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Growth in Labor Earnings Across the Income Distribution: Latin America During the 2000s

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GROWTH IN LABOR EARNINGS ACROSS THE INCOME DISTRIBUTION: LATIN AMERICA DURING THE 2000s. [1]

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ABSTRACT

The objective of this paper is to characterize the evolution of labor earnings in Latin America during the 2000s, a decade of markedly poverty reduction. Based on household surveys for six countries, Brazil, Chile, Costa Rica, Ecuador, Honduras and Mexico, we study clusters of increases in labor earnings across worker, job, and industry characteristics. Throughout the analysis we allow for worker income heterogeneity, so as to characterize the evolution of labor earnings across the income distribution. For three of the six countries, we match the household survey data with industrial data from UNIDO and COMTRADE and find that increases in productivity and changes in product composition are more important than industry output as determinants of increases in labor earnings within manufacturing.

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1. INTRODUCTION

The 2000s have been a decade of worldwide decline in poverty rates and inequality. Beegle et al (2013) report a sharp decline in the number of extreme poor throughout the world, from 1.731 billion in 1999 to 1.210 billion in 2010; whereas Alvaredo and Gasparini (2013) find that, in developing countries, the poverty rate has on average fallen by 14 percentage points during that same period. Non-surprisingly, similar trends have been described for inequality. Milanovic (2012) measures global inequality using 120 hoursehold surveys spanning two decades concluding that global inequality decreased by 1.4 percentage points between 2002 and 2008. The author defines this drop as a kink in the rising trend observed for almost two hundred years. In the developing world, Alvaredo and Gasparini (2013) show that on average income inequality increased in the 1980s and 1990s and started to slowly fall since 2002.

Latin America has not been estranged from the poverty reduction phenomenon. Table 1 shows poverty head count ratios for 1998 and 2009 for a sample of 18 countries. The head count ratios are computed from household-level data and based on two poverty lines: a standard 4-dollar-a-day poverty line, and each country's official poverty line. With estimated average declines in poverty ranging from 9.2 to 11 percentage points, Latin American shows indeed poverty declines that are in line with the worldwide 14 percent reported by Alvaredo and Gasparini (2013). Of the 18 countries, 15 have reduced their USD-4-a-day headcount ratios. These reductions have been larger than 10 percentage points for 4 countries (Brazil, Chile, Colombia, Honduras) and larger than 15 percentage points for 7 countries (Bolivia, Ecuador, Mexico, Nicaragua, Panama, Peru and Venezuela). As for the headcount ratios based on official poverty lines, poverty has fallen for 16 countries.[4] Thus, declines in poverty rates across Latin America have been a fairly common trend during the 2000s. Not only has poverty fallen on average and in most countries, but this fall has also been rather strong in many countries throughout the sample.

Gasparini and Lustig (2011) and the volume edited by Lopez-Calva and Lustig (2010) describe the decline in income inequality in Latin America. According to Gasparini and Lustig (2011), income inequality went down in 16 out of 17 Latin American countries in the study, with an average reduction in the Gini coefficient of 2.9 percentage points.

[4] Notice that there are considerable discrepancies between headcount ratios computed on the basis of the USD-4-a-day and official poverty lines. This is because the criteria for official poverty lines vary substantially across countries. In this sense, the USD-4-dollar a day is preferred for the purposes of Table 1, since although arbitrary it is homogeneous for all countries and provides a uniform basis for comparison.

Several studies have highlighted the importance of growth in labor income as the driving force that empirically explains the bulk of poverty reduction during the last decade, vis-a-vis other possible candidates such as redistribution policies (public transfers), private remittances, and changes in demographics (household size, population growth). Among them, Azevedo et al. (2013b) study 16 developing countries and find that in 10 of the 16 countries labor income explains more than half of the reduction in poverty, and more than 40 percent in 4 other countries.[5] Inchauste et al. (2012) look at the cases of Bangladesh, Peru and Thailand and find that labor income explains 61, 75 and 65 percent of the observed poverty reduction, respectively. Azevedo, Inchauste and Sanfelice (2012) focus instead on inequality in a group of 16 Latin American countries and report that labor income explains 43 percent of the change in Gini coefficients and is the most important contributing factor in most countries. Another noteworthy result is that the increase in workers' earnings has been relatively more important in reducing poverty than the increase in the number of workers or in the number of jobs (Azevedo et al., 2013b, Inchauste et al., 2012).

In light of the observed poverty reductions in Latin America and the findings in the literature that labor income has been a major driving force behind this phenomenon, the objective of this paper is to characterize the evolution of labor earnings in the region during the 2000s. Our study is based on six countries: Brazil, Chile, Costa Rica, Ecuador, Honduras and Mexico. These six countries are representative of different areas within Latin America and have been in different developing paths, yet they all share the common trend of reduction in poverty and increase in labor earnings during the past decade. We study the evolution of labor earnings for average workers, for the poor and non-poor, for different worker types, and for different types of jobs. The objective is to find foci of increases in labor earnings among worker types and job types. Throughout the analysis we allow for worker income heterogeneity, to characterize the evolution of labor earnings across the income distribution.

A second objective of the study is to describe possible contributing factors to the increases in labor earnings within manufacturing. Increases in industry wages could be related to factors that affect labor demand such as output growth, productivity growth, and changes in product composition. To evaluate this hypothesis, we estimate time-varying industry wage premiums at the 3-digit level, and we relate the estimated premiums to the industry characteristics mentioned above. We again allow for worker heterogeneity, by computing industry premiums that vary by worker type or worker income.

[5] The countries in their study are Argentina, Bangladesh, Brazil, Chile, Colombia, Costa Rica, Ecuador, Ghana, Honduras, Moldova, Nepal, Panama, Paraguay, Peru, Romania and Thailand.

Our findings are as follows. First, we indeed find increases in labor earnings for all countries in our sample, especially concentrated in the second half of the 2000s; moreover, we find that the increases in labor earnings are larger for the poor. Second, earnings have increased heterogeneously across worker, job and industry characteristics. Third, patterns of increases in labor earnings vary widely across countries.

Increases in labor earnings tend to be equalizing in the sense that they have been larger for the poor and are decreasing in income percentile. Costa Rica and Honduras do not follow this pattern and present instead large increases in labor earnings for the lowest and highest percentiles, while the lowest increases in labor earnings occur at the middle of the income distribution.

Regarding worker characteristics, the largest increases in labor earnings are observed for unskilled workers and young workers, with the exception of Costa Rica, where the highest increases in labor earnings occur among college graduates and experienced workers.[6] Some of these results are reversed when we control for worker and job characteristics and income percentile.

When it comes to job characteristics, the labor earnings of employees have increased more than the earnings of individuals who are self-employed or entrepreneurs; this difference has been less marked in Costa Rica. We also consider formal and informal jobs, firm types, and affiliation to 1-digit sectors. These job characteristics present more heterogeneous responses for the poor and the non-poor. Among the poor, larger increases in earnings are observed in the formal sector in Brazil and Mexico and tend to concentrate in small to large firms, whereas micro firms underperform in earnings despite accounting for a large fraction of employment. The public sector is the largest cluster of increase in labor earnings in Brazil and to some extent in Mexico, both for the poor and the non-poor. Regarding 1-digit sectors, large increases in labor earnings of the poor, of between 15 to 30 percent, are observed in all sectors with wide variations across countries. This is not observed for non-poor workers, for whom the largest increases are concentrated mostly in the primary sector, construction, and the public administration, although with high variance across countries.

As for industry characteristics, increases in productivity and changes in product composition are the largest determinants of increases in labor earnings, whereas increases in output do not appear to have significant effects. In Brazil, changes in productivity account for 70 percent of the combined effect of productivity, output and product composition. In Ecuador, productivity and product composition contribute roughly equally. In Chile there is a drop in productivity in chemicals, petroleum and plastics,

[6] While we do not explicitly study wage inequality in this paper, our results are consistent with several studies that claim that a fall in returns to skills has been an important contributing factor towards the reduction in wage inequality. See for example the volume edited by Lopez-Calva and Lustig (2010), and Azevedo et al (2013a).

which, although partially counteracted by changes in product composition, generates a negative net effect on industry wages within this group. Comparing different types of workers and jobs, productivity has a larger effect on the industry premiums of workers that are less mobile, namely skilled workers, experienced workers, workers in formal jobs, employees, and workers in the public sector. Increases in product sophistication on the other hand have larger effects on unskilled workers and workers in informal jobs. This is presumably due to lower costs of skill upgrading within these groups.

The paper is organized as follows. In Section 2 we describe the data. In Section 3 we describe the evolution of labor earnings and explore the role of worker and job characteristics. In Section 4 we focus on the manufacturing sector and study industry characteristics as determinants of increases in labor earnings at a detailed level of disaggregation. Section 5 concludes.

2. DATA

We use three different types of data: household-level data from SEDLAC (CEDLAS-Universidad Nacional de La Plata and World Bank); industry-level data from UNIDO (United Nations); and data on exports by product from COMTRADE (United Nations). We use the latter to compute industry-level indexes of product composition.

The household level data from SEDLAC includes information on earnings, worker characteristics, and job characteristics. This information is homogenized so that the definition of each variable is robust and consistent across countries and time periods. It spans 11 years of data, during the period 1998-2009. Table 2 displays survey information for each country. Observations are at the individual level and are computed restricting the sample to working-age individuals (15 to 65 years old) who report positive labor earnings. The total number of observations for all countries and years is close to 3 million. The largest survey is Brazil's PNAD, with a total of 1.6 million observations, and the smallest is Costa Rica's ENAHO, with 171 thousand observations. Surveys are not collected every year in all countries. There are 11 years of data for Costa Rica, 10 for Brazil and Honduras, 8 for Ecuador, 7 for Mexico and 5 for Chile. For this reason, and also for clarity of exposition, we group the data into 3 time periods for the empirical analysis: 1998-2001, 2002-2005, and 2006-2009; hereafter, we refer to these periods as Period 1, Period 2 and Period 3.

The household survey variables that we use in the empirical analysis are labor earnings, hourly wage, per capita family income, a poverty indicator, age, gender, education, sector of employment, employment type, firm-of-employment type, whether the job is formal or informal, and sector of

employment. The income variables are computed in constant terms. The poverty indicator is computed by comparing per capita household income with the 4-dollar-a-day poverty line. The definition of sector of employment involves matching different industrial classification systems used across countries and time periods so that they are all expressed at the 3-digit level of the ISIC Revision 3 classification.

The second source of data is UNIDO's Industrial Statistics Database (INDSTAT4 2013 edition). UNIDO collects annual data on value added, output, and employment by manufacturing industry at the 4 digit level, according to the ISIC Revision 3 classification. We aggregate this information to the 3-digit level so that it is compatible with the information on sector of employment from the household surveys. We work with two variables, output and productivity, the latter computed as value added per worker. UNIDO's data that we can match to household surveys are available for three of the countries in our study: Brazil, Chile, and Ecuador. Table 3 displays information on number of industries and years of availability for each country. There are 88 3-digit manufacturing industries (Panel A). Data are available for all years in the period 1998-2009 for the three countries. After matching the industries and years in the UNIDO database with the industries and years in the household surveys, we are left with 43 industries for Brazil, 45 for Chile, and 61 for Ecuador (Panel B).

The third source of data is UN's COMTRADE detailed database on annual exports at the product level. We use data on exports to construct a measure of industry sophistication based on the index of Hausmann, Hwang and Rodrik (2007). The index is defined at the 3-digit level of the ISIC Revision 3 classification, based on detailed product composition within each 3-digit industry. The COMTRADE data includes exports by product at the 6-digit level of the Harmonized System. We therefore first assign each 6-digit export product to one 3-digit industry using concordances available from the UN. We further describe the construction of the index in Section 4. COMTRADE data is available for all countries in our study.

Data availability has been an important determinant of the countries chosen for this study, together with picking a group of countries that is representative of different areas of Latin America. The household surveys for the six countries in this study are large in terms of number of observations, and are consistent in the relevant variables across time and countries. The number of observations is particularly relevant since we study heterogeneous effects across worker and job types and therefore we need a sufficiently large number of observations of worker and job types. Moreover, three out of the six countries have good quality data available from UNIDO that we can match with the industry definitions of the household level surveys.

3. THE EVOLUTION OF LABOR INCOME IN LATIN AMERICA DURING THE 2000s

The 2000s have been a decade of poverty reduction. In particular, a significant reduction in poverty is observed for the six countries in this study. Table 1 shows poverty statistics. In 1998, the countries with the lowest poverty rate were Chile and Costa Rica, with head-count ratios based on the 4-dollar-a-day poverty line of 24.3 and 26.1 percent. The remaining countries, Brazil, Ecuador, Honduras and Mexico, show initial poverty rates above 40 percent. By 2009, all countries except Costa Rica show poverty reductions of more than 10 percentage points. The smallest reductions are observed for Costa Rica and Chile, at 8.6 and 12.7 percentage points, which is expected since the base level of poverty was lower to begin with.

In this section we describe the evolution of labor income for our six case-studies, with particular focus on the labor income of the poor. We consider the evolution of income based on individual and job characteristics.

3.1 AN OVERVIEW OF AVERAGE WAGES

Table 4 shows the evolution of monthly labor income and hourly wage. We split the data into three periods. Period 1 spans the years 1998 to 2001, Period 2 the years 2002 to 2005, and Period 3 the years 2006 to 2009. For each country, the first line displays the average labor income in Period 1 (1998-2001) adjusted by PPP in 2005 USD.[7] Average monthly income (column 1) is lowest in Honduras and Ecuador, at 398 and 409 USD, and highest in Costa Rica and Chile, at 730 and 838. Average income is similar in Brazil and Mexico, at 561 and 575 USD per month. The average monthly income across all countries is 570 USD per month, and the average wage (column 4) is 3.4 USD per hour.[8]

For each country, lines 2 and 3 report percentage changes in labor income in Period 2 (2002-2005) and Period 3 (2009-2006) with respect to Period 1. The comparison between Period 2 and Period 1 shows increases in labor income during the first half of the 2000s in only two countries: Ecuador, with a large increase of 22 percent, and Mexico, with an increase of 6 percent (column 1). By contrast, in most countries the increase in labor income occurs during the second half of the 2000s. The comparison between Period 3 and Period 1 shows increases in labor income that are positive and statistically

[7] Hereafter, all monetary variables are expressed in PPP 2005 USD.

[8] Averages across countries are computed by pooling observations for all countries. Sampling weights are used when computing all averages, therefore survey size does not play a role. Big countries in terms of population receive higher weight, though, and results for all countries are largely driven by Brazil and Mexico.

significant for the six countries. These increases are of 2 percent in Brazil, between 6 to 12 percent in Mexico, Honduras, Costa Rica, and Chile, and of 35 percent in Ecuador.

A similar pattern is observed for hourly wages (column 4), with positive increases between Period 1 and Period 2 for three countries out of the six (Chile, Ecuador and Honduras), and with widespread increases for all six countries between Period 1 and Period 3. The latter increases range from 4 to 8 percent in Mexico, Costa Rica, and Brazil, 12 percent in Honduras, 26 percent in Chile, and 42 percent in Ecuador. We thus observe the largest increases both in monthly labor earnings and hourly wage in Ecuador and Chile.

We are also interested in the evolution of the labor income of the poor. When comparing the income of the poor and non-poor it is important to keep the definitions of poor and non-poor fixed over time, in order to avoid compositional effects from affecting the averages, namely, changes in the poverty line. To define the groups we first define the cutoff income percentile that corresponds to the 1998 poverty line for each country based on per capita household income. These percentiles are 42 percent for Brazil, 24 percent for Chile, 26 percent for Costa Rica, 65 percent for Honduras and 44 percent for Mexico. Then, for each year, we define an individual as poor or non-poor according to whether his current year per capita household income places him below or above the cutoff income percentile in 1998.

In Table 4, columns 2 and 3, we show the labor income of the poor and the non-poor. The increase in the labor income of the poor is on average strikingly higher than the increase in the labor income of the non-poor. When we take all countries together (bottom of Table 4), we observe that between Period 1 and Period 2, the labor income of the poor increases by 6 percent, whereas the income of the non-poor decreases by that same amount. Differences are even larger when comparing Period 1 and Period 3, with an increase in the income of the poor of 24 percent and an increase in the income of the non-poor of only 2 percent. These large differences between the poor and the non-poor hold for four out of the six countries. In Brazil, Chile, Ecuador, and Mexico, the income of the poor increases by 23, 28, 46, and 25 percent when comparing Period 1 (1998-2001) and Period 3 (2006-2009), whereas the increase in the labor income of the non-poor is generally more modest, at 0.2, 11, 31 and 3 percent. In Costa Rica the increases in labor income of the poor and non-poor are not largely different, at 10 and 7 percent; whereas in Honduras the labor income of the non-poor actually increases substantially more than the labor income of the poor, at 2 and 12 percent for the poor and non-poor respectively.

Hourly wages of the poor and the non-poor also increase from Period 1 to Period 3 (columns 5 and 6). The increases are larger for the poor, on average 30 percent versus 5 percent, except in Costa Rica and Honduras, where the increase in the hourly wage of the poor is roughly half of the increase in the hourly wage of the non-poor. In all countries except Costa Rica, the increase in the hourly wage is higher than the increase in average monthly earnings, both for the poor and the non-poor, implying that the increase in wages is a driving force of the increase in earnings and that labor participation, on the other hand, could have fallen due to income effects.[9] Increases in labor earnings and hourly wages are more modest when we compare Period 1 (1998-2001) and Period 2 (2002-2005) and are actually negative for Brazil, Costa Rica, Honduras and Mexico. Given that increases in monthly labor income and hourly wages are more prevalent during the second half of the 2000s, in the next sections we put emphasis on the comparison between Period 1 and Period 3.

To further characterize changes in labor income across the income distribution, we compute changes in earnings as a function of income percentile. As a first step, we compute the average monthly earnings and average hourly wage for each income percentile. Let $\overline{w}$ denote either monthly earnings or hourly wage. The average monthly earnings or hourly wage of income percentile *p*, in country *c* and year *t* is given by averaging across individuals *i*, so that

$$\overline{w}_{pct} = \frac{1}{\sum_{i \in p} n_{ict}} \sum_{i \in p} n_{ict} w_{ict} \qquad (1)$$

where *i* denotes individuals and *n* are individual sampling weights. In the second step, we run a non-parametric regression of the change in average monthly earnings or average wage as a function of the income percentile, given by

$$\frac{\overline{w}_{pct} - \overline{w}_{pc0}}{\overline{w}_{pc0}} = g_{ct}(p) + \epsilon_{pct} \qquad (2)$$

where *g* is an unknown non-parametric function. We use a Fan (1992) locally weighted regression to estimate the function *g*, which is known in the income distribution literature as growth-incidence curves (Ravallion and Chen, 2003).[10]

[9] These results reinforce the findings in Azevedo et al (2013a) who argue that the fall in wage inequality in Latin America can be mostly explained by price effects (wages) rather than quantity effects (employment).

[10] In practice, the number of observations in not large enough to accurately compute average earnings and wages at the percentile level. We thus group percentiles in groups of 4, and work with 25 income groups instead of 100 income groups.

Figure 1 plots non-parametric regressions for monthly labor earnings in Panel A and hourly wage in Panel B. The percentage difference between Period 1 (1998-2001) and Period 2 (2002-2005) is plotted with gray lines, and the difference between Period 1 and Period 3 (2006-2009) with black lines. The figure highlights three important points. First, there is growth in labor income almost across the whole income distribution between Period 1 and Period 3, evidenced by the fact that the black line lies above zero, except at the very top. Second, the growth in labor income has been equalizing, in the sense that it is decreasing in income percentile, evidenced by the negative slope of the curves starting in percentile 15, and implying that the poor have benefitted more.[11] Third, the evolution of monthly earnings and hourly wages has been very similar, with hourly wages increasing slightly more than monthly earnings, as described in Table 4.

Figure 2 is analogous to Figure 1 and illustrates the heterogeneous growth patterns experienced by each of the six countries. [12] Between Period 1 and Period 2 (gray line) Chile, Ecuador and Mexico experienced positive growth, with a negative-sloped curve implying decreases in inequality, except in Ecuador. In Honduras, the economic performance in the first half of the 2000s has been disappointing, since labor income changes over the period were negative and clearly non-equalizing. In Costa Rica, labor incomes only rose for very rich and slightly decreased for the rest of the population. Finally, Brazil suffered negative, though equalizing, real income losses. Between Period 1 and Period 3 (black line) all countries experienced real income increases. Brazil, Chile and Mexico continued in the equalizing labor income growth path for the entire distribution, and Ecuador joined this group with the largest percentage increase. Costa Rica and Honduras show U-shaped growth-incidence curves that lie above zero in practically the entire distribution, that is, real incomes rose more in the bottom and upper tail of the income distribution. The pattern of incidence curves with negative slopes in income percentile for Brazil, Chile, Ecuador and Mexico persists in the next sections, where we study different worker and firm characteristics.

To sum up, the analysis of the evolution of monthly labor earnings and hourly wages shows substantial increases across the six countries in our study especially during the second half of the 2000s. The largest increases occur in Chile and Ecuador. Generally, the increases in labor earnings are larger for the poor, and declining in income percentile, and thus they are equalizing, in the sense that they improve labor income inequality. Honduras and Costa Rica depart from this trend. In both countries we

[11] Notice that the curves have positive slopes for the very poor, implying that the highest averages increases in income have occurred for individuals around the percentiles 15 to 20.

[12] A vertical line was added at the percentile cutoff that separates poor from non-poor workers in 1998, based on 4-USD-a-day poverty lines.

observe large increases in labor income both at the bottom and the top of the income distribution, with the lower gains in the middle of the distribution. The evolutions of monthly earnings and hourly wage are fairly similar, with increases in hourly wages that are generally higher than the increases in monthly earnings. This points to positive income effects that lead to a reduction in the hours of work.

3.2 THE ROLE OF WORKER CHARACTERISTICS

From the previous section we conclude that the evolution of labor income has been heterogeneous across the income distribution and that on average it has followed an equalizing trend. Given these differences, in this section we seek to find whether the evolution has been heterogeneous across different worker types, namely differences in skills, age and gender. In later sections we focus on job types and industry characteristics.

We start by considering differences in skills. We define three skill levels based on educational attainment: unskilled workers are individuals who do not have a high school diploma, skilled workers are high school graduates, and highly-skilled workers are college graduates. Table 5 reports average monthly earnings and average hourly wages for the three skill types, as well as the incidence of each group within our sample. Unskilled workers are the prevalent group, accounting for 70 percent of all workers, high school graduates are 22 percent of the sample, and only 8 percent of workers have a college degree. The distribution of skills varies by country, with unskilled workers ranging from 47 percent in Chile to 81 percent in Honduras.

For all countries taken together, monthly labor earnings and hourly wages of unskilled workers have increased by 5 and 9 percent in the second half of the 2000s (Table5, columns 1 and 4), whereas average labor earnings and average wages of skilled and highly-skilled workers have decreased by 15 and 17 percent (Table 5, columns 2 and 3), and 13 and 15 percent (Table 5, columns 5 and 6). Taking countries separately, the table shows that in all countries except Costa Rica unskilled workers are the group that has benefitted more. Their monthly labor earnings have increased by 1 percent in Brazil, 22 percent in Chile, 40 percent in Ecuador, 4 percent in Honduras and 11 percent in Mexico, whereas they have fallen by 3 percent in Costa Rica; hourly wages evolve in a similar manner. The labor earnings of the skilled and highly skilled have declined in some countries and increased in others, but have always underperformed unskilled workers, except in the case of Costa Rica as mentioned above. The implication of these results is that the skill premium has been declining, which is in line with the findings in Lustig, Lopez-Calva and Ortiz-Juarez (2011), Azevedo et al (2013a), Barros, Carvalho and Mendoça

(2010) for Brazil, Cruces and Gasparini (2010) for Argentina, and Esquivel, Lustig and Scott (2010) for Mexico.

In Table 6 we group workers by skill type and by poor and non-poor. For brevity, we report only monthly labor income, while hourly wage is reported in the Appendix. The skill types and poverty status are highly correlated and as expected most poor workers are unskilled, however, 60 percent of non-poor workers are unskilled as well, which allows for a comparison across groups. With the exception of Honduras, between Period 1 (1998-2001) and Period 3 (2006-2009) the wages of unskilled workers have increased substantially more across the poor (column 1) than across the non-poor (column 4): 19 vs. 0.3 percent in Brazil, 25 vs. 20 percent in Chile, 10 vs. a decrease of 4 percent in Costa Rica, 45 vs. 37 percent in Ecuador, and 24 vs. 6 percent in Mexico. On average, the wages of unskilled workers have increased by 21 percent for the poor and 4 percent for the non-poor. In line with previous results, the increase in labor income between Period 1 and Period 2 is substantially smaller.

When we look at increases in labor income within the poor, there are no large differences between high school dropouts and high school graduates (columns 1 and 2).[13] Within the non-poor, however, and with the exception of Costa Rica, increases in labor income of high school dropouts (column 4) are higher than those of high school graduates (column 5) and college graduates (column 6).

The same analysis can be performed by income percentile, in a manner analogous to the non-parametric analysis in Figures 1 and 2, which allows us to further characterize heterogeneity across the income distribution. We however need to introduce one caveat. In the previous tables we compute simple averages of monthly income and hourly wages for each skill group, without controlling for other observed worker or job characteristics. We are now interested in describing the evolution of income and wages across skill groups after taking other observables into account. We thus proceed in the following manner. In a first step we run a Mincer-type regression with monthly earnings *w* on the left-hand side, given by

$$\log w_{ict} = x'_{ict}\beta_c + \sum_{s=1}^{S} \theta^s_{pct} I^s_{ipct} + \epsilon_{ijct} \qquad (3)$$

In the previous regression equation, *x* are observable worker and job characteristics excluding skill type, *s* are the skill groups, *I* are dummy variables that indicate whether individual *i* belongs to skill group *s*

[13] The incidence of college graduates (defined here as highly skilled) within the poor is almost zero.

and income percentile p, θ are the returns to each skill group, and ϵ are unobservables.[14] Controls included in x are age, gender, employment type, formality of employment, firm type, and sector of employment. The estimable parameters are β and θ. Regressions are run separately for each country. Notice that the returns to variables in x vary by country and that the returns to skill groups vary by country, year, and income percentile. This equation differs from a regular returns-to-skill regression in two ways. First, there are no excluded skill groups in our regressions (we exclude the year effects instead) and the θ are not interpreted as a premium relative to an excluded category, as in the more usual case, but rather as average income and wages after purging the effects of other observable variables. This specification gives us an easier interpretation of the evolution of income over time.[15] Second, rather than computing returns to skill that are homogeneous over the population, we allow for heterogeneity of returns to skill by income percentile. In sum, this allows us to estimate the evolution of average earnings by skill type, after purging the effects of other observables, for each income percentile.

In the second step we estimate the non-parametric evolution of average earnings of each skill type by income percentile. Let $\hat{\theta}$ denote the estimates from the Mincer regression. We run a locally-weighted non-parametric regression of the percentage change in the average earnings of each skill type on the income percentile. A separate non-parametric regression is run for each skill type, and for each country, with each regression given by

$$\hat{\theta}^s_{pct} - \hat{\theta}^s_{pc0} = g^s_{ct}(p) + \mu^s_{pct} \; ; \; s = 1, \dots, S \qquad (4)$$

Because, as shown before, the largest changes occur in the second half of the 2000s, and for simplicity of exposition, we only show results comparing Period 1 (1998-2001) and Period 3 (2006-2009) for average monthly earnings. Results are plotted in Figure 3, with one curve for each skill group. For all countries taken together (Panel A), the three curves lie mostly above zero implying that within each skill group labor earnings computed after purging the influence of other observables have increased with respect to Period 1. Increases in earnings are negative only for skilled and highly-skilled workers above the 75th percentile. The curves have negative slopes, which means that increases in labor earnings are decreasing in income percentile. In line with Table 6, the increases in earnings of the unskilled and the

[14] As in all Mincer regressions, there are potential problems of correlation between unobservables such as ability and observables such as education. The estimated returns to observables are interpreted as descriptive of a reduced form relationship in the cross-section of individuals and not as structural parameters that can be used for predictive analysis.

[15] The skill and highly-skilled premiums can be obtained by subtracting θ of the unskilled group.

skilled lie close together for the bottom of the income distribution, whereas the curve for the unskilled lies above the curves for the skilled and highly skilled for the top of the income distribution.

The non-parametric incidence curves of unskilled and skilled wages are relatively similar across countries (Panel B), being mostly above zero, and mostly decreasing or flat in income percentile. The evolution of highly-skilled wages, on the other hand, is much more heterogeneous across countries. We need to consider, however, that there are very few highly skilled workers within the poor and for this reason the incidence curve of the highly-skilled is not precisely estimated for the bottom half of the income distribution. When we consider the top of the income distribution, the incidence curves of the unskilled lie above the other two curves for Brazil, Chile and Mexico, pointing towards decreases in the skill premium, whereas the incidence curves of the highly skilled lie above the other two curves in Honduras, Ecuador, and Costa Rica.

The second worker characteristic we consider is age. We define three age groups: individuals between 15-24, 25-40 and 41-65 years old. From Table 7 we see that workers aged 25 to 40 are the largest group, accounting for 45 percent of the sample, followed by 33 percent of workers in the oldest group, and 22 percent of workers in the youngest group. The distribution of age by country displays essentially the same structure as the aggregate data. For all countries taken together, workers aged 15 to 24 years old is the only group that experienced a significant rise in monthly labor earnings with an increase of 12 percent in the second half of the 2000s (column 1). Taking countries separately, the table shows that in all countries this is the group that has benefited more except in Costa Rica where the oldest group witnessed the highest increase. The labor earnings of the other two groups (columns 2 and 3) have also increased, though to a lesser extent, and only declined in Brazil for workers between 25 and 40 years old. The evolution of hourly wages is fairly similar (columns 4, 5, and 6).

Conclusions change when we look at the poor. First, within the poor there are increases in labor income for all age groups (columns 1 to 3). Second, the average increase in labor income in the group of young workers (column 1) is higher than for the other two age groups, but these difference are substantially ameliorated with respect to the previous case in which we considered the poor and non-poor together; i.e. for all countries pooled together, labor earnings increase by 28 percent for young workers, 22 percent for middle-aged workers, and 21 percent for mature workers. Third, in the cases of Chile and Honduras, young workers are the least benefitted age group. These trends are increased when we control for observable worker and job characteristics and plot increases in labor earnings as a

function of income percentile defined as in equations (3) and (4).[16] Figure 4 plots the incidence curves for the three age groups. Within the bottom third of the income distribution, young workers are actually the least benefitted age group, with the exception of Mexico. This situation reverses within the top two-thirds of the income distribution, in which young workers become the most benefitted group (except in Chile and Honduras). It is still worth noticing that all three curves have negative slopes, implying that in all age groups income increases more within the poor than within the non-poor.

The last worker characteristic considered is gender. Table 9 displays average increases in labor income for men and women. Both men and women have witnessed an increase in labor income, however, in most countries, the increase in labor income has been substantially larger for women than for men. The increases in income for men and women have been 2 and 7 percent in Brazil, 13 and 15 percent in Chile, 24 and 40 percent in Ecuador, 2 and 20 percent in Honduras, and 6 and 15 percent in Mexico. In Costa Rica results are reversed with an increase in labor earnings of 9 percent for men and 6 percent for women. This is consistent with the evidence on gender discussed by Ñopo (2012), who finds a decline in the gender gap from 16.3 to 8.9 using data from 18 Latin American countries during the period 1992 2007.

Table 10 reports results for the groups of poor and non-poor workers. Within both groups, it still holds that the increase in labor income is larger for women than for men, except again for Costa Rica. Within the poor, however, the differences are much smaller, suggesting that the gender gap has been closing more within the non-poor than within the poor. This is more evident when we control for other observables and plot incidence curves by income percentile. Results are in Figure 5. After controlling for observables, the only country for which the incidence curve for women lies fully above the curve for men across the whole income distribution is Mexico. For all other countries, the incidence curve for women lies below the curve for men at the bottom of the income distribution, and above the curve for men at the top of the income distribution.

