

# Korea v Taiwan

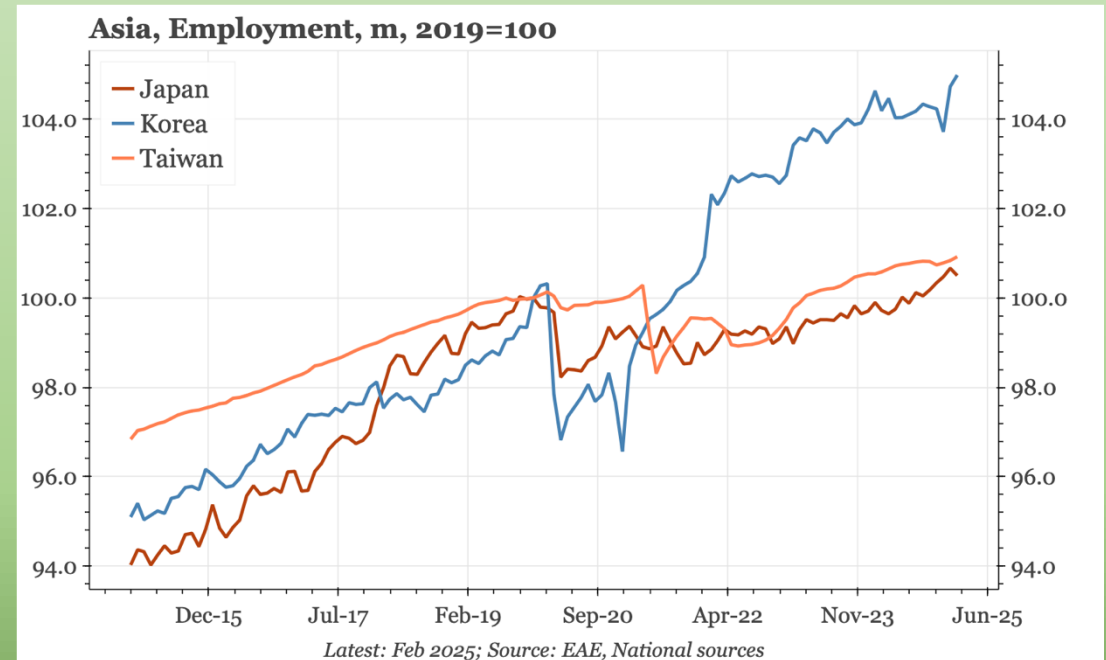
Both have low unemployment.  
So why isn't Korea's labour market tight?

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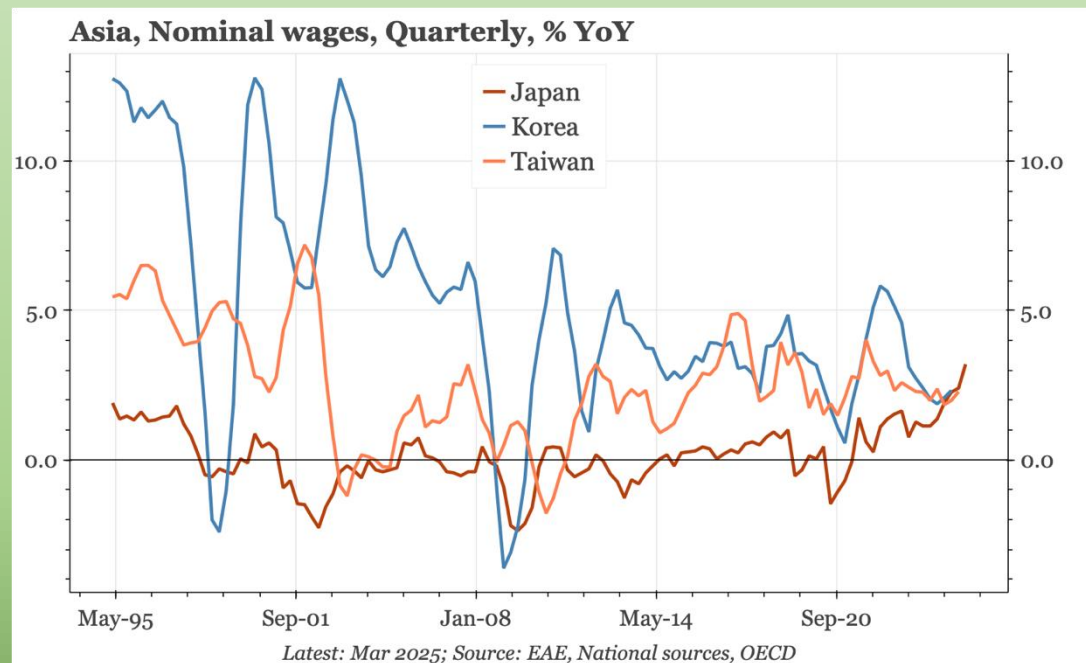
# The puzzle

## The labour market looks tightest in Korea...



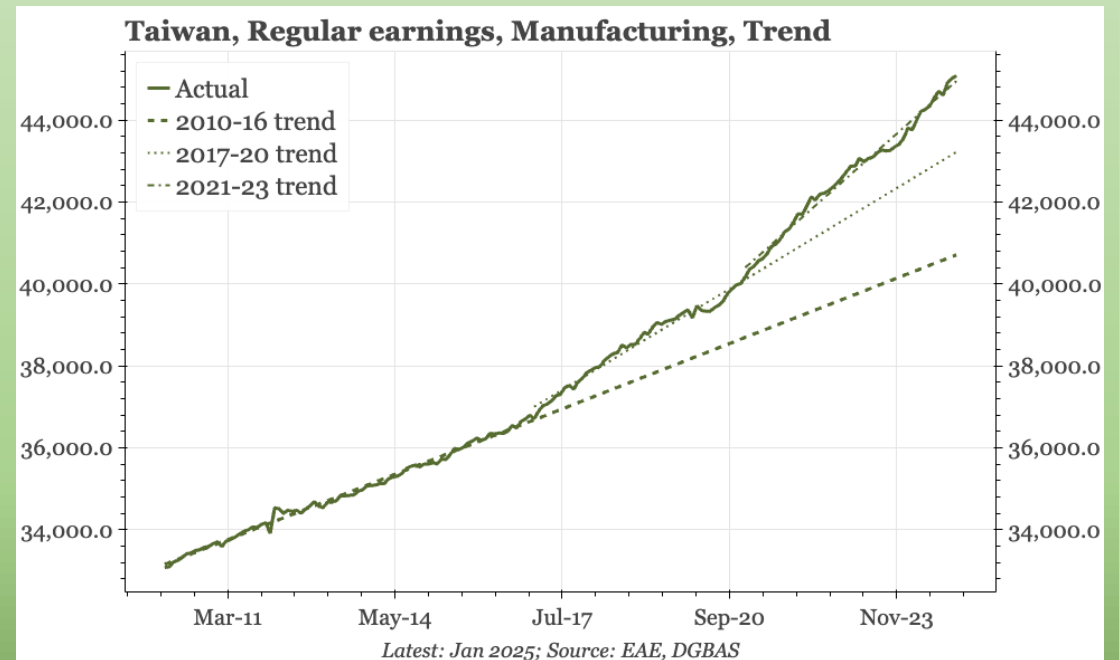
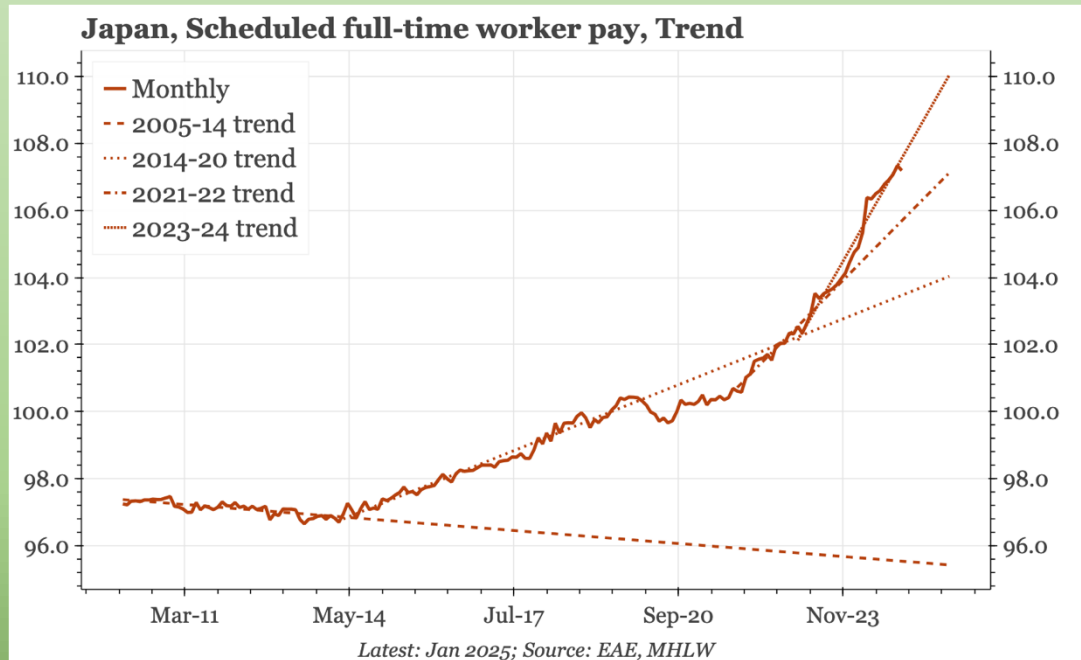
# The puzzle

