

Wage Inequality and Trade Globalization in Chile and Mexico.

Topic: Labor and Education Issues

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The research question of my paper is the following: what is the the empirical relationship between trade globalization and wage inequality in Chile and Mexico?

To answer this question I use Input-Output analysis, I compute inter-industry forward and backward linkages, the amount of jobs created due to changes in trade patterns and Theil indexes of inter-industry wage inequality. The preliminary results of this research show that sectors with strong forward and backward linkages decreased in the two countries while the inter-industry wage inequality increased in the period studied. The computation of jobs generated due to changes in trade structure shows that the job losses were higher than the jobs created in Mexico, these job losses came from the manufacturing sector. For the case of Chile job creation due to trade were higher than job losses and most job creation came from the manufacturing sector. These results indicate that the same dynamic sectors in different countries have different effects on job creation and on wage inequality.