chi-sq (4)]					23.4	

The results using manufacturing sub-industry-level data from the ASE data are much less clear (Table 7). Again the Breusch and Pagan test points to the presence of individual sub-industry effects. Hausman test also rejects the random-effects assumption that the individual effects are not correlated with the other regressors, hence random-effects estimates are inconsistent due to omitted variables. While the random effects estimates point to a positive but insignificant effect of export propensity on labor demand, the fixed effects estimation result has a mildly significant (a little less than 95 percent level) negative coefficient, indicating a depressing impact on labor demand by export propensity.⁵ The coefficient of capital cost is positive but insignificant.

These estimation results using manufacturing sub-industry-level data, except for some deviation from the fixed-effects estimation results using manufacturing sub-industries data from the ASE, confirm the hypothesis of the positive impact of export propensity on labor demand. The results also show that, rather than substituting for domestic production, propensity to imports is an insignificant determinant of labor demand. The sum of exports and imports to GDP ratio is positively related to labor demand.

4.2. Impact on the structure of employment

4.2.1. Impact on women workers⁶

Using aggregate data, estimation results show that all degrees of openness indicators are insignificant determinants of the proportion of women workers (Table 8). The same is also true for the relative wage variable.

Using manufacturing sub-industry data from the ASE, the Breusch-Pagan test indicates the presence of individual sub-industry effects, and the Hausman test indicates the rejection of the assumption of the absence of correlation between individual sub-industry effects and other regressors (Table 9). However, the fixed and random effects estimates are qualitatively similar. The estimation results show a significant positive impact of the propensity to export to the proportion of employed women in the manufacturing sector. The coefficient of the relative wage rate is significantly negative as expected.

The estimation results show that while at the aggregate level it cannot be claimed that openness increases the proportion of women workers among the employed, in the manufacturing sector this is established.

⁵The difference in results between the NAPES and ASE data sets might be due to the difference in length of periods. Recall that NAPES has data from 1980 to 1995. ASE, on the other hand, has complete data only for 1993-1997. In fact the estimates obtained using NAPES data sets restricted to five years (1991-1995) to coincide with the length of the ASE data sets; the results are similar (see Appendix A).

⁶The impact on the age-structure was not included because of the absence of age-group-specific wage rates.

**Table 7. Estimation results using manufacturing subsector data (ASE):
labor demand equation with shifter (Exports/GDP)**

<i>Variables</i>	<i>OLS</i>		<i>Fixed Effects</i>		<i>Random Effects</i>	
	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>Z</i>
Ln(output)	0.6410	11.52	0.8004	14.21	0.7119	12.90
Ln(real ave. wage)	-0.2522	-4.32	-0.0336	-2.32	-0.0443	-2.55
Ln(real bank lending)	0.1699	0.78	0.0463	0.84	0.0971	1.51
Exports/GDP	1.6160	6.22	-0.3456	-1.94	0.0610	0.31
Constant	1.1098	1.10	-2.5776	-2.98	-1.2911	-1.51
Adj R-squared	0.5259					
F (4,109)	71.13					
Chi-sq (4)	223.37					
Test all individual effects are zero						
F (30, 109)	86.4					
Test for Random Effects						
Breusch-Pagan [Chi-sq (1)]	173.2					
Hausman [Chi-sq (4)]	61.3					

Table 8. Estimation results using aggregate data: proportion of women workers

<i>Variables</i>	<i>Export/GDP</i>		<i>Import/GDP</i>		<i>(Ex+Im)/GDP</i>	
	<i>Coeff.</i>	<i>t</i>	<i>Coeff.</i>	<i>t</i>	<i>Coeff.</i>	<i>t</i>
Trade Indicators	-0.0350	-0.24	-0.0604	-0.96	-0.0363	-0.76
Ave Wage, Female/Ave. Wage, Total	0.0222	0.93	0.0334	1.43	0.0312	1.27
Constant	0.3554	18.2	0.3578	30.95	0.3594	25.58
rho	0.2679		0.1449		0.1845	
Adj R-squared	0.7087		0.0195		0.3788	
DW Stat	1.7327		1.6694		1.6907	
Est. Procedure	P-W		P-W		P-W	

Table 9. Estimation results using manufacturing subsector data (ASE): proportion of women workers