## ...but wages haven't responded...



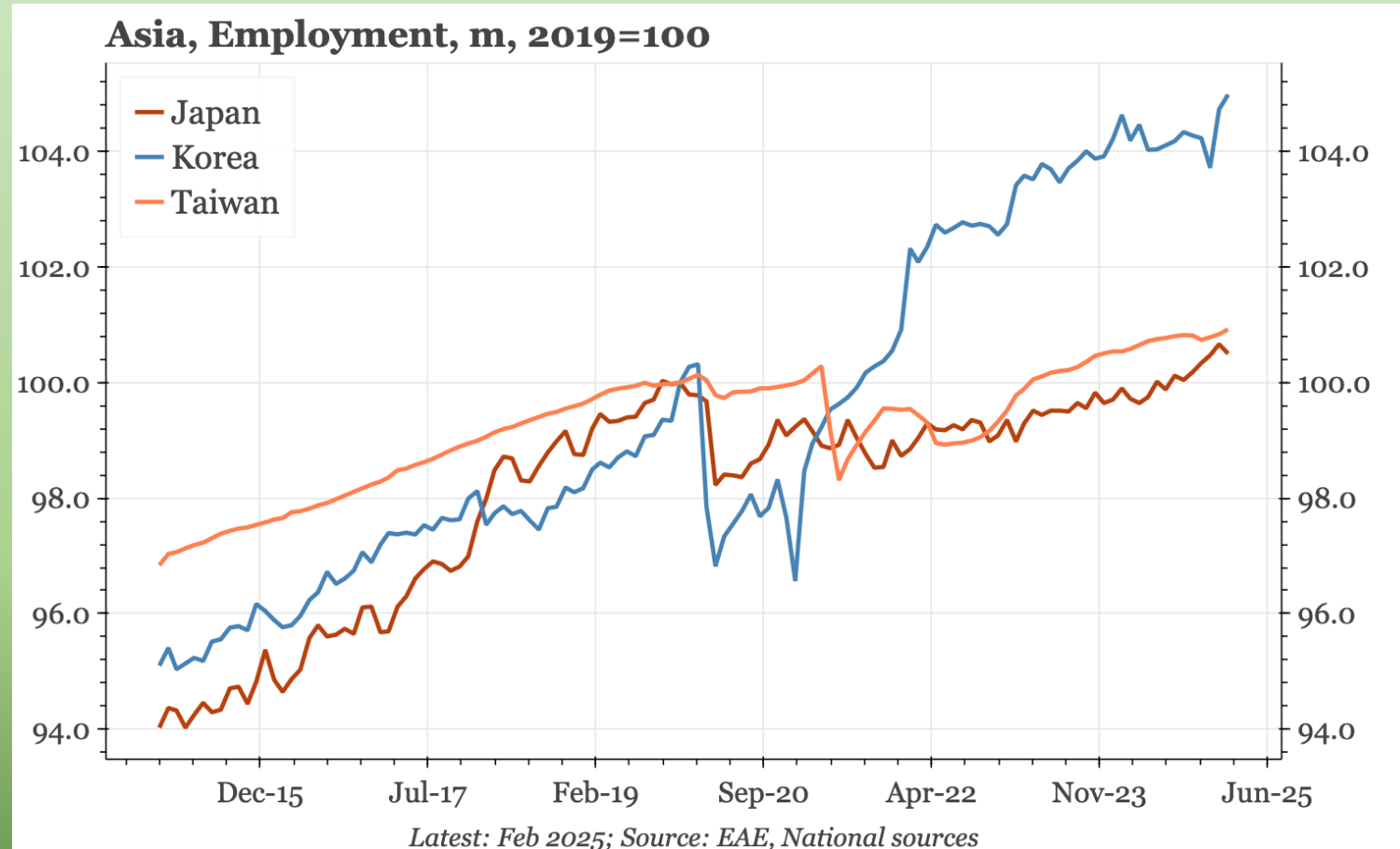
# The puzzle

..while in Japan and Taiwan there's a clear pick-up



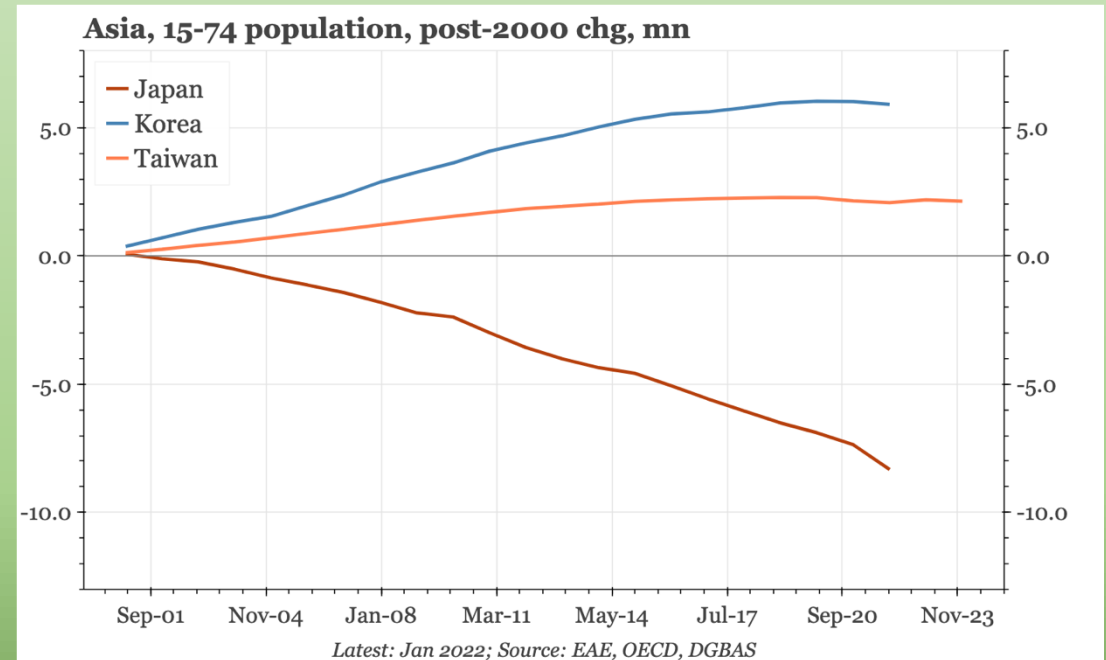
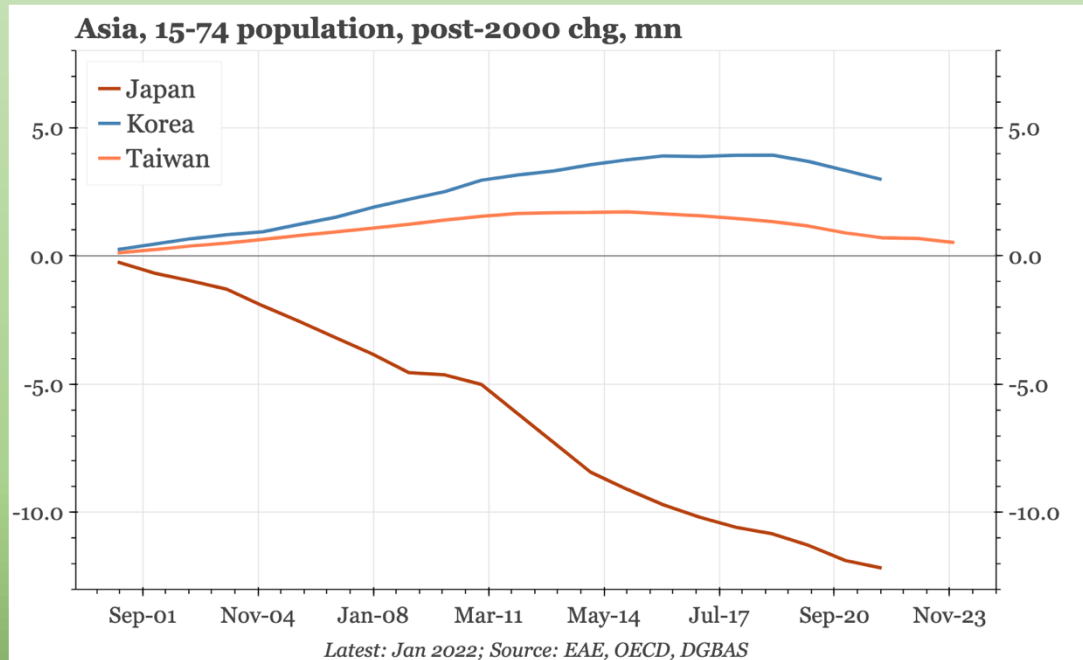
# Supply

Job creation suggests strong demand, especially in Korea