Summing up, the largest increases in earnings, both monthly and hourly, are generally observed for unskilled workers, young workers, and women. Costa Rica is an exception to these patterns, with largest increases occurring for highly-skilled workers, experienced workers, and males. These patterns tend to hold for the top of the income distribution as well. When we look at the bottom of the income distribution and we control for other observables, however, unskilled, young, and female workers do not benefit more. This is partly due to the fact that these three characteristics (being unskilled, being

[16] In equation (3) we now exclude age from the controls in *x* and instead include the skill level. The worker groups *s* refer now to age groups instead of skill groups.

young, and being female), correlate negatively with income. Within groups of worker characteristics (i.e. skill groups, age groups, and gender groups), increases in labor income are larger for the poor than for the non-poor, both when we consider within group averages and when we plot non-parametric incidence curves as functions of income percentiles. The exceptions are again Costa Rica and Honduras, which depart from the negative slope pattern of incidence curves and instead tend to follow a U shape, as in Section 3.1.

3.3 THE ROLE OF EMPLOYMENT CHARACTERISTICS

We now turn to the role of job characteristics. We focus on employment type, that is, whether an individual is an employee, self-employed, or an entrepreneur; formality status of the job, which is defined as jobs that are tied to social security benefits; firm type, where we group firms into public and private firms and according to firm size; and sector of employment, defined at the 1-digit level. Job characteristics are important as they allow us to identify types of jobs that have witnessed the highest increases in labor earnings and provide basis for pro-labor policies and investment.

We start with employment type. There are three categories. Individuals are defined as employees when they work for a wage; there are also individuals who are self-employed, and entrepreneurs, who are individuals who employ other workers. Table 11 shows the evolution of labor earnings for the three employment types. On average, comparing Period 1 and Period 3, labor income has increased for employees during the second half of the 2000s, it has remained constant for individuals who are self-employed, and has decreased for entrepreneurs. This average pattern is dictated mostly by Brazil, Mexico and to a lesser extent Honduras. In other countries the evolution varies. In Chile, both employees and self-employed individuals have benefitted from large wage increases, of 16 and 24 percent. In Costa Rica, the largest gains are observed among entrepreneurs, whose income increases by 24 percent. In Ecuador, all three groups experience large increases in income, the highest being 41 percent for employees. When we consider average wages results are somewhat different, especially for the self-employed, who report substantial increases of 10 percent across all countries, in contrast with a 0.1 increase in monthly labor earnings. This points towards the possibility that the self-employed are the group for which substitution of hours of labor is easier, thus making income effects much more prevalent.

When we consider the poor and non-poor, Table 12 shows that, as expected from previous results, increases are largest for the poor. On average, within the poor the monthly earnings of employees and the self-employed increased by 27 and 11 percent, whereas within the non-poor the

increases are reduced to 5 percent and negative 2 percent. This pattern of large increases for employees within the poor and smaller but considerable increases for the self-employed within the poor is shared by all countries. Figure 6 shows the increases in labor earnings between Period 1 (1998-2001) and Period 3 (2006-2009) for employees and the self-employed across the income distribution, and controlling for observable variables at the individual level. The figures emphasize that the largest increases are observed for employees and that these increases are mostly decreasing in income percentile (with the exception of Honduras and Costa Rica). Entrepreneurs are not very prevalent, they are 5 percent of all individuals and only 1.7 percent within the poor. In Figure 6 we group entrepreneurs together with the self-employed.

Regarding labor informality, a job is considered informal if the worker does not have the right to a pension linked to employment when retired. Since most household surveys only have this information available for individuals who are employees, we exclude self-employed and entrepreneurs from the analysis. We also exclude Ecuador and Honduras because there is no data on informality available in Period 1. Table 13 reports that, comparing Period 1 and Period 3, labor earnings in Brazil and Mexico have increased more for formal workers than for informal workers, at 18 and 14 percent vs. 4 and 11 percent, whereas in Costa Rica and Chile the increases are very similar for both types of jobs, at 8 and 6 percent vs. 9 and 6 percent (columns 1 and 2). Similar results are observed for hourly wages (columns 3 and 4), with the caveat that the differences between informal and formal workers become larger and include Chile as well. As with self-employed individuals, the fact that hourly wages increase more than monthly earnings within the informal group possibly indicates that income effects that reduce working hours are more likely to occur within this type of workers. Informal workers account for 40 percent of total employees across countries.

Interestingly, increases in labor earnings among formal workers gain prevalence when we focus on the poor, especially in Brazil and Chile (Table 14). In Chile, the bulk of increases in the earnings of the poor occur in formal jobs: 26 percent increase in the earnings of poor formal workers, vis-a-vis 2 percent increase in the earnings of poor informal workers. In Brazil and Mexico, there are considerable increases in the income of the poor among both formal and informal workers, although in Brazil formal workers benefit more than informal workers (26 and 18 percent), while the opposite occurs in Mexico (28 and 21 percent). In Costa Rica, the earnings of the poor increase equally for formal and informal workers, by 8 percent. Figure 7 plots incidence curves by income percentile and allows us to further analyze what has happened along the income distribution and controlling for observable variables at the individual level. In Brazil and Chile the incidence curves for formal jobs are negatively sloped and lie high above the

curves for informal jobs for low levels of income, indicating that the largest and more equalizing increases in labor earnings have been more prevalent in formal jobs (this reverses for Brazil at the top of the income distribution). In the cases of Costa Rica and Mexico both curves lie somewhat close to each other, pointing towards a similar evolution of earnings in formal and informal jobs. In Costa Rica the curves tend to be flat, in line with the notion that increases in earnings have not been equalizing, whereas in all other countries they are negatively sloped, meaning that within job-type groups increases in labor earnings are higher for the poor.

The third variable of interest is firm type. We are interested in identifying the types of firms in which the largest increases in labor earnings have occurred. Based on the information available in the household surveys, we define 5 groups of firms. The first group are public firms. This is a relatively heterogeneous group. Public firms are widely understood as jobs in the public sector, including productive enterprises but mostly public administration and public services such as schools and hospitals. The remaining 4 firm types correspond to private firms of different sizes based on the number of employees. Micro firms have 1 to 5 employees, small firms have 6 to 10 employees, medium-size firms have 11 to 30 employees, and large firms have more than 30 employees. Since the household surveys are not uniform across countries, it is not possible to fully homogenize the definitions of medium-size and large firms. In the case of Brazil, there is no medium-size category and large firms include medium-size firms. In Chile medium-size firms have 10 to 49 employees; in Costa Rica, medium-size firms have 10 to 20 employees; and in Mexico medium-sized firms have 11 to 16 workers.

Table 15 shows results by firm type. Increases in earnings have been generally highest among jobs in the public sectors, with the exception of Mexico and Costa Rica, in which public jobs come in second and third place. The public sector accounts roughly for 10 percent of employment. Within private firms results differ greatly by country. In Brazil, no quantitatively important increases in labor income are observed among private firms. In all other countries there are clusters of increases in labor income in the private sector, namely, micro and small firms in Chile and Honduras, and small and medium-sized firms in Costa Rica, Ecuador and Mexico.[17] Micro firms are the largest source of employment in all countries except Honduras, where 61 percent of employment is accounted by large firms. Hourly wages in the public sector have also increased significantly for all countries, for an average of 17 percent (Table 16). In the private sector, the largest increases in wages have occurred among micro and small firms. In Ecuador, wage increases among medium-sized firms have been large as well.

[17] It is important to recall that the definition of medium-size firms varies slightly across countries, and, in particular, that in Costa Rica and Mexico medium-size firms are smaller than in other countries. Taking this differences into account reinforces the finding that increases in income seem to be decreasing as firms become larger.

We now turn to the evolution of earnings by firm type across the income distribution. Table 17 shows that patterns across firm types are different for the poor. First, the public sector loses force both in terms of percentage of employment, as well as in terms of increase in labor earnings, although it does remain as a cluster of increases in labor earnings in Brazil and Chile. Second, whereas in most countries micro firms account for a large fraction of employment of the poor, the increase in labor earnings of the poor is mostly observed in small to large firms. It is important to notice that labor earnings of the poor do increase in micro firms as well, although to a lesser extent. The difference with micro-firms is less marked for Mexico. Honduras is a special case: more than 70 percent of poor workers are employed by micro firms, and labor earnings of micro-firm poor workers have actually declined. This explains why changes in earnings across the income distribution have not been equalizing in Honduras.

Figure 8 shows results by income percentile and controlling for observable worker and job characteristics. For a clearer presentation, small and medium-size firms (SMEs) are grouped together. [18] There is large heterogeneity across countries. In line with Table 17, large increases in earnings of the poor are observed for public jobs in Brazil and Chile. Within private firms, micro firms uniformly underperform all other types of firms in all countries. In Ecuador, Honduras, Costa Rica, small and medium-sized firms tend to do better than all other firm types, within the poor. Whereas in Chile, increases in labor earnings of the poor within private firms are highest in large firms (which come second after public firms). Given that size is usually correlated with formality, the latter observation is consistent with the previous finding that in Brazil and Chile labor earnings for the poor have increased more in formal than in informal jobs. In Mexico, no substantial differences are observed within small, medium-sized, and large firms.

Lastly we focus on the evolution of labor earnings by economic sector. The household surveys have information of industry affiliation of each individual according to different classification systems. Using available concordances we match the different classification system and work in this instance with the following nine 1-digit sectors: (1) Primary Sector; (2) Manufacturing; (3) Construction; (4) Retail and wholesale trade; (5) Electricity, gas, water, transportation; (6) Banking, financial, and insurance services; (7) Public administration and defense; (8) Education and health; (9) Cleaning services.[19] Table 19 shows the evolution of monthly earnings for the nine sectors. Across countries, almost 70 percent of workers are affiliated to either the primary sector, manufacturing, retail and wholesale trade, or education and health. Between Period 1 and Period 3, the largest increases in labor income are observed in the primary

[18] For completeness, in Figure A1 we split small and medium-sized firms into separate categories. In the case of Brazil, large firms are grouped together with small and medium firms.
[19] In Section 4 we focus only on manufacturing and work at a 3-digit level of disaggregation of industries.

sector, construction, and public administration and defense. To a lesser extent there are also increases in labor income in education and health, and cleaning services. This holds for most countries, with some variance across countries. Average hourly wages evolve in a similar manner (Table 20), again reinforcing the notion that the motor driving increases in labor income has been wages and not employment.

Table 21 reports increases in the labor income of the poor by sector of employment. When we focus on the poor, labor earnings have increased in all sectors virtually for all countries (with the usual exception of Costa Rica and Honduras, where changes in labor income have been less equalizing than in the other four countries). Figure 9 plots incidence curves that are computed controlling for observable individual and job characteristics. For simplicity we plot curves for three sectors: the primary sector, manufacturing, and services. When we consider all countries together (Panel A), manufacturing has been the most benefitted sector at the bottom of the income distribution, while the primary sector has been the most benefitted sector at the top of the income distribution. Instead, two distinct patterns emerge in the country graphs (Panel B). In the cases of Brazil, Chile and Costa Rica, the largest increases in labor income are observed in the primary sector; this holds across the whole distribution of income (the black solid curve lies above the other two curves). Whereas in the cases of Ecuador, Honduras and Mexico the primary sector has been the least benefitted, in favor of manufacturing in Ecuador and Mexico, and both manufacturing and services in Honduras. It is interesting to notice that in Costa Rica, the incidence curve of the primary sector is negatively sloped, indicating that within this sector changes in labor income have indeed been equalizing and that the aggregate U-shaped incidence curve is driven by what happens in manufacturing and services.

It is also of interest to study differences across sectors within private firms. Thus, we now turn to studying increases in labor income across sectors, splitting firms into privately-owned and publicly-owned. Results are reported in Tables 23 to 25 for private firms and 26 to 28 for public firms (results for hourly wage are reported in Tables A10 and A11 in the appendix). Tables 23 to 25 show that results for private firms largely mimic the results for all firms pooled together that we previously discussed, that is, first, the largest increases in labor income are observed in the primary sector, construction, and retail and wholesale trade, and second, large increases in the labor income of the poor are observed in all sectors of employment. Figure 10 plots incidence curves for private firms, which are also largely in line with the aggregate results that we discussed above for Figure 9. These similarities are expected since private employment accounts for 90 percent of employment on average, with a lowest percentage of 85 percent for Costa Rica. This is even for marked for the poor, for whom 94 percent of employment occurs within private firms on average.

Patterns change when we focus on public firms. First of all, the sectors public administration and education and health account for 85 percent of public employment (as opposed to less than 20 percent of private employment), whereas public employment in the primary sector and in manufacturing accounts for only 2 percent on average. Across countries, the largest public employment in the primary sector and manufacturing is observed for Chile (6 percent) and Mexico (5 percent). Second, most workers in public firms, both poor and non-poor, benefit from increases in labor earnings almost across all sectors of employment. Figure 11 plots incidence curves by sector for public firms. Given the small share of workers in the primary sector and in manufacturing these curves need to be interpreted with caution since they are based on a small number of observations. The patterns are to some extent reversed when we compare to results for private firms. In Brazil and Chile, we observe that the largest increases in labor earnings within public firms occur in services and in manufacturing, as opposed to private firms for which the largest increases occur in the primary sector. In Mexico and Ecuador, on the other hand, the primary sector is the most benefitted among public firms, together with manufacturing in Mexico. In Costa Rica and Honduras there is virtually no data for public firms in manufacturing or the in the primary sector, therefore no meaningful comparisons can be made.

Summing up, when we look at increases in labor earnings across different types of jobs and firms, results are highly heterogeneous across countries and depend on whether we compute simple averages across the full sample or instead control for observable worker characteristics and focus on the poor. Labor earnings of employees have increased almost uniformly more than earnings of the self-employed or entrepreneurs. In Brazil and Chile, labor earnings of the poor have increased more in formal jobs, in the public sector, and in large firms. In Ecuador, Honduras, Costa Rica, labor earnings of the poor have increased more in small firms than in other private firms or public firms. In Mexico, the largest increases in earnings are observed in small, medium-sized and large private firms. Whereas, in Costa Rica and Mexico there are no large differences in increases in labor income between formal and informal jobs (there is no data on formality status of jobs for Ecuador and Honduras). Regarding sector of employment, in Brazil, Chile and Costa Rica, the largest increases in labor income have occurred in the primary sector, both for the poor and non-poor.[20] In Ecuador, Honduras and Mexico the opposite is observed, with manufacturing being the most benefitted sector in Ecuador and Mexico, and both manufacturing and services in Honduras. These results are reversed when we consider firms in the public sector.

[20] In the Appendix, Figure A2, we verify that in Brazil and Chile, largest increases in the formal sector, and in medium and large firms are observed both in the primary sector, as well as in manufacturing and services.

3.4 WHAT EXPLAINS THE INCREASE IN THE LABOR INCOME OF THE POOR?

After describing the evolution of labor income across different worker groups and job types, we are now interested in quantifying to what extent they explain the increase in the labor income of the poor. With this objective in mind, in this section we perform a series of decompositions of changes in the average labor earnings of the poor between Period 1 (1998-2001) and Period 3 (2006-2009).

In any given year or period *t*, we can write the average monthly earnings (or alternatively the hourly wage) $\overline{w}_{ct}$ as a weighted average of the average earnings of different groups, where the weights are the share of each group in total employment. For example, in the case of skill type, we can write the economy-wide average labor earnings as a weighted average of the earnings of the unskilled, skilled and highly skilled. Let s = 1 … S denote groups of workers, such as skill type, gender, firm type and so on; the average labor earnings in country *c* are given by

$$\overline{w}_{ct} = \sum_{s=1}^{S} sh_{ct}^{s} \overline{w}_{ct}^{s}, \qquad (5)$$

where $\overline{w}_{ct}^{s}$ are the average earnings of group *s*, and sh_{ct}^{s} is the share of group *s* in total employment. We can use this accounting identity to decompose a change in average earnings between two years or two time periods, *t* and *0,* as

$$\overline{w}_{ct} - \overline{w}_{c0} = \sum_{s=1}^{S} sh_{c0}^{s}(\overline{w}_{ct}^{s} - \overline{w}_{c0}^{s}) + \sum_{s=1}^{S}(sh_{ct}^{s} - sh_{c0}^{s})\overline{w}_{ct}^{s} \qquad (6)$$

In the equation above, the total change in earnings is explained by a change in the earnings of each group $sh_{c0}^{s}(\overline{w}_{ct}^{s} - \overline{w}_{c0}^{s})$ and a compositional term, $\sum_{s=1}^{S}(sh_{ct}^{s} - sh_{0t}^{s})\overline{w}_{ct}^{s}$. The change in earnings of each group is weighted by the initial share of that group in employment, sh_{c0}^{s}, thus giving more importance to groups that are quantitatively more relevant. The compositional term accounts for changes in the share of each group in total employment, that is, it accounts for changes in the composition of employment.

In Table 29 we display results from decompositions based on worker characteristics. We compare the average earnings of the poor in Period 1 with the average earnings of the poor in Period 3. We start with skill groups. For each country, the table displays four terms: the relative contribution of the change in earnings of each of the three skill types, given by $\frac{sh_{c0}^{s}(\overline{w}_{ct}^{s} - \overline{w}_{c0}^{s})}{\overline{w}_{ct} - \overline{w}_{c0}}$, and the relative contribution of the changes in employment composition, given by $\frac{\sum_{s=1}^{S}(sh_{ct}^{s} - sh_{0t}^{s})\overline{w}_{ct}^{s}}{\overline{w}_{ct} - \overline{w}_{c0}}$. The table shows

that, regarding skill composition, the increase in the labor earnings of the poor is largely driven by the increase in the earnings of unskilled workers, which accounts on average for 82 percent of the increase in the earnings of the poor. Results are fairly similar across countries. This result is expected since the share of the unskilled within the poor is large (93 percent across countries) and the earnings of unskilled workers have increased by 21 percent (Table 6). Compositional effects explains 12 percent of the increase in earnings of the poor, which is a rather large number. This is due to an increase in the share of skilled workers within the poor (not shown in the table).

In the center columns of Table 29 we display results by age groups, which show that the largest contributor are workers in the 25-40 age-segment, accounting for roughly half the increase in the labor earnings of the poor. Workers in the two other age-segments account roughly equally for the remaining half of the increase, except in Chile and Costa Rica where older workers have a more predominant role than younger workers. Compositional changes are not significant. Regarding gender, the increase in the earnings of males account for 78 percent of the total increase in earnings of the poor. Compositional changes affect average earnings negatively (7 percent across countries), reflecting an increase in the participation of women, who have a negative wage premium, in the labor force. Notice that for most countries the increase in earnings of young workers and women is higher than the increase in earnings of the 25-40 group and men (Tables 8 and 10), however, the share of workers in the 25-40 segment and who are male is larger and therefore these workers are quantitatively more relevant at explaining the total increase in earnings. Honduras is an exception to the previous patterns. Older workers and women are the major contributors to the increase in earnings of the poor.

Table 30 shows results by characteristics of the jobs. In terms of employment type, in most countries the major contributor to the increase in the earnings of the poor is the increase in the earnings of employees, accounting for 80 percent across countries, since they are the group with the largest initial share in employment and also with the largest increase in earnings between the two periods (Table 12). In Chile, the increase in earnings of employees accounts for 96 percent of the total increase. This is because the share of employees in Chile is larger than in all other countries. In Mexico, there are important compositional changes which explain 26 percent of the increase in the earnings of the poor. This is due to an increase of participation of employees in total employment of the poor (not shown in table).

Results by formality status of the job vary substantially across countries, driven by previous heterogeneous results from Table 14. In Chile formal workers account for 90 percent of the increase in the income of the poor, which reflects the fact that the earnings of informal workers have not increased

significantly. A similar but less extreme result in observed in Brazil, where formal workers account for 59 percent of the total increase. The opposite is observed in Mexico, where informal workers account for 80 percent of the total increase, which reflects the facts that the increase in labor earnings is larger for informal workers and that the share of informal workers is comparatively large (Table 14). In Costa Rica the contributions of informal and formal workers are 48 and 24 percent; a change in employment composition (an increase in the share of formal workers) explains the remaining 18 percent.

The last two columns of Table 30 display results by firm type. Results vary widely by country. In Costa Rica, Ecuador, and Mexico, the increase in earnings of workers in micro firms (1 to 5 employees) are the largest contributor, accounting for 42 to 58 percent of the increase in the earnings of the poor. The contribution of micro firms is more modest in Brazil and Chile, in favor of small, medium and large firms. This difference is due to the fact that the share of workers in micro firms is smaller in Brazil and Chile (Table 17). In Honduras the contribution of workers in micro firms is negative. Compositional changes are important in Brazil (12 percent), Costa Rica (28 percent), and Honduras (73 percent). In the three cases this is due to a reduction in the share of workers in micro firms in favor of an increase in the share of workers in large firms (not shown in table).

Results by 1-digit sector of employment are shown in Table 31. Columns (1) and (3) display the contributions of changes in average earnings, as shown before, and given by $\frac{sh_{c0}^{s}(\bar{w}_{ct}^{s}-\bar{w}_{c0}^{s})}{\bar{w}_{ct}-\bar{w}_{c0}}$. Since there are interesting compositional changes at the 1-digit level we also report in columns (2) and (4) the changes in shares in total employment, given by $(sh_{ct}^{s}-sh_{0t}^{s})$.

There are some similarities across countries. In all countries except Honduras the primary sector, having the largest initial share of employment (30 percent on average, Table 21), is the largest contributor to the increase in labor earnings of the poor, explaining 21 percent on average and ranging from 18 percent in Mexico to 43 percent in Costa Rica (Table 30, columns 1 and 3). The manufacturing sector is an important contributor in almost all countries, explaining 12 percent of the increase in average earnings across countries and ranging from 8 percent in Brazil to 18 percent in Mexico. Within services, the most important contributors almost uniformly across all countries are construction and retail and wholesale trade, accounting for 13 and 15 percent. The contribution of the other services sectors vary by country: electricity, gas and transportation are important in Brazil and Chile; education and health are important in Chile; cleaning is important in Ecuador and Mexico, and banking and financial services in Costa Rica. In Honduras, the average earnings of workers in the primary sector fall; and the major contributors to the increase in the earnings of the poor are manufacturing, retail and wholesale trade, and cleaning services.

In Brazil and Mexico there are significant compositional effects that explain 18 and 22 percent of the increase in the earnings of the poor. The change in composition reflects a movement out of the primary sector, which is the sector with lowest earnings among the poor (Table 31, columns 2 and 4). The decline in the share of the primary sector in total employment is of 8 percent in Brazil and 10 percent in Mexico. In Brazil, workers move to manufacturing, retail and wholesale trade, and banking and financial services. In Mexico, workers move to retail and wholesale trade, banking and financial services, and education and health. In Honduras the opposite occurs. There is a large movement towards the primary sector, mostly at the expense of manufacturing and retail and wholesale trade. This movement is not triggered by higher wages and thus it is detrimental for the average earnings of poor workers. The compositional effect is negative in Honduras.

3.5 SUMMARY OF RESULTS

In the previous three subsections we have shown that while some groups of countries share some common trends, there is also large variance across countries in the evolution of labor earnings. In this section we provide a country by country summary of findings.

Brazil

Brazil is the country in which the increase in average labor earnings has been most modest, at 2 percent. This is reverted when we focus on the poor (workers below the 42th income percentile), for whom the increase in labor earnings has been of 23 percent. More generally, increases in labor earnings are decreasing in income percentile and thus equalizing.

The largest increases in labor income have occurred within groups of unskilled workers, young workers, and females. However, when we consider the participation of each group in total employment of poor workers, the major driving forces in the increase of the labor income of the poor are unskilled, middle-aged, male workers. This observation holds for most countries as well.

Regarding job characteristics. Labor earnings of employees have increased more than earnings of the self-employed or entrepreneurs. Labor earnings of the poor have increased substantially more in formal jobs than in informal jobs, and in public and medium and large private firms than in micro firms. For the non-poor, on the other hand, differences in the evolution of labor earnings in formal and informal jobs or firm types are drastically reduced or reversed. When we consider the participation in employment of the poor, the major contributors to the increase in labor income are employees, workers in formal jobs, and workers in small, medium and large private firms. When it comes to economic sector,

the primary sector has done better than services, which in turns has done better than manufacturing, both for the poor and non-poor. The larger benefits within formal jobs, and jobs in medium and large firms, is observed both in manufacturing and services as well as in the primary sector. Regarding the quantitative relevance of each sector, given that both the largest increases in labor income and the largest share of employment are observed in the primary sector, this sector has been the major driving force in the increase in the average income of the poor, a pattern that is observed for all other countries as well. Retail and wholesale trade comes in second place, followed by education and health, construction and manufacturing. There has been a migration of workers out of the primary sector and into higher-wage manufacturing and services sectors, which explains a substantial part of the increase in the average income of the poor as well. There has also been a decrease in the participation of (lower-wage) micro-firms in total employment of the poor.

Chile

Labor earnings have increased considerably in Chile, at 12 percent on average and 28 percent of the poor (workers below the 24th income percentile). As in Brazil and most other countries, increases in labor earnings have been decreasing in income percentile.

When we look at job characteristics, the evolution of labor earnings in Chile is pretty similar to the evolution in Brazil. The largest increases in labor income are observed for employees, in formal jobs, in the public sector, in large private firms, and in the primary sector and then in services, to the detriment of manufacturing. The difference between formal and informal jobs is moderate when we consider all workers, and, unlike in Brazil, holds for non-poor workers as well and actually becomes significantly large. Within the poor, workers in small and medium-sized firms have benefitted almost as much as workers in large firms, and the biggest relative losers have been micro firms. When we consider participation in total employment, the largest contributors to the increase in earnings of the poor are employees (in the case of Chile almost exclusively), in formal jobs, in non-micro private firms, and in the primary sector, followed by manufacturing, construction, and retail and wholesale trade. Compositional changes in the labor force do not play an important role in Chile.

Costa Rica

Increases in labor earnings in Costa Rica have been of 7 percent on average and 10 percent for the poor (workers below the 26th income percentile). Costa Rica is the most different country of the sample, mainly in two aspects. First, while there is a large increase in the income of the poor, within the non-

poor increases in labor earnings have not been equalizing in the sense that they are increasing in income percentile. Second, looking both at raw averages and controlling for observable characteristics, labor income has increased most for highly-skilled workers, experienced workers, and males.

Regarding job characteristics, labor earnings have witnessed the largest increases among small, medium-sized and large firms. Employees have benefitted more than the self-employed, although the difference is not as considerable as for all other countries. However, the biggest increase in income has occurred among entrepreneurs. There are no large differences between formal and informal jobs. The most benefitted economic sector is by far the primary sector, across the whole distribution of income, whereas increases in labor earnings in manufacturing and services are very similar. When we consider shares in total employment, the primary sector is the major contributor to the increase in the income of the poor, more than in any other country, followed by manufacturing, construction and retail and wholesale trade. There are no important compositional changes regarding 1-digit sector in Costa Rica, however, there is a movement of poor workers out of (lower-wage) micro firms and out of informal jobs which explains part of the increase in the income of the poor.

Ecuador

Ecuador is the country that has witnessed the highest increases in labor earnings, on average at 35 percent, for the poor at 46 percent (workers below the 55th income percentile), and for the non-poor at 31 percent. It is the only country for which labor earnings have increased across all worker and job characteristics. Also, unlike most other countries, significant increases in labor earnings are observed in Ecuador during the first half of the 2000s. These findings are consistent with the fact that the 2000s were a decade of high GDP growth in Ecuador, after stabilization of the economy and favorable oil prices. See Ponce and Vos (2012).

In Ecuador, differences in labor earnings by job characteristics have been quite large. This is expected to some extent, since the large observed increases in overall labor earnings provide larger scope for variation across groups. Employees have benefitted much more than the self-employed and entrepreneurs; while workers in small, medium-sized and large firms have benefitted more than in any other firm type within the poor (within the non-poor earnings have increased only in medium-sized and public firms), as in Costa Rica and Honduras. Workers in micro firms underperform for the full distribution of income. The largest increases in earnings have occurred in manufacturing and services across the full distribution of income as well. As in most countries, the major contributors to increases in the income of the poor when we consider participation in employment are workers in the primary

sector, manufacturing, construction and retail and wholesale trade. There are no important compositional changes in the labor force in the case of Ecuador.

Mexico

The average increase in labor earnings in Mexico has been of 6 percent. Like in Brazil, the increase in earnings has been much higher for the poor (workers below the 44th income percentile), at 25 percent, and have been decreasing in income percentile.

In Mexico, employees have farther substantially better than the self-employed in terms of increases in labor income, both within the poor and the non-poor. Formal and informal jobs have on aggregate evolved quite similarly, as in Costa Rica, however poor workers have done better in informal jobs, while non-poor workers have done better in formal jobs. Regarding firm size, workers in small and medium-sized firms, followed quite closely by workers in large firms have received the largest increases in labor earnings. Workers in micro firms, on the other hand, have received the lowest increases in earnings (this is generally observed across all countries). Increases in labor income are highest among workers in manufacturing at the bottom of the income distribution, whereas the primary sector underperforms, particularly at the top of the income distribution. Differences among economic sectors are almost negligible at the middle of the income distribution, which includes part of poor workers. When we consider the quantitative relevance of each 1-digit sector in the increase of the income of the poor, Mexico is the only country for which the primary sector and manufacturing are equally important. These sectors are followed by construction and retail and wholesale trade, as in most other countries. As in Brazil, there has been a migration of poor workers out of the primary sector and into higher-paying services sectors which also explains the increase in earnings.

Honduras

Honduras is the only country in which the labor earnings of the poor (workers below the 65th income percentile) have increased less than the labor earnings of the non-poor. The increase in the labor earnings of the poor is actually very modest, at only 2 percent, whereas for the non-poor labor earnings have increased by 12 percent. Increases in labor earnings are increasing in income percentile and thus unequalizing. This small increase in earnings has been driven by an increase in the earnings of women, whereas the average earnings of male poor workers have fallen. The earnings of younger workers have also slightly fallen.

Labor earnings have increased more within employees than within the self-employed, as in most other countries. Small, medium and large private firms have done better than the other firm types. The evolution of labor earnings is very similar in manufacturing and in services, while the primary sector substantially underperforms with a decrease in earnings of 14 percent. There has been a movement of poor workers from micro to larger firms as well as a movement towards the primary sector mostly from manufacturing and retail and wholesale trade. This second movement has not been driven by better wages and it has actually been detrimental for the average earnings of poor workers.

4. MANUFACTURING WAGES: INDUSTRY CHARACTERISTICS THAT EXPLAIN GROWTH IN LABOR INCOME

In this section we focus on the manufacturing sector and study industry characteristics as determinants of the increase in labor earnings. The manufacturing sector accounts, on average, for 15 percent of employment in our sample (Table 19), and 12 percent of employment among the poor (Table 21). Increases in labor income in manufacturing are negative for workers as a whole (Table 19), with large variance among countries, and positive for the poor with an increment of 20 percent (Table 21).

In our data we have information on industry affiliation of each worker at a detailed level of disaggregation of 3 digits. We use this information together with industry characteristics that we compute using industrial data from UNIDO and COMTRADE to study the determinants of increases in industrial earnings. We focus on the case of Brazil, Chile and Ecuador.[21] The industry characteristics are productivity, total output, and product composition. Productivity is computed from UNIDO as value added per worker. Total industry output is also available from UNIDO. To compute a proxy for product composition we build the index of Hausmann, Hwang and Rodrik (2007), or HHR index, using data on exports from COMTRADE.

The HHR index is a proxy for product sophistication. Intuitively, the combination of products of a given industry is deemed more sophisticated when it is closer to the combination of products observed for high-income countries. In order to construct the index we need product-level information within each 3-digit industry. We use data at the 6-digit product level from COMTRADE and, like Hausmann,

[21] We drop the cases of Costa Rica and Honduras due to lack of data on industry characteristics from UNIDO. The case of Mexico is trickier. UNIDO does have good quality data for Mexico. The Mexican household surveys, however, use the NAICS classification system and making this system compatible with the different ISIC systems used in the household surveys of Brazil, Chile, Ecuador, and in UNIDO, implies aggregating up to 2 digits of the ISIC Revision 3 industry classification. We choose to work at a 3-digit level of disaggregation at the cost of dropping Mexico from the sample. This allows for larger and useful variation across industries.

