



## IZA/World Bank Conference Employment and Development

May 25 - 27, 2006  
axica Congress Center  
Pariser Platz 3, Berlin, Germany



### Conference Report

International development cooperation must shift its focus towards helping less developed countries create more and better jobs while effectively curbing child labor and other forms of exploitation. In a joint appeal to policymakers in the Western industrialized countries, the World Bank and IZA called for a more forceful approach to fighting mass unemployment in the developing world. In the absence of additional efforts in this field, the goal of reducing poverty and social exclusion would become out of reach. At the same time, South-North migration would continue to increase. This is why employment strategies must be at the core of development assistance.



Organizers: Zimmermann, Bargain, Holzmann, Scarpetta

Against this background, IZA and the World Bank have started a new initiative to stimulate cooperation between research institutions, donor organizations, and policymakers in order to strengthen the role of job creation in international aid programs.

This initiative was presented to the public during an international expert conference taking place in Berlin from May 25-27. In her opening remarks, German Development Minister Heidemarie Wieczorek-Zeul pointed out that it is in the own interest of industrial nations to help create better labor market prospects in less developed countries. She warned that more than half of the global labor force is either underemployed or long-term unemployed. This situation may well pose a threat to world peace and security as it affects the lives of over three billion youths under age 25.

Globalization has increased uncertainty for workers in both developed and developing countries. While most economists agree that in the long term there will be gains for everyone, some workers will lose in the short run and must be protected. The need to better understand the effects of globalization on workers and what can be done to compensate those who lose out is even more urgent in developing countries where workers are often poor and public social protection systems underdeveloped.

Another challenge researchers at the conference have discussed is how to think about labor markets in developing countries where unemployment may be considered a sign of relative wealth, in the sense that the unemployed have the means to support themselves while they look for a job. Nearly all poor people in developing countries work because they must in order to survive, but often the jobs pay very little, \$1 or \$2 per day. The policy dilemma then is not simply about the quantity of job creation, but also about the quality of the newly created jobs.

The conference provided an opportunity for experts to discuss these and other employment challenges in developing countries and establish priorities for further research that can be applied in World Bank and other development cooperation agencies. Applauding the steps that Germany has already undertaken in this direction, the World Bank and IZA asked the industrial nations to support joint research in this field as the basis for effective policy advice.

More information on this initiative is available at [www.iza.org/development](http://www.iza.org/development)

## About the Conference

Recent economic and social transformations have put developing countries on higher and more sustainable growth paths. In too many cases, however, poor labor market conditions still lead to high unemployment, poor working conditions, low wages and increased inequality and exclusion. Labor is often the only asset of the poor and a growth process that is not associated with job creation may therefore fail to reduce poverty. A well functioning labor market can be the key to an environment where new firms are created and private agents find the proper incentives to invest and innovate. Sound labor policies that promote the creation of more and better jobs are needed to guarantee the success of structural reforms, to maintain the social support for those reforms, and to ensure that the benefits are widely distributed. Achieving these targets is crucial to an effective implementation of poverty-reduction strategies and, hence, progress towards the Millennium Development Goals.

Against this background, the World Bank has developed a proposal for operationally-oriented research program on "Labor Market, Job Creation and Growth". The proposal has been advanced in discussions with the research community, other international organizations (such as ILO) and bi-laterals aid organizations in Europe, America and Asia. To move the proposed research agenda, the Institute for the Study of Labor (IZA) and the World Bank have launched a new IZA research area on [Employment and Development](#). This new program aims at assisting the international research community to address research priorities related to employment and development, including those identified by the World Bank.

This conference is organized by IZA and the World Bank to present their joint project and to initiate research and fund raising.

## Organizing Committee

[Olivier Bargain](#) (IZA)  
[Robert Holzmann](#) (World Bank and IZA)  
[Stefano Scarpetta](#) (World Bank and IZA)  
[Klaus F. Zimmermann](#) (IZA and DIW Berlin)

## Scientific Committee

[Olivier Bargain](#) (IZA)  
[Tilman Brück](#) (DIW Berlin and IZA)  
[Amelie Constant](#) (IZA)  
[Ira Gang](#) (Rutgers University and IZA)  
[Robert Holzmann](#) (World Bank and IZA)  
[Boris Najman](#) (Paris 1 Sorbonne)  
[Carmen Pagés](#) (World Bank and IZA)  
[Dhushyanth Raju](#) (World Bank)  
[Stefano Scarpetta](#) (World Bank and IZA)  
[Klaus F. Zimmermann](#) (IZA and DIW Berlin)

## Program

[[summary of the panel sessions](#)]

### Thursday, May 25

- 13:30 - 14:00**    **[Opening Remarks](#)**  
 by [Heidemarie Wieczorek-Zeul](#)  
 (Federal Minister for Economic Cooperation and Development, Germany)
- 14:00 - 14:20**    [Robert Holzmann](#) (Director of the Social Protection Department, World Bank, USA and IZA)  
[Klaus F. Zimmermann](#) (Director of IZA and President of DIW Berlin, Germany)  
 "Why a New Theme for IZA?"