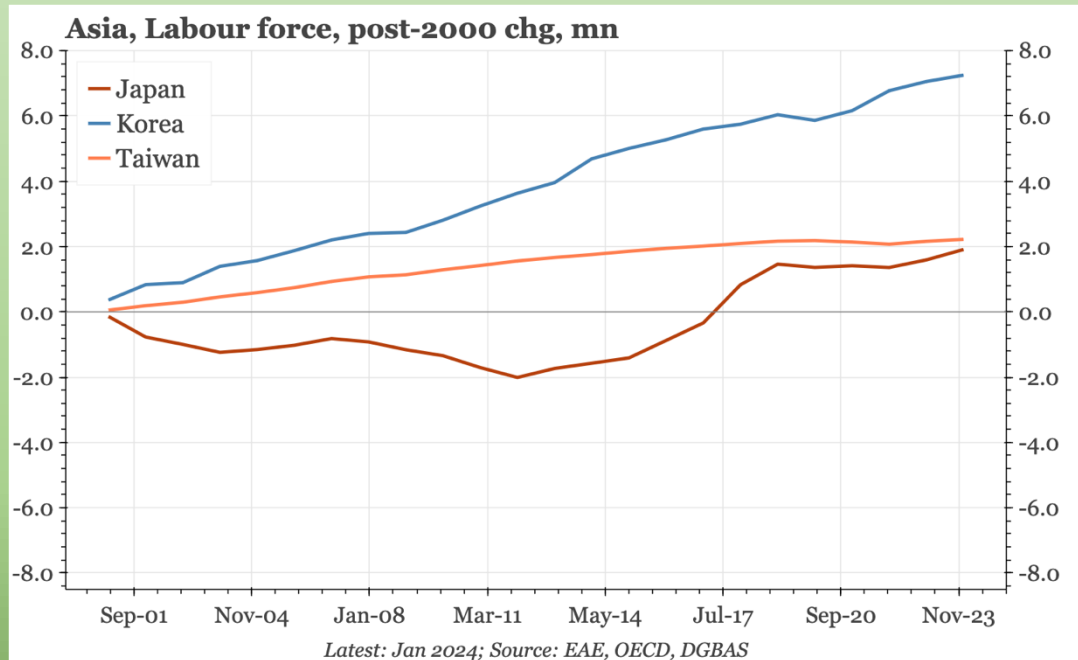
# Supply

Given demographics, that should mean labour market tightening...



# Supply

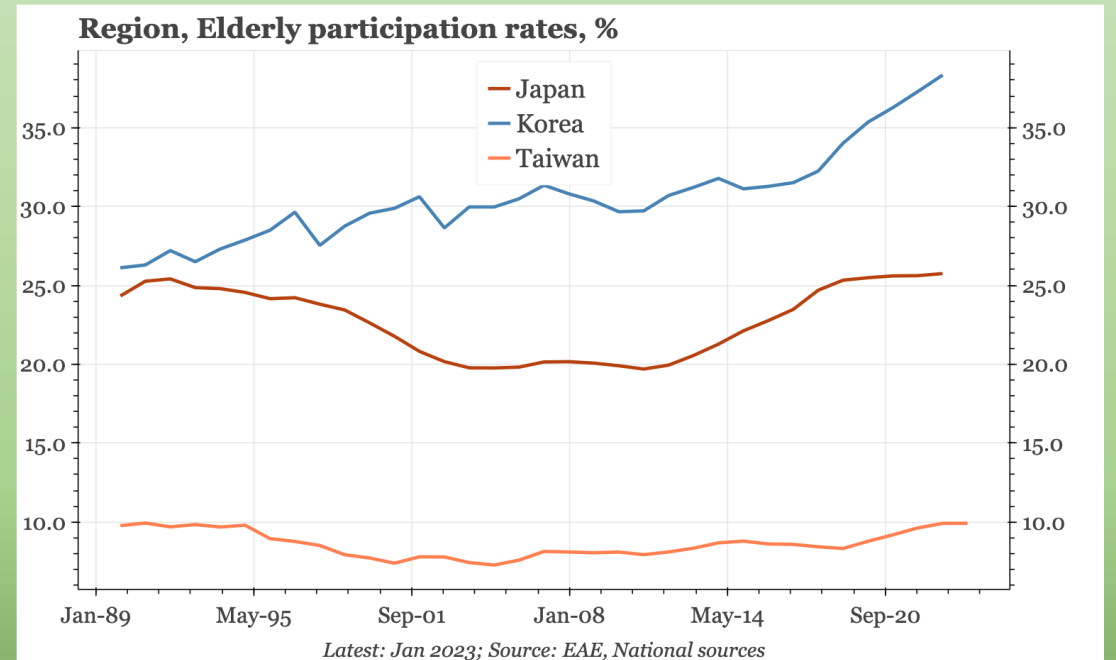
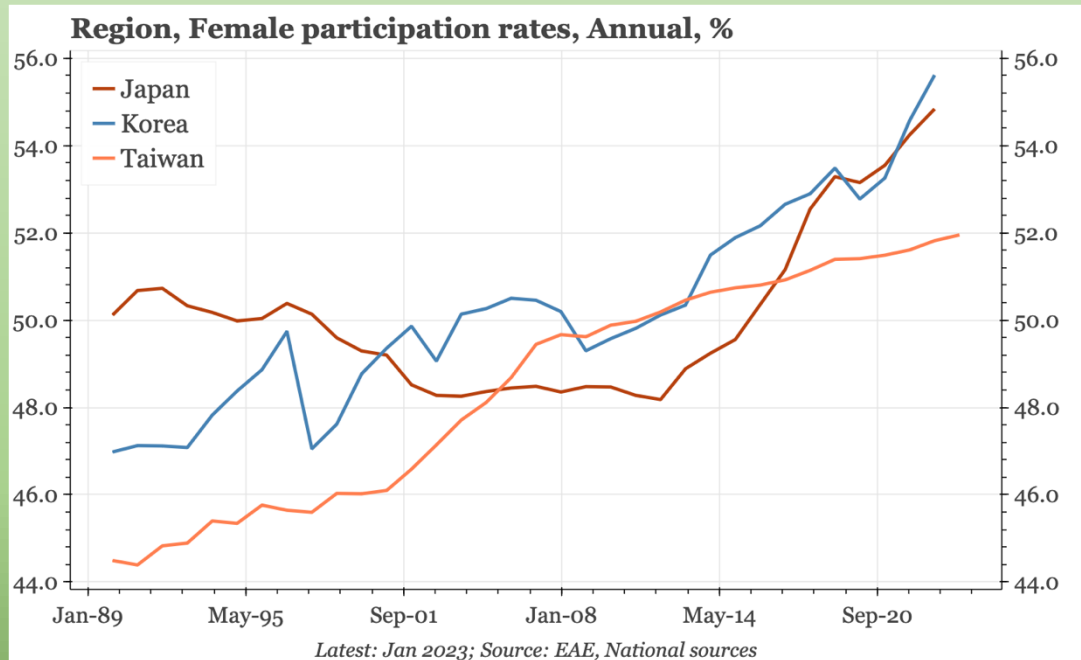
## ...but labour supply outgrows populations