Hwang and Rodrik (2007), construct an index based on exports, rather than production, because there is no data on production available at such level of disaggregation. The COMTRADE products are classified according to the 6-digit Harmonized System (HS). We first assign each 6-digit HS product to one of the 3-digit ISIC industries using concordances from the UN.

To construct the HHR index, we first define the average per capita income level of each product. Let *k* denote 6-digit products, *j* 3-digit industries, *c* countries of origin of exports, and *t* time. Let δ_{kjct} denote the share of product *k* in total exports of industry *j* of country *c*. The average per-capita income level of product *k*, or *PRODY*, is defined as

$$PRODY_{kjt} = \frac{\sum_c \delta_{kjct} Y_{ct}}{\sum_c \delta_{kjct}} \quad (7)$$

Where *Y* is per-capita income of country *c*. Notice that the shares are not the participation of a given product in total world exports, as those weights would be susceptible to country size. Instead, the weights capture the relevance of exports of a given product within a given country. Products with a higher PRODY are more sophisticated in the sense that they are more prevalent within high-income countries.

The per-capita income of a product is defined at the 6-digit level. We are now interested in constructing the HHR index at the industry level. We thus compute a weighted average of the average per-capita income across products *k* in industry *j* as

$$HHR_{jct} = \sum_{k \in j} \delta_{kjct} PRODY_{kjt} \quad (8)$$

This is interpreted as a proxy for product sophistication at the industry level. Industries with export baskets closer to those of high-income developed countries produce more sophisticated products. Changes in the HHR index over time imply that there is a change in product composition at the industry level.

4.1 THE ROLE OF INDUSTRY CHARACTERISTICS

To study the role of industry characteristics we use an industry wage premiums approach as in Katz and Summers (1989) and follow a two-step methodology as in Goldberg and Pavcnik (2005). The

methodology involves computing time-varying industry wage premiums in a first step and relating the evolution of the industry wage premiums to industry characteristics in a second step.

In the first step we use household surveys and compute industry wage premiums as in Katz and Summers (1989) from Mincer regressions given by

$$w_{ijct} = x'_{ijct}\beta_c + \sum_{j=1}^{J} \varphi_{jct} I_{ijct} + \epsilon_{ijct} \quad (9)$$

In equation (7), *w* denotes labor earnings, and *x* denotes observable worker and job characteristics, φ are the industry wage premiums, and *I* are binary variables that indicate whether individual *i* is affiliated to industry *j*. Characteristics included in x are age, age squared, gender, skill level, employment type, firm type, and regional dummies. Industry premiums vary by country and year. The industry premiums are interpreted as differences in wages across workers that are solely explained by industry affiliation, while keeping other observable worker and job characteristics constant. The industry premiums are computed using individual-level data from the household surveys and regressions are run separately for each country.

In the second step we run a regression of the estimated industry premiums, $\hat{\varphi}$, on industry characteristics, denoted by *z*, given by

$$\hat{\varphi}_{jct} = z'_{jct}\alpha + \mu_c + \mu_t + u_{jct} \quad (10)$$

Characteristics included in *z* are productivity, output, and product sophistication proxied by the HHR index; all of them in logs. The regression includes country and year effects, given by μ_c and μ_t, and are run at the industry-level pooling data from all countries and years together. The parameters of interest are the vector α. The effects of industry characteristics on wage premiums are assumed to be constant across countries (that is, the parameters α are not subindexed by *c*).

Results are in Table 32. We start by exploring the empirical relation between industry premium and productivity (column 1). The coefficient is 1.02 and statistically significant, which implies that a 10 percent increase in productivity leads to a 1.02 percent increase in industry wages, everything else constant. This result is expected, as increases in productivity imply increases in the marginal product of labor and thus on wages. In addition to the direct marginal product of labor effect, there are two indirect channels. First, increases in industry productivity may lead to an expansion in the industry and to an increased demand for workers and higher equilibrium wages. The correlation between

productivity and output has long been established in the industry evolution literature; see for example Hopenhayn (1992) and Melitz (2003), for models of perfect competition and monopolistic competition, as well as Dunne, Roberts, and Samuelson (1988) for empirical facts. Second, increases in productivity may also be accompanied by quality upgrades and changes in product composition, as described in Kugler and Verhoogen (2012) in what they refer to as the quality complementarity hypothesis. In turn, quality upgrades may lead to increases in wages through efficiency wages (Verhoogen, 2008, and Brambilla, Lederman and Porto 2012) or through profit sharing (Frías, Kaplan and Verhoogen, 2009).

In columns 2 and 3 we explore the output and product composition channels; the latter proxied by the HHR index described above. Both coefficients are positive and significant, although the coefficient of the HHR index only at the 10 percent level of significance. Results show that a 10 percent in output is associated with an increase in wages of 0.19 percent; while a 10 percent increase in the HHR index is associated with an increase in wages of 0.66 percent. In column 4 we explore the joint effect of the three variables. Both increases in productivity and in the product composition index are associated to positive and significant increases in wages. Changes in output, on the other hand, do not seem to affect wages. This is possibly indicating that there is no much independent variation in output in the data during this time period and that variation in output is associated mostly with variation in productivity, therefore not affecting wages directly.

We are also interested in studying the relative contributions that changes in productivity, output and product composition have had in industry wages throughout our sample. Put in other words, we want to quantify the relative relevance of the three explanatory variables in explaining changes in industry premiums; this depends on the estimates of the coefficients in equation (8) but also on the actual observed changes in the three variables. We proceed in the following way. Let *PR*, *OUT* and *HHR* denote productivity, output and the product composition index, and let $\hat{\alpha}_1$, $\hat{\alpha}_2$, and $\hat{\alpha}_3$ denote the estimated regression coefficients for each variable. For a given country and industry, we can write the change in the industry premium that is explained by productivity, output and product composition between years *0* and *t* as

$$\tilde{\varphi}_{jct} - \tilde{\varphi}_{jc0} = \hat{\alpha}_1\left(PR_{jct} - PR_{jc0}\right) + \hat{\alpha}_2\left(OUT_{jct} - OUT_{jc0}\right) + \hat{\alpha}_3\left(HHR_{jct} - HHR_{jc0}\right) \qquad (11)$$

The ratios $\frac{\hat{\alpha}_1\left(PR_{jct}-PR_{jc0}\right)}{\tilde{\varphi}_{jct}-\tilde{\varphi}_{jc0}}$, $\frac{\hat{\alpha}_2\left(OUT_{jct}-OUT_{jc0}\right)}{\tilde{\varphi}_{jct}-\tilde{\varphi}_{jc0}}$, and $\frac{\hat{\alpha}_3\left(HHR_{jct}-HHR_{jc0}\right)}{\tilde{\varphi}_{jct}-\tilde{\varphi}_{jc0}}$ are the relative contributions of each factor to the change in industry premium between periods *0* and *t*.

Table 33 displays the results. In Panel A we show the observed changes in productivity, output, and product composition between Period 1 (1998-2001) and Period 3 (2006-2009) for each country. These are average changes across industries and years within each period. Columns 1 to 3 reveal that changes in the three explanatory factors are substantially different across countries, particularly for productivity and output, which implies that the relative contributions will be different as well. Panel B displays the relative contribution of each variable, computed as in equation (9). In Brazil, productivity is the most important factor, explaining 70 percent of the increase in premiums, while product composition explains 35 percent of the increase. In Ecuador, productivity and product composition contribute equally, at 50 percent each. Chile is a special case, because there is a drop in productivity of 38.8 percent, which in turn brings down the industry wage premia. There is also an increase in the HHR index of product composition but this increase in not high enough to overturn the negative effect of the fall in productivity. The combined effect of the three variables is negative in Chile. The contribution of output is small and negative in all countries; this follows from the small but negative coefficient on output in Table 32.

In Table 34 we display the relative contribution of each factor by industry group. Results uncover substantial differences in the relative contributions of productivity, output and product composition across industries. In both Brazil and Ecuador, productivity is the largest contributing factor in 5 out of 9 industry groups, while product composition is the largest factor in the remaining 4 groups. In the case of Chile, productivity is actually the largest positive contributing factor in 6 out of 8 industry groups, while it contributes negatively to the group of Chemicals, chemical products, petroleum, coal, rubber, and plastics. This large industry group drives results for Chile in Table 33.[22]

4.2 IMPACTS ACROSS WORKER TYPES, JOB TYPES, AND THE INCOME DISTRIBUTION

In the previous section we assumed that industry wage premiums are homogeneous across all workers in a same industry. In this section we relax this assumption and allow the premiums to vary according to worker or job characteristics. The differential premiums could stem, for example, from differences in technology across industries that make some types of workers or jobs more productive in some industries than in others. We start by computing different industry premiums for the poor and the non-poor.[23] As before, *w* is labor income, *x* are worker and job characteristics, and *I* are dummy variables

[22] The averages in Table 33 are computed by weighting industries by participation in total output.
[23] As before, we keep the cutoff income percentiles defining the poor and non-poor fixed over time to avoid compositional effects. The cutoffs vary by country (see Table 4).

that indicate a worker's industry affiliation. We also define worker type indicators *S*. In this case there are two indicators, S^1 for the poor and S^2 for the non-poor. The regression takes the form

$$w_{ijct} = x'_{ijct}\beta_c + \sum_{j=1}^{J} \varphi_{jct}^1 I_{ijct} * S_{ijct}^1 + \sum_{j=1}^{J} \varphi_{jct}^2 I_{ijct} * S_{ijct}^2 + \epsilon_{ijct} \quad (12)$$

As a result we estimate two sets of industry premiums, one for the poor and one for the non-poor, $\hat{\varphi}^1$ and $\hat{\varphi}^2$. As before, we run separate regressions for each country.

In the second step we pool the estimates of industry premiums and the industry characteristics for each country and run a regression of industry premiums on industry characteristics. Since the objective is to estimate heterogeneous effects for the poor and non-poor, we run two separate regressions, one for each group of workers, given by

$$\hat{\varphi}_{jct}^1 = z'_{jct}\alpha^1 + \mu_c^1 + \mu_t^1 + u_c^1 \quad (13)$$

$$\hat{\varphi}_{jct}^2 = z'_{jct}\alpha^2 + \mu_c^2 + \mu_t^2 + u_c^2 \quad (14)$$

The parameters α^1 and α^2, are the effects of industry characteristics on industry premiums for the poor and the non-poor.

Results are in Table 35. Column 1 and 2 show the effect of industry characteristics on the wage industry premiums of the poor and the non-poor. The coefficients on productivity are 0.044 for the poor and 0.105 for the non-poor, both statistically significant, implying that the industry premiums of the non-poor react more to productivity increases than the industry premiums of the poor. Columns 3 and 4 show results for unskilled and skilled workers. Productivity coefficients are 0.058 and 0.142 and thus larger for skilled workers. Columns 5, 6, and 7 report estimates for the three age groups defined previously: workers who are 15 to 24, 25 to 40, and 41 to 65 years old.[24] Productivity coefficients are increasing in age, at 0.062, 0.100 and 0.132.

The existence of wage industry premiums implies that labor is not a perfectly mobile factor and that there are equilibrium differences in wages across industries, other things equal. That is, there are costs of labor mobility across industries, stemming, for example, from specificity in human capital. Many papers in the industry premiums literature have found that mobility across sectors is limited in the short

[24] In this case, equation (10) is expanded to include three worker types instead of two, and three sets of industry premiums are obtained. In the second step, three regressions of industry premiums on productivity, output and product composition are run.

run, for example, Goldberg and Pavcnik (2005) for Colombia, Blom et al (2004) for Brazil, and Topalova (2010) for India. Artuc, Bet, Brambilla and Porto (2014) estimate mobility costs across sectors in Argentina from a structural dynamic decision model and find that mobility costs are approximately twice the average annual wage. Artuc, Lederman and Porto (2013) obtain similar estimates for several Latin American countries. These considerations are important when it comes to analyzing differences across coefficients of the poor and non-poor, and other worker and job characteristics. There are groups of workers or types of jobs in which mobility costs across industries are higher. For these types of workers or jobs, we expect productivity to have a larger impact on industry premiums.

The differences in coefficients across worker types could also stem from profit sharing. A positive productivity shock implies an increase in profits for firms. If labor markets are not perfectly competitive and wages are subject to bargaining, workers also participate in the increase in profits due to the productivity shocks. It is plausible that non-poor, skilled and more experienced workers have more bargaining power, due again to the specificity of their human capital, and thus increases in productivity generate larger increases in wages for these groups.

Results on productivity from Table 35 suggest that the non-poor are less mobile than the poor; that the skilled are less mobile than the unskilled; and that mobility decreases with experience. That is, when there is a positive productivity shock and an industry expands and hires new workers, it is easier to attract poor, unskilled, and young workers, than non-poor, skilled or more experienced workers from other industries. Poor, unskilled and young workers are more mobile due to less human capital specificity.

Coefficients on output are generally small and not statistically significant, across all worker types, except for column 5 (young workers), in line with results from Table 32. Coefficients on product composition are 0.088 and 0.057 for the poor and the non-poor, and 0.12 and 0.04 for the unskilled and skilled. Quality upgrading in products is usually associated with skill upgrading in the labor force, and as a consequence, positive results are expected. Results from Table 35 imply that when industry products become more sophisticated, there is more skill upgrading within labor categories than between labor categories, and that this phenomenon is more prevalent among the poor and the unskilled. That is, rather than replacing poor or unskilled workers with non-poor or skilled workers, there is skill upgrading within the poor or unskilled and within the non-poor or skilled. This is consistent with the findings of Verhoogen (2008) for the case of Mexico. The coefficients in product composition are increasing in age, and they are actually only statistically significant for workers above 40 years old, implying that quality upgrading is associated with higher demand for experienced workers.

We now turn to job characteristics. In Table 32 we report results for informal and formal workers in columns 1 and 2, and for employees and self-employed individuals in columns 3 and 4. Productivity has a larger impact in the wage premiums of formal workers. This is expected since arguably there is less mobility and more profit sharing within the formal sector. The coefficient on productivity is also higher for employees than for the self-employed, suggesting that labor specificity is greater among the first group. Coefficients on output are not significant. The effect of product composition is larger for informal than for formal workers. This points towards higher skill upgrading within informal workers. Skill upgrading is accompanied by changes in worker composition and subsequent worker turnover. Turnover costs, including firing and hiring costs, are arguably lower among informal workers.

In Table 33 we estimate different coefficients by firm type. The effect of productivity is largest for public firms, which is again expected considering the low labor turnover and mobility within the public administration. By the same token, the product composition is lowest for public firms, indicating that there is little scope for skill upgrading within the public sector. Productivity coefficients are very close among private firms of different sizes, and all positive and significant. Coefficients on output are not statistically significant.

Finally, we turn to effects across the income distribution. Unlike the previous section, in which we were not dealing with disaggregation at the 3-digit industry level, it is not possible to estimate industry premiums that vary by income percentile. Even though the household surveys are large, the number of individuals in each industry-income percentile cell in each country and year is not high enough to accurately estimate industry premiums at such a level of disaggregation. [25] We follow two alternative strategies. In the first strategy we estimate industry premiums at the quintile level, that is, for 5 income groups. In the second strategy we estimate industry premiums at the decile level, 10 income groups, pooling together observations for each time period. That is, in the second strategy, instead of estimating industry premiums by country and year, we estimate industry premiums by country and period.

Results are displayed in Figure 12. The first line of figures correspond to the regressions by quintiles of income, while the second line of figures correspond to the regressions by decile. In each figure each dot corresponds to a coefficient on productivity, output, or product composition. The bands denote the confidence intervals.

[25] It would imply estimating 100 industry premiums for each industry, country and year.

In the first column we display the coefficients on productivity. Both the regressions by quintile and by decile show that coefficients are very similar at the bottom and middle of the income distribution, and become larger at the top of the income distribution, as workers become less mobile. The coefficients on output are not statistically significant. The coefficients on product composition are positive and significant at the bottom of the income distribution, indicating again that there is greater scope for changes in worker composition among higher mobility workers.

5. CONCLUSIONS

The 2000s have been a decade of poverty reduction, decreases in inequality, and increases in wages and labor income. We characterize the evolution of labor earnings in Brazil, Chile, Costa Rica, Ecuador, Honduras and Mexico, and analyze the heterogeneous evolution of earnings across worker, jobs and industry characteristics. We also study the evolution of earnings across percentiles of the income distribution, to characterize whether the increases have been larger for the poor or the non-poor, and to assess whether they have been equalizing. Some groups of countries share some common trends but there is also large variance across countries when it comes to identifying clusters of worker and job characteristics where labor income has increased most. The evolutions of monthly earnings and hourly wages are fairly similar, with increases in hourly wages than are generally higher than the increases in monthly earnings, suggesting that wages, and not hours of work, have been the motor in the increase of labor earnings. The bulk of increases in labor earnings have occurred in the second half of the 2000s. Micro firms (those with less than 6 workers) have performed worse than any other firm type, and the self-employed have performed worse than employees.

Within the manufacturing sector we find that productivity and product composition have a positive effects on industry-specific wages. Industry output, on the other hand, does not have a large or statistically significant effect. The largest effects of productivity on industry wages are observed among non-poor, skilled, and experienced workers, and workers in formal jobs and in the public sector, which is expected due to their higher mobility costs. Positive productivity shocks, thus, have a smaller impact on poor workers. Changes in product composition lead to larger effects within poor, and unskilled workers, and workers in informal jobs, suggesting that skill upgrading are more plausible within these groups of workers.

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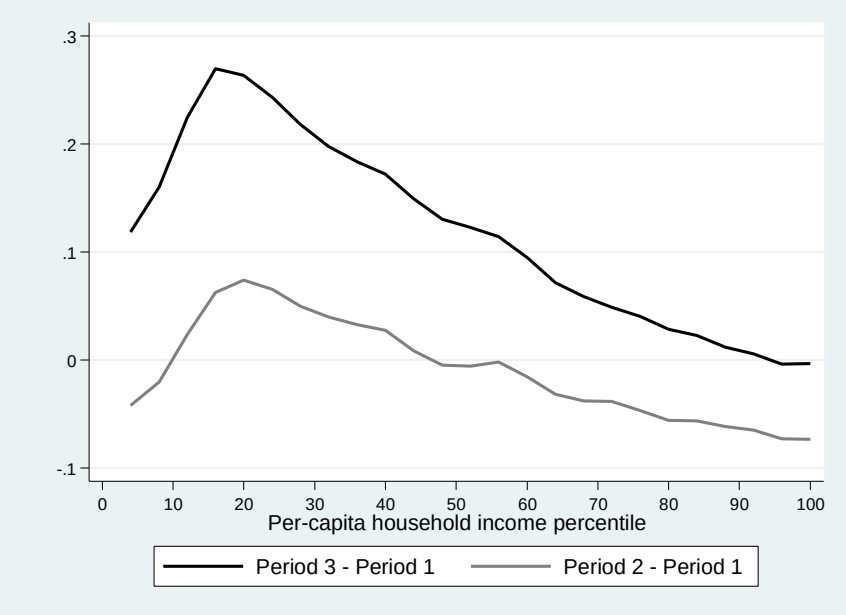
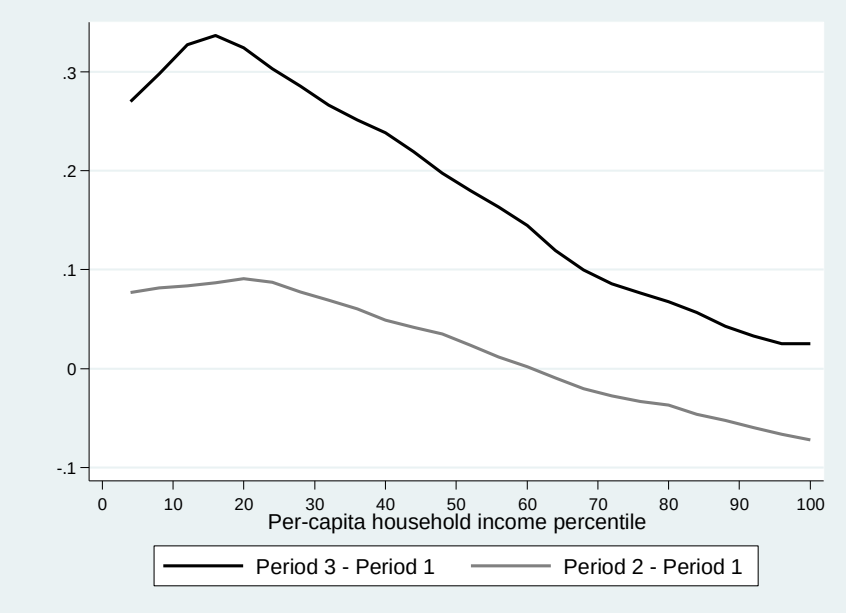
Figure 1. Evolution of Labor Earnings as a Function of Income Percentile

Panel A: Monthly Labor Earnings



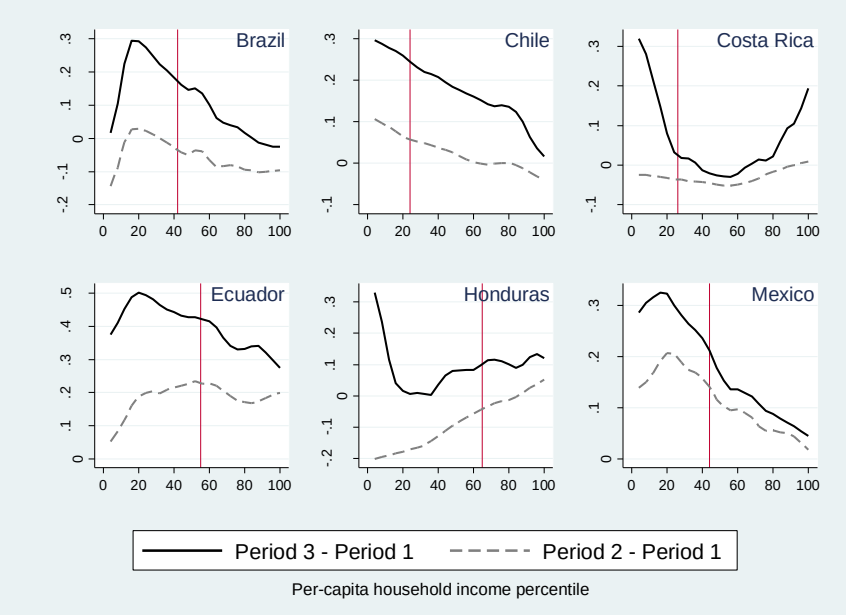
Panel B: Hourly Wage



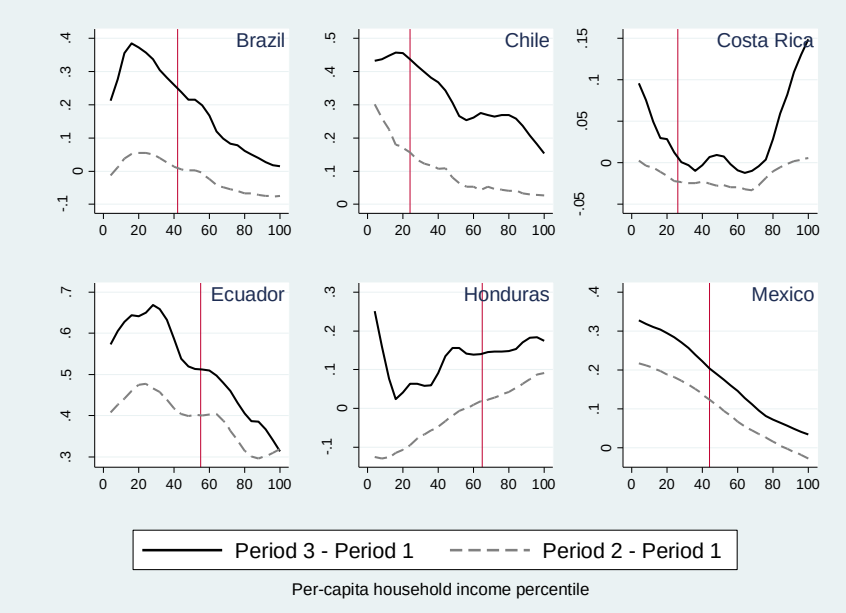
Note: Figures depict a non-parametric regression of the change in average labor income as a function of income percentile, given by $\frac{\bar{w}_{pct}-\bar{w}_{pc0}}{\bar{w}_{pc0}} = g_{ct}(p) + \epsilon_{pct}$.

Figure 2. Evolution of Labor Earnings as a Function of Income Percentile By Country

Panel A: Monthly Labor Earnings



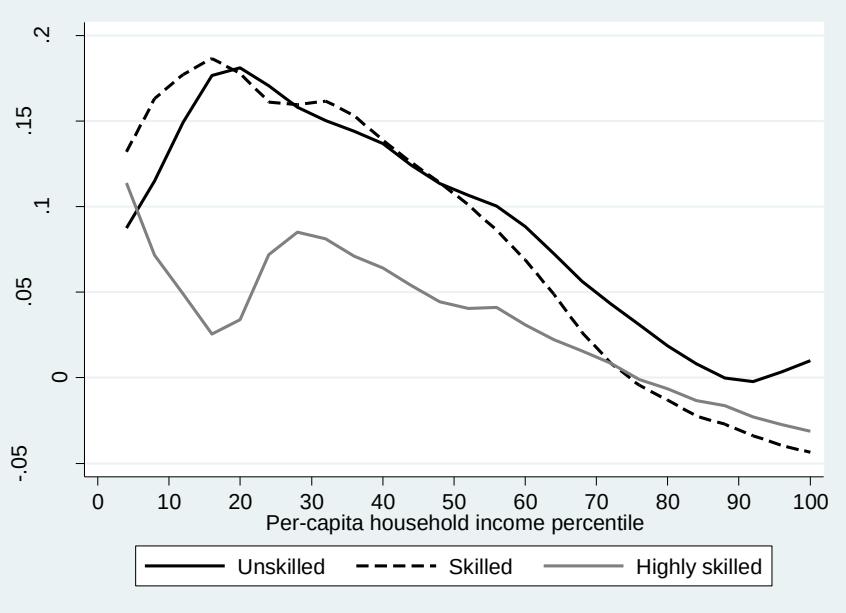
Panel B: Hourly Wage



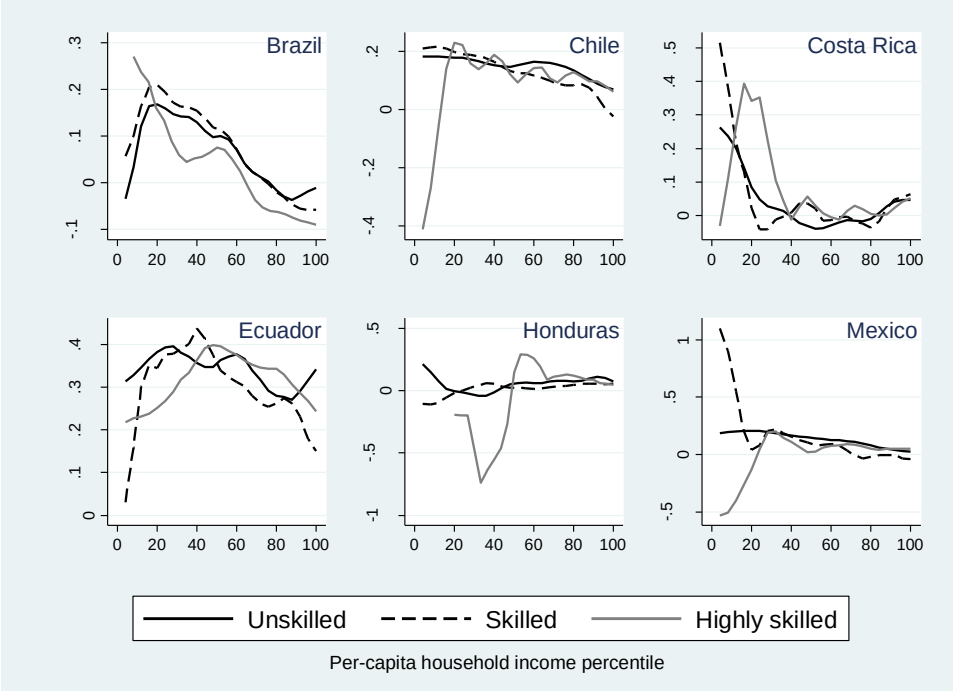
Note: non-parametric regression of the change in average labor income as a function of income percentile.

Figure 3. Evolution of Monthly Labor Earnings as a Function of Income Percentile. Skill Types

Panel A: All Countries



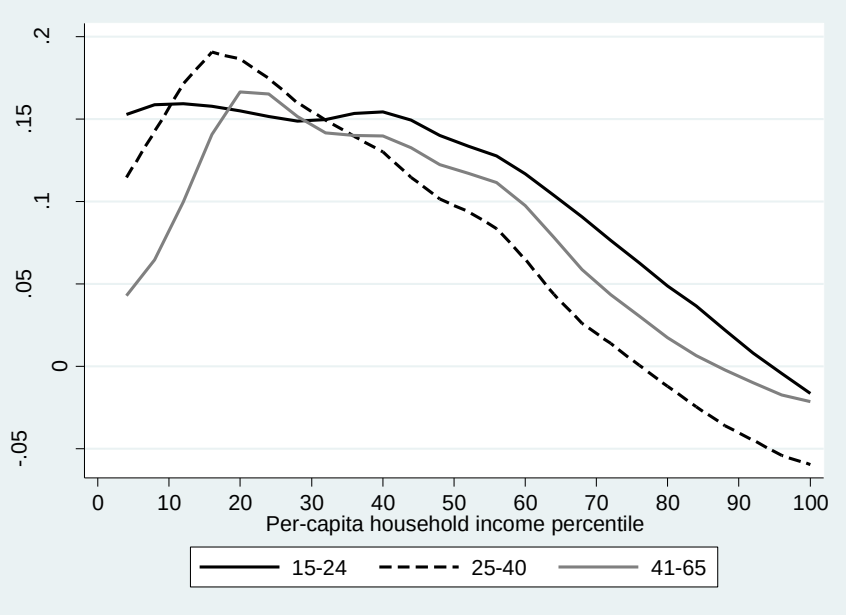
Panel B: Regressions by Country



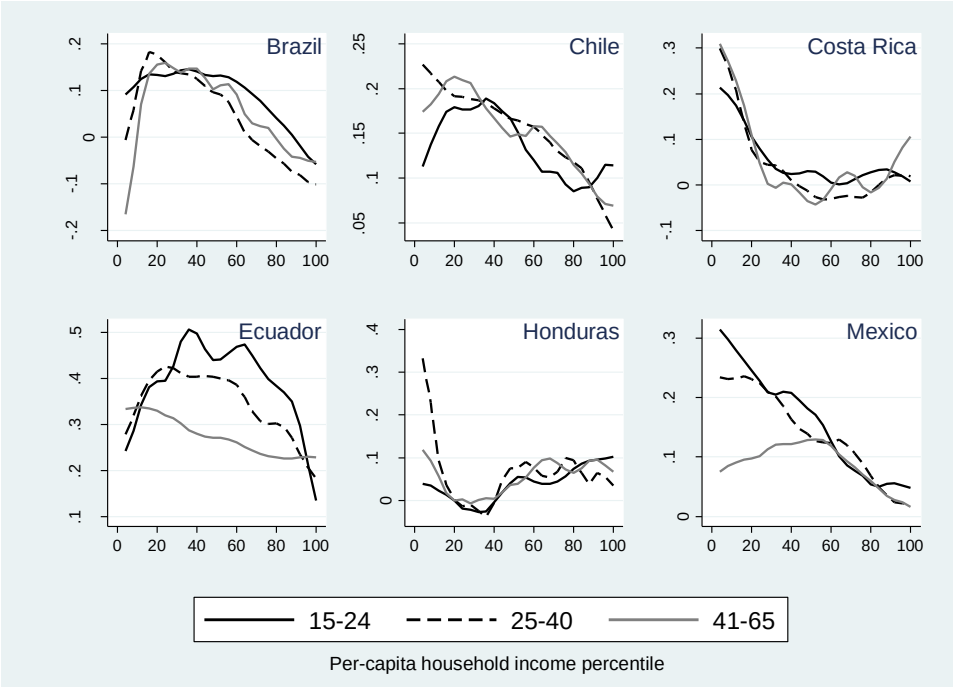
Note: non-parametric regression of the change in average labor income as a function of income percentile, by skill type.