- 14:20 - 15:40**     **Panel Session I:**  
 "Globalization, Labor Market Developments and Poverty"  
**Chair:**  
[Robert Holzmann](#) (World Bank, USA and IZA)  
**Discussion:**  
 Duncan Campbell (ILO, Switzerland)  
[Erik Thorbecke](#) (Cornell University, USA) [[pdf](#)]  
[Francis Teal](#) (Oxford University, UK) [[pdf](#)]  
 Timo Voipio (Ministry for Foreign Affairs, Finland) [[pdf](#)]
- 15:40 - 16:00**     **Coffee Break**
- 16:00 - 17:20**     **Panel Session II:**  
 "Assessing Informality and Vulnerability in Labor Markets of Developing Countries"  
**Chair:**  
[Boris Najman](#) (University of Paris I, France)  
**Discussion:**  
[Gary Fields](#) (Cornell University, USA) [[pdf](#)]  
[Jean-Paul Azam](#) (IDEI, France)  
[Ragui Assaad](#) (Population Council for West Asia and North Africa, Egypt) [[pdf](#)]  
 Rachel Phillipson (DFID, UK)

**Friday, May 26**

- 9:00 - 10:30**     **Panel Session III:**  
 "Regulatory and Labor Market Policy Reforms: What Is Feasible?"  
**Chair:**  
[Klaus F. Zimmermann](#) (IZA and DIW Berlin, Germany)  
**Discussion:**  
[Jan Svejnar](#) (University of Michigan, USA and IZA)  
[Stefano Scarpetta](#) (World Bank, USA and IZA) [[pdf](#)]  
[Ernest Aryeetey](#) (ISSER, Ghana)  
 Thomas Haahr (Directorate General Development of the European Commission, Belgium)
- 10:30 - 11:00**     **Coffee Break**
- 11:00 - 12:30**     **Panel Session IV:**  
 "Skill Development for Better Labor Market Outcomes"  
**Chair:**  
[Marco Vivarelli](#) (Catholic University of Sacro Cuore, Italy and IZA) [[pdf](#)]  
**Discussion:**  
[Robert Gregory](#) (Australian National University, Australia and IZA)  
[Ira N. Gang](#) (Rutgers University, USA and IZA)  
[Sumon Bhaumik](#) (Brunel University, UK and IZA) [[pdf](#)]  
[Miriam Altman](#) (Human Sciences Research Council, South Africa) [[pdf](#)]
- 12:30 - 15:00**     **Working Lunch with Bilateral Institutions and Donors:**  
 "Moving the Employment and Development Agenda Forward in the Research Community of Developed and Developing Countries"  
*(by invitation only)*
- 15:00 - 16:30**     **Panel Session V:**  
 "International Migration and Labor Markets"  
**Chair:**  
 Pierella Paci (World Bank, USA)  
**Discussion:**  
[Klaus F. Zimmermann](#) (IZA and DIW Berlin, Germany)  
[Barry R. Chiswick](#) (University of Illinois at Chicago, USA and IZA)  
[Amelie Constant](#) (IZA, Germany)  
 Irina Kausch (GTZ, Germany)
- 16:30 - 17:00**     **Coffee Break**

**The following parallel sessions will involve presentations of selected papers on seven main topics:**

- i) Diagnosis of labor market conditions and vulnerability in middle and low income countries;
- ii) Links between the business environment, labor demand and poverty reduction;
- iii) Benefits/costs of structural reforms and globalization for workers;
- iv) Causes and consequences of formality and informality;
- v) Effects of labor market policy and institutions;
- vi) Best practices in skills development and skills upgrading;
- vii) International migration and labor markets in origin and host countries.

**17:00 - 18:30 Parallel Sessions A**

**Session A.1 Vulnerability I**

**Chair:** [Jackson Janes](#) (AICGS, USA)

**17:00 - 17:30** ["Going into Labor: Earnings vs. Infant Survival in Rural Africa"](#)  
[Elsa V. Artadi](#) (Harvard University, USA)

**17:30 - 18:00** ["Do Wages Compensate for Harmful Child Labor? Evidence from the Philippines"](#)  
[Dhushyanth Raju](#) (Cornell University, USA)

**18:00 - 18:30** ["Is There a Glass Ceiling in Morocco? Evidence from Matched Worker-Firm Data"](#)  
[Christophe J. Nordman](#) (DIAL, France) and François-Charles Wolff (University of Nantes, France)