# Supply

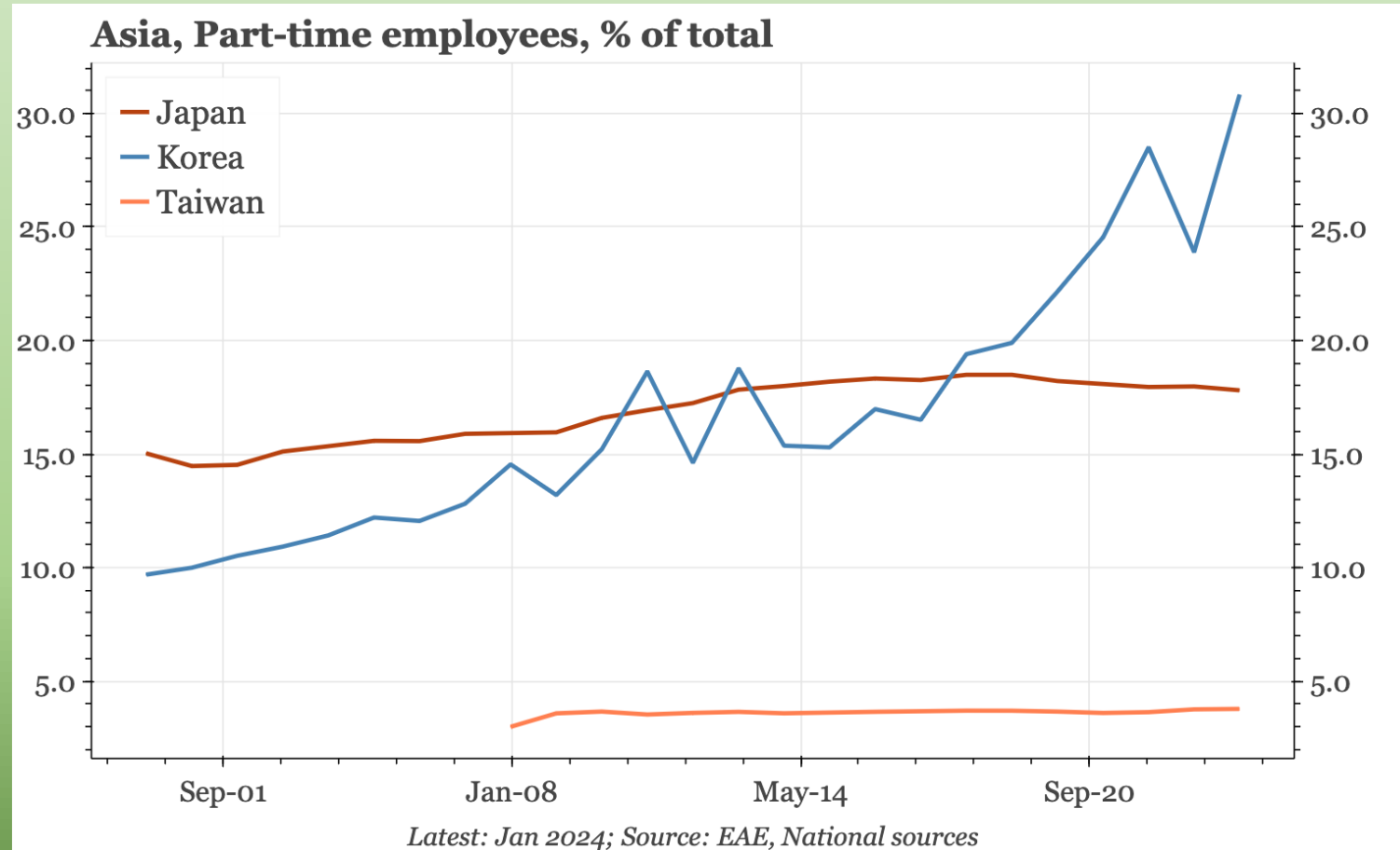
## The big change is in participation...