<i>Variables</i>	<i>OLS</i>		<i>Fixed Effects</i>		<i>Random Effects</i>	
	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>Z</i>
Export/GDP	0.6100	13.18	0.2372	4.24	0.3288	6.51
Ave. Wage, Female/Ave. Wage, Total	-0.3535	-3.67	-0.1557	-3.23	-0.1729	-3.50
Constant	0.5141	5.71	0.4227	9.23	0.4137	7.81
Adj R-squared	0.5472					
F (2,111)	12.39					
Chi-sq (2)	48.67					
Test all individual effects are zero						
F (30, 111)	27.5					
Test for Random Effects						
Breusch-Pagan [Chi-sq (1)]	150.6					
Hausman [Chi-sq (2)]	14.5					

4.2.2. *Impact on proportion of low-skilled/high-skilled workers*

A description as to what is considered by the study as low-skilled workers is in order. For the ASE manufacturing sub-industry data, three types of workers are identified: (a) managers, executives, and supervisors above foreman level; (b) direct production workers, including working foremen; and (c) other employees, mainly support staff and apprentices. The ones considered in the study as low-skilled are the direct production workers. For the aggregate data, the LFS classifies workers into seven occupational groupings: professional, technical; administrative, executive, and managerial; clerical; sales; service; agriculture, husbandry, forestry workers, fishermen, and hunters; and production, transport equipment operators, and laborers. For comparability with the ASE classification, the study considered as low-skilled the production workers, transport equipment operators, and laborers for the aggregate-level data.

Using aggregate data, the estimation results show that the propensity to export is a positive determinant of the proportion of production workers among the employed (Table 10). The propensity to import and the sum of export and import to GDP ratio are both insignificant determinants of the proportion of production workers.

Using manufacturing sub-industry data from the ASE, the Breusch-Pagan test points to the presence of individual effects while the Hausman test indicates the acceptance of the random effects assumption of the absence of correlation between individual effects and the other regressors; hence, the random effects estimation does not suffer from inconsistency (Table 11). But then again, the estimation results of fixed effects and random effects are qualitatively similar. The impact of propensity

to export on the proportion of production workers is significantly positive. The relative wages, on the other hand, are not a significant determinant.

The estimation results show that both at the aggregate and manufacturing sub-industry levels, the increase in export propensity leads to the greater demand for lower-skilled production workers as hypothesized for developing countries.

**Table 10. Estimation results using aggregate data:
proportion of production workers**

<i>Variables</i>	<i>Export/GDP</i>		<i>Import/GDP</i>		<i>(Ex+Im)/GDP</i>	
	<i>Coeff.</i>	<i>t</i>	<i>Coeff.</i>	<i>t</i>	<i>Coeff.</i>	<i>t</i>
Trade Indicators	0.3200	2.33	0.0907	1.42	0.0799	1.76
Ave Wage, Production/ Ave. Wage, Total	-0.0300	-0.89	-0.0684	-2.42	-0.0578	-2.01
Constant	0.1755	3.01	0.2538	6.48	0.2298	5.13
rho	0.6214		0.7127		0.6966	
Adj R-squared	0.8578		0.8430		0.8519	
DW Stat	1.9854		1.7436		1.8224	
Est. Procedure	P-W		P-W		P-W	

P-W – Prais-Winsten

**Table 11. Estimation results using manufacturing subsector data (ASE):
proportion of production workers**

<i>Variables</i>	<i>OLS</i>		<i>Fixed Effects</i>		<i>Random Effects</i>	
	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>Z</i>
Export/GDP	0.2917	7.35	0.1588	2.64	0.2108	4.35
Ave. Wage, Production/ Ave. Wage, Total	0.0143	0.46	-0.0200	-1.25	-0.0164	-1.02
Constant	0.6417	26.67	0.6964	35.57	0.6802	26.15
Adj R-squared	0.2671					
F (2,111)			4.59			
Chi-sq (2)					20.66	
Test all individual effects are zero						
F (30, 111)			16.5			
Test for Random Effects						
Breusch-Pagan [Chi-sq (1)]					159.3	
Hausman [Chi-sq (2)]					2.1	

5. Summary and conclusion

The paper presents one of the few empirical estimates of the impact of globalization, here represented by trade flows, on employment level and structure using Philippine data. It uses both aggregate and sub-industry-level manufacturing data sets.