**Session A.2 Skills I**

**Chair:** [Tilman Brück](#) (DIW Berlin, Germany and IZA)

**17:00 - 17:30** ["Intrinsic Competition' and the Labor-Schooling Trade-off in Uganda"](#)  
[Bernhard Ganglmair](#) (Bonn University, Germany)

**17:30 - 18:00** ["Learning and Earning in Africa: Evidence from Ghana"](#)  
[Francis J. Teal](#) (Oxford University, UK), Neil Rankin (University of the Witwatersrand, South Africa) and Justin Sandefur (Oxford University, UK)

**18:00 - 18:30** ["Low Skill Work in South Africa"](#)  
[Miriam Altman](#) (Human Sciences Research Council, South Africa)

**Session A.3 Labor Market Policies I**

**Chair:** [Jan Svejnar](#) (University of Michigan, USA and IZA)

**17:00 - 17:30** ["Minimum Wages in Mexico"](#)  
[Marco Manacorda](#) (Queen Mary, University of London, UK) and Mariano Bosch (London School of Economics, UK)

**17:30 - 18:00** ["The Effects of Labor Market Policies in an Economy with an Informal Sector"](#)  
[James Albrecht](#) (Georgetown University, USA and IZA), Lucas Navarro (Queen Mary, University of London, UK) and Susan Vroman (Georgetown University, USA and IZA)

**18:00 - 18:30** ["Impact of Labour Unions and Economic Reforms on the Number of Registered Factories in India"](#)  
[Bibhas Chandra Saha](#) (University of East Anglia, UK), Kaushik Chaudhuri (Indira Gandhi Institute of Development Research, India) and Rupayan Pal (Gokhale Institute of Politics and Economics, India)

**Session A.4 Informality I**

**Chair:** [Gary S. Fields](#) (Cornell University, USA)

**17:00 - 17:30** ["Enforcement of Regulation, Informal Labor and Firm Performance"](#)  
[Rita K. Almeida](#) (World Bank, USA and IZA) and Pedro Carneiro (University College London, UK and IZA)

**17:30 - 18:00** ["A Model of Informal Sector Labor Markets"](#)  
[Kenneth A. Swinnerton](#) (US Department of Labor, USA) and Carol Ann Rogers (Georgetown University, USA)

**18:00 - 18:30**      ["The Impact of Globalization on the Informal Sector in Africa"](#)  
**Sher Verick** (UNECA, Ethiopia and IZA)

**Saturday, May 27**

**9:00 - 10:30**      **Parallel Sessions B**

**Session B.1**      **Vulnerability II**  
**Chair:** [James Albrecht](#) (Georgetown University, USA and IZA)

**9:00 - 9:30**      ["Multiple-Job-Holding in Africa: The Case of Tanzania"](#)  
**Theis Theisen** (Agder University College, Norway)

**9:30 - 10:00**      ["Measuring Gender \(In\)Equality: Introducing the Gender, Institutions and Development Data Base \(GID\)"](#)  
**Johannes P. Jütting** (OECD, France), Christian Morrisson (OECD, France), Jeff Dayton-Johnson (OECD, France) and Denis Drechsler (OECD, France)

**10:00 - 10:30**      ["Does Clandestinity Damage Potential Development in the Countries of Origin? A Study of Illegal Migrants in Italy"](#)  
**Nicola Coniglio** (University of Bari, Italy), Maria Concetta Chiuri (University of Bari, Italy), Giovanni Ferri (University of Bari, Italy) and Laura Serlenga (University of Bari, Italy and IZA)

**Session B.2**      **Skills II**  
**Chair:** [Samir Radwan](#) (Economic Research Forum, Egypt)

**9:00 - 9:30**      ["Human Capital Externalities: Evidence from the Transition Economy of Russia"](#)  
**Alexander Muravyev** (European University Institute, Italy)

**9:30 - 10:00**      ["Beautiful Serbia"](#)  
**Ulf Rinne** (IZA, Germany) and Holger Bonin (IZA, Germany)

**10:00 - 10:30**      ["Educational Attainment and Wages in Brazil"](#)  
**Chiara Binelli** (UCL and IFS, UK), Costas Meghir (UCL and IFS, UK and IZA), and Naercio Menezes-Filho (University of Sao Paulo, Brazil)

**Session B.3**      **Labor Market Policies II**  
**Chair:** [Carmen Pages](#) (World Bank, USA and IZA)

**9:00 - 9:30**      ["Minimum Wage Effects in a Developing Country"](#)  
**Sara Lemos** (University of Leicester, UK and IZA)