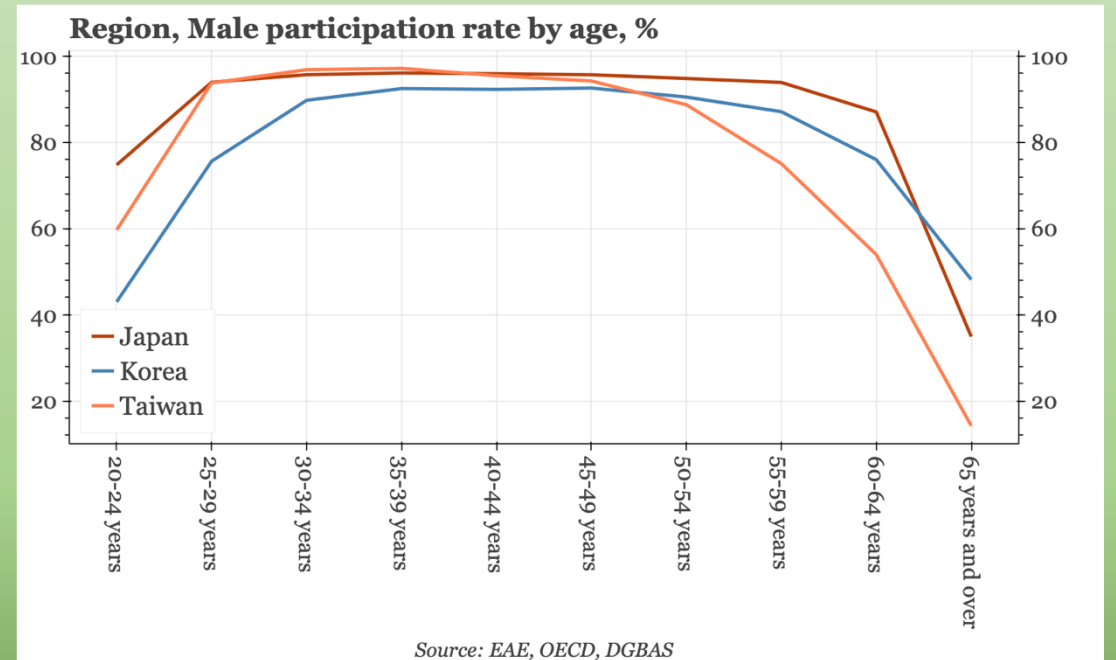
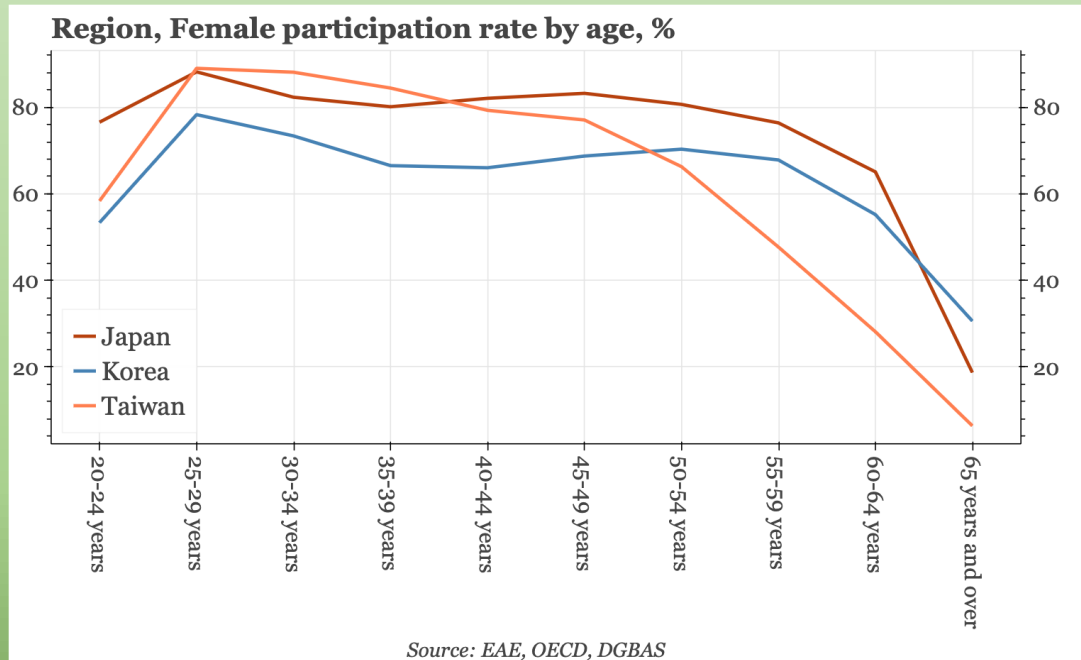
# Supply

Rising participation rates  $\leftrightarrow$  more part-time jobs



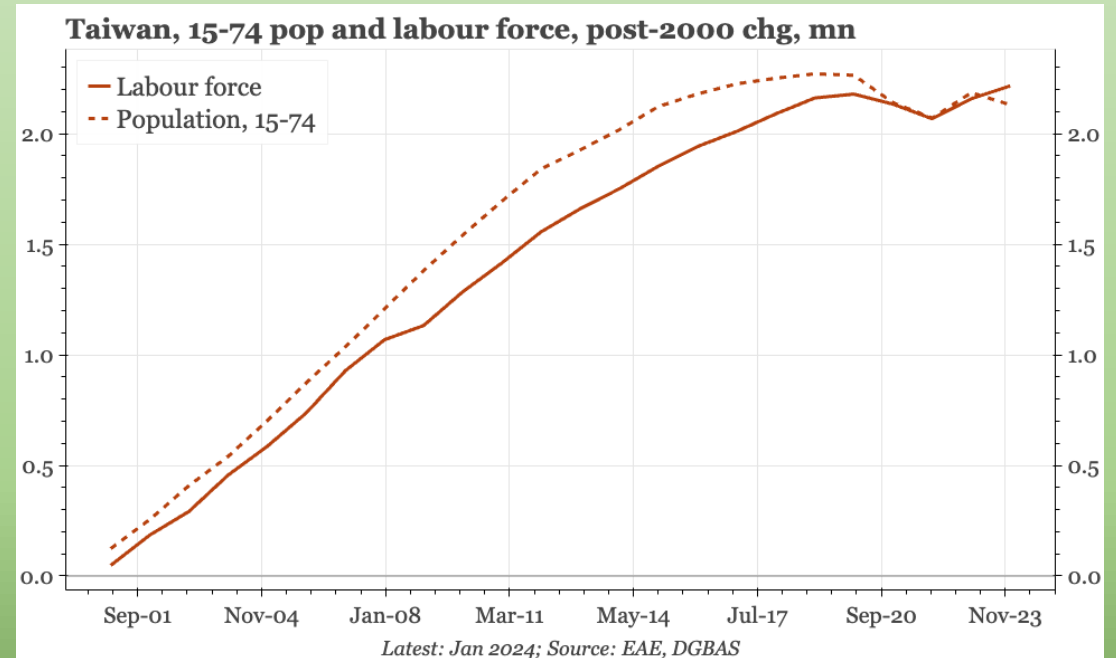
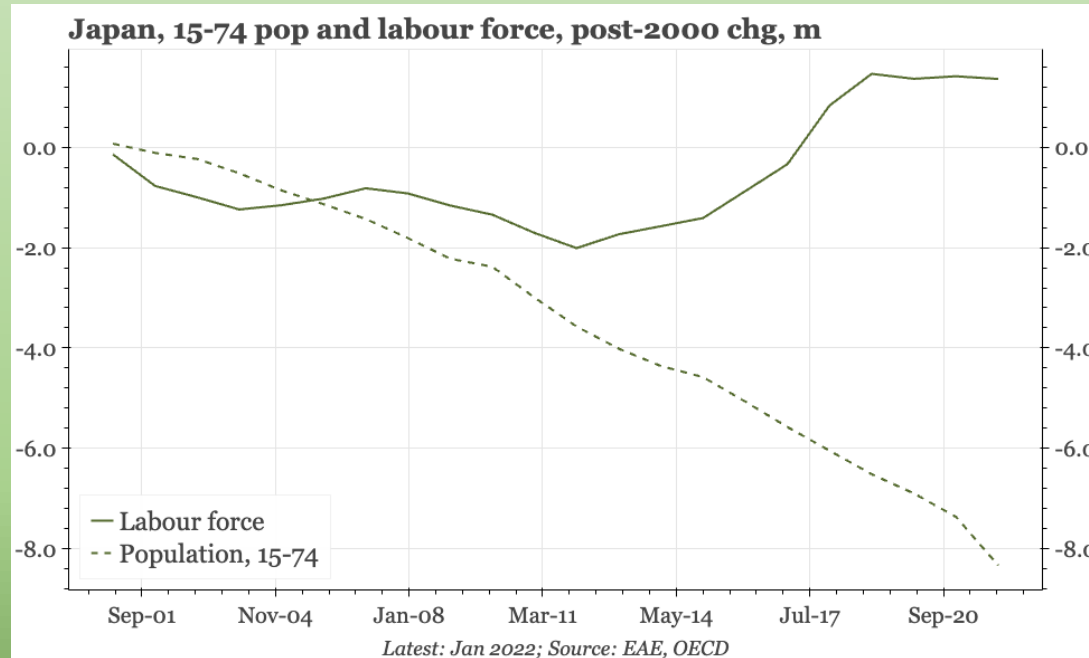
# Supply