Figure 4. Evolution of Monthly Labor Earnings as a Function of Income Percentile. Age Groups

Panel A: All Countries



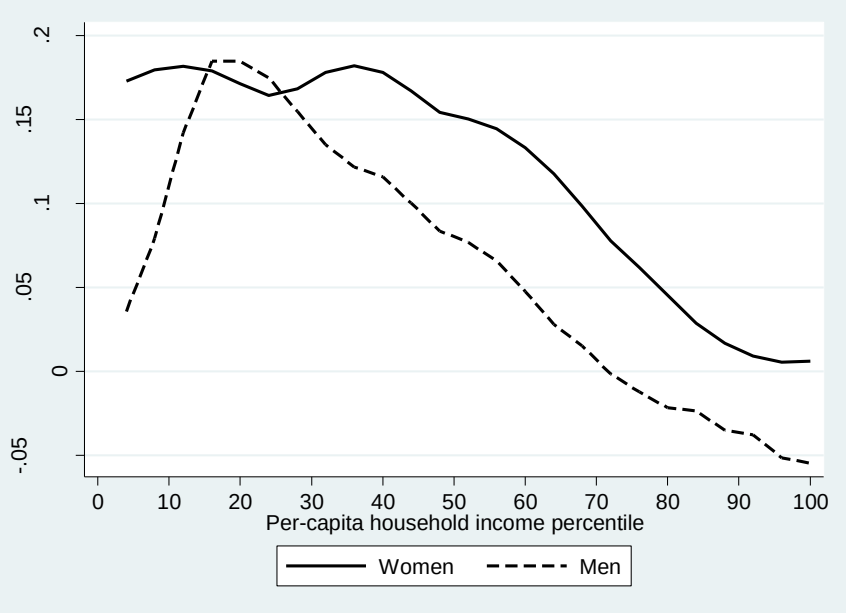
Panel B: Regressions by Country



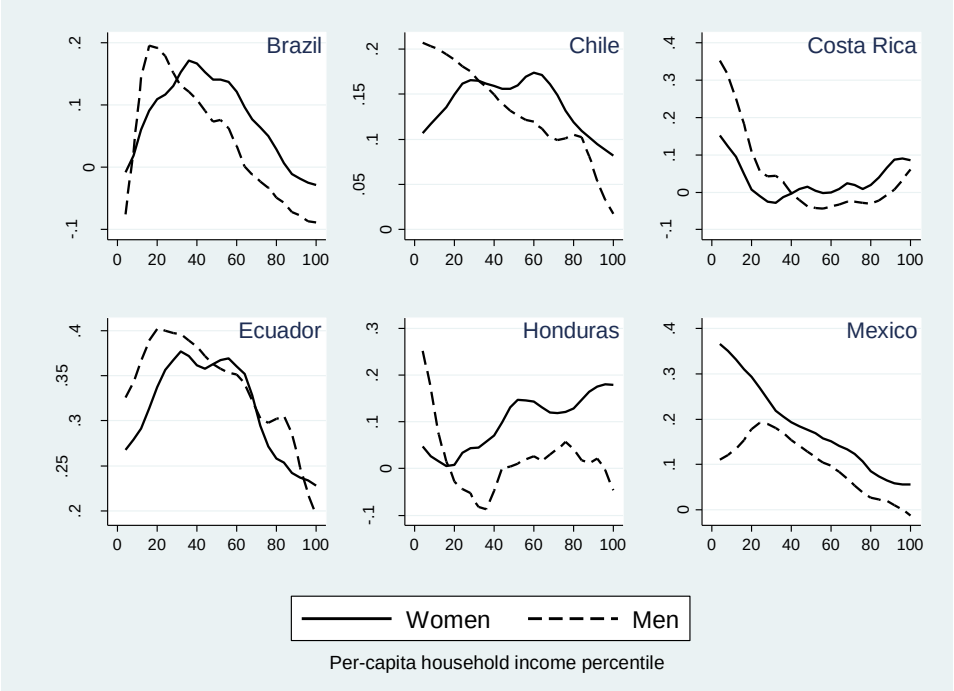
Note: non-parametric regression of the change in average labor income as a function of income percentile, by age group.

Figure 5. Evolution of Monthly Labor Earnings as a Function of Income Percentile Gender

Panel A: All Countries



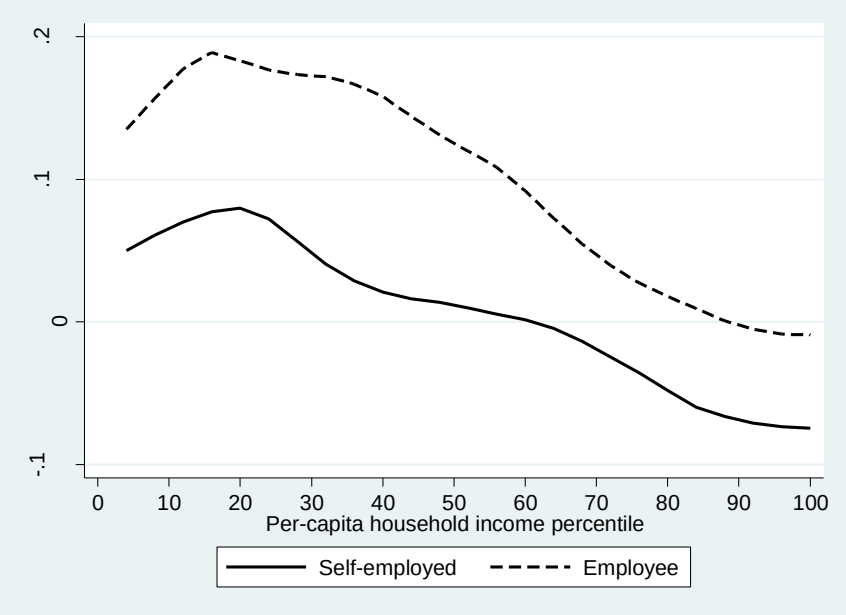
Panel B: Regressions by Country



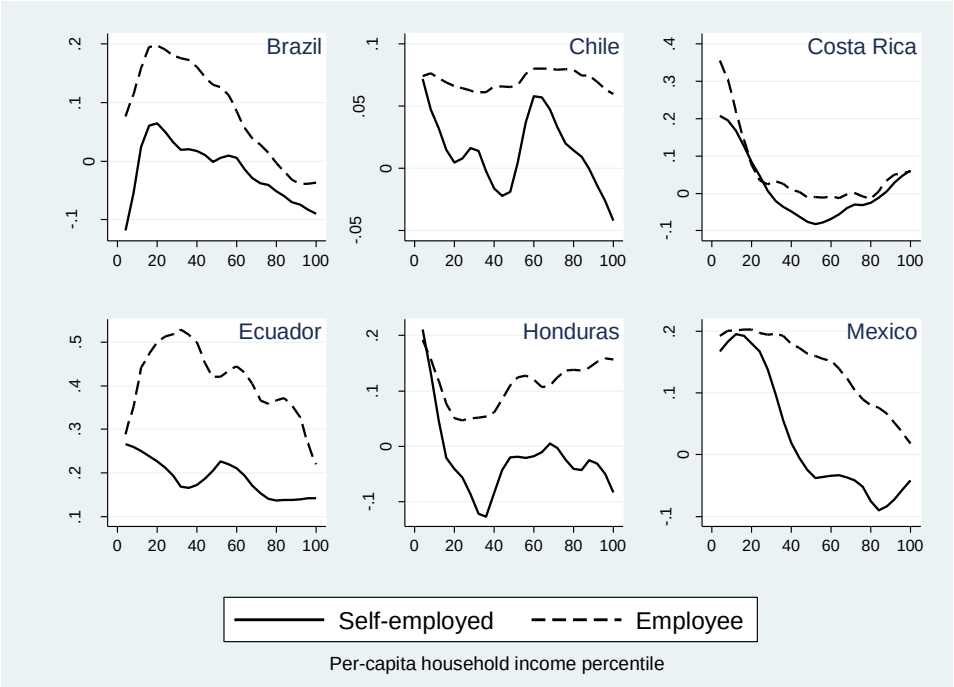
Note: non-parametric regression of the change in average labor income as a function of income percentile, by gender.

Figure 6. Evolution of Monthly Labor Earnings as a Function of Income Percentile. Employment Type

Panel A: All Countries



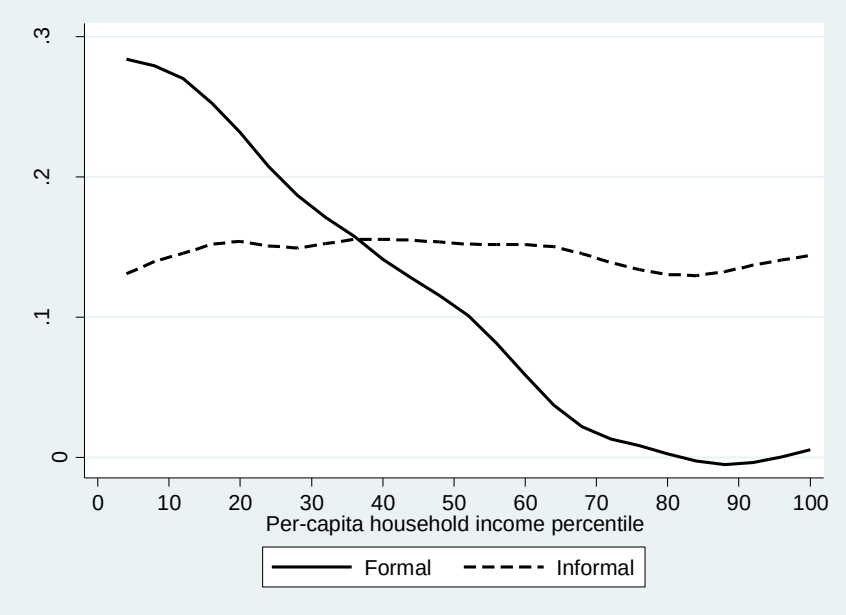
Panel B: Regressions by Country



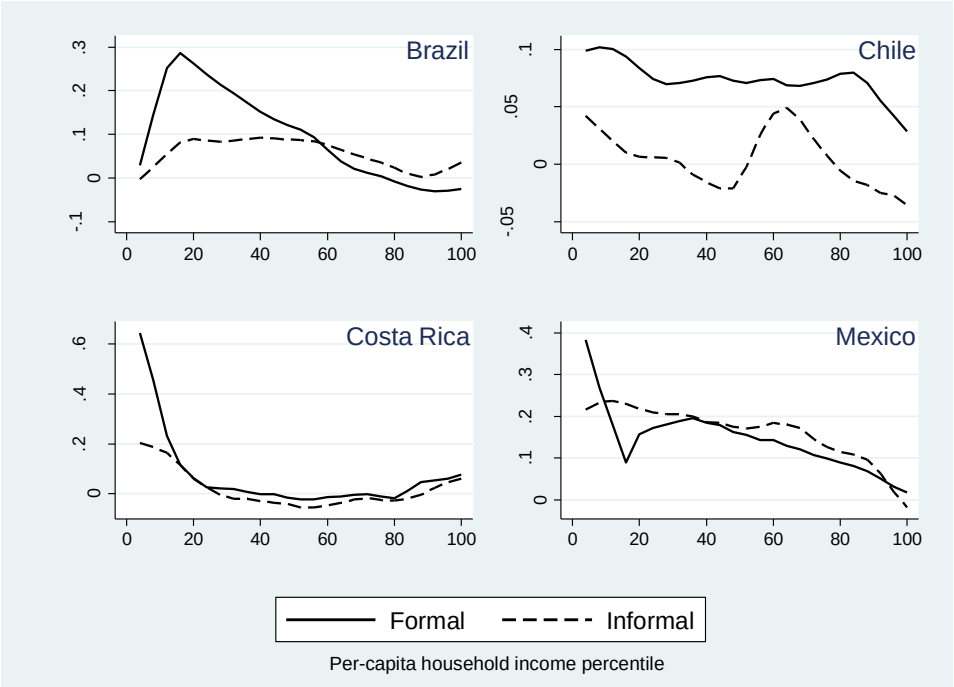
Note: non-parametric regression of the change in average labor income as a function of income percentile, by employment type. Self-employed includes entrepreneurs.

Figure 7. Evolution of Monthly Labor Earnings as a Function of Income Percentile. Formality of Job

Panel A: All Countries



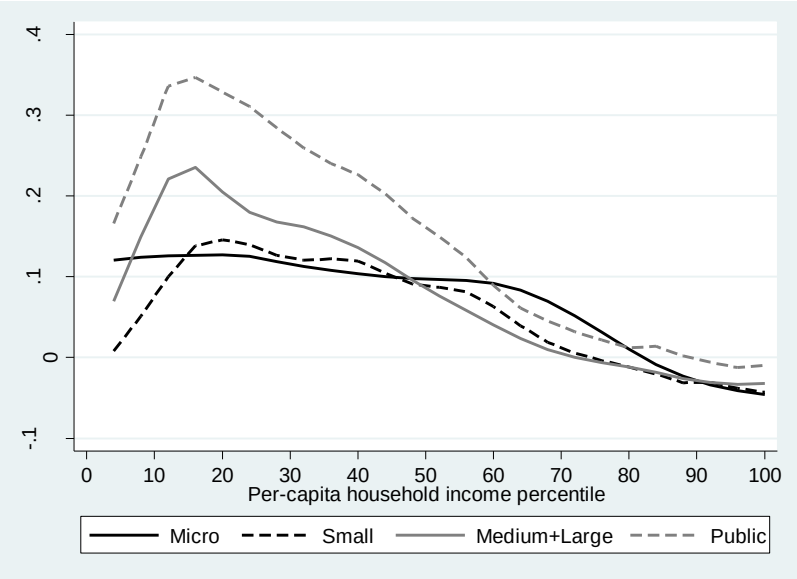
Panel B: Regressions by Country



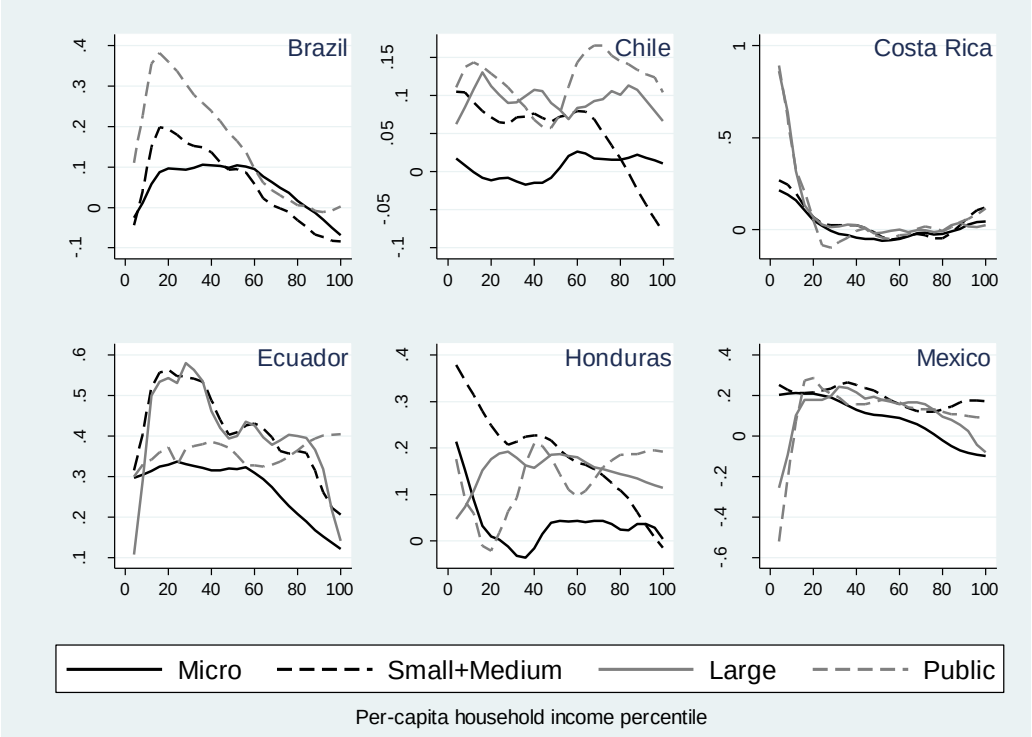
Note: non-parametric regression of the change in average labor income as a function of income percentile, by formality status of employment. Formal jobs are those tied to a pension plan upon retirement.

Figure 8. Evolution of Monthly Labor Earnings as a Function of Income Percentile. Firm Type

Panel A: All Countries



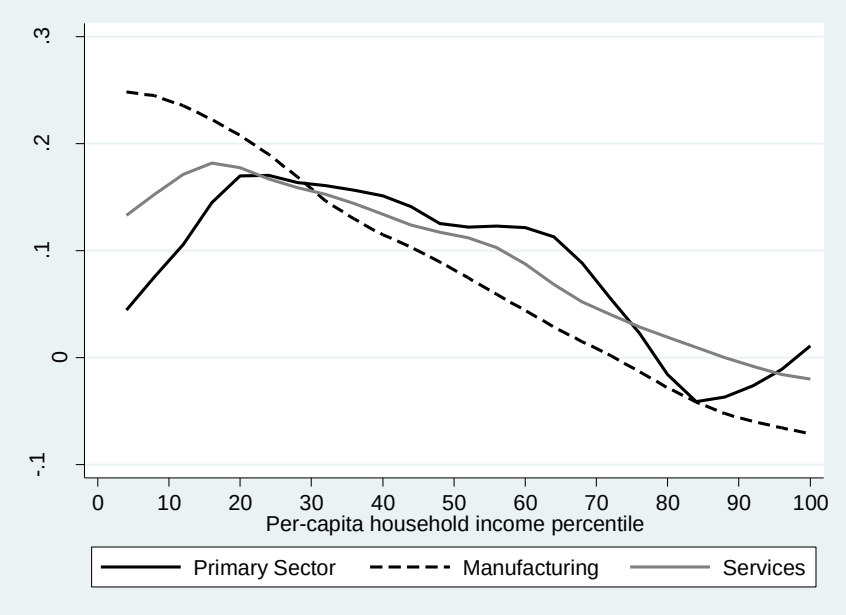
Panel B: Regressions by Country



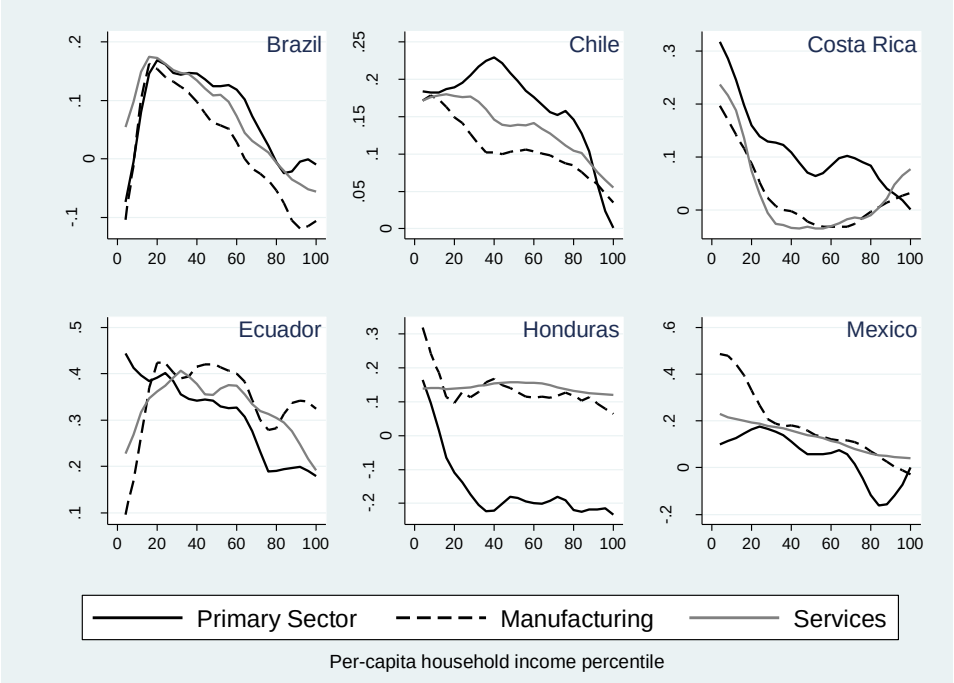
Note: non-parametric regression of the change in average labor income as a function of income percentile, by firm type. Micro: 1-5 employees; Small: 6-10 employees; Medium: 11-30 employees; Large: 30+ employees; Public: stated-owned firms, public schools, hospitals and other services, and public administration.

Figure 9. Evolution of Monthly Labor Earnings as a Function of Income Percentile. Sector of Employment

Panel A: All Countries



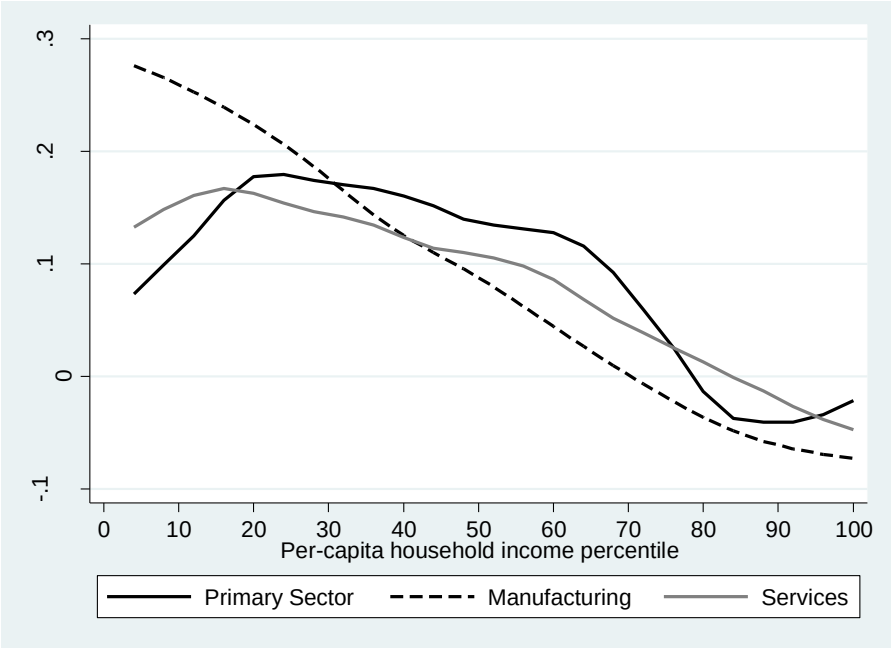
Panel B: Regressions by Country



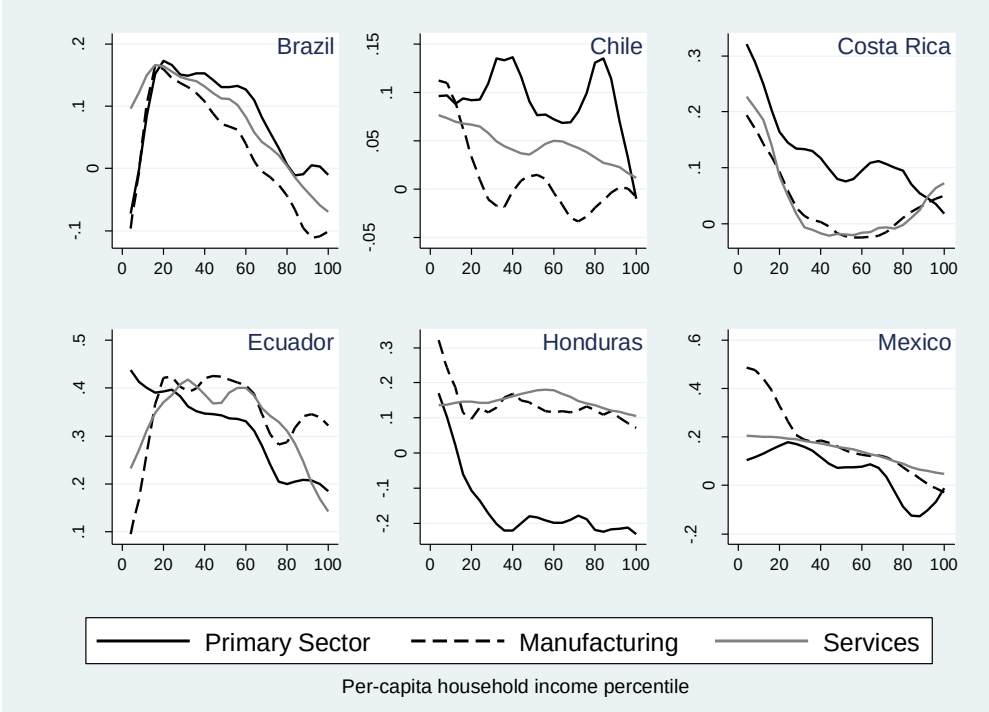
Note: non-parametric regression of the change in average labor income as a function of income percentile, by sector of employment.

Figure 10. Evolution of Monthly Labor Earnings as a Function of Income Percentile. Sector of Employment. Private Firms.

Panel A: All Countries



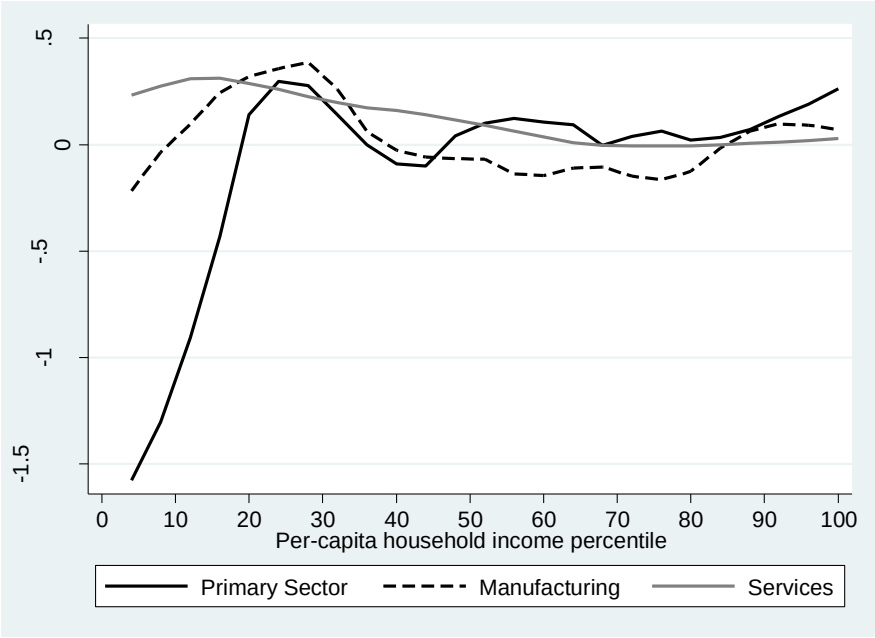
Panel B: Regressions by Country



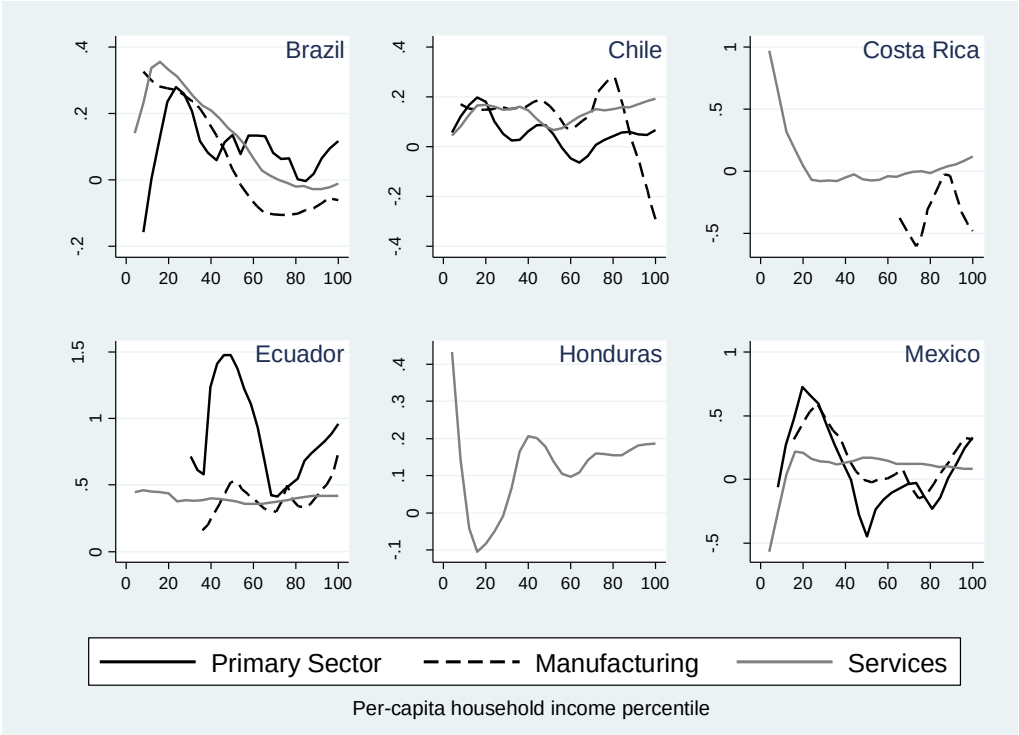
Note: non-parametric regression of the change in average labor income as a function of income percentile, by sector of employment. Private firms only.

Figure 11. Evolution of Monthly Labor Earnings as a Function of Income Percentile. Sector of Employment. Public Firms.

Panel A: All Countries

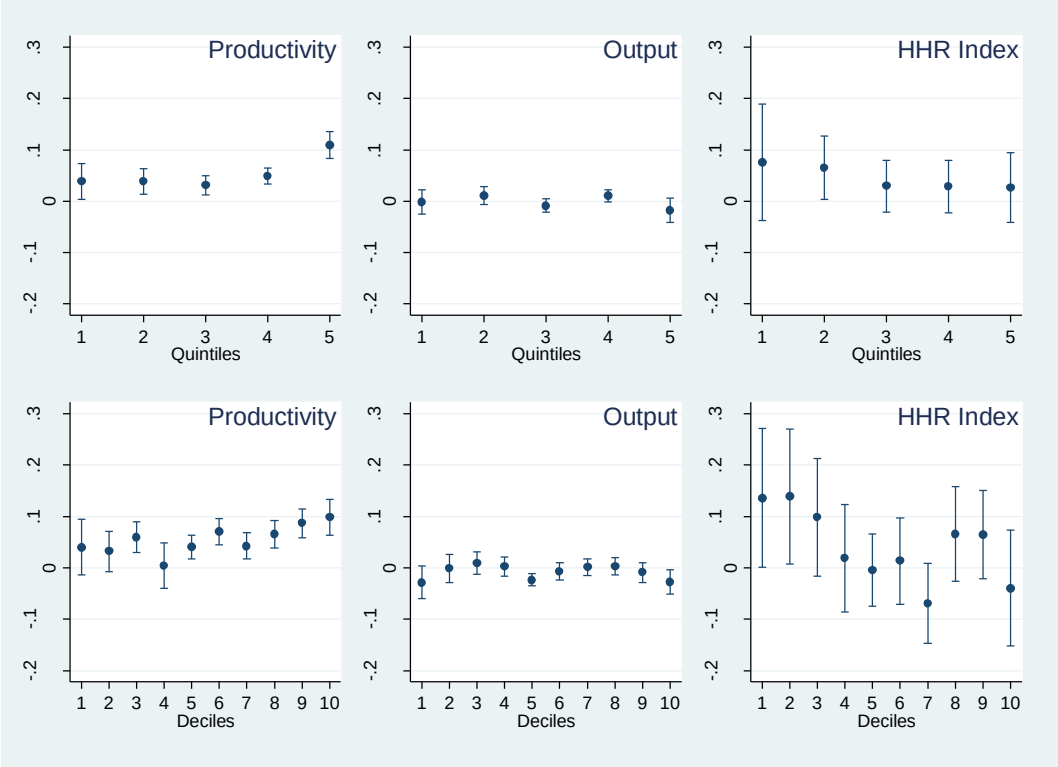


Panel B: Regressions by Country



Note: non-parametric regression of the change in average labor income as a function of income percentile, by sector of employment. Public firms only.