**9:30 - 10:00**      ["The Effects of Multiple Minimum Wages Throughout the Labor Market: The Case of Costa Rica"](#)  
**Katherine Terrell** (University of Michigan, USA and IZA) and T. H. Gindling (University of Maryland, USA)

**10:00 - 10:30**      ["An Empirical Model of Illegal Work, the Minimum Wage, and Mandated Non-Wage Benefits"](#)  
**Frank L. McIntyre** (Brigham Young University, USA)

**Session B.4**      **Migration I**  
**Chair:** [Barry R. Chiswick](#) (University of Illinois at Chicago, USA and IZA)

**9:00 - 9:30**      ["Impact of the Guest Worker System on Poverty and Wellbeing of Migrant Workers in Urban China"](#)  
**Xin Meng** (Australian National University, Australia), Yang Du (Chinese Academy of Social Sciences, China) and Robert Gregory (Australian National University, Australia and IZA)

**9:30 - 10:00**      ["Development and Structural Diversification of the Thai Economy: The Cause of Labour Immigration"](#)  
**Gorawut Numnak** (University of New England, Australia)

**10:00 - 10:30**      ["Male Work Migration and Labor Force Participation of Left-Behind Wives in Nepal"](#)  
**Michael M. Lokshin** (World Bank, USA) and Elena Glinskayai (World Bank, USA)

- 10:30 - 11:00**      **Coffee Break**
- 11:00 - 12:30**      **Parallel Sessions C**
- Session C.1**      **Informality II**  
**Chair:** [Olivier Bargain](#) (IZA, Germany)
- 11:00 - 11:30**      "[Competitive and Segmented Informal Labor Markets](#)"  
**Isabel Günther** (University of Göttingen, Germany) and Andrey Launov (University of Würzburg, Germany and IZA)
- 11:30 - 12:00**      "[Explaining the Trend toward Informal Employment in Africa: Evidence from Ghanaian Manufacturing](#)"  
**Justin Sandefur** (Oxford University, UK)
- 12:00 - 12:30**      "[Opening the Pandora's Box? Trade Openness and Informal Sector Growth](#)"  
**Saumik Paul** (Claremont Graduate University, USA) and Amit Ghosh (Claremont Graduate University, USA)
- Session C.2**      **Globalization**  
**Chair:** [Stefano Scarpetta](#) (World Bank, USA and IZA)
- 11:00 - 11:30**      "[The Effects of Increasing Openness and Integration to the MERCOSUR on the Uruguayan Labour Market. A CGE Modeling Analysis](#)"  
**Maria Ines Terra Ortiz** (UDELAR, Uruguay), Marisa Bucheli (University of the Republic, Uruguay), Silvia Laens (CINVE, Uruguay) and Carmen Estrades (University of the Republic, Uruguay)
- 11:30 - 12:00**      "[Regulatory Barriers and Entry in Developing Economies](#)"  
**John Bennett** (Brunel University, UK) and Saul Estrin (London Business School, UK and IZA)
- 12:00 - 12:30**      "[Widening the Border: The Impact of NAFTA on Female Labor Force Participation in Mexico](#)"  
**Melissa L. Dell** (Oxford University, UK)
- Session C.3**      **Migration II**  
**Chair:** [Amelie Constant](#) (IZA, Germany)
- 11:00 - 11:30**      "[The Effect of Filipino Overseas Migration on the Non-Migrant Spouse's Labor Supply Behavior](#)"  
**Emily Christi A. Cabegin** (De La Salle University-Manila, Philippines and IZA)
- 11:30 - 12:00**      "[The Effect of Remittances on Labor Force Participation: An Analysis of Mexico's 2002 ENET](#)"  
**Eduardo Rodriguez-Oreggia** (University Iberoamericana, Mexico) and Alejandra Cox-Edwards (CSULB, USA)
- 12:00 - 12:30**      "[Migration and Technological Change in Rural Households: Complements or Substitutes?](#)"  
**Mariapia Mendola** (University of Milano-Bicocca, Italy)
- Session C.4**      **Labor Market Policies III**  
**Chair:** [Carmel U. Chiswick](#) (University of Illinois at Chicago, USA and IZA)
- 11:00 - 11:30**      "[The Economic Effects of Employment Protection Laws](#)"  
**Carmen Pages** (World Bank, USA and IZA) and Alejandro Micco (Central Bank of Chile)
- 11:30 - 12:00**      "[Labor Adjustment in an Evolving Marketplace - An Empirical Investigation](#)"  
**Manisha G. Singh** (India Development Foundation, India)
- 12:00 - 12:30**      "[Public Sector Pay and Corruption: Measuring Bribery from Micro Data](#)"  
**Klara Sabirianova Peter** (Georgia State University, USA and IZA) and Yuriy Gorodnichenko (University of Michigan, USA)
- 12:30**              **End of Conference**