## Taiwan's participation lags...



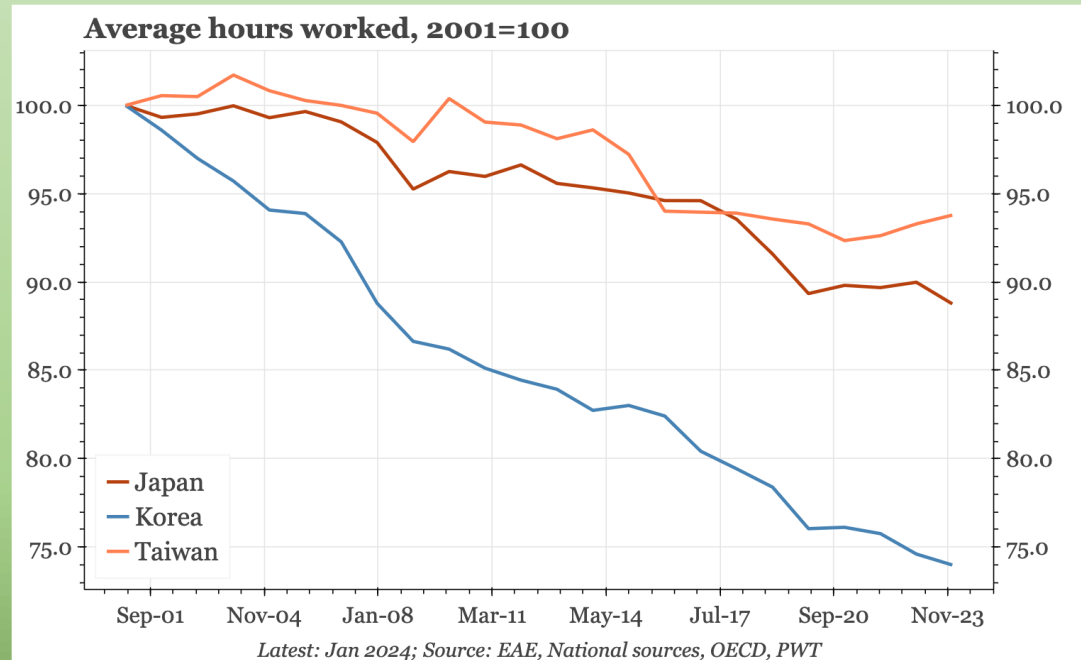
# Supply

...so population is a bigger constraint on labour supply



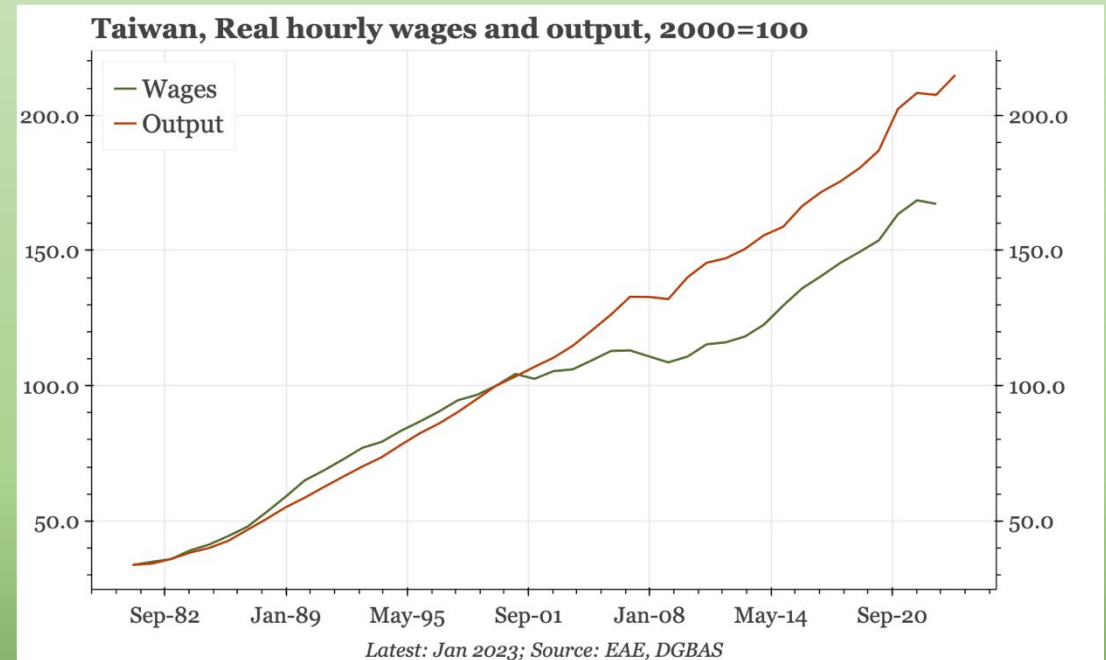
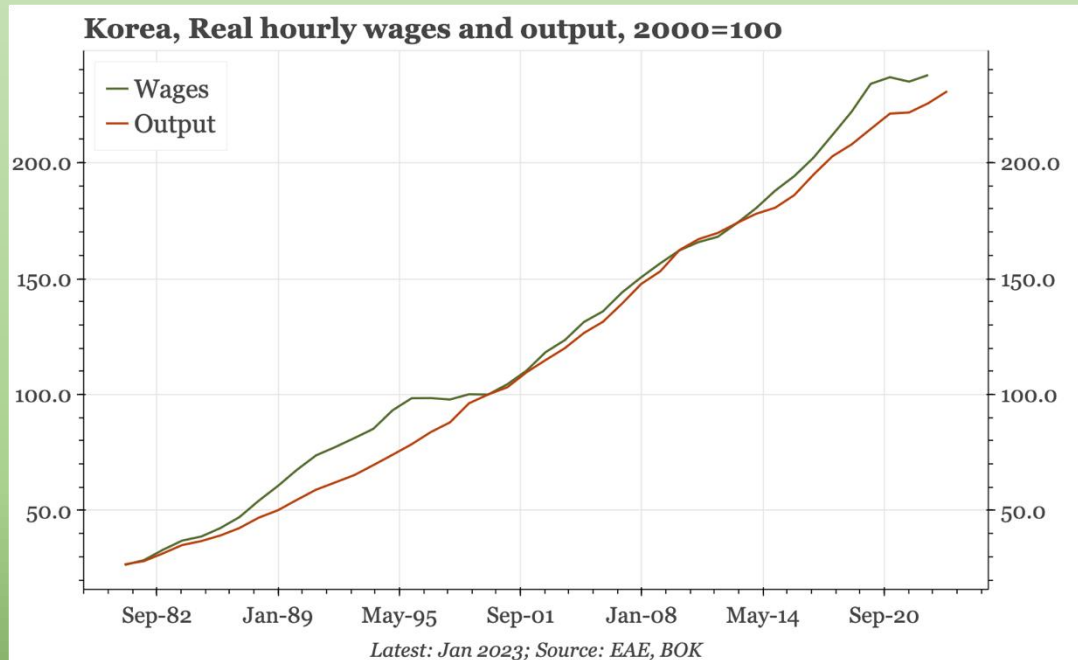
# Demand