Figure 12. Industry Wage Premiums and Industry Characteristics.
Heterogeneous Effects across the Income Distribution



Note: the figures plot coefficients from 2 different sets of regressions. The figures in the first horizontal line correspond to 5 regressions, one for each income quintile, and plot coefficients on productivity, output and HHR index that vary across income quintiles. The figures in the second line plot coefficients on the same three variables that vary by income deciles and that correspond to 10 different regressions. In the latter set of regressions the wage premiums are computed for Period 1,Period 2 and Period 3, instead of by year, to work with a sufficiently large number of observations in each industry-decile cell.

TABLE 1. Evolution of Poverty in Latin America. 1998-2009

	USD-4-a-day poverty line			Official poverty line		
	1998	2009	Change	1998	2009	Change
Argentina	23.7	16.3	-7.4	30.2	12.1	-18.1
Bolivia	52.3	31.3	-20.9	65.1	51.3	-13.8
Brazil	42.2	27.4	-14.8	33.1	20.1	-13.0
Chile	24.3	11.6	-12.7	21.7	15.1	-6.6
Colombia	54.3	40.1	-14.3	59.2	53.3	-5.9
Costa Rica	26.1	17.4	-8.6	22.1	21.7	-0.4
Dominican Rep.	31.4	34.7	3.3	26.7	27.8	1.2
Ecuador	54.9	37.1	-17.8	74.2	36.1	-38.1
El Salvador	49.6	42.7	-6.9	50.4	43.5	-7.0
Guatemala	56.3	63.1	6.8	56.0	53.7	-2.3
Honduras	64.7	50.0	-14.6	78.8	68.0	-10.8
Mexico	43.6	27.9	-15.7	64.0	51.2	-12.8
Nicaragua	69.5	52.2	-17.2	46.6	42.6	-4.0
Panama	40.4	25.3	-15.1	45.8	34.8	-11.0
Paraguay	43.3	34.9	-8.4	37.3	35.1	-2.2
Peru	51.9	36.0	-15.9	42.0	32.5	-9.5
Uruguay	9.9	12.0	2.1	16.7	20.2	3.5
Venezuela	46.5	27.6	-18.9	52.3	36.8	-15.5
Simple Average	43.6	32.6	-11.0	45.7	36.4	-9.2

Notes: Data from SEDLAC (CEDLAS and The World Bank). Table shows poverty headcount ratios, individual estimates, based on the 4-USD-a-day poverty line and the country-specific official poverty line. Surveys from 1998 and 2009 are not available for all countries and are replaced by the following years: Bolivia 1997, Colombia 1999, Dominican Republic 1997, Paraguay 1999, Guatemala 2000 and 2011, Mexico 2010.

TABLE 2. Household Surveys. 1998-2009

	Name of Survey	Years	Number of Observations			
			All years	Period 1 1998-2001	Period 2 2002-2005	Period 3 2006-2009
Brazil	Pesquisa Nacional por Amostra de Domicilios (PNAD)	All years except 2000	1,666,114	395,277	613,491	657,346
Chile	Encuesta de Caracterización Socioeconómica Nacional (CASEN)	1998, 2000, 2003, 2006, 2009	416,060	145,165	85,824	185,071
Costa Rica	Encuesta de Hogares de Propósitos Múltiples (ENAHO)	All years	171,449	49,371	55,597	66,481
Ecuador	Encuesta de Empleo, Desempleo y Subempleo (ENEMDU)	All years except 1999, 2001, 2002	220,639	32,641	81,598	106,400
Honduras	Encuesta Permanente de Hogares de Propósitos Múltiples (EPHPM)	All years except 2000	233,339	29,848	79,311	124,180
Mexico	Encuesta Nacional de Ingresos y Gastos de los Hogares (ENIGH)	All years except 1999, 2001, 2003, 2007	233,928	29,527	91,399	113,002
All countries			2,941,529	681,829	1,007,220	1,252,480

Notes: Data from SEDLAC (CEDLAS and The World Bank). Sample of individuals between 15 and 65 years of age that report positive labor earnings.

TABLE 3. Data from UNIDO. 1998-2009

	Number of 3 digit industries	Years of data
Panel A: data from UNIDO		
Brazil	88	All years
Chile	88	All years
Ecuador	85	All years
Panel B: matched data from UNIDO and household surveys		
Brazil	43	All years except 2000
Chile	45	1996, 2000, 2003, 2006, 2009
Ecuador	61	All years except 1999, 2001, 2002

Notes: Data from UNIDO, Indstat4 version 2013.

TABLE 4. Evolution of Labor Income

	Monthly Labor Income			Hourly Wage		
	Total	Poor	Non-poor	Total	Poor	Non-poor
	(1)	(2)	(3)	(4)	(5)	(6)
Brazil						
Period 1 (USD)	561	179	713	3.4	1.1	4.3
Period 2 - Period 1 (Δ%)	-0.09***	-0.01***	-0.09***	-0.06***	0.03***	-0.07***
Period 3 - Period 1 (Δ%)	0.02***	0.23***	0.002	0.08***	0.31***	0.05***
Chile						
Period 1 (USD)	838	250	943	5.0	1.7	5.6
Period 2 - Period 1 (Δ%)	0.00	0.09***	-0.01	0.05***	0.19***	0.05**
Period 3 - Period 1 (Δ%)	0.12***	0.28***	0.11***	0.26***	0.45***	0.24***
Costa Rica						
Period 1 (USD)	730	286	803	4.2	2.0	4.6
Period 2 - Period 1 (Δ%)	-0.01	-0.03***	-0.01	-0.01	-0.01	-0.01
Period 3 - Period 1 (Δ%)	0.07***	0.10***	0.07***	0.06***	0.03***	0.06***
Ecuador						
Period 1 (USD)	409	187	569	2.4	1.2	3.2
Period 2 - Period 1 (Δ%)	0.22***	0.21***	0.20***	0.36***	0.44***	0.33***
Period 3 - Period 1 (Δ%)	0.35***	0.46***	0.31***	0.42***	0.60***	0.36***
Honduras						
Period 1 (USD)	398	196	610	2.5	1.3	3.7
Period 2 - Period 1 (Δ%)	-0.01	-0.12***	0.03	0.03*	-0.05***	0.06***
Period 3 - Period 1 (Δ%)	0.07***	0.02***	0.12***	0.12***	0.07***	0.16***
Mexico						
Period 1 (USD)	575	224	747	3.5	1.4	4.5
Period 2 - Period 1 (Δ%)	0.06***	0.17***	0.04**	0.01	0.17***	-0.02
Period 3 - Period 1 (Δ%)	0.06***	0.25***	0.03	0.04	0.26***	0.001
All countries (pooled)						
Period 1 (USD)	570	194	729	3.4	1.2	4.4
Period 2 - Period 1 (Δ%)	-0.05***	0.06***	-0.06***	-0.04***	0.09***	-0.05***
Period 3 - Period 1 (Δ%)	0.04***	0.24***	0.02***	0.07***	0.30***	0.05***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Poor and Non-Poor are defined according to whether per capita household income is below or above the cutoff percentile defined based on the 1998 poverty line. The cutoffs are: percentile 42 for Brazil, percentile 24 for Chile, percentile 26 for Costa Rica, percentile 55 for Ecuador, percentile 65 for Honduras, and percentile 44 for Mexico. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 5. Labor Income by Skill Type

	Monthly Labor Income			Hourly Wage		
	Unskilled	Skilled	Highly Skilled	Unskilled	Skilled	Highly Skilled
Brazil						
Period 1 (USD)	349	750	2,048	2.06	4.68	12.50
Share in Obs (%)	0.70	0.23	0.07			
Period 2 - Period 1 (Δ%)	-0.10***	-0.19***	-0.15***	-0.07***	-0.18***	-0.12***
Period 3 - Period 1 (Δ%)	0.01***	-0.18***	-0.22***	0.08***	-0.16***	-0.19***
Chile						
Period 1 (USD)	458	777	2,016	2.86	4.57	11.66
Share in Obs (%)	0.47	0.36	0.17			
Period 2 - Period 1 (Δ%)	0.01	-0.05**	-0.03	0.07***	-0.01	0.03
Period 3 - Period 1 (Δ%)	0.22***	0.03*	0.03	0.38***	0.16***	0.15***
Costa Rica						
Period 1 (USD)	538	887	1,699	3.17	5.17	9.51
Share in Obs (%)	0.69	0.20	0.11			
Period 2 - Period 1 (Δ%)	-0.08***	-0.06***	-0.03*	-0.08***	-0.04**	-0.04**
Period 3 - Period 1 (Δ%)	-0.03***	-0.04***	0.03	-0.04***	-0.05***	0.03
Ecuador						
Period 1 (USD)	276	498	979	1.60	2.95	5.47
Share in Obs (%)	0.59	0.30	0.11			
Period 2 - Period 1 (Δ%)	0.20***	0.26***	0.34***	0.40***	0.38***	0.45***
Period 3 - Period 1 (Δ%)	0.40***	0.23***	0.22***	0.52***	0.24***	0.30***
Honduras						
Period 1 (USD)	303	630	1,621	1.89	4.01	9.14
Share in Obs (%)	0.81	0.15	0.03			
Period 2 - Period 1 (Δ%)	-0.04***	0.04**	0.02	0.03	0.04	0.05
Period 3 - Period 1 (Δ%)	0.04***	0.05***	-0.03	0.10***	0.05*	0.05
Mexico						
Period 1 (USD)	392	767	1,559	2.31	4.65	9.83
Share in Obs (%)	0.72	0.18	0.10			
Period 2 - Period 1 (Δ%)	0.06***	-0.02	-0.02	0.02	-0.04	-0.11
Period 3 - Period 1 (Δ%)	0.11***	-0.13***	-0.09**	0.08***	-0.13***	-0.12*
All Countries (pooled)						
Period 1 (USD)	363	747	1,861	2.15	4.61	11.36
Share in Obs (%)	0.70	0.22	0.08			
Period 2 - Period 1 (Δ%)	-0.05***	-0.15***	-0.10***	-0.03***	-0.13***	-0.11***
Period 3 - Period 1 (Δ%)	0.05***	-0.15***	-0.17***	0.09***	-0.13***	-0.15***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Skilled: high school graduates; Highly-Skilled: college graduates. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 6. Labor Income by Skill Type (Monthly Labor Income). Poor and Non-Poor

	Labor Income -- Poor			Labor Income -- Non-Poor		
	Unskilled	Skilled	Highly Skilled	Unskilled	Skilled	Highly Skilled
Brazil						
Period 1 (USD)	176	218	273	454	797	2,061
Share in Obs (%)	0.93	0.06	0.002	0.61	0.29	0.10
Per.2 - Per.1	-0.02***	-0.02***	-0.04	-0.10***	-0.18***	-0.14***
Per.3 - Per.1	0.19***	0.20***	0.06	-0.003	-0.15***	-0.20***
Chile						
Period 1 (USD)	240	286	316	532	824	2,033
Share in Obs (%)	0.79	0.20	0.011	0.42	0.38	0.20
Per.2 - Per.1	0.08***	0.05***	0.26***	-0.01	-0.04**	-0.03
Per.3 - Per.1	0.25***	0.24***	0.25***	0.20***	0.04**	0.04
Costa Rica						
Period 1 (USD)	282	344	315	600	908	1,712
Share in Obs (%)	0.94	0.05	0.007	0.65	0.23	0.12
Per.2 - Per.1	-0.03***	-0.11***	0.16	-0.08***	-0.06***	-0.03
Per.3 - Per.1	0.10***	0.02	0.25**	-0.04***	-0.03***	0.03
Ecuador						
Period 1 (USD)	179	219	256	392	596	1,064
Share in Obs (%)	0.78	0.19	0.03	0.45	0.38	0.17
Per.2 - Per.1	0.21***	0.21***	0.23***	0.19***	0.23***	0.29***
Per.3 - Per.1	0.45***	0.45***	0.43***	0.37***	0.21***	0.19***
Honduras						
Period 1 (USD)	189	313	405	472	692	1,666
Share in Obs (%)	0.95	0.05	0.002	0.67	0.26	0.07
Per.2 - Per.1	-0.12***	-0.07***	-0.16*	0.01	0.03	0.01
Per.3 - Per.1	0.01	0.04*	-0.01	0.11***	0.06***	-0.03
Mexico						
Period 1 (USD)	219	293	325	520	825	1,578
Share in Obs (%)	0.94	0.06	0.004	0.62	0.24	0.15
Per.2 - Per.1	0.17***	0.07*	0.04	0.03**	-0.01	0.0002
Per.3 - Per.1	0.24***	0.15***	0.20*	0.06***	-0.12***	-0.07*
All Countries (pooled)						
Period 1 (USD)	190	242	292	475	799	1,882
Share in Obs (%)	0.93	0.07	0.004	0.60	0.28	0.12
Per.2 - Per.1	0.05***	-0.01	0.08	-0.05***	-0.13***	-0.10***
Per.3 - Per.1	0.21***	0.16***	0.12***	0.04***	-0.13***	-0.15***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Skill groups defined as in Table 5. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 7. Labor Income by Age Group

	Monthly Labor Income			Hourly Wage		
	15-24	25-40	41-65	15-24	25-40	41-65
Brazil						
Period 1 (USD)	278	584	722	1.78	3.50	4.36
Share in Obs (%)	0.23	0.45	0.33			
Period 2 - Period 1 (Δ%)	-0.06***	-0.11***	-0.08***	-0.02**	-0.08***	-0.06***
Period 3 - Period 1 (Δ%)	0.09***	-0.04***	0.01	0.15***	0.01	0.07***
Chile						
Period 1 (USD)	389	787	1,051	2.51	4.64	6.39
Share in Obs (%)	0.13	0.47	0.39			
Period 2 - Period 1 (Δ%)	-0.01	-0.00	-0.01	0.14***	0.07***	0.00
Period 3 - Period 1 (Δ%)	0.25***	0.16***	0.03	0.49***	0.29***	0.15***
Costa Rica						
Period 1 (USD)	481	791	820	2.95	4.42	4.89
Share in Obs (%)	0.23	0.46	0.32			
Period 2 - Period 1 (Δ%)	-0.06***	-0.02*	-0.01	-0.04**	-0.02	-0.02
Period 3 - Period 1 (Δ%)	0.03***	0.03**	0.11***	0.01	0.04***	0.06***
Ecuador						
Period 1 (USD)	242	418	497	1.47	2.42	2.85
Share in Obs (%)	0.21	0.44	0.35			
Period 2 - Period 1 (Δ%)	0.30***	0.20***	0.18***	0.47***	0.32***	0.34***
Period 3 - Period 1 (Δ%)	0.42***	0.32***	0.29***	0.55***	0.36***	0.37***
Honduras						
Period 1 (USD)	253	435	478	1.50	2.63	3.14
Share in Obs (%)	0.28	0.41	0.31			
Period 2 - Period 1 (Δ%)	-0.01	-0.01	-0.02	0.06***	0.02	0.02
Period 3 - Period 1 (Δ%)	0.08***	0.05***	0.07***	0.16***	0.08***	0.09***
Mexico						
Period 1 (USD)	328	607	697	2.06	3.52	4.37
Share in Obs (%)	0.22	0.45	0.33			
Period 2 - Period 1 (Δ%)	0.09***	0.08***	-0.01	0.04	0.05***	-0.08
Period 3 - Period 1 (Δ%)	0.15***	0.05***	0.01	0.11***	0.06***	-0.03
All Countries (pooled)						
Period 1 (USD)	295	594	722	1.87	3.52	4.40
Share in Obs (%)	0.22	0.45	0.33			
Period 2 - Period 1 (Δ%)	-0.01*	-0.06***	-0.07***	0.00	-0.04***	-0.07***
Period 3 - Period 1 (Δ%)	0.12***	-0.00	0.01	0.15***	0.03***	0.04***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Age groups: 15-24, 25-40, 41-65. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 8. Labor Income by Age Group (Montly Labor Income). Poor and Non-Poor

	Labor Income -- Poor			Labor Income -- Non-Poor		
	15-24	25-40	41-65	15-24	25-40	41-65
Brazil						
Period 1 (USD)	142	197	181	339	749	905
Share in Obs (%)	0.24	0.47	0.29	0.22	0.44	0.34
Per.2 - Per.1	-0.01**	-0.01***	-0.01	-0.06***	-0.11***	-0.10***
Per.3 - Per.1	0.25***	0.21***	0.21***	0.06***	-0.05***	-0.02***
Chile						
Period 1 (USD)	209	262	249	421	893	1,174
Share in Obs (%)	0.13	0.52	0.34	0.13	0.47	0.40
Per.2 - Per.1	0.08***	0.08***	0.09***	-0.03	-0.01	-0.02
Per.3 - Per.1	0.24***	0.28***	0.28***	0.24***	0.14***	0.03
Costa Rica						
Period 1 (USD)	238	311	275	514	878	911
Share in Obs (%)	0.19	0.50	0.32	0.23	0.45	0.31
Per.2 - Per.1	-0.05**	-0.01	-0.06***	-0.05***	-0.03**	-0.01
Per.3 - Per.1	0.17***	0.09***	0.10***	0.02*	0.02	0.10***
Ecuador						
Period 1 (USD)	144	200	195	314	584	695
Share in Obs (%)	0.21	0.46	0.33	0.21	0.43	0.36
Per.2 - Per.1	0.33***	0.24***	0.13***	0.28***	0.19***	0.17***
Per.3 - Per.1	0.64***	0.48***	0.36***	0.34***	0.27***	0.27***
Honduras						
Period 1 (USD)	169	218	190	338	667	784
Share in Obs (%)	0.27	0.42	0.31	0.28	0.41	0.31
Per.2 - Per.1	-0.13***	-0.12***	-0.11***	0.05***	0.01	0.02
Per.3 - Per.1	-0.00	0.02*	0.04***	0.17***	0.07***	0.09***
Mexico						
Period 1 (USD)	184	254	211	403	784	919
Share in Obs (%)	0.23	0.45	0.31	0.22	0.44	0.34
Per.2 - Per.1	0.21***	0.19***	0.09***	0.06***	0.07***	-0.03
Per.3 - Per.1	0.32***	0.24***	0.20***	0.10***	0.04**	-0.04
All Countries (pooled)						
Period 1 (USD)	155	215	193	359	762	917
Share in Obs (%)	0.24	0.46	0.30	0.22	0.44	0.34
Per.2 - Per.1	0.07***	0.06***	0.03***	-0.02***	-0.06***	-0.09***
Per.3 - Per.1	0.28***	0.22***	0.21***	0.08***	-0.01**	-0.02**

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Age groups defined as in Table 7. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 9. Labor Income by Gender

	Monthly Labor Income		Hourly Wage	
	Men	Women	Men	Women
Brazil				
Period 1 (USD)	638	434	3.63	3.01
Share in Obs (%)	0.62	0.38		
Period 2 - Period 1 (Δ%)	-0.09***	-0.06***	-0.06***	-0.05***
Period 3 - Period 1 (Δ%)	0.02***	0.07***	0.07***	0.09***
Chile				
Period 1 (USD)	959	626	5.46	4.27
Share in Obs (%)	0.64	0.36		
Period 2 - Period 1 (Δ%)	-0.00	0.02	0.04	0.09***
Period 3 - Period 1 (Δ%)	0.13***	0.15***	0.26***	0.27***
Costa Rica				
Period 1 (USD)	788	607	4.21	4.27
Share in Obs (%)	0.68	0.32		
Period 2 - Period 1 (Δ%)	-0.01	0.00	-0.01	-0.01
Period 3 - Period 1 (Δ%)	0.09***	0.06***	0.09***	0.02
Ecuador				
Period 1 (USD)	454	323	2.49	2.16
Share in Obs (%)	0.65	0.35		
Period 2 - Period 1 (Δ%)	0.20***	0.29***	0.33***	0.43***
Period 3 - Period 1 (Δ%)	0.34***	0.40***	0.41***	0.44***
Honduras				
Period 1 (USD)	446	317	2.60	2.25
Share in Obs (%)	0.63	0.37		
Period 2 - Period 1 (Δ%)	-0.06***	0.11***	-0.04*	0.19***
Period 3 - Period 1 (Δ%)	0.02	0.20***	0.05**	0.27***
Mexico				
Period 1 (USD)	656	416	3.71	3.02
Share in Obs (%)	0.66	0.34		
Period 2 - Period 1 (Δ%)	0.05***	0.12***	-0.01	0.05
Period 3 - Period 1 (Δ%)	0.06***	0.15***	0.02	0.12***
All Countries (pooled)				
Period 1 (USD)	649	435	3.68	3.04
Share in Obs (%)	0.63	0.37		
Period 2 - Period 1 (Δ%)	-0.05***	-0.02***	-0.04***	-0.02*
Period 3 - Period 1 (Δ%)	0.03***	0.09***	0.06***	0.11***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 10. Labor Income by Gender (Monthly Labor Income). Poor and Non-Poor

	Labor Income -- Poor		Labor Income -- Non-Poor	
	Men	Women	Men	Women
Brazil				
Period 1 (USD)	201	133	833	532
Share in Obs (%)	0.67	0.33	0.60	0.40
Per.2 - Per.1	-0.00	0.01**	-0.10***	-0.07***
Per.3 - Per.1	0.23***	0.28***	-0.01	0.05***
Chile				
Period 1 (USD)	280	174	1,101	685
Share in Obs (%)	0.72	0.28	0.62	0.38
Per.2 - Per.1	0.09***	0.11***	-0.01	0.02
Per.3 - Per.1	0.31***	0.33***	0.10***	0.15***
Costa Rica				
Period 1 (USD)	317	191	877	658
Share in Obs (%)	0.75	0.25	0.66	0.34
Per.2 - Per.1	-0.03***	-0.01	-0.01	0.00
Per.3 - Per.1	0.14***	0.06***	0.09***	0.07***
Ecuador				
Period 1 (USD)	211	131	651	434
Share in Obs (%)	0.70	0.30	0.62	0.38
Per.2 - Per.1	0.22***	0.24***	0.18***	0.29***
Per.3 - Per.1	0.46***	0.51***	0.30***	0.37***
Honduras				
Period 1 (USD)	219	147	722	454
Share in Obs (%)	0.68	0.32	0.58	0.42
Per.2 - Per.1	-0.16***	-0.04**	-0.00	0.10***
Per.3 - Per.1	-0.02**	0.12***	0.07***	0.22***
Mexico				
Period 1 (USD)	259	142	871	526
Share in Obs (%)	0.71	0.29	0.64	0.36
Per.2 - Per.1	0.17***	0.26***	0.03	0.11***
Per.3 - Per.1	0.25***	0.38***	0.02	0.12***
All Countries (pooled)				
Period 1 (USD)	221	137	851	537
Share in Obs (%)	0.68	0.32	0.61	0.39
Per.2 - Per.1	0.06***	0.09***	-0.06***	-0.02***
Per.3 - Per.1	0.24***	0.31***	0.01	0.08***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Poor and non-Poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 11. Labor Income by Employment Type

	Monthly Labor Income			Hourly Wage		
	Employee	Self-emp.	Entrepren.	Employee	Self-emp.	Entrepren.
Brazil						
Period 1 (USD)	505	486	1,838	3.11	3.00	10.08
Share in Obs (%)	0.70	0.25	0.05			
Period 2 - Period 1 (Δ%)	-0.07***	-0.12***	-0.10***	-0.05***	-0.07***	-0.08***
Period 3 - Period 1 (Δ%)	0.05***	-0.03***	-0.04***	0.08***	0.08***	0.02
Chile						
Period 1 (USD)	686	945	4,059	3.85	6.34	22.00
Share in Obs (%)	0.77	0.19	0.04			
Period 2 - Period 1 (Δ%)	-0.01	-0.02	0.02	0.06***	0.08**	0.02
Period 3 - Period 1 (Δ%)	0.16***	0.24***	0.03	0.28***	0.48***	0.18**
Costa Rica						
Period 1 (USD)	729	570	1,187	3.99	4.20	6.93
Share in Obs (%)	0.74	0.19	0.07			
Period 2 - Period 1 (Δ%)	0.01	-0.12***	-0.03	0.00	-0.05**	-0.08
Period 3 - Period 1 (Δ%)	0.06***	-0.02	0.24***	0.04***	0.05*	0.17***
Ecuador						
Period 1 (USD)	383	347	1,015	2.18	2.19	5.43
Share in Obs (%)	0.62	0.32	0.06			
Period 2 - Period 1 (Δ%)	0.30***	0.12***	0.03	0.40***	0.35***	0.16
Period 3 - Period 1 (Δ%)	0.41***	0.20***	0.38***	0.49***	0.30***	0.42***
Honduras						
Period 1 (USD)	387	273	844	2.23	1.99	5.26
Share in Obs (%)	0.57	0.32	0.11			
Period 2 - Period 1 (Δ%)	0.07***	0.03	-0.20***	0.08***	0.14***	-0.18***
Period 3 - Period 1 (Δ%)	0.19***	0.07***	-0.22***	0.20***	0.14***	-0.17***
Mexico						
Period 1 (USD)	565	385	1,588	3.27	2.58	10.66
Share in Obs (%)	0.73	0.22	0.05			
Period 2 - Period 1 (Δ%)	0.07***	0.15***	0.05	0.05***	0.15***	-0.20
Period 3 - Period 1 (Δ%)	0.09***	0.04	-0.34***	0.08***	0.13***	-0.43***
All Countries (pooled)						
Period 1 (USD)	527	468	1,761	3.16	2.96	10.18
Share in Obs (%)	0.71	0.24	0.05			
Period 2 - Period 1 (Δ%)	-0.02***	-0.08***	-0.09***	-0.01**	-0.03***	-0.13***
Period 3 - Period 1 (Δ%)	0.07***	0.00	-0.16***	0.09***	0.10***	-0.15***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Employment types: employee, self-employed (independent worker without employees), and entrepreneurs (independent worker with employees). Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 12. Labor Income by Employment Type (Monthly Labor Income). Poor and Non-Poor

	Labor Income -- Poor			Labor Income -- Non-Poor		
	Employee	Self-emp.	Entrepren.	Employee	Self-emp.	Entrepren.
Brazil						
Period 1 (USD)	185	164	272	625	669	1,942
Share in Obs (%)	0.67	0.32	0.010	0.72	0.22	0.06
Per.2 - Per.1	0.02***	-0.06***	-0.05***	-0.08***	-0.12***	-0.10***
Per.3 - Per.1	0.26***	0.10***	0.19***	0.03***	-0.04***	-0.04***
Chile						
Period 1 (USD)	273	280	419	759	1,027	4,106
Share in Obs (%)	0.84	0.15	0.004	0.76	0.20	0.04
Per.2 - Per.1	0.04***	-0.04	-0.05	-0.02	-0.02	0.01
Per.3 - Per.1	0.28***	0.07***	-0.11	0.15***	0.24***	0.03
Costa Rica						
Period 1 (USD)	312	229	297	788	670	1,293
Share in Obs (%)	0.65	0.30	0.051	0.76	0.17	0.07
Per.2 - Per.1	-0.01	-0.06***	-0.05	0.01	-0.12***	-0.02
Per.3 - Per.1	0.12***	0.06***	0.15***	0.05***	-0.02	0.24***
Ecuador						
Period 1 (USD)	193	172	262	508	524	1,236
Share in Obs (%)	0.58	0.38	0.032	0.65	0.27	0.08
Per.2 - Per.1	0.31***	0.09***	-0.02	0.27***	0.13***	0.11*
Per.3 - Per.1	0.59***	0.27***	0.26***	0.35***	0.20***	0.40***
Honduras						
Period 1 (USD)	221	156	250	524	497	1,233
Share in Obs (%)	0.50	0.42	0.082	0.64	0.23	0.13
Per.2 - Per.1	-0.06***	-0.13***	-0.25***	0.10***	0.10***	-0.11**
Per.3 - Per.1	0.08***	0.01	-0.16***	0.22***	0.08***	-0.05
Mexico						
Period 1 (USD)	250	166	285	698	578	1,851
Share in Obs (%)	0.66	0.32	0.025	0.76	0.18	0.06
Per.2 - Per.1	0.19***	0.06*	-0.00	0.06***	0.13***	0.04
Per.3 - Per.1	0.26***	0.09***	-0.18***	0.06***	-0.03	-0.19***
All Countries (pooled)						
Period 1 (USD)	206	166	274	649	660	1,939
Share in Obs (%)	0.66	0.32	0.017	0.73	0.21	0.06
Per.2 - Per.1	0.09***	-0.03***	-0.08***	-0.03***	-0.08***	-0.09***
Per.3 - Per.1	0.27***	0.11***	-0.07***	0.05***	-0.02***	-0.09***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Employment types defined as in Table 11. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 13. Labor Income by Formality Status of Employment

	Monthly Labor Income		Hourly Wage	
	Informal	Formal	Informal	Formal
Brazil				
Period 1 (USD)	258	640	1.70	3.88
Share in Obs (%)	0.35	0.65		
Period 2 - Period 1 (Δ%)	-0.07***	-0.08***	-0.03***	-0.06***
Period 3 - Period 1 (Δ%)	0.18***	0.04***	0.27***	0.07***
Chile				
Period 1 (USD)	703	950	4.64	5.24
Share in Obs (%)	0.34	0.66		
Period 2 - Period 1 (Δ%)	-0.07***	-0.01	0.08***	0.04
Period 3 - Period 1 (Δ%)	0.08**	0.09***	0.36***	0.22***
Costa Rica				
Period 1 (USD)	565	877	3.84	4.58
Share in Obs (%)	0.47	0.53		
Period 2 - Period 1 (Δ%)	-0.05***	0.01	-0.05***	0.02*
Period 3 - Period 1 (Δ%)	0.06***	0.06***	0.05**	0.06***
Mexico				
Period 1 (USD)	398	768	2.37	4.36
Share in Obs (%)	0.55	0.45		
Period 2 - Period 1 (Δ%)	0.10***	0.11***	0.07**	0.08***
Period 3 - Period 1 (Δ%)	0.14***	0.11***	0.15***	0.10***
All Countries (pooled)				
Period 1 (USD)	334	688	2.11	4.06
Share in Obs (%)	0.40	0.60		
Period 2 - Period 1 (Δ%)	-0.01	-0.05***	-0.01	-0.04***
Period 3 - Period 1 (Δ%)	0.14***	0.05***	0.19***	0.07***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Sample excludes self-employed and entrepreneurs. A job is informal if the worker does not have the right to a pension linked to employment when retired. There is no data on informality available for Ecuador and Honduras. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 14. Labor Income by Formality Status of Employment. (Montly Labor Income) Poor and Non-Poor

	Labor Income -- Poor		Labor Income -- Non-Poor	
	Informal	Formal	Informal	Formal
Brazil				
Period 1 (USD)	145	239	348	727
Share in Obs (%)	0.58	0.42	0.27	0.73
Per.2 - Per.1	-0.02***	0.04***	-0.09***	-0.09***
Per.3 - Per.1	0.18***	0.26***	0.19***	0.04***
Chile				
Period 1 (USD)	234	312	818	1,027
Share in Obs (%)	0.48	0.52	0.31	0.69
Per.2 - Per.1	-0.09***	0.04***	-0.07***	-0.00
Per.3 - Per.1	0.02*	0.26***	0.09**	0.09***
Costa Rica				
Period 1 (USD)	239	389	651	921
Share in Obs (%)	0.69	0.31	0.44	0.56
Per.2 - Per.1	-0.04***	-0.01	-0.06***	0.01
Per.3 - Per.1	0.08***	0.08***	0.06***	0.06***
Mexico				
Period 1 (USD)	224	354	531	831
Share in Obs (%)	0.80	0.20	0.44	0.56
Per.2 - Per.1	0.20***	0.16***	0.05	0.11***
Per.3 - Per.1	0.28***	0.21***	0.06*	0.11***
All Countries (pooled)				
Period 1 (USD)	176	261	449	771
Share in Obs (%)	0.64	0.36	0.32	0.68
Per.2 - Per.1	0.11***	0.07***	-0.01	-0.05***
Per.3 - Per.1	0.24***	0.24***	0.15***	0.05***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Formal and informal defined as in Table 13. Poor and non-poor defined as in Table 4. . Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 15. Labor Income by Firm Type (Montly Labor Income)