The paper shows that at both the aggregate and manufacturing sub-industry levels, increases in the propensity to export shift the demand for labor upward. Given that the Philippines is a labor-abundant country, this result validates the factoral effects in the Hecksher-Ohlin model. The paper also shows that the impact of the propensity to import on labor demand is unclear, yielding from significantly positive to insignificant coefficients. This casts doubt on the common notion of wholesale substitution of imports for domestic production and instead implies some import dependence of domestic production as shown by significant positive coefficients. The impact of the ratio of the sum of exports and imports to GDP understandably follows from the compounded effect of export and import intensity.

In terms of employment structure, the impact of openness on the proportion of women workers is not significant in the aggregate level, but at the manufacturing sub-industry level, the increase in the propensity to export is a boon for women workers. For the proportion of low-skilled production workers, increases in export propensity increase the proportion of low-skilled production workers both at the aggregate and manufacturing sub-industries levels. This validates the hypothesis for developing countries that increase in exports expands the demand for workers with basic skills.

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Appendix A

Estimation results using manufacturing subsector data (NAPES) restricted to 1991-1995: labor demand equation with shifter (Exports/GDP)

<i>Variables</i>	<i>OLS</i>		<i>Fixed effects</i>		<i>Random effects</i>	
	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>Z</i>
Ln(output)	0.8072	14.13	0.7287	19.09	0.7399	19.89
Ln(real ave. wage)	-1.7608	-11.62	-0.5756	-9.98	-0.6106	-10.24
Ln(real bank lending)	-0.2562	-0.92	-0.0266	-0.63	-0.0314	-0.71
Exports/GDP	0.0096	0.28	0.0079	1.07	0.0083	1.06
Constant	6.9829	4.74	-2.0977	-3.87	-1.9997	-3.52
Adj R-squared	0.784					
F (4,58)	92.04					
Chi-sq (4)	400.68					
Test all individual effects are zero						
F (20, 58)	192.7					
Test for Random Effects						
Breusch-Pagan [Chi-sq (1)]	100.8					
Hausman [Chi-sq (4)]	1.7					

Estimation results using manufacturing subsector data (NAPES) restricted to 1991-1995: labor demand equation with shifter (Imports/GDP)

<i>Variables</i>	<i>OLS</i>		<i>Fixed effects</i>		<i>Random effects</i>	
	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>Z</i>
Ln(output)	0.8191	11.80	0.7249	18.87	0.7329	19.15
Ln(real ave. wage)	-1.7692	-11.59	-0.5713	-9.71	-0.6048	-9.88
Ln(real bank lending)	-0.2513	-0.90	-0.0333	-0.79	-0.0393	-0.88
Imports/GDP	0.0110	0.41	-0.0039	-0.20	-0.0063	-0.38
Constant	6.8679	4.51	-2.0545	-3.77	-1.9113	-3.32
Adj R-squared	0.7843					
F (4,58)	90.1					
Chi-sq (4)	392.9					
Test all individual effects are zero						
F (20, 58)	188.8					
Test for Random Effects						
Breusch-Pagan [Chi-sq (1)]	98.4					
Hausman [Chi-sq (4)]	0.1					

Estimation results using manufacturing subsector data (NAPES) restricted to 1991-1995: labor demand equation with shifter [(Exports+Imports)/GDP]

<i>Variables</i>	<i>OLS</i>		<i>Fixed effects</i>		<i>Random effects</i>	
	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>t</i>	<i>Coef.</i>	<i>Z</i>
Ln(output)	0.8192	11.99	0.7274	18.98	0.7397	19.63
Ln(real ave. wage)	-1.7665	-11.63	-0.5763	-9.92	-0.6124	-10.16
Ln(real bank lending)	-0.2500	-0.89	-0.0287	-0.68	-0.0342	-0.76
(Exports+Imports)/GDP	0.0077	0.42	0.0041	0.74	0.0036	0.63
Constant	6.8406	4.45	-2.0739	-3.82	-1.9819	-3.46
Adj R-squared	0.78430					
F (4,58)	91.0					
Chi-sq (4)	395.0					
Test all individual effects are zero						
F (20, 58)	190.5					
Test for Random Effects						
Breusch-Pagan [Chi-sq (1)]	99.0					
Hausman [Chi-sq (4)]	0.5					