Total hours worked suggest strong demand only in Taiwan



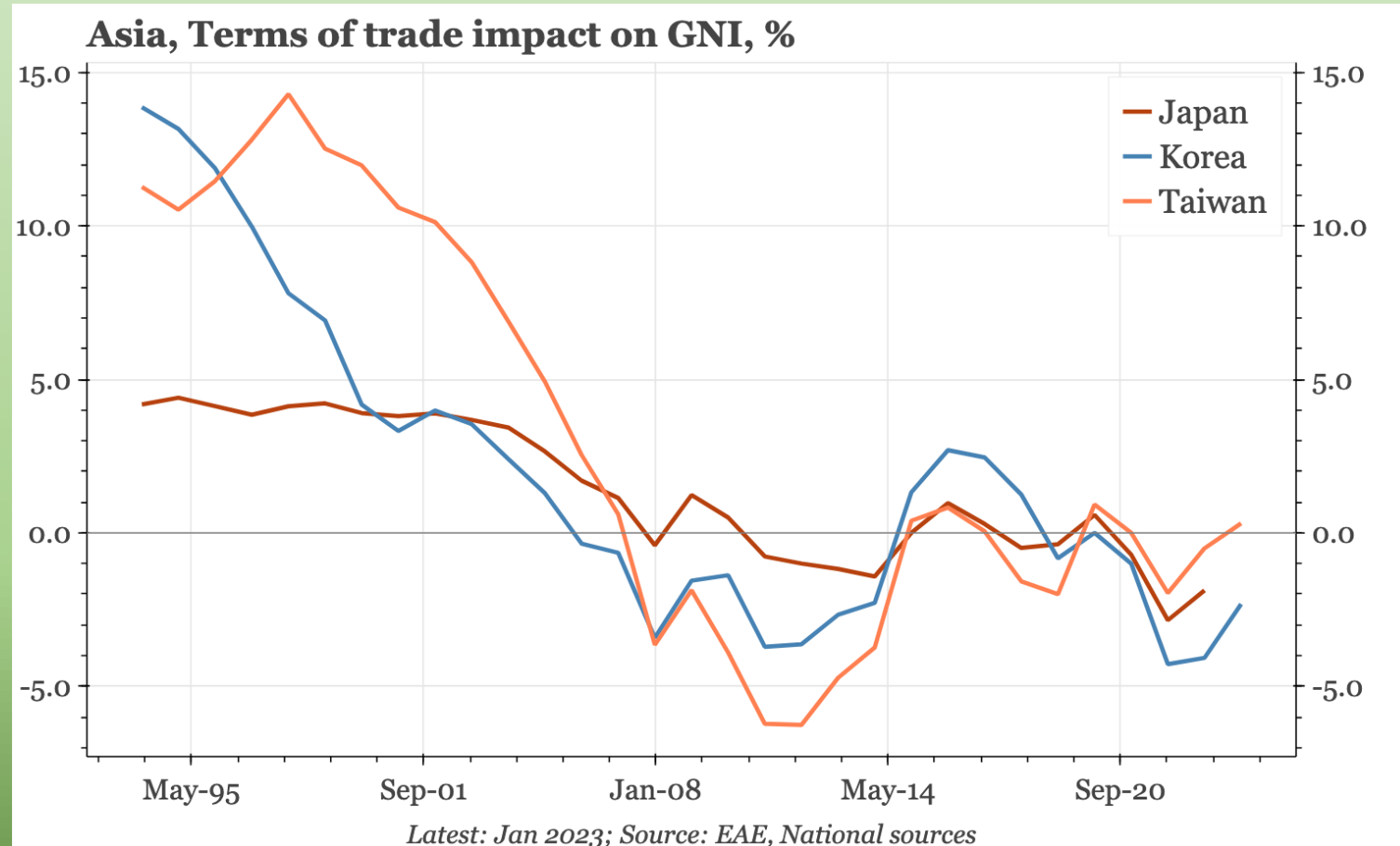
# Demand

2000s Hollowing out was most apparent in Taiwan



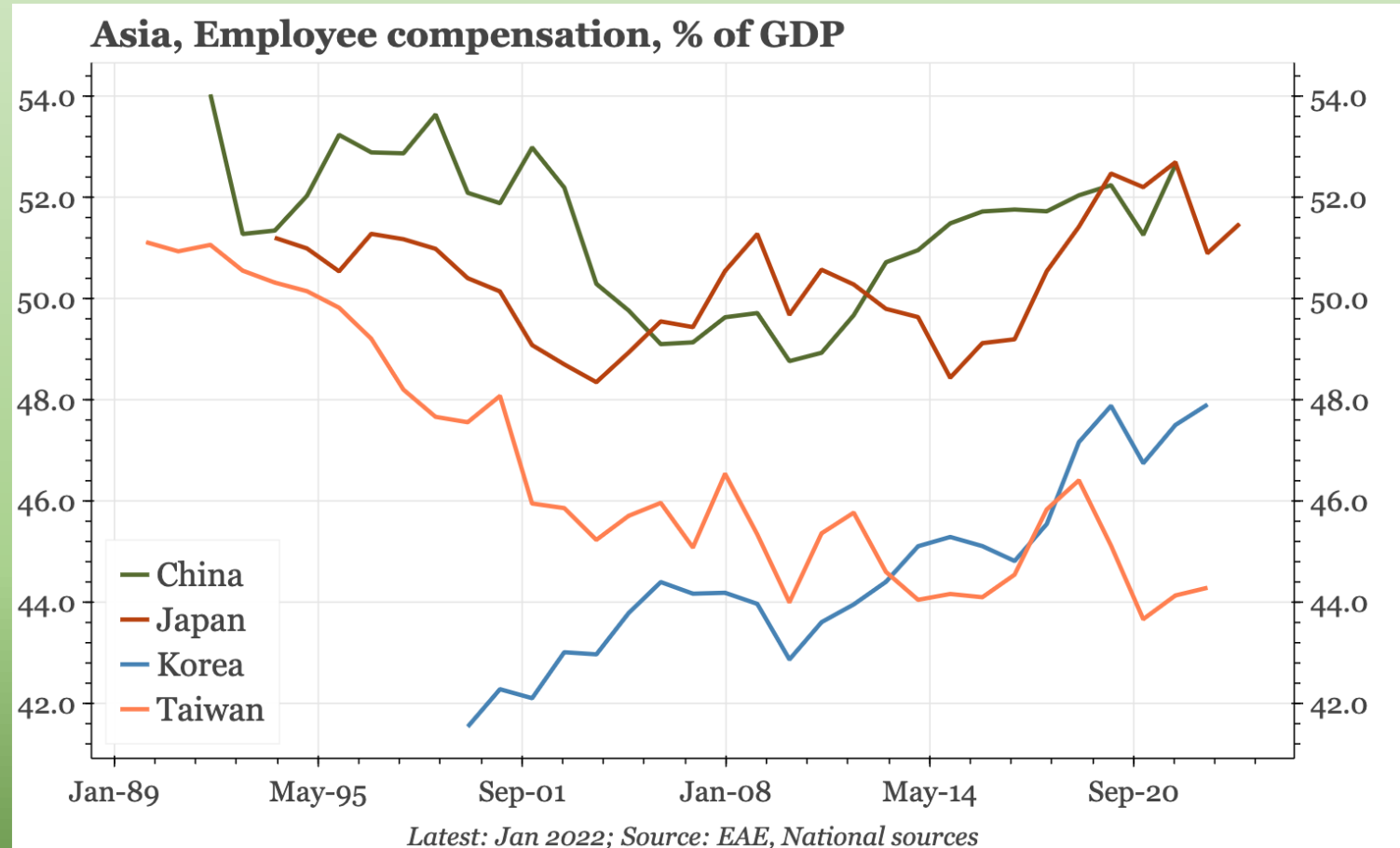
# Demand

Taiwan's terms of trade hit was similar to Korea...