	Monthly labor income				
	Micro	Small	Medium	Large	Public
Brazil					
Period 1 (USD)	471	424	.	701	798
Share in Obs (%)	0.30	0.31	.	0.26	0.13
Period 2 - Period 1 (Δ%)	-0.10***	-0.10***	.	-0.11***	-0.03***
Period 3 - Period 1 (Δ%)	0.02**	0.01	.	-0.06***	0.13***
Chile					
Period 1 (USD)	796	865	899	962	942
Share in Obs (%)	0.38	0.06	0.18	0.30	0.07
Period 2 - Period 1 (Δ%)	0.01	0.22**	-0.07	-0.11***	0.02
Period 3 - Period 1 (Δ%)	0.19***	0.28*	-0.02	0.05*	0.23***
Costa Rica					
Period 1 (USD)	555	696	742	811	1,166
Share in Obs (%)	0.47	0.05	0.07	0.26	0.15
Period 2 - Period 1 (Δ%)	-0.06***	0.03	-0.03	0.03*	-0.01
Period 3 - Period 1 (Δ%)	0.02	0.15***	0.09**	0.06***	0.08***
Ecuador					
Period 1 (USD)	366	424	466	580	553
Share in Obs (%)	0.68	0.09	0.08	0.04	0.11
Period 2 - Period 1 (Δ%)	0.07***	0.31***	0.25***	0.13	0.53***
Period 3 - Period 1 (Δ%)	0.17***	0.37***	0.36***	0.26***	0.72***
Honduras					
Period 1 (USD)	356	603	680	535	738
Share in Obs (%)	0.61	0.04	0.02	0.23	0.10
Period 2 - Period 1 (Δ%)	-0.15***	-0.15*	0.11	-0.03	0.04
Period 3 - Period 1 (Δ%)	-0.07***	-0.07	0.18	0.07***	0.17***
Mexico					
Period 1 (USD)	419	510	642	798	831
Share in Obs (%)	0.49	0.09	0.11	0.19	0.13
Period 2 - Period 1 (Δ%)	-0.00	0.18***	0.04	0.05	0.08**
Period 3 - Period 1 (Δ%)	0.02	0.23***	0.09*	-0.03	0.13***
All Countries (pooled)					
Period 1 (USD)	459	442	792	733	801
Share in Obs (%)	0.37	0.24	0.01	0.29	0.10
Period 2 - Period 1 (Δ%)	-0.06***	-0.06***	-0.12**	-0.07***	-0.02**
Period 3 - Period 1 (Δ%)	0.02**	0.05***	-0.03	-0.02**	0.14***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Micro: 1-5 employees; Small: 6-10 employees; Medium: 11-30 employees; Large: 30+ employees; Public: stated-owned firms, public schools, hospitals and other services, and public administration. Special cases: Brazil: large (11+); Chile: medium (10-49) and large (50+); C. Rica: medium (10-20) and large (20+); Honduras and Mexico: large (31+). Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 16. Labor Income by Firm Type (Hourly Wage)

	Hourly Wage				
	Micro	Small	Medium	Large	Public
Brazil					
Period 1 (USD)	2.73	2.62	.	4.14	5.20
Period 2 - Period 1 (Δ%)	-0.05***	-0.06***	.	-0.10***	-0.00
Period 3 - Period 1 (Δ%)	0.09***	0.09***	.	-0.03***	0.16***
Chile					
Period 1 (USD)	5.06	4.75	4.95	5.28	5.34
Period 2 - Period 1 (Δ%)	0.10***	0.20**	-0.02	-0.06*	0.14***
Period 3 - Period 1 (Δ%)	0.43***	0.39***	0.06	0.15***	0.33***
Costa Rica					
Period 1 (USD)	3.74	3.75	3.89	4.12	6.41
Period 2 - Period 1 (Δ%)	-0.05***	0.04	-0.02	0.03	0.00
Period 3 - Period 1 (Δ%)	0.02	0.14***	0.09**	0.07***	0.07***
Ecuador					
Period 1 (USD)	2.14	2.40	2.56	3.22	3.27
Period 2 - Period 1 (Δ%)	0.28***	0.45***	0.38***	0.14*	0.61***
Period 3 - Period 1 (Δ%)	0.29***	0.44***	0.43***	0.27***	0.76***
Honduras					
Period 1 (USD)	2.44	3.21	3.59	2.95	5.06
Period 2 - Period 1 (Δ%)	-0.11**	-0.08	0.31	-0.06*	-0.03
Period 3 - Period 1 (Δ%)	-0.05	0.01	0.22	0.06	0.11***
Mexico					
Period 1 (USD)	2.63	3.46	3.57	4.38	5.32
Period 2 - Period 1 (Δ%)	-0.01	-0.06	0.06	0.00	0.05
Period 3 - Period 1 (Δ%)	0.06	0.00	0.09*	-0.08	0.17***
All Countries (pooled)					
Period 2 - Period 1 (Δ%)	-0.03***	-0.06***	-0.07	-0.07***	0.01
Period 3 - Period 1 (Δ%)	0.08***	0.10***	0.03	-0.01	0.17***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Firm types defined as in Table 15. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 17. Labor Income by Firm Type (Monthly Labor Income), Poor

	Labor Income -- Poor				
	Micro	Small	Medium	Large	Public
Brazil					
Period 1 (USD)	162	166	.	247	188
Share in Obs (%)	0.36	0.40	.	0.16	0.08
Per.2 - Per.1	-0.04***	-0.03***	.	-0.00	0.14***
Per.3 - Per.1	0.15***	0.19***	.	0.21***	0.44***
Chile					
Period 1 (USD)	249	279	288	305	302
Share in Obs (%)	0.45	0.09	0.20	0.23	0.04
Per.2 - Per.1	-0.01	0.02	0.06***	0.03***	0.06*
Per.3 - Per.1	0.14***	0.26***	0.27***	0.29***	0.23***
Costa Rica					
Period 1 (USD)	244	349	363	398	443
Share in Obs (%)	0.71	0.05	0.05	0.16	0.04
Per.2 - Per.1	-0.04***	-0.03	-0.05*	-0.03*	-0.06*
Per.3 - Per.1	0.07***	0.08**	0.12***	0.09***	-0.00
Ecuador					
Period 1 (USD)	175	186	216	230	296
Share in Obs (%)	0.75	0.09	0.07	0.03	0.05
Per.2 - Per.1	0.16***	0.36***	0.31***	0.37***	0.22***
Per.3 - Per.1	0.38***	0.63***	0.60***	0.65***	0.48***
Honduras					
Period 1 (USD)	189	271	276	306	370
Share in Obs (%)	0.73	0.03	0.02	0.18	0.04
Per.2 - Per.1	-0.22***	-0.19***	-0.18***	-0.09***	-0.14***
Per.3 - Per.1	-0.08***	0.05	0.11*	0.08***	0.02
Mexico					
Period 1 (USD)	194	249	262	313	328
Share in Obs (%)	0.66	0.10	0.09	0.10	0.04
Per.2 - Per.1	0.04*	0.28***	0.27***	0.18***	0.08
Per.3 - Per.1	0.20***	0.28***	0.33***	0.24***	0.21***
All Countries (pooled)					
Period 1 (USD)	178	176	264	268	198
Share in Obs (%)	0.48	0.29	0.01	0.17	0.06
Per.2 - Per.1	0.03***	0.02***	0.12***	0.08***	0.13***
Per.3 - Per.1	0.18***	0.21***	0.35***	0.22***	0.42***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Firm types defined as in Table 15. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 18. Labor Income by Firm Type (Monthly Labor Income), Non-Poor

	Labor Income -- Non-Poor				
	Micro	Small	Medium	Large	Public
Brazil					
Period 1 (USD)	636	575	.	795	927
Share in Obs (%)	0.27	0.27	.	0.30	0.15
Per.2 - Per.1	-0.10***	-0.11***	.	-0.11***	-0.06***
Per.3 - Per.1	0.01	-0.02***	.	-0.06***	0.09***
Chile					
Period 1 (USD)	898	996	1,007	1,038	993
Share in Obs (%)	0.37	0.06	0.18	0.31	0.08
Per.2 - Per.1	0.01	0.22**	-0.07	-0.10***	0.01
Per.3 - Per.1	0.19***	0.27*	-0.04	0.05	0.24***
Costa Rica					
Period 1 (USD)	640	750	783	849	1,191
Share in Obs (%)	0.43	0.05	0.08	0.28	0.17
Per.2 - Per.1	-0.07***	0.03	-0.01	0.03**	-0.02
Per.3 - Per.1	0.01	0.15***	0.09**	0.07***	0.07***
Ecuador					
Period 1 (USD)	531	619	614	739	615
Share in Obs (%)	0.63	0.08	0.08	0.05	0.16
Per.2 - Per.1	0.08***	0.23***	0.17***	0.05	0.51***
Per.3 - Per.1	0.16***	0.28***	0.26***	0.17*	0.68***
Honduras					
Period 1 (USD)	629	848	926	696	837
Share in Obs (%)	0.48	0.05	0.03	0.28	0.16
Per.2 - Per.1	-0.13***	-0.14	0.15	-0.09**	0.02
Per.3 - Per.1	-0.05	-0.12	0.13	-0.01	0.14***
Mexico					
Period 1 (USD)	603	651	784	909	896
Share in Obs (%)	0.40	0.09	0.12	0.23	0.17
Per.2 - Per.1	-0.03	0.14*	-0.00	0.05	0.10***
Per.3 - Per.1	-0.05	0.18***	0.04	-0.03	0.12***
All Countries (pooled)					
Period 1 (USD)	640	599	907	834	923
Share in Obs (%)	0.32	0.21	0.01	0.34	0.12
Per.2 - Per.1	-0.08***	-0.07***	-0.11***	-0.07***	-0.04***
Per.3 - Per.1	-0.01	0.01	-0.03	-0.02***	0.11***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Firm types defined as in Table 15. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 19. Labor Income by 1-digit Sector (Montly Labor Income)

	Montly Labor Income								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	309	598	434	559	723	1,289	928	671	221
Share in Obs (%)	0.14	0.14	0.08	0.22	0.06	0.04	0.06	0.15	0.11
Per.2 - Per.1	0.03*	-0.14***	-0.08***	-0.15***	-0.09***	-0.34***	-0.07***	-0.04***	-0.22***
Per.3 - Per.1	0.20***	-0.06***	0.05***	-0.07***	-0.02*	-0.32***	0.10***	0.05***	-0.07***
Chile									
Period 1 (USD)	717	832	827	807	935	1,645	878	928	288
Share in Obs (%)	0.14	0.14	0.08	0.20	0.09	0.07	0.03	0.18	0.06
Per.2 - Per.1	-0.12**	-0.06	0.05	0.00	0.01	-0.06	0.13***	0.06*	0.06***
Per.3 - Per.1	0.14***	0.05	0.14***	0.07	0.18***	-0.04	0.38***	0.20***	0.27***
Costa Rica									
Period 1 (USD)	474	694	697	713	929	1,096	1,062	992	233
Share in Obs (%)	0.10	0.17	0.08	0.25	0.08	0.06	0.06	0.14	0.07
Per.2 - Per.1	-0.03	0.06***	-0.06***	-0.08***	-0.04	-0.06**	0.07***	-0.06***	-0.02
Per.3 - Per.1	0.07***	0.06***	-0.03	-0.01	0.06**	0.08***	0.22***	-0.01	0.01
Ecuador									
Period 1 (USD)	317	376	347	440	545	609	621	468	123
Share in Obs (%)	0.18	0.14	0.07	0.27	0.07	0.05	0.04	0.13	0.06
Per.2 - Per.1	-0.02	0.33***	0.41***	0.14***	0.22***	0.36***	0.45***	0.29***	1.00***
Per.3 - Per.1	0.18***	0.50***	0.62***	0.24***	0.20***	0.30***	0.65***	0.38***	1.47***
Honduras									
Period 1 (USD)	294	361	416	424	621	791	598	533	109
Share in Obs (%)	0.26	0.19	0.06	0.22	0.04	0.03	0.03	0.11	0.05
Per.2 - Per.1	-0.13***	0.01	-0.06	0.02	0.07	-0.09	0.21***	0.07***	0.53***
Per.3 - Per.1	-0.11***	0.18***	0.04	0.09***	0.08**	-0.04	0.28***	0.19***	0.96***
Mexico									
Period 1 (USD)	306	593	507	562	675	989	764	813	196
Share in Obs (%)	0.15	0.20	0.08	0.26	0.05	0.06	0.04	0.11	0.04
Per.2 - Per.1	0.06	0.02	0.13**	-0.03	0.07	-0.03	0.18***	0.02	0.29***
Per.3 - Per.1	0.30***	-0.02	0.23***	-0.06**	0.04	-0.08	0.24***	0.01	0.32***
All Countries (pooled)									
Period 1 (USD)	324	595	469	564	722	1,196	884	708	217
Share in Obs (%)	0.15	0.15	0.08	0.23	0.06	0.05	0.05	0.14	0.09
Per.2 - Per.1	-0.01	-0.08***	-0.02	-0.11***	-0.05***	-0.26***	-0.01	-0.02*	-0.13***
Per.3 - Per.1	0.19***	-0.04***	0.12***	-0.06***	0.00	-0.24***	0.14***	0.05***	0.02***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. (1) Primary Sector; (2) Manufacturing; (3) Construction; (4) Retail and wholesale trade; (5) Electricity, gas, water, transportation; (6) Banking, financial, and insurance services; (7) Public administration and defense; (8) Education and health; (9) Cleaning services. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 20. Labor Income by 1-digit Sector (Hourly Wage)

	Hourly Wage								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	1.70	3.48	2.45	3.17	4.07	8.06	5.89	4.57	1.52
Per.2 - Per.1	0.09***	-0.11***	-0.05***	-0.11***	-0.06***	-0.33***	-0.05***	-0.03***	-0.12***
Per.3 - Per.1	0.35***	-0.02	0.09***	-0.01	0.01	-0.30***	0.12***	0.09***	0.07***
Chile									
Period 1 (USD)	3.90	4.66	4.60	4.59	5.02	9.47	4.67	6.13	2.00
Per.2 - Per.1	-0.04	-0.00	0.15***	0.01	0.10*	0.01	0.25***	0.17***	0.22***
Per.3 - Per.1	0.31***	0.22***	0.27***	0.23***	0.27***	0.11	0.58***	0.29***	0.53***
Costa Rica									
Period 1 (USD)	2.91	3.91	3.46	4.18	4.81	6.15	5.75	6.32	2.26
Per.2 - Per.1	-0.08***	0.02	-0.04	-0.10***	-0.02	-0.03	0.05*	-0.03	-0.06*
Per.3 - Per.1	-0.00	0.02	-0.03	-0.04	0.10***	0.11***	0.21***	-0.02	-0.06*
Ecuador									
Period 1 (USD)	1.85	2.15	1.96	2.44	3.01	3.48	3.46	2.97	0.92
Per.2 - Per.1	0.14***	0.41***	0.72***	0.30***	0.37***	0.46***	0.48***	0.50***	0.91***
Per.3 - Per.1	0.31***	0.50***	0.66***	0.34***	0.24***	0.34***	0.73***	0.47***	1.15***
Honduras									
Period 1 (USD)	1.94	2.11	2.33	2.69	3.32	4.50	3.51	3.55	0.74
Per.2 - Per.1	-0.08*	0.07***	0.02	-0.00	0.17***	-0.06	0.19***	0.17***	0.40***
Per.3 - Per.1	-0.06	0.22***	0.07**	0.06	0.28***	0.00	0.27***	0.34***	0.67***
Mexico									
Period 1 (USD)	2.06	3.32	2.59	3.20	4.70	5.75	4.10	5.78	1.57
Per.2 - Per.1	-0.14	-0.03	0.16***	-0.04	-0.23	-0.01	0.17***	-0.02	0.29***
Per.3 - Per.1	0.17	-0.05	0.26***	-0.05	-0.22	-0.10	0.28***	0.02	0.37***
All Countries (pooled)									
Period 1 (USD)	1.89	3.41	2.57	3.21	4.23	7.27	5.41	4.85	1.53
Per.2 - Per.1	-0.00	-0.08***	0.01	-0.08***	-0.09*	-0.24***	-0.01	-0.01	-0.04***
Per.3 - Per.1	0.26***	-0.01	0.15***	-0.01	-0.03	-0.22***	0.16***	0.08***	0.15***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009.Sectors defined as in Table 19. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 21. Labor Income by 1-digit Sector (Monthly Labor Income), Poor

	Labor Income -- Poor								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	157	217	220	190	235	214	214	169	141
Share in Obs (%)	0.29	0.10	0.10	0.18	0.04	0.01	0.03	0.09	0.16
Per.2 - Per.1	0.00	-0.08***	-0.01	-0.04***	-0.01	0.10***	0.03***	0.04***	-0.11***
Per.3 - Per.1	0.20***	0.15***	0.18***	0.19***	0.23***	0.30***	0.29***	0.31***	0.06***
Chile									
Period 1 (USD)	266	304	297	276	309	324	304	275	182
Share in Obs (%)	0.28	0.14	0.12	0.16	0.08	0.02	0.02	0.09	0.10
Per.2 - Per.1	0.01	0.01	0.08***	0.04	0.08***	0.02	0.08*	-0.01	0.02
Per.3 - Per.1	0.25***	0.23***	0.31***	0.21***	0.27***	0.22***	0.21***	0.20***	0.26***
Costa Rica									
Period 1 (USD)	258	320	370	298	385	304	424	285	159
Share in Obs (%)	0.28	0.12	0.09	0.20	0.05	0.04	0.03	0.06	0.13
Per.2 - Per.1	0.00	-0.01	0.01	-0.07***	-0.03	-0.04	-0.06	-0.02	0.01
Per.3 - Per.1	0.18***	0.10***	0.10***	0.07***	0.03	0.27***	-0.01	0.02	0.05
Ecuador									
Period 1 (USD)	170	193	215	185	246	240	295	207	100
Share in Obs (%)	0.25	0.14	0.09	0.25	0.06	0.03	0.02	0.08	0.09
Per.2 - Per.1	0.19***	0.28***	0.38***	0.23***	0.15***	0.25***	0.34***	-0.04	0.80***
Per.3 - Per.1	0.43***	0.55***	0.68***	0.40***	0.42***	0.40***	0.59***	0.17***	1.28***
Honduras									
Period 1 (USD)	170	205	263	203	307	317	295	221	94
Share in Obs (%)	0.39	0.17	0.07	0.19	0.02	0.01	0.02	0.07	0.05
Per.2 - Per.1	-0.19***	-0.04**	-0.07***	-0.02	-0.11***	-0.09***	0.04	-0.25***	0.35***
Per.3 - Per.1	-0.14***	0.18***	0.08***	0.20***	0.11***	0.05	0.18***	-0.07***	0.85***
Mexico									
Period 1 (USD)	165	243	294	250	344	289	362	234	156
Share in Obs (%)	0.33	0.16	0.11	0.22	0.03	0.02	0.02	0.04	0.07
Per.2 - Per.1	0.09***	0.22***	0.15***	0.06***	0.10***	0.11*	0.14***	0.12**	0.17***
Per.3 - Per.1	0.18***	0.25***	0.27***	0.11***	0.15***	0.16***	0.19***	0.29***	0.27***
All Countries									
Period 1 (USD)	162	227	244	211	265	257	253	184	142
Share in Obs (%)	0.30	0.12	0.10	0.19	0.04	0.01	0.03	0.07	0.13
Per.2 - Per.1	0.03***	0.05***	0.07***	0.01	0.06***	0.02	0.11***	0.06***	-0.04***
Per.3 - Per.1	0.19***	0.20***	0.23***	0.17***	0.23***	0.15***	0.26***	0.29***	0.13***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Sectors defined as in Table 19. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 22. Labor Income by 1-digit Sector (Monthly Labor Income), Non-Poor

	Labor Income -- Non-Poor								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	528	702	566	669	844	1,348	1,055	765	275
Share in Obs (%)	0.08	0.15	0.07	0.24	0.07	0.06	0.07	0.18	0.09
Per.2 - Per.1	-0.00	-0.13***	-0.10***	-0.15***	-0.09***	-0.30***	-0.07***	-0.04***	-0.23***
Per.3 - Per.1	0.12***	-0.06***	0.03	-0.07***	-0.03*	-0.27***	0.09***	0.05***	-0.08***
Chile									
Period 1 (USD)	883	913	956	874	1,021	1,706	927	979	317
Share in Obs (%)	0.12	0.14	0.08	0.21	0.09	0.08	0.03	0.20	0.06
Per.2 - Per.1	-0.15***	-0.05	0.04	0.01	0.02	-0.05	0.14***	0.05*	0.06***
Per.3 - Per.1	0.07	0.05	0.13**	0.07	0.18***	-0.03	0.40***	0.20***	0.29***
Costa Rica									
Period 1 (USD)	598	732	750	761	976	1,156	1,103	1,035	258
Share in Obs (%)	0.07	0.18	0.08	0.25	0.08	0.07	0.06	0.15	0.06
Per.2 - Per.1	-0.06*	0.07***	-0.06***	-0.08***	-0.03	-0.07***	0.05*	-0.06***	-0.03
Per.3 - Per.1	0.00	0.07***	-0.03	-0.00	0.07***	0.08**	0.21***	-0.01	0.01
Ecuador									
Period 1 (USD)	530	503	495	609	704	731	707	562	154
Share in Obs (%)	0.12	0.15	0.06	0.27	0.07	0.06	0.06	0.16	0.05
Per.2 - Per.1	-0.03	0.29***	0.31***	0.08*	0.18***	0.29***	0.41***	0.32***	0.95***
Per.3 - Per.1	0.16***	0.45***	0.48***	0.18***	0.13**	0.27***	0.58***	0.39***	1.34***
Honduras									
Period 1 (USD)	684	499	598	607	777	916	711	670	126
Share in Obs (%)	0.13	0.21	0.06	0.24	0.05	0.05	0.05	0.16	0.05
Per.2 - Per.1	0.09	-0.00	-0.08*	-0.03	0.05	-0.06	0.21***	0.11***	0.54***
Per.3 - Per.1	0.13**	0.14***	-0.00	0.00	0.07*	-0.01	0.27***	0.24***	0.97***
Mexico									
Period 1 (USD)	651	718	670	683	770	1,075	839	882	242
Share in Obs (%)	0.07	0.22	0.07	0.28	0.06	0.07	0.06	0.15	0.03
Per.2 - Per.1	0.01	0.04	0.12	-0.03	0.10**	0.02	0.19***	0.05	0.28***
Per.3 - Per.1	0.23*	-0.00	0.19***	-0.07**	0.06	-0.06	0.23***	0.02	0.29***
All Countries									
Period 1 (USD)	580	708	614	680	838	1,272	998	799	270
Share in Obs (%)	0.08	0.17	0.07	0.25	0.07	0.06	0.06	0.17	0.07
Per.2 - Per.1	-0.03*	-0.08***	-0.04	-0.11***	-0.05***	-0.22***	-0.01	-0.01	-0.15***
Per.3 - Per.1	0.13***	-0.04***	0.09***	-0.06***	0.00	-0.20***	0.12***	0.05***	-0.00

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Sectors defined as in Table 19. Poor and non-poor defined as in Table 4. . Significance at the 10, 5, and 1% levels are denoted by *, **, ***. Firm types defined as in Table 10.

TABLE 23. Labor Income by 1-digit Sector (Montly Labor Income), Private Firms

	Montly Labor Income								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	302	595	445	559	716	1,258	834	678	221
Share in Obs (%)	0.16	0.16	0.08	0.25	0.06	0.04	0.00	0.11	0.13
Per.2 - Per.1	0.04***	-0.14***	-0.11***	-0.15***	-0.11***	-0.35***	-0.08	-0.05***	-0.21***
Per.3 - Per.1	0.21***	-0.06***	0.02	-0.07***	-0.05***	-0.32***	-0.14**	-0.00	-0.07***
Chile									
Period 1 (USD)	696	833	832	808	929	1,664	1,362	920	288
Share in Obs (%)	0.15	0.15	0.09	0.21	0.09	0.08	0.00	0.16	0.07
Per.2 - Per.1	-0.14***	-0.06	0.05	0.00	0.03	-0.06	0.44	0.11***	0.06***
Per.3 - Per.1	0.13**	0.05	0.14***	0.07	0.20***	-0.05	-0.17	0.21***	0.27***
Costa Rica									
Period 1 (USD)	474	689	695	713	857	1,016	850	748	233
Share in Obs (%)	0.12	0.20	0.09	0.29	0.07	0.06	0.01	0.07	0.08
Per.2 - Per.1	-0.03	0.07***	-0.06***	-0.08***	-0.06**	-0.05	0.53***	-0.04	-0.02
Per.3 - Per.1	0.07***	0.06***	-0.03	-0.01	0.07**	0.11***	0.89***	-0.00	0.01
Ecuador									
Period 1 (USD)	313	375	342	439	535	594	534	462	123
Share in Obs (%)	0.20	0.16	0.08	0.30	0.07	0.05	0.00	0.07	0.07
Per.2 - Per.1	-0.02	0.33***	0.43***	0.15***	0.14**	0.36***	0.39	0.17**	1.00***
Per.3 - Per.1	0.19***	0.49***	0.63***	0.24***	0.18***	0.32***	0.52	0.11*	1.47***
Honduras									
Period 1 (USD)	293	361	413	424	611	789	658	449	109
Share in Obs (%)	0.29	0.21	0.07	0.24	0.03	0.03	0.00	0.08	0.05
Per.2 - Per.1	-0.13***	0.01	-0.05	0.02	0.02	-0.09	0.57***	-0.11***	0.54***
Per.3 - Per.1	-0.11***	0.18***	0.05	0.09***	0.03	-0.04	-0.07	-0.02	0.96***
Mexico									
Period 1 (USD)	291	588	507	563	662	986	694	716	195
Share in Obs (%)	0.17	0.22	0.09	0.29	0.05	0.06	0.00	0.06	0.05
Per.2 - Per.1	0.09*	0.03	0.13**	-0.03	0.09*	-0.03	0.33	0.12*	0.29***
Per.3 - Per.1	0.32***	-0.01	0.23***	-0.06**	0.04	-0.09	0.49*	0.06	0.32***
All Countries (pooled)									
Period 1 (USD)	315	592	477	564	714	1,174	810	693	217
Share in Obs (%)	0.17	0.17	0.09	0.26	0.06	0.05	0.00	0.10	0.10
Per.2 - Per.1	0.01	-0.08***	-0.04*	-0.11***	-0.07***	-0.27***	0.13**	0.01	-0.13***
Per.3 - Per.1	0.20***	-0.04***	0.09***	-0.06***	-0.02	-0.25***	0.22***	0.02	0.02***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. (1) Primary Sector; (2) Manufacturing; (3) Construction; (4) Retail and wholesale trade; (5) Electricity, gas, water, transportation; (6) Banking, financial, and insurance services; (7) Public administration and defense; (8) Education and health; (9) Cleaning services. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 24. Labor Income by 1-digit Sector (Montly Labor Income), Private Firms, Poor

	Labor Income -- Poor								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	157	217	231	190	244	213	229	156	141
Share in Obs (%)	0.32	0.11	0.10	0.19	0.04	0.01	0.00	0.06	0.17
Per.2 - Per.1	0.00	-0.08***	-0.06***	-0.04***	-0.06***	0.10***	-0.08	0.01	-0.11***
Per.3 - Per.1	0.20***	0.15***	0.12***	0.19***	0.18***	0.30***	0.15**	0.26***	0.06***
Chile									
Period 1 (USD)	266	303	298	276	309	323	282	272	182
Share in Obs (%)	0.29	0.14	0.12	0.17	0.08	0.02	0.00	0.09	0.10
Per.2 - Per.1	0.01	0.01	0.08***	0.04	0.08***	0.02	-0.08	-0.04	0.02
Per.3 - Per.1	0.25***	0.23***	0.30***	0.20***	0.27***	0.23***	-0.72***	0.17***	0.26***
Costa Rica									
Period 1 (USD)	258	319	369	298	378	302	251	242	159
Share in Obs (%)	0.29	0.13	0.09	0.21	0.05	0.04	0.01	0.05	0.14
Per.2 - Per.1	0.01	-0.01	0.02	-0.07***	-0.03	-0.03	0.04	-0.02	0.01
Per.3 - Per.1	0.18***	0.10***	0.10***	0.07***	0.04	0.27***	-0.07	0.07	0.05
Ecuador									
Period 1 (USD)	169	192	213	186	239	238	235	170	100
Share in Obs (%)	0.26	0.15	0.09	0.27	0.05	0.03	0.00	0.06	0.09
Per.2 - Per.1	0.19***	0.29***	0.39***	0.23***	0.18***	0.24***	0.39**	-0.01	0.80***
Per.3 - Per.1	0.43***	0.55***	0.69***	0.39***	0.45***	0.41***	0.36*	0.21***	1.28***
Honduras									
Period 1 (USD)	170	205	262	203	301	313	223	188	94
Share in Obs (%)	0.40	0.18	0.07	0.20	0.02	0.01	0.00	0.06	0.05
Per.2 - Per.1	-0.19***	-0.04**	-0.07***	-0.02	-0.11***	-0.08**	0.25*	-0.27***	0.35***
Per.3 - Per.1	-0.14***	0.18***	0.08***	0.20***	0.11***	0.06*	0.28**	-0.11***	0.85***
Mexico									
Period 1 (USD)	165	242	292	249	349	286	342	209	155
Share in Obs (%)	0.35	0.16	0.11	0.23	0.03	0.02	0.00	0.03	0.08
Per.2 - Per.1	0.09***	0.23***	0.15***	0.06***	0.08**	0.12*	0.27	0.22***	0.18***
Per.3 - Per.1	0.18***	0.25***	0.28***	0.11***	0.13***	0.17***	0.31	0.37***	0.27***
All Countries (pooled)									
Period 1 (USD)	162	227	251	211	273	254	251	171	142
Share in Obs (%)	0.33	0.13	0.10	0.21	0.04	0.01	0.00	0.05	0.14
Per.2 - Per.1	0.03***	0.05***	0.03***	0.02	0.03	0.03	0.66***	0.08***	-0.04***
Per.3 - Per.1	0.19***	0.20***	0.20***	0.17***	0.18***	0.16***	0.62***	0.28***	0.13***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Sectors defined as in Table 19. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 25. Labor Income by 1-digit Sector (Montly Labor Income), Private Firms, Non-Poor

	Labor Income -- Non-Poor								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	514	698	567	669	830	1,320	892	776	275
Share in Obs (%)	0.09	0.18	0.08	0.28	0.07	0.06	0.00	0.13	0.11
Per.2 - Per.1	0.01	-0.13***	-0.11***	-0.15***	-0.10***	-0.31***	-0.05	-0.03**	-0.23***
Per.3 - Per.1	0.13***	-0.06***	0.02	-0.07***	-0.04***	-0.28***	-0.09	0.01	-0.08***
Chile									
Period 1 (USD)	857	915	960	876	1,016	1,724	1,436	974	317
Share in Obs (%)	0.13	0.15	0.08	0.22	0.09	0.09	0.00	0.18	0.06
Per.2 - Per.1	-0.17***	-0.06	0.04	0.01	0.03	-0.05	0.37	0.11***	0.06***
Per.3 - Per.1	0.07	0.05	0.13**	0.06	0.20***	-0.04	-0.13	0.21***	0.29***
Costa Rica									
Period 1 (USD)	598	726	749	761	906	1,081	922	804	258
Share in Obs (%)	0.09	0.22	0.09	0.31	0.08	0.07	0.01	0.07	0.07
Per.2 - Per.1	-0.06*	0.08***	-0.06***	-0.08***	-0.05*	-0.06*	0.53***	-0.05	-0.03
Per.3 - Per.1	0.00	0.07***	-0.03	-0.00	0.08**	0.10**	0.93***	-0.01	0.01
Ecuador									
Period 1 (USD)	522	502	488	608	699	718	657	614	154
Share in Obs (%)	0.14	0.17	0.06	0.32	0.08	0.07	0.00	0.09	0.05
Per.2 - Per.1	-0.04	0.29***	0.32***	0.08*	0.09	0.29***	0.29	0.17**	0.95***
Per.3 - Per.1	0.16***	0.45***	0.49***	0.18***	0.10	0.28***	0.43	0.09	1.34***
Honduras									
Period 1 (USD)	685	499	594	607	786	916	829	628	126
Share in Obs (%)	0.15	0.24	0.07	0.28	0.05	0.05	0.01	0.10	0.06
Per.2 - Per.1	0.08	-0.01	-0.08	-0.03	-0.02	-0.06	0.65***	-0.03	0.54***
Per.3 - Per.1	0.13**	0.14***	0.01	0.00	-0.01	-0.02	-0.02	0.06	0.96***
Mexico									
Period 1 (USD)	619	713	670	685	760	1,074	748	817	241
Share in Obs (%)	0.08	0.26	0.08	0.33	0.06	0.08	0.00	0.07	0.04
Per.2 - Per.1	0.04	0.04	0.12	-0.03	0.11**	0.02	0.36	0.10	0.29***
Per.3 - Per.1	0.25**	-0.01	0.18***	-0.07***	0.05	-0.07	0.50*	0.04	0.30***
All Countries (pooled)									
Period 1 (USD)	561	705	614	681	826	1,254	879	793	270
Share in Obs (%)	0.09	0.20	0.08	0.29	0.07	0.07	0.00	0.12	0.09
Per.2 - Per.1	-0.02	-0.08***	-0.04*	-0.11***	-0.06***	-0.23***	0.15**	0.01	-0.14***
Per.3 - Per.1	0.14***	-0.04***	0.09***	-0.06***	-0.01	-0.21***	0.24***	0.02	0.00

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Sectors defined as in Table 19. Poor and non-poor defined as in Table 4. . Significance at the 10, 5, and 1% levels are denoted by *, **, ***. Firm types defined as in Table 10.

TABLE 26. Labor Income by 1-digit Sector (Montly Labor Income), Public Firms

	Montly Labor Income								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	1,507	980	187	554	760	1,570	932	661	351
Share in Obs (%)	0.01	0.01	0.02	0.01	0.06	0.03	0.40	0.46	0.00
Per.2 - Per.1	0.09	-0.00	2.15***	-0.20*	0.18***	-0.19***	-0.07***	-0.04***	-0.62***
Per.3 - Per.1	0.24***	0.14	2.40***	-0.06	0.30***	-0.16***	0.10***	0.12***	-0.42***
Chile									
Period 1 (USD)	1,746	697	632	600	1,104	1,031	852	968	337
Share in Obs (%)	0.04	0.02	0.03	0.02	0.05	0.03	0.37	0.44	0.00
Per.2 - Per.1	-0.13	0.51***	0.10	0.39	-0.30	0.02	0.15***	-0.06	0.00***
Per.3 - Per.1	-0.07	0.49**	0.21*	0.38	-0.16	0.46***	0.42***	0.14***	-0.01
Costa Rica									
Period 1 (USD)	326	1,205	790	969	1,176	1,479	1,090	1,175	326
Share in Obs (%)	0.00	0.01	0.01	0.00	0.11	0.07	0.31	0.49	0.00
Per.2 - Per.1	1.18**	-0.28***	1.16***	-0.10	0.04	-0.03	0.03	-0.05**	0.00***
Per.3 - Per.1	0.36	-0.21*	-0.10	0.46	0.07*	0.06	0.17***	0.01	0.00***
Ecuador									
Period 1 (USD)	932	491	588	551	643	888	628	474	932
Share in Obs (%)	0.01	0.01	0.01	0.01	0.05	0.02	0.35	0.54	0.00
Per.2 - Per.1	0.74***	0.40	0.09	-0.15	1.37***	0.39**	0.45***	0.50***	0.00***
Per.3 - Per.1	0.83***	1.23***	1.68***	1.73***	0.49***	0.55**	0.64***	0.82***	0.00***
Honduras									
Period 1 (USD)	364	895	723	663	660	853	591	663	261
Share in Obs (%)	0.00	0.00	0.01	0.00	0.09	0.01	0.35	0.54	0.00
Per.2 - Per.1	-0.65***	0.00***	-0.45*	-0.43	0.60***	0.07	0.16***	0.20***	0.37
Per.3 - Per.1	1.41**	-0.41	-0.25	-0.20	0.60***	0.08	0.36***	0.33***	0.51
Mexico									
Period 1 (USD)	1,003	974	502	463	747	1,043	765	889	407
Share in Obs (%)	0.03	0.02	0.02	0.02	0.06	0.03	0.33	0.50	0.00
Per.2 - Per.1	0.26*	-0.15	0.31	-0.07	0.06	-0.05	0.09	0.08	-0.30
Per.3 - Per.1	0.45***	0.32	0.54***	0.05	0.18***	0.21	0.18***	0.07**	0.43
All Countries (pooled)									
Period 1 (USD)	1,238	962	266	509	771	1,434	887	730	359
Share in Obs (%)	0.01	0.01	0.02	0.01	0.06	0.03	0.38	0.47	0.00
Per.2 - Per.1	0.19***	-0.03	1.29***	-0.12	0.20***	-0.12***	-0.02	-0.05***	-0.57***
Per.3 - Per.1	0.34***	0.20**	1.62***	0.09	0.27***	-0.08***	0.14***	0.10***	-0.08

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. (1) Primary Sector; (2) Manufacturing; (3) Construction; (4) Retail and wholesale trade; (5) Electricity, gas, water, transportation; (6) Banking, financial, and insurance services; (7) Public administration and defense; (8) Education and health; (9) Cleaning services. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 27. Labor Income by 1-digit Sector (Montly Labor Income), Public Firms, Poor

	Labor Income -- Poor								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	166	197	106	180	191	235	214	188	197
Share in Obs (%)	0.01	0.01	0.11	0.01	0.09	0.00	0.35	0.42	0.01
Per.2 - Per.1	0.03	-0.04	0.96***	0.01	0.53***	-0.04	0.03***	0.10***	-0.48***
Per.3 - Per.1	0.19	0.35***	1.28***	0.33***	0.88***	0.20*	0.29***	0.39***	-0.21**
Chile									
Period 1 (USD)	320	356	264	239	323	341	305	297	275
Share in Obs (%)	0.04	0.04	0.12	0.03	0.03	0.03	0.40	0.30	0.00
Per.2 - Per.1	0.04	0.08	0.15	0.40***	0.02	0.10	0.08*	0.01	0.00***
Per.3 - Per.1	0.18	0.09	0.58***	0.64***	0.20**	0.06	0.22***	0.20***	0.00***
Costa Rica									
Period 1 (USD)	424	460	388	298	449	436	470	409	424
Share in Obs (%)	0.00	0.01	0.02	0.00	0.10	0.01	0.49	0.37	0.00
Per.2 - Per.1	0.00***	0.00***	0.00***	0.00***	-0.02	-0.06	-0.11***	-0.01	0.00***
Per.3 - Per.1	0.00***	0.00***	0.67***	0.00***	0.02	0.46***	-0.05	0.03	0.00***
Ecuador									
Period 1 (USD)	365	255	337	86	344	375	303	283	365
Share in Obs (%)	0.01	0.01	0.02	0.01	0.07	0.01	0.37	0.50	0.00
Per.2 - Per.1	0.12	-0.08	0.60***	1.94***	0.13	0.32**	0.33***	0.14***	0.00***
Per.3 - Per.1	0.88***	0.58*	0.60***	2.79***	0.23***	-0.06	0.56***	0.44***	0.00***
Honduras									
Period 1 (USD)	324	256	358	316	349	480	304	357	261
Share in Obs (%)	0.02	0.00	0.01	0.01	0.10	0.01	0.46	0.39	0.00
Per.2 - Per.1	-0.79***	0.00***	-0.42**	0.19	0.17	-0.26	0.02	-0.08	-0.36
Per.3 - Per.1	0.18	0.16	-0.08	0.37	0.29***	-0.13	0.24***	0.03	-0.04
Mexico									
Period 1 (USD)	210	350	345	282	298	381	363	290	281
Share in Obs (%)	0.03	0.01	0.07	0.06	0.07	0.02	0.47	0.26	0.00
Per.2 - Per.1	0.21	-0.10	-0.11	-0.06	0.21	0.34**	0.03	0.17	-0.16
Per.3 - Per.1	0.68**	0.14	0.06	-0.05	0.47***	0.07	0.17***	0.29***	-0.26*
All Countries (pooled)									
Period 1 (USD)	202	240	140	241	216	323	253	207	209
Share in Obs (%)	0.01	0.01	0.10	0.02	0.08	0.01	0.37	0.39	0.01
Per.2 - Per.1	-0.02	-0.03	0.71***	-0.12	0.43***	-0.19***	-0.03	0.06***	-0.42***
Per.3 - Per.1	0.42***	0.32***	1.06***	0.07	0.78***	-0.06	0.22***	0.36***	-0.23***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Sectors defined as in Table 19. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 28. Labor Income by 1-digit Sector (Montly Labor Income), Public Firms, Non-Poor

	Labor Income -- Non-Poor								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	1,773	1,242	515	658	932	1,594	1,062	749	441
Share in Obs (%)	0.01	0.01	0.01	0.01	0.06	0.04	0.41	0.47	0.00
Per.2 - Per.1	0.14	-0.07	0.58***	-0.21*	0.03	-0.16***	-0.07***	-0.05***	-0.59***
Per.3 - Per.1	0.20***	0.06	0.57***	-0.08	0.16***	-0.12***	0.09***	0.10***	-0.42***
Chile									
Period 1 (USD)	1,860	751	775	650	1,140	1,089	899	1,002	344
Share in Obs (%)	0.04	0.02	0.02	0.02	0.05	0.03	0.36	0.45	0.00
Per.2 - Per.1	-0.17*	0.49***	-0.02	0.32	-0.26	-0.01	0.15***	-0.06	0.00***
Per.3 - Per.1	-0.06	0.58***	0.11	0.35	-0.11	0.48***	0.44***	0.15***	-0.03
Costa Rica									
Period 1 (USD)	279	1,227	822	1,019	1,200	1,486	1,125	1,195	279
Share in Obs (%)	0.00	0.01	0.01	0.00	0.11	0.07	0.31	0.49	0.00
Per.2 - Per.1	1.54**	-0.29***	1.07***	-0.15	0.03	-0.03	0.02	-0.05**	0.00***
Per.3 - Per.1	0.59	-0.22**	-0.11	0.39	0.07*	0.05	0.17***	0.01	0.00***
Ecuador									
Period 1 (USD)	1,031	563	723	848	748	924	711	516	1,031
Share in Obs (%)	0.01	0.01	0.01	0.00	0.05	0.03	0.35	0.55	0.00
Per.2 - Per.1	0.64**	0.50*	-0.08	-0.35	1.22**	0.40**	0.42***	0.50***	0.00***
Per.3 - Per.1	0.77***	1.23***	1.25***	0.95***	0.39***	0.63**	0.58***	0.80***	0.00***
Honduras									
Period 1 (USD)	462	2,396	872	864	747	919	697	716	446
Share in Obs (%)	0.00	0.00	0.01	0.00	0.09	0.01	0.32	0.57	0.00
Per.2 - Per.1	-0.50	0.00***	-0.39*	0.00***	0.52***	0.06	0.14***	0.19***	0.34
Per.3 - Per.1	1.32*	-0.71***	-0.06	-0.27	0.56***	0.12	0.32***	0.34***	0.00***
Mexico									
Period 1 (USD)	1,146	1,036	677	537	820	1,094	842	926	472
Share in Obs (%)	0.02	0.02	0.01	0.02	0.06	0.03	0.32	0.53	0.00
Per.2 - Per.1	0.20	-0.02	0.53	0.01	0.05	0.04	0.13*	0.09*	-0.26
Per.3 - Per.1	0.37***	0.48**	0.43*	0.13	0.17***	0.29	0.16***	0.08***	0.28
All Countries (pooled)									
Period 1 (USD)	1,427	1,110	600	601	912	1,469	1,002	807	445
Share in Obs (%)	0.01	0.01	0.01	0.01	0.06	0.03	0.38	0.49	0.00
Per.2 - Per.1	0.17**	0.00	0.41***	-0.11	0.09***	-0.09***	-0.02	-0.05***	-0.53***
Per.3 - Per.1	0.28***	0.22**	0.46***	0.09	0.17***	-0.04	0.12***	0.09***	-0.04

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Sectors defined as in Table 19. Poor and non-poor defined as in Table 4. . Significance at the 10, 5, and 1% levels are denoted by *, **, ***. Firm types defined as in Table 10.

TABLE 29. Accounting for Changes in Labor Income of the Poor. Worker Characteristics

	Skill Type		Age Group		Gender	
Brazil						
	Unskilled	0.76	15-24	0.21	Men	0.76
	Skilled	0.07	25-40	0.47	Women	0.30
	Highly skilled	0.00	41-60	0.28	Composition	-0.07
	Composition	0.17	Composition	0.04		
Chile						
	Unskilled	0.68	15-24	0.10	Men	0.91
	Skilled	0.20	25-40	0.56	Women	0.23
	Highly skilled	0.01	41-60	0.35	Composition	-0.14
	Composition	0.11	Composition	-0.02		
Costa Rica						
	Unskilled	0.92	15-24	0.26	Men	1.18
	Skilled	0.01	25-40	0.47	Women	0.10
	Highly skilled	0.02	41-60	0.30	Composition	-0.28
	Composition	0.05	Composition	-0.04		
Ecuador						
	Unskilled	0.75	15-24	0.22	Men	0.79
	Skilled	0.22	25-40	0.51	Women	0.23
	Highly skilled	0.04	41-60	0.27	Composition	-0.02
	Composition	-0.01	Composition	-0.01		
Honduras						
	Unskilled	0.59	15-24	-0.01	Men	-0.66
	Skilled	0.17	25-40	0.44	Women	1.43
	Highly skilled	0.00	41-60	0.64	Composition	0.24
	Composition	0.24	Composition	-0.08		
Mexico						
	Unskilled	0.89	15-24	0.25	Men	0.72
	Skilled	0.04	25-40	0.49	Women	0.33
	Highly skilled	0.00	41-60	0.24	Composition	-0.05
	Composition	0.07	Composition	0.02		
All countries						
	Unskilled	0.82	15-24	0.22	Men	0.78
	Skilled	0.06	25-40	0.48	Women	0.29
	Highly skilled	0.00	41-60	0.27	Composition	-0.07
	Composition	0.12	Composition	0.03		

Table shows percentage contributions to the change in the average earnings of the poor between Periods 3 and 1. Skill types and age groups are defined as in Tables 5 and 7.

TABLE 30. Accounting for Changes in Labor Income of the Poor. Job Characteristics

	Employment Type		Formality Status		Firm Type	
Brazil						
	Employee	0.81	Informal	0.33	Micro	0.21
	Self-employed	0.13	Formal	0.59	SME and Large	0.50
	Entrepreneur	0.01	Composition	0.08	Public	0.17
	Composition	0.05			Composition	0.12
Chile						
	Employee	0.96	Informal	0.06	Micro	0.24
	Self-employed	0.04	Formal	0.91	SME	0.34
	Entrepreneur	-0.00	Composition	0.03	Large	0.32
	Composition	0.00			Public	0.04
					Composition	0.06
Costa Rica						
	Employee	0.80	Informal	0.48	Micro	0.42
	Self-employed	0.14	Formal	0.34	SME	0.12
	Entrepreneur	0.08	Composition	0.18	Large	0.18
	Composition	-0.02			Public	0.00
					Composition	0.28
Ecuador						
	Employee	0.77			Micro	0.58
	Self-employed	0.21			SME	0.23
	Entrepreneur	0.03			Large	0.06
	Composition	0.00			Public	0.09
					Composition	0.05
Honduras						
	Employee	1.24			Micro	-0.55
	Self-employed	0.08			SME	0.05
	Entrepreneur	-0.45			Large	0.22
	Composition	0.13			Public	0.01
					Composition	1.27
Mexico						
	Employee	0.72	Informal	0.80	Micro	0.49
	Self-employed	0.05	Formal	0.23	SME	0.28
	Entrepreneur	-0.03	Composition	-0.03	Large	0.15
	Composition	0.26			Public	0.06
					Composition	0.02
All countries						
	Employee	0.80	Informal	0.56	Micro	0.34
	Self-employed	0.12	Formal	0.48	SME	0.25
	Entrepreneur	-0.01	Composition	-0.04	Large	0.23
	Composition	0.09			Public	0.10
					Composition	0.07

Table shows percentage contributions to the change in the average earnings of the poor between Periods 3 and 1.

TABLE 31. Accounting for Changes in Labor Income of the Poor. 1-digit Sector

	Δw*sh (1)	Δsh (2)		Δw*sh (3)	Δsh (4)
Brazil			**Ecuador**		
sector1	0.23	-0.08	sector1	0.21	0.12
sector2	0.08	0.03	sector2	0.17	-0.03
sector3	0.10	0.00	sector3	0.15	0.00
sector4	0.16	0.03	sector4	0.21	-0.03
sector5	0.06	0.00	sector5	0.07	0.00
sector6	0.01	0.04	sector6	0.03	0.00
sector7	0.04	0.00	sector7	0.04	-0.01
sector8	0.11	0.00	sector8	0.03	0.00
sector9	0.03	-0.02	sector9	0.13	-0.05
Composition	0.18		Composition	-0.04	
Chile			**Honduras**		
sector1	0.28	-0.06	sector1	-1.52	0.09
sector2	0.14	-0.01	sector2	1.09	-0.04
sector3	0.16	0.01	sector3	0.23	0.01
sector4	0.14	0.03	sector4	1.35	-0.03
sector5	0.09	0.00	sector5	0.14	0.00
sector6	0.03	0.01	sector6	0.04	0.01
sector7	0.01	0.01	sector7	0.15	0.00
sector8	0.08	-0.01	sector8	-0.18	-0.01
sector9	0.07	0.02	sector9	0.68	-0.02
Composition	0.00		Composition	-0.96	
Costa Rica			**Mexico**		
sector1	0.43	0.01	sector1	0.18	-0.10
sector2	0.13	-0.02	sector2	0.18	0.01
sector3	0.11	0.00	sector3	0.15	0.01
sector4	0.14	0.02	sector4	0.10	0.04
sector5	0.02	0.01	sector5	0.03	0.01
sector6	0.10	0.00	sector6	0.02	0.01
sector7	-0.00	-0.01	sector7	0.02	0.00
sector8	0.01	-0.01	sector8	0.04	0.02
sector9	0.03	-0.01	sector9	0.06	0.00
Composition	0.02		Composition	0.22	
All countries					
sector1	0.21	-0.07	sector6	0.01	0.03
sector2	0.12	0.02	sector7	0.04	0.00
sector3	0.13	0.01	sector8	0.08	0.01
sector4	0.15	0.03	sector9	0.05	-0.02
sector5	0.06	0.00	Composition	0.16	

Table shows percentage contributions to the change in the average earnings of the poor, and changes in the share of employment.

TABLE 32. Industry Premium and Industry Characteristics

	(1)	(2)	(3)	(4)
Productivity	0.097***	.	.	0.098***
	(0.013)			(0.013)
Output	.	0.018*	.	-0.001
		(0.009)		(0.011)
HHR Index	.	.	0.056	0.084**
			(0.036)	(0.033)
Observations	800	807	910	781
R-squared	0.734	0.699	0.728	0.745

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank), UNIDO and COMTRADE. Dependent variable: Industry premium at the 3-digit level. All explanatory variables are in logs. All regressions include country and year effects. Robust S.E. in parentheses. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 33. Contributions to Changes in Industry Premiums

	Brazil	Chile	Ecuador
	(1)	(2)	(3)
Panel A: Changes between Period 1 (1998-2001) and Period 3 (2006-2009)			
Productivity	0.133	-0.388	0.147
Output	0.648	-0.376	0.121
HHR Index	0.085	0.169	0.188
Panel B: Relative Contributions			
Productivity	0.66	1.61	0.48
Output	-0.019	-0.009	-0.002
HHR Index	0.36	-0.60	0.53

Notes: results are based on estimates from Table 23, column 4. Table reports the average contributions to changes in industry premia between Period 3 and Period 1. Averages are computed across years and industries.

TABLE 34. Industry Premium and Industry Characteristics. Contributions

	Productivity (1)	Output (2)	HHR Index (3)
Panel A: Brazil			
Food, Beverages and Tobacco	0.67	-0.023	0.35
Textile, Apparel and Leather	2.29	0.002	-1.29
Wood and Wood Products	0.27	-0.006	0.74
Paper and Paper Products, Printing and Publishing	-0.06	-0.048	1.11
Chemicals and Chemical, Petroleum, Coal, Rubber and Plastics	0.99	-0.021	0.03
Non-Metallic Mineral Products	0.25	-0.021	0.77
Basic Metal Industries	0.57	-0.008	0.44
Fabricated Metal Products, Machinery and Equipment	0.75	-0.014	0.26
Other Manufacturing Industries	0.43	-0.011	0.58
Panel B: Chile			
Food, Beverages and Tobacco	1.80	-0.004	-0.80
Textile, Apparel and Leather	1.41	-0.042	-0.36
Wood and Wood Products	23.84	0.092	-22.93
Paper and Paper Products, Printing and Publishing	1.25	-0.002	-0.25
Chemicals and Chemical, Petroleum, Coal, Rubber and Plastics	-3.05	-0.014	4.06
Non-Metallic Mineral Products	3.50	-0.013	-2.48
Fabricated Metal Products, Machinery and Equipment	1.26	-0.007	-0.26
Other Manufacturing Industries	0.27	0.022	0.71
Panel C: Ecuador			
Food, Beverages and Tobacco	-0.03	0.000	1.03
Textile, Apparel and Leather	3.77	-0.094	-2.68
Wood and Wood Products	0.55	-0.013	0.46
Paper and Paper Products, Printing and Publishing	0.40	-0.004	0.60
Chemicals and Chemical, Petroleum, Coal, Rubber and Plastics	4.73	-0.004	-3.73
Non-Metallic Mineral Products	-1.23	-0.004	2.23
Basic Metal Industries	0.81	-0.003	0.19
Fabricated Metal Products, Machinery and Equipment	0.83	-0.008	0.18
Other Manufacturing Industries	0.42	-0.001	0.58

Notes: based on estimates from Table 23, column 4.

TABLE 35. Industry Premium and Industry Characteristics.
Heterogenous Effects by Worker Type

	Poverty Status		Skill Group		Age Group		
	Poor	Non-poor	Unskilled	Skilled	(15-24)	(25-40)	(41-65)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Productivity	0.037***	0.102***	0.048***	0.167***	0.070***	0.097***	0.133***
	(0.014)	(0.013)	(0.013)	(0.015)	(0.018)	(0.016)	(0.018)
Output	0.012	-0.003	-0.005	-0.008	0.017*	-0.007	-0.009
	(0.011)	(0.009)	(0.011)	(0.012)	(0.010)	(0.012)	(0.013)
HHR Index	0.092***	0.047	0.114***	0.039	0.054	0.045	0.126***
	(0.037)	(0.032)	(0.039)	(0.044)	(0.033)	(0.038)	(0.051)
Observations	728	768	754	760	726	755	741

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank), UNIDO and COMTRADE. Dependent variable: Industry premium at the 3-digit level. Columns: (1) sample of individuals with income percentile below the cutoff based on the 1998 poverty line; (2) individuals above the 1998 cutoff percentile; (3) individuals who are not high school graduates; (4) high school graduates and college graduates. All regressions include country and year effects. Robust S.E. in parentheses. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 36. Industry Premium and Industry Characteristics.
Heterogeneous Effects by Job Type

	Formality Status		Employment Type	
	Informal	Formal	Employee	Self-employed
	(1)	(2)	(3)	(4)
Productivity	0.085***	0.114***	0.093***	0.132***
	(0.025)	(0.013)	(0.012)	(0.039)
Output	-0.002	-0.018	0.003	-0.017
	(0.014)	(0.012)	(0.010)	(0.021)
HHR Index	0.103**	0.071**	0.069***	0.146
	(0.045)	(0.032)	(0.029)	(0.092)
Observations	676	754	769	674

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank), UNIDO and COMTRADE. Dependent variable: Industry premium at the 3-digit level. All regressions include country and year effects. Robust S.E. in parentheses. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE 37. Industry Premium and Industry Characteristics.
Heterogeneous Effects by Firm Type

	Micro	Small	Medium and Large	Public
	(1)	(2)	(3)	(4)
Panel A: estimates				
Productivity	0.078***	0.111***	0.076***	0.217***
	(0.023)	(0.029)	(0.015)	(0.032)
Output	0.001	-0.040***	-0.005	-0.034
	(0.013)	(0.016)	(0.011)	(0.030)
HHR Index	0.119**	-0.013	0.089***	-0.185*
	(0.054)	(0.048)	(0.037)	(0.105)
Observations	715	646	753	355

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank), UNIDO and COMTRADE. Dependent variable: Industry premium at the 3-digit level. All regressions include country and year effects. Robust S.E. in parentheses. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

APPENDIX

In this appendix we present the following additional results

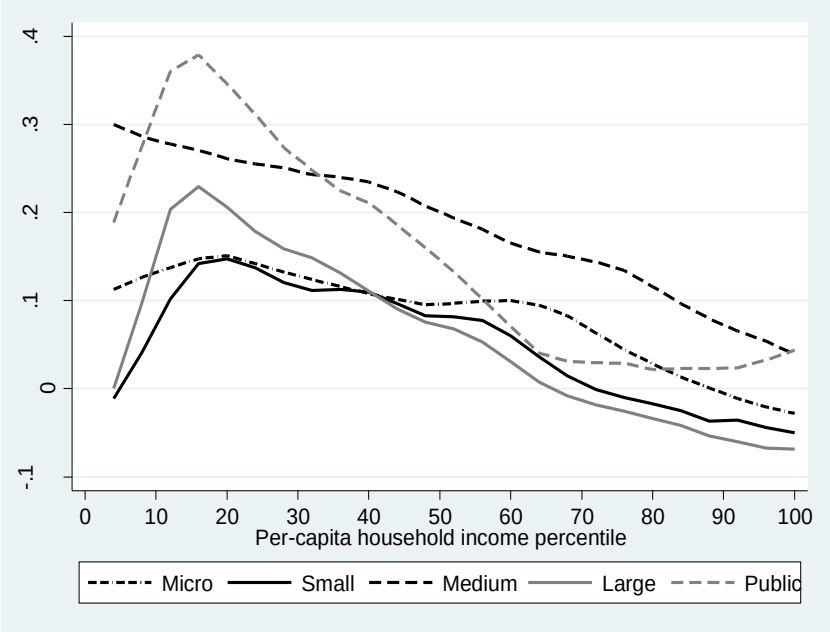
FIGURE A1: incidence curves of growth in labor earnings by firm type, splitting small and medium-sized firms. Analogous to Figure 8 in the main text.

FIGURE A2: incidence curves comparing the growth in labor earnings across the income distribution splitting jobs into formal and informal, and within the primary sector and manufacturing and services.

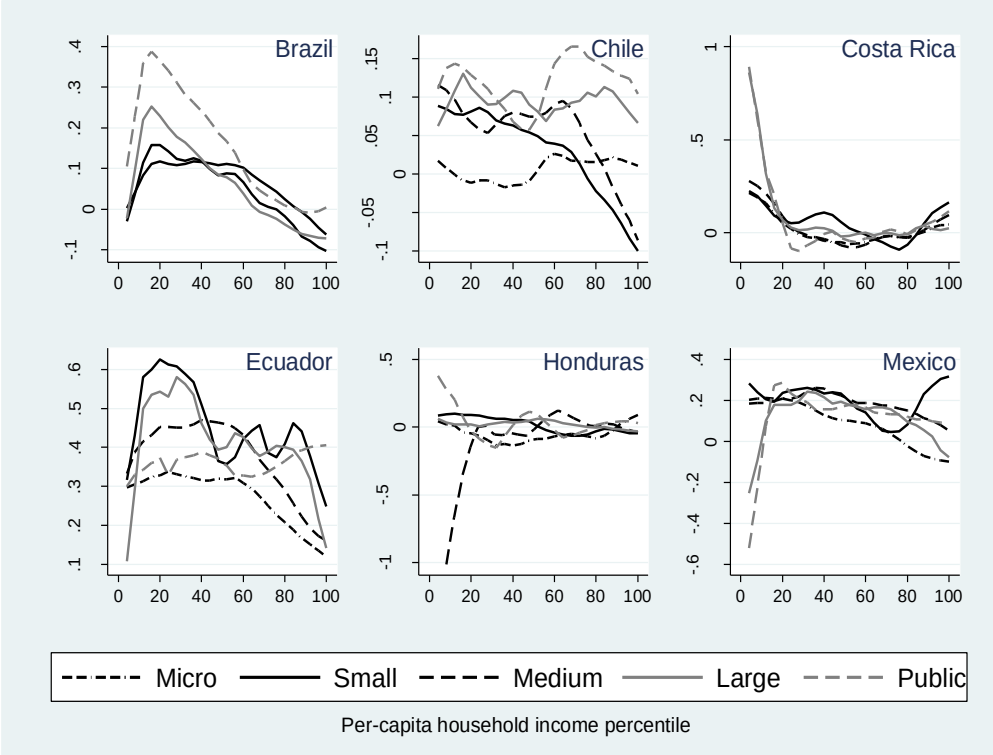
TABLES A1 to A11: tables comparing the average hourly wages of workers in different groups of worker or job characteristics. Analogous to Tables 6, 8, 10, 12, 14, 17, 18, 21 to 28 in the main text.

Figure A1. Evolution of Monthly Labor Earnings by Firm Type

Panel A: All Countries



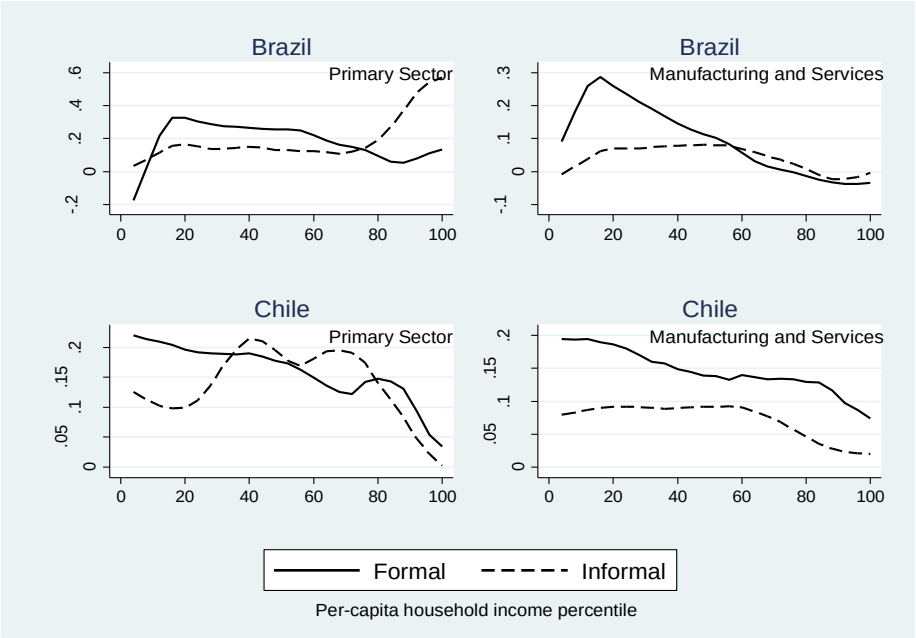
Panel B: Regressions by Country



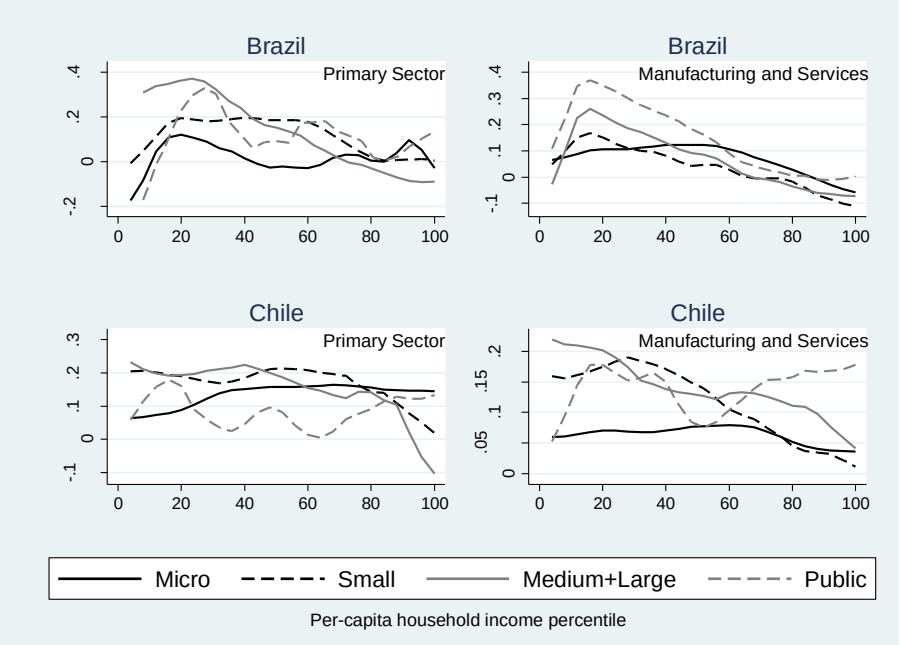
Note: Figures are analogous to Figures 8, but splitting Small and Medium-Sized firms

Figure A2. Evolution of Monthly Labor Earnings as a Function of Income Percentile.

Panel A: Formality and Informality by Sector of Employment



Panel B: Firm Type by Sector of Employment



Notes: Figures are analogous to Figures 8 and 9, but considering the primary sector and manufacturing + services separately..

TABLE A1. Hourly Wage by Skill Type. Poor and Non-Poor

	Hourly Wage -- Poor			Hourly Wage -- Non-Poor		
	Unskilled	Skilled	Highly Skilled	Unskilled	Skilled	Highly Skilled
Brazil						
Share	0.93	0.06	0.00	0.61	0.29	0.10
Per.2 - Per.1	0.03***	-0.06***	0.06	-0.07***	-0.16***	-0.12***
Per.3 - Per.1	0.28***	0.15***	-0.01	0.06***	-0.13***	-0.17***
Chile						
Period 1 (USD)	1.62	1.84	2.05	3.41	5.01	11.85
Share	0.78	0.21	0.01	0.41	0.39	0.20
Per.2 - Per.1	0.19***	0.12**	0.11	0.00	-0.04	0.03
Per.3 - Per.1	0.44***	0.36***	0.32***	0.30***	0.13***	0.15***
Costa Rica						
Period 1 (USD)	1.99	2.54	1.92	3.45	5.27	9.58
Share	0.94	0.05	0.01	0.65	0.23	0.12
Per.2 - Per.1	-0.00	-0.14***	0.08	-0.08***	-0.04**	-0.04**
Per.3 - Per.1	0.03**	-0.08	0.52***	-0.04***	-0.04**	0.03
Ecuador						
Period 1 (USD)	1.11	1.38	1.63	2.18	3.51	5.92
Share	0.78	0.19	0.03	0.45	0.38	0.17
Per.2 - Per.1	0.46***	0.40***	0.37***	0.36***	0.34***	0.41***
Per.3 - Per.1	0.62***	0.49***	0.57***	0.46***	0.22***	0.27***
Honduras						
Period 1 (USD)	1.25	1.97	2.75	2.82	4.41	9.36
Share	0.95	0.05	0.00	0.67	0.26	0.07
Per.2 - Per.1	-0.05***	-0.00	-0.02	0.08**	0.03	0.04
Per.3 - Per.1	0.07***	0.09***	0.22	0.18***	0.06*	0.05
Mexico						
Period 1 (USD)	1.31	1.96	2.63	3.07	4.97	9.94
Share	0.94	0.06	0.00	0.62	0.24	0.15
Per.2 - Per.1	0.18***	-0.01	-0.03	-0.02	-0.03	-0.09
Per.3 - Per.1	0.26***	0.07	0.06	0.02	-0.11***	-0.11
All Countries (pooled)						
Period 1 (USD)	1.17	1.66	2.15	2.79	4.93	11.50
Share	0.93	0.07	0.00	0.60	0.28	0.12
Per.2 - Per.1	0.09***	-0.03	0.12	-0.05***	-0.12***	-0.10***
Per.3 - Per.1	0.28***	0.13***	0.07	0.06***	-0.11***	-0.13***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Skill levels defined as in Table 5. Poor and non-Poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE A2. Hourly Wage by Age Group. Poor and Non-Poor

	Hourly Wage -- Poor			Hourly Wage -- Non-Poor		
	15-24	25-40	41-65	15-24	25-40	41-65
Brazil						
Period 1 (USD)	0.91	1.22	1.13	2.16	4.47	5.45
Per.2 - Per.1	0.05***	0.02***	0.03***	-0.03***	-0.09***	-0.08***
Per.3 - Per.1	0.35***	0.28***	0.31***	0.11***	-0.01	0.03***
Chile						
Period 1 (USD)	1.37	1.69	1.78	2.77	5.39	7.03
Share	0.14	0.54	0.33	0.13	0.47	0.40
Per.2 - Per.1	0.25***	0.17***	0.14***	0.10***	0.02	-0.00
Per.3 - Per.1	0.47***	0.42***	0.40***	0.44***	0.23***	0.14***
Costa Rica						
Period 1 (USD)	1.82	2.07	2.07	3.10	4.84	5.36
Share	0.19	0.50	0.32	0.23	0.45	0.31
Per.2 - Per.1	0.02	0.01	-0.05**	-0.04**	-0.02	-0.03
Per.3 - Per.1	0.03	0.04***	0.00	0.01	0.04***	0.06***
Ecuador						
Period 1 (USD)	0.91	1.25	1.21	1.89	3.31	3.93
Share	0.21	0.46	0.33	0.21	0.43	0.36
Per.2 - Per.1	0.59***	0.40***	0.41***	0.41***	0.30***	0.31***
Per.3 - Per.1	0.85***	0.55***	0.54***	0.45***	0.30***	0.33***
Honduras						
Period 1 (USD)	1.04	1.41	1.35	1.95	3.91	4.99
Share	0.27	0.42	0.31	0.28	0.41	0.31
Per.2 - Per.1	-0.08***	-0.04**	-0.04	0.14***	0.03	0.05
Per.3 - Per.1	0.09***	0.06***	0.07***	0.25***	0.10***	0.12***
Mexico						
Period 1 (USD)	1.08	1.53	1.30	2.57	4.53	5.77
Share	0.23	0.45	0.31	0.22	0.44	0.34
Per.2 - Per.1	0.26***	0.15***	0.13***	-0.01	0.05*	-0.11*
Per.3 - Per.1	0.39***	0.23***	0.22***	0.04	0.05**	-0.09
All Countries (pooled)						
Period 1 (USD)	0.97	1.33	1.21	2.29	4.52	5.60
Share	0.24	0.46	0.30	0.22	0.44	0.34
Per.2 - Per.1	0.12***	0.07***	0.08***	-0.02*	-0.05***	-0.09***
Per.3 - Per.1	0.36***	0.27***	0.29***	0.10***	0.01	0.00

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE A3. Hourly Wage by Gender. Poor and Non-Poor

	Hourly Wage -- Poor		Hourly Wage -- Non-Poor	
	Men	Women	Men	Women
Brazil				
Period 1 (USD)	1.15	1.06	4.74	3.65
Per.2 - Per.1	0.03***	0.05***	-0.06***	-0.05***
Per.3 - Per.1	0.31***	0.33***	0.05***	0.08***
Chile				
Period 1 (USD)	1.69	1.62	6.23	4.68
Share	0.75	0.25	0.63	0.37
Per.2 - Per.1	0.16***	0.23***	0.03	0.06**
Per.3 - Per.1	0.43***	0.44***	0.23***	0.25***
Costa Rica				
Period 1 (USD)	1.97	2.17	4.63	4.53
Share	0.75	0.25	0.66	0.34
Per.2 - Per.1	-0.02	-0.01	-0.01	-0.01
Per.3 - Per.1	0.06***	-0.06**	0.08***	0.03
Ecuador				
Period 1 (USD)	1.23	1.02	3.50	2.82
Share	0.70	0.30	0.62	0.38
Per.2 - Per.1	0.40***	0.55***	0.30***	0.40***
Per.3 - Per.1	0.58***	0.67***	0.36***	0.39***
Honduras				
Period 1 (USD)	1.34	1.18	4.12	3.09
Share	0.68	0.32	0.58	0.42
Per.2 - Per.1	-0.12***	0.16***	0.01	0.15***
Per.3 - Per.1	-0.02	0.30***	0.13***	0.24***
Mexico				
Period 1 (USD)	1.42	1.18	4.96	3.75
Share	0.71	0.29	0.64	0.36
Per.2 - Per.1	0.15***	0.23***	-0.03	0.04
Per.3 - Per.1	0.24***	0.33***	-0.03	0.09**
All Countries (pooled)				
Period 1 (USD)	1.26	1.11	4.85	3.72
Share	0.68	0.32	0.61	0.39
Per.2 - Per.1	0.07***	0.12***	-0.06***	-0.03***
Per.3 - Per.1	0.29***	0.33***	0.03***	0.08***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE A4. Hourly Wage by Employment Type. Poor and Non-Poor

	Hourly Wage -- Poor			Hourly Wage -- Non-Poor		
	Employee	Self-emp.	Entrepren.	Employee	Self-emp.	Entrepren.
Brazil						
Period 1 (USD)	1.14	1.08	1.44	3.84	4.10	10.65
Per.2 - Per.1	0.05***	-0.01	-0.02	-0.06***	-0.08***	-0.08***
Per.3 - Per.1	0.34***	0.24***	0.28***	0.06***	0.06***	0.02
Chile						
Period 1 (USD)	1.55	2.36	2.40	4.34	6.90	22.77
Share	0.84	0.15	0.00	0.76	0.20	0.05
Per.2 - Per.1	0.15***	0.23***	0.09	0.04**	0.06*	-0.01
Per.3 - Per.1	0.43***	0.46***	0.18	0.24***	0.46***	0.16*
Costa Rica						
Period 1 (USD)	2.02	2.07	1.73	4.27	4.82	7.54
Share	0.65	0.30	0.05	0.76	0.17	0.07
Per.2 - Per.1	-0.04***	0.03	0.07	0.00	-0.06**	-0.08
Per.3 - Per.1	0.02	0.03	0.24***	0.04***	0.06*	0.17***
Ecuador						
Period 1 (USD)	1.13	1.19	1.45	2.86	3.19	6.61
Share	0.58	0.38	0.03	0.65	0.27	0.08
Per.2 - Per.1	0.49***	0.39***	0.17***	0.36***	0.34***	0.25**
Per.3 - Per.1	0.71***	0.45***	0.48***	0.41***	0.27***	0.42***
Honduras						
Period 1 (USD)	1.27	1.25	1.65	3.01	3.40	7.54
Share	0.51	0.41	0.08	0.65	0.22	0.13
Per.2 - Per.1	-0.05***	-0.01	-0.14***	0.10***	0.22***	-0.10
Per.3 - Per.1	0.10***	0.09***	-0.11***	0.25***	0.15***	0.01
Mexico						
Period 1 (USD)	1.37	1.25	2.21	4.07	3.76	12.36
Share	0.66	0.32	0.03	0.76	0.18	0.06
Per.2 - Per.1	0.21***	0.11***	-0.21	0.03	0.12***	-0.21
Per.3 - Per.1	0.33***	0.11***	-0.32*	0.05**	0.08	-0.31**
All Countries (pooled)						
Period 1 (USD)	1.22	1.16	1.79	3.91	4.18	11.36
Share	0.66	0.32	0.02	0.73	0.21	0.06
Per.2 - Per.1	0.11***	0.04***	-0.13	-0.03***	-0.05***	-0.14***
Per.3 - Per.1	0.34***	0.21***	-0.11	0.06***	0.06***	-0.09**

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Employment types defined as in Table 11. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE A5. Hourly Wage by Formality Status of Employment. Poor and Non-Poor

	Hourly Wage -- Poor		Hourly Wage -- Non-Poor	
	Informal	Formal	Informal	Formal
Brazil				
Period 1 (USD)	0.95	1.41	2.29	4.42
Per.2 - Per.1	0.04***	0.05***	-0.05***	-0.07***
Per.3 - Per.1	0.32***	0.31***	0.27***	0.06***
Chile				
Period 1 (USD)	1.69	1.66	5.44	5.76
Share	0.48	0.52	0.32	0.68
Per.2 - Per.1	0.22***	0.14***	0.04	0.03
Per.3 - Per.1	0.46***	0.42***	0.32***	0.20***
Costa Rica				
Period 1 (USD)	2.00	2.08	4.32	4.81
Share	0.69	0.31	0.44	0.56
Per.2 - Per.1	-0.01	-0.01	-0.06***	0.02
Per.3 - Per.1	0.01	0.05***	0.05**	0.07***
Mexico				
Period 1 (USD)	1.25	1.83	3.23	4.74
Share	0.80	0.20	0.44	0.56
Per.2 - Per.1	0.23***	0.16***	0.00	0.09***
Per.3 - Per.1	0.38***	0.22***	0.04	0.10***
All Countries (pooled)				
Period 1 (USD)	1.09	1.49	2.94	4.61
Share	0.64	0.36	0.32	0.68
Per.2 - Per.1	0.16***	0.08***	-0.04***	-0.04***
Per.3 - Per.1	0.35***	0.29***	0.14***	0.06***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Informality defined as in Table 13. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***. Informality defined as in Table 8

TABLE A6. Hourly Wage by Firm Size, Poor

	Hourly Wage -- Poor				
	Micro	Small	Medium	Large	Public
Brazil					
Period 1 (USD)	1.02	1.04	.	1.42	1.42
Per.2 - Per.1	0.03***	0.02***	.	0.02*	0.14***
Per.3 - Per.1	0.29***	0.30***	.	0.25***	0.47***
Chile					
Period 1 (USD)	1.78	1.52	1.56	1.59	2.11
Share	0.45	0.09	0.20	0.23	0.04
Per.2 - Per.1	0.22***	0.18***	0.14***	0.15***	0.01
Per.3 - Per.1	0.47***	0.51***	0.36***	0.44***	0.13
Costa Rica					
Period 1 (USD)	1.99	2.03	2.03	2.04	2.48
Share	0.71	0.05	0.05	0.16	0.04
Per.2 - Per.1	0.00	-0.02	-0.02	-0.03*	-0.05
Per.3 - Per.1	0.02	0.02	0.08***	0.06***	-0.05
Ecuador					
Period 1 (USD)	1.11	1.09	1.20	1.54	1.83
Share	0.75	0.09	0.07	0.03	0.05
Per.2 - Per.1	0.46***	0.52***	0.54***	0.14	0.25***
Per.3 - Per.1	0.59***	0.79***	0.80***	0.35*	0.46***
Honduras					
Period 1 (USD)	1.65	1.61	1.62	1.31	2.34
Share	0.18	0.02	0.03	0.72	0.04
Per.2 - Per.1	-0.10***	-0.15	-0.21**	-0.11***	-0.18***
Per.3 - Per.1	0.08***	0.06	-0.02	-0.01	0.07
Mexico					
Period 1 (USD)	1.64	1.34	1.34	1.26	2.16
Share	0.10	0.09	0.10	0.66	0.04
Per.2 - Per.1	0.15***	0.32***	0.26***	0.12***	-0.07
Per.3 - Per.1	0.21***	0.38***	0.35***	0.23***	0.27***
All Countries (pooled)					
Period 1 (USD)	1.15	1.08	1.48	1.49	1.46
Share	0.48	0.29	0.01	0.17	0.06
Per.2 - Per.1	0.09***	0.05***	0.25***	0.08***	0.13***
Per.3 - Per.1	0.27***	0.31***	0.46***	0.25***	0.45***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Firm types defined as in Table 15. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE A7. Hourly Wage by Firm Size, Non-Poor

	Hourly Wage -- Non-Poor				
	Micro	Small	Medium	Large	Public
Brazil					
Period 1 (USD)	3.65	3.55	.	4.70	5.99
Per.2 - Per.1	-0.05***	-0.07***	.	-0.10***	-0.03***
Per.3 - Per.1	0.07***	0.06***	.	-0.03***	0.11***
Chile					
Period 1 (USD)	5.67	6.09	5.41	5.88	5.84
Share	0.38	0.06	0.18	0.31	0.08
Per.2 - Per.1	0.09***	0.07	-0.00	-0.08***	0.08*
Per.3 - Per.1	0.43***	0.23*	0.07	0.11***	0.29***
Costa Rica					
Period 1 (USD)	4.22	4.02	4.09	4.32	6.55
Share	0.43	0.05	0.08	0.28	0.17
Per.2 - Per.1	-0.06***	0.04	-0.01	0.03*	-0.00
Per.3 - Per.1	0.02	0.15***	0.09**	0.07***	0.07***
Ecuador					
Period 1 (USD)	3.04	3.48	3.38	3.98	3.61
Share	0.63	0.08	0.08	0.05	0.16
Per.2 - Per.1	0.27***	0.37**	0.28***	0.10	0.60***
Per.3 - Per.1	0.24***	0.32***	0.32***	0.22***	0.72***
Honduras					
Period 1 (USD)	3.85	4.71	4.44	4.29	5.79
Share	0.29	0.03	0.05	0.47	0.16
Per.2 - Per.1	-0.12***	0.43*	-0.04	-0.13	-0.05
Per.3 - Per.1	-0.02	0.22	-0.04	-0.05	0.08*
Mexico					
Period 1 (USD)	5.00	4.41	4.62	3.75	5.72
Share	0.23	0.12	0.09	0.40	0.17
Per.2 - Per.1	0.01	0.02	-0.13	-0.06	0.08**
Per.3 - Per.1	-0.09*	0.04	-0.08	-0.01	0.17***
All Countries (pooled)					
Period 1 (USD)	3.83	3.77	5.06	4.85	5.92
Share	0.32	0.21	0.01	0.34	0.12
Per.2 - Per.1	-0.06***	-0.08***	-0.08*	-0.08***	-0.02
Per.3 - Per.1	0.05***	0.04*	0.01	-0.01	0.13***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Firm types defined as in Table 15. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE A8. Hourly Wage by Industry Affiliation, Poor

	Hourly Wage -- Poor								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	0.87	1.27	1.28	1.19	1.37	1.48	1.42	1.41	1.04
Per.2 - Per.1	0.05***	-0.01	-0.01	-0.02**	0.01	-0.00	0.07***	0.06***	0.01
Per.3 - Per.1	0.34***	0.23***	0.22***	0.24***	0.29***	0.19***	0.37***	0.32***	0.23***
Chile									
Period 1 (USD)	1.51	1.97	1.68	1.70	1.62	1.69	1.74	1.90	1.50
Share	0.28	0.14	0.12	0.16	0.08	0.02	0.02	0.09	0.10
Per.2 - Per.1	0.14***	0.02	0.26***	0.23***	0.17***	0.12**	0.21*	0.17***	0.32***
Per.3 - Per.1	0.38***	0.32***	0.48***	0.43***	0.49***	0.44***	0.31***	0.32***	0.63***
Costa Rica									
Period 1 (USD)	1.82	2.16	2.15	2.04	2.22	2.23	2.41	2.68	2.09
Share	0.28	0.13	0.09	0.20	0.05	0.03	0.03	0.06	0.13
Per.2 - Per.1	-0.03*	-0.08**	-0.01	0.04	0.01	0.08	-0.12***	-0.02	-0.06
Per.3 - Per.1	0.04**	0.01	-0.01	0.01	0.03	-0.01	-0.10**	0.12	-0.08**
Ecuador									
Period 1 (USD)	1.02	1.22	1.25	1.14	1.32	1.29	1.64	1.50	0.87
Share	0.25	0.14	0.09	0.25	0.05	0.03	0.02	0.08	0.09
Per.2 - Per.1	0.46***	0.39***	0.71***	0.47***	0.39***	0.44***	0.34***	0.36***	0.72***
Per.3 - Per.1	0.65***	0.52***	0.84***	0.59***	0.57***	0.53***	0.61***	0.43***	0.95***
Honduras									
Period 1 (USD)	1.12	1.36	1.57	1.37	1.77	1.74	1.73	1.63	0.76
Share	0.38	0.17	0.07	0.20	0.02	0.01	0.02	0.07	0.05
Per.2 - Per.1	-0.15***	0.06**	-0.05	0.05*	-0.04	0.01	-0.06	0.08	0.05
Per.3 - Per.1	-0.09***	0.24***	0.08***	0.22***	0.08	0.01	0.28***	0.26***	0.43***
Mexico									
Period 1 (USD)	1.00	1.38	1.53	1.54	1.96	1.47	1.94	2.01	1.25
Share	0.33	0.16	0.11	0.22	0.03	0.02	0.02	0.04	0.07
Per.2 - Per.1	0.10***	0.21***	0.13***	0.10***	-0.07	0.27***	0.05	0.05	0.22***
Per.3 - Per.1	0.20***	0.27***	0.32***	0.11***	-0.02	0.32***	0.11*	0.19***	0.46***
All Countries (pooled)									
Period 1 (USD)	0.94	1.34	1.37	1.32	1.53	1.49	1.56	1.53	1.08
Share	0.30	0.12	0.10	0.19	0.04	0.01	0.03	0.07	0.13
Per.2 - Per.1	0.08***	0.08***	0.06***	0.05***	0.02	0.07**	0.08***	0.09***	0.06***
Per.3 - Per.1	0.30***	0.24***	0.28***	0.21***	0.21***	0.22***	0.30***	0.31***	0.30***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Sectors defined as in Table 19. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE A9. Hourly Wage by Industry Affiliation, Non-Poor

	Hourly Wage -- Non-Poor								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	2.90	4.08	3.17	3.76	4.74	8.42	6.68	5.17	1.85
Per.2 - Per.1	0.06	-0.11***	-0.06***	-0.11***	-0.07***	-0.28***	-0.05***	-0.03***	-0.15***
Per.3 - Per.1	0.26***	-0.02	0.07***	-0.01	0.00	-0.25***	0.11***	0.09***	0.04***
Chile									
Period 1 (USD)	4.73	5.08	5.44	5.02	5.74	10.16	5.03	6.71	2.18
Share	0.12	0.14	0.08	0.21	0.09	0.08	0.03	0.20	0.06
Per.2 - Per.1	-0.06	0.00	0.11*	-0.00	0.06	-0.01	0.23***	0.12***	0.18***
Per.3 - Per.1	0.26***	0.22***	0.22***	0.21***	0.21***	0.08	0.57***	0.24***	0.48***
Costa Rica									
Period 1 (USD)	3.53	4.09	3.67	4.42	5.03	6.43	5.96	6.54	2.32
Share	0.07	0.18	0.08	0.25	0.08	0.07	0.06	0.15	0.06
Per.2 - Per.1	-0.10***	0.03	-0.04	-0.10***	-0.02	-0.04	0.03	-0.04	-0.07
Per.3 - Per.1	-0.04	0.03	-0.02	-0.02	0.11***	0.11***	0.21***	-0.03	-0.05
Ecuador									
Period 1 (USD)	3.05	2.79	2.75	3.31	3.91	4.20	3.94	3.50	0.99
Share	0.12	0.15	0.06	0.27	0.07	0.06	0.06	0.16	0.05
Per.2 - Per.1	0.07	0.36***	0.59**	0.21***	0.31***	0.39***	0.45***	0.51***	1.00***
Per.3 - Per.1	0.25***	0.47***	0.48***	0.26***	0.15*	0.30***	0.66***	0.47***	1.21***
Honduras									
Period 1 (USD)	4.50	2.77	3.23	3.77	4.10	5.26	4.16	4.38	0.71
Share	0.13	0.21	0.06	0.24	0.05	0.05	0.05	0.17	0.05
Per.2 - Per.1	0.14	0.05	0.04	-0.07	0.16***	-0.04	0.21***	0.18***	0.66***
Per.3 - Per.1	0.20**	0.19***	0.05	-0.04	0.31***	0.03	0.26***	0.36***	0.87***
Mexico									
Period 1 (USD)	4.67	4.01	3.41	3.84	5.49	6.28	4.51	6.23	1.94
Share	0.07	0.22	0.07	0.28	0.06	0.07	0.06	0.15	0.03
Per.2 - Per.1	-0.27	-0.02	0.17**	-0.05	-0.22	0.04	0.19***	0.00	0.26***
Per.3 - Per.1	0.03	-0.05	0.21***	-0.06*	-0.21	-0.09	0.27***	0.04	0.26***
All Countries (pooled)									
Period 1 (USD)	3.45	4.07	3.40	3.85	4.96	7.83	6.09	5.46	1.86
Share	0.08	0.17	0.07	0.25	0.07	0.06	0.06	0.17	0.07
Per.2 - Per.1	-0.07	-0.09***	-0.01	-0.09***	-0.10*	-0.21***	-0.00	-0.02	-0.07***
Per.3 - Per.1	0.16***	-0.02	0.10***	-0.02*	-0.03	-0.19***	0.15***	0.08***	0.10***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009. Sectors defined as in Table 19. Poor and non-poor defined as in Table 4. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE A10. Hourly Wage by Industry Affiliation, Private Firms

	Hourly Wage								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	1.66	3.46	2.49	3.17	3.98	7.81	5.35	4.63	1.52
Per.2 - Per.1	0.07***	-0.11***	-0.07***	-0.11***	-0.08***	-0.33***	-0.09	-0.03**	-0.12***
Per.3 - Per.1	0.36***	-0.02	0.07***	-0.01	-0.01	-0.31***	-0.14*	0.05***	0.07***
Chile									
Period 1 (USD)	3.80	4.67	4.64	4.60	5.00	9.56	8.53	6.16	2.00
Per.2 - Per.1	-0.06	-0.01	0.15**	0.01	0.11*	0.02	0.39	0.26***	0.22***
Per.3 - Per.1	0.31***	0.22***	0.27***	0.23***	0.29***	0.11	-0.21	0.35***	0.53***
Costa Rica									
Period 1 (USD)	2.91	3.89	3.45	4.18	4.46	5.80	5.01	5.78	2.26
Per.2 - Per.1	-0.08***	0.02	-0.04	-0.10***	-0.04	-0.01	0.43**	-0.04	-0.06*
Per.3 - Per.1	-0.00	0.02	-0.03	-0.04	0.12***	0.14***	0.79***	-0.05	-0.06*
Ecuador									
Period 1 (USD)	1.83	2.14	1.93	2.44	2.94	3.40	3.00	2.96	0.92
Per.2 - Per.1	0.14***	0.40***	0.75***	0.30***	0.28***	0.47***	0.34	0.41***	0.91***
Per.3 - Per.1	0.32***	0.50***	0.68***	0.34***	0.23***	0.36***	0.48	0.26***	1.15***
Honduras									
Period 1 (USD)	1.94	2.11	2.32	2.68	3.24	4.50	3.91	2.81	0.74
Per.2 - Per.1	-0.08*	0.07***	0.03	-0.00	0.13*	-0.06	0.49***	0.14***	0.40***
Per.3 - Per.1	-0.06	0.22***	0.08**	0.06	0.26***	-0.00	0.12	0.24***	0.66***
Mexico									
Period 1 (USD)	1.96	3.30	2.59	3.20	4.80	5.77	3.31	4.98	1.57
Per.2 - Per.1	-0.11	-0.02	0.16***	-0.04	-0.25	-0.01	0.52*	0.09	0.29***
Per.3 - Per.1	0.20	-0.05	0.25***	-0.05	-0.25	-0.11	0.64**	0.06	0.37***
All Countries (pooled)									
Period 1 (USD)	1.84	3.40	2.60	3.21	4.18	7.11	4.97	4.73	1.53
Per.2 - Per.1	-0.01	-0.08***	-0.00	-0.08***	-0.12*	-0.24***	0.01	0.02	-0.04***
Per.3 - Per.1	0.28***	-0.01	0.13***	-0.01	-0.05	-0.23***	0.07	0.06***	0.15***

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009.Sectors defined as in Table 19. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.

TABLE A11. Hourly Wage by Industry Affiliation, Public Firms

	Hourly Wage								
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Brazil									
Period 1 (USD)	8.84	5.95	1.49	3.22	4.63	10.33	5.91	4.49	2.10
Per.2 - Per.1	2.25	-0.02	1.40***	-0.15	0.23***	-0.17***	-0.05***	-0.03***	-0.51***
Per.3 - Per.1	0.30***	0.31*	1.63***	0.07	0.32***	-0.11***	0.13***	0.14***	-0.29***
Chile									
Period 1 (USD)	8.82	4.05	3.27	2.98	5.51	6.15	4.47	5.98	2.02
Per.2 - Per.1	0.00	0.34*	0.20	0.79***	-0.11	0.01	0.29***	0.04	0.00***
Per.3 - Per.1	0.04	0.36*	0.41***	0.76***	-0.04	0.48***	0.65***	0.18***	-0.17
Costa Rica									
Period 1 (USD)	1.70	6.45	3.97	5.22	5.99	7.80	5.85	6.72	1.70
Per.2 - Per.1	1.15*	-0.26*	0.79*	-0.36	0.04	-0.01	0.02	-0.02	0.00***
Per.3 - Per.1	0.57	-0.11	-0.18	0.53	0.08**	0.08	0.17***	0.01	0.00***
Ecuador									
Period 1 (USD)	4.46	3.02	3.42	3.10	3.74	4.92	3.50	2.97	4.46
Per.2 - Per.1	0.72*	0.37	0.01	0.01	1.52***	0.44**	0.49***	0.64***	0.00***
Per.3 - Per.1	0.94***	1.06***	1.61***	1.70***	0.50***	0.59**	0.72***	0.82***	0.00***
Honduras									
Period 1 (USD)	1.85	4.36	4.26	3.72	3.62	4.63	3.46	4.69	1.63
Per.2 - Per.1	-0.57**	0.00***	-0.49**	-0.37	0.65***	0.08	0.15***	0.17***	0.37
Per.3 - Per.1	1.54*	-0.18	-0.04	-0.28	0.62***	0.09	0.30***	0.36***	0.55
Mexico									
Period 1 (USD)	6.59	5.11	2.64	2.67	4.15	5.44	4.12	6.41	1.82
Per.2 - Per.1	-0.05	-0.12	0.34	0.42	0.06	0.03	0.05	0.05	-0.10
Per.3 - Per.1	0.04	0.34	1.42	0.02	0.16**	0.31	0.25***	0.14***	0.95*
All Countries (pooled)									
Period 1 (USD)	7.51	5.46	1.79	2.93	4.54	9.04	5.42	5.01	2.06
Per.2 - Per.1	1.23	-0.01	1.00***	0.03	0.26***	-0.07**	0.01	-0.06***	-0.46***
Per.3 - Per.1	0.22**	0.35***	1.62***	0.19**	0.28***	-0.01	0.17***	0.12***	0.06

Notes: own estimates based on data from SEDLAC (CEDLAS and The World Bank). Period 1: 1998-2001; Period 2: 2002-2005; Period 3: 2006-2009.Sectors defined as in Table 19. Significance at the 10, 5, and 1% levels are denoted by *, **, ***.