# Demand

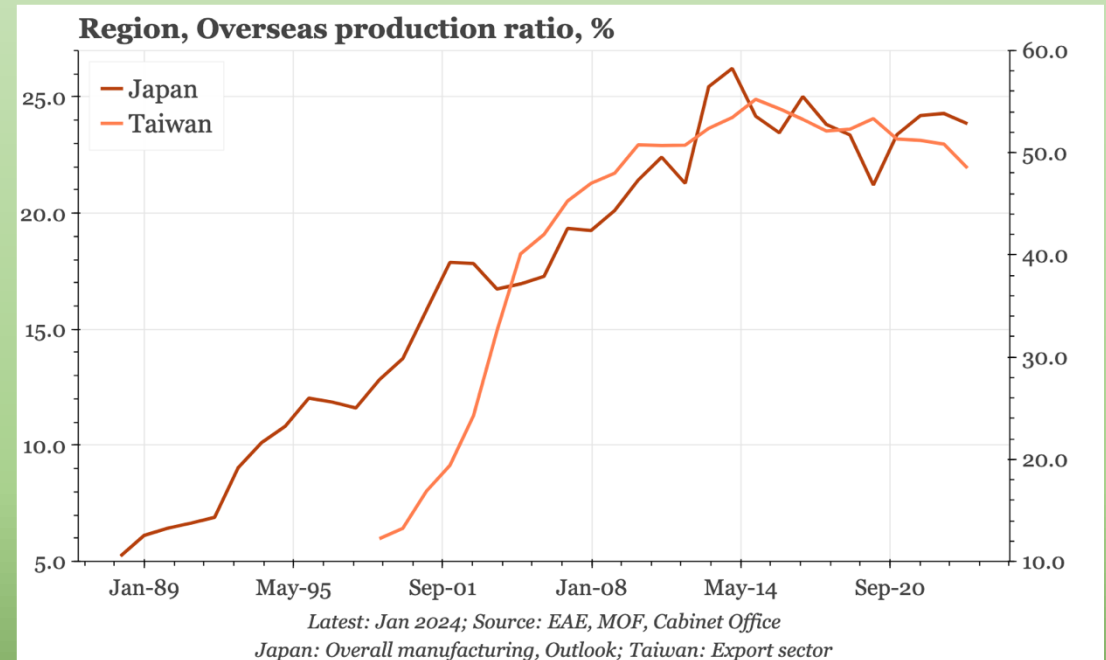
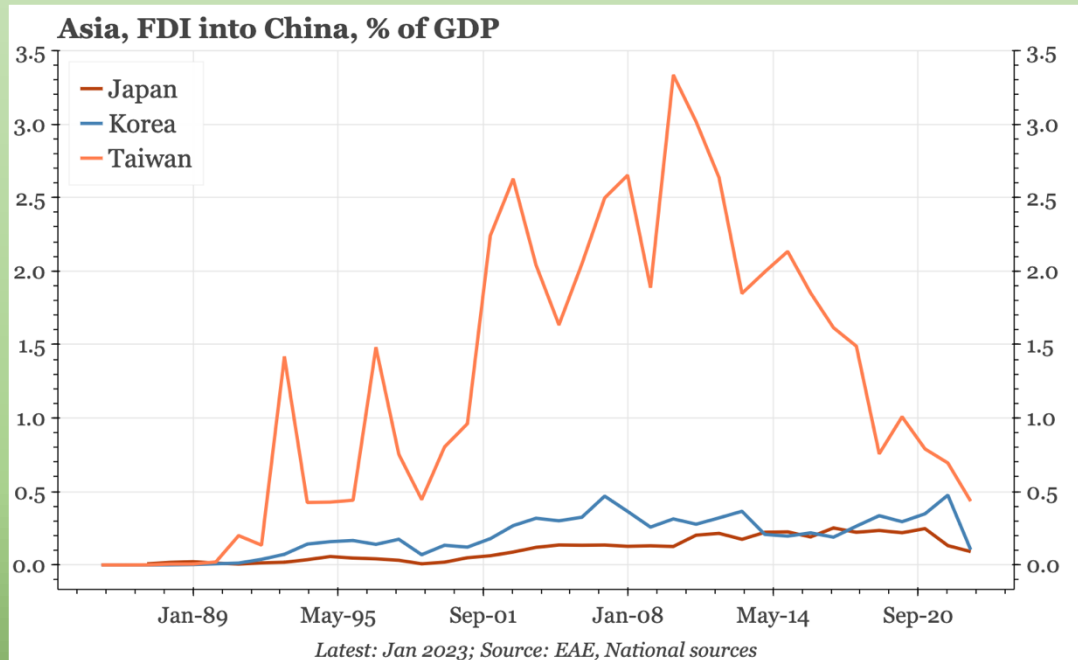
## ...but labour lost out more in Taiwan





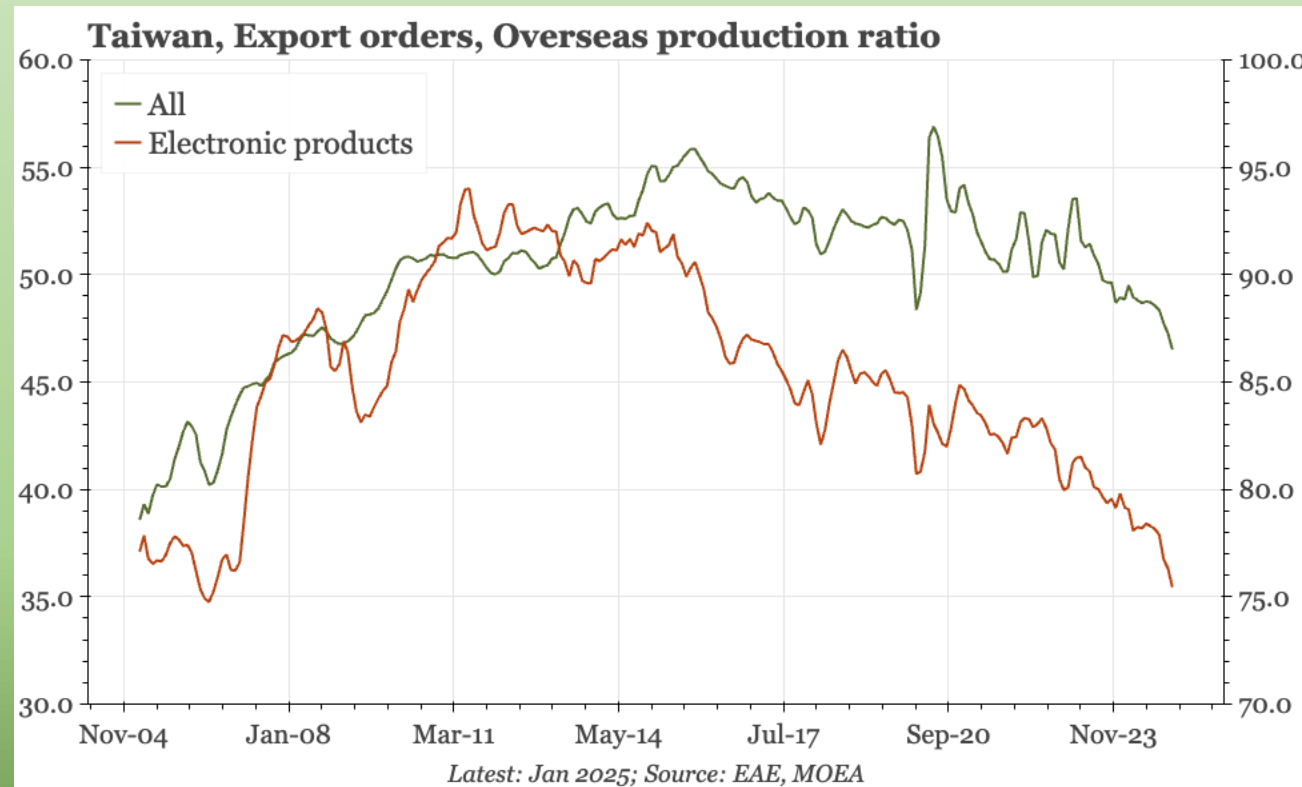
# Demand

## The backdrop was offshoring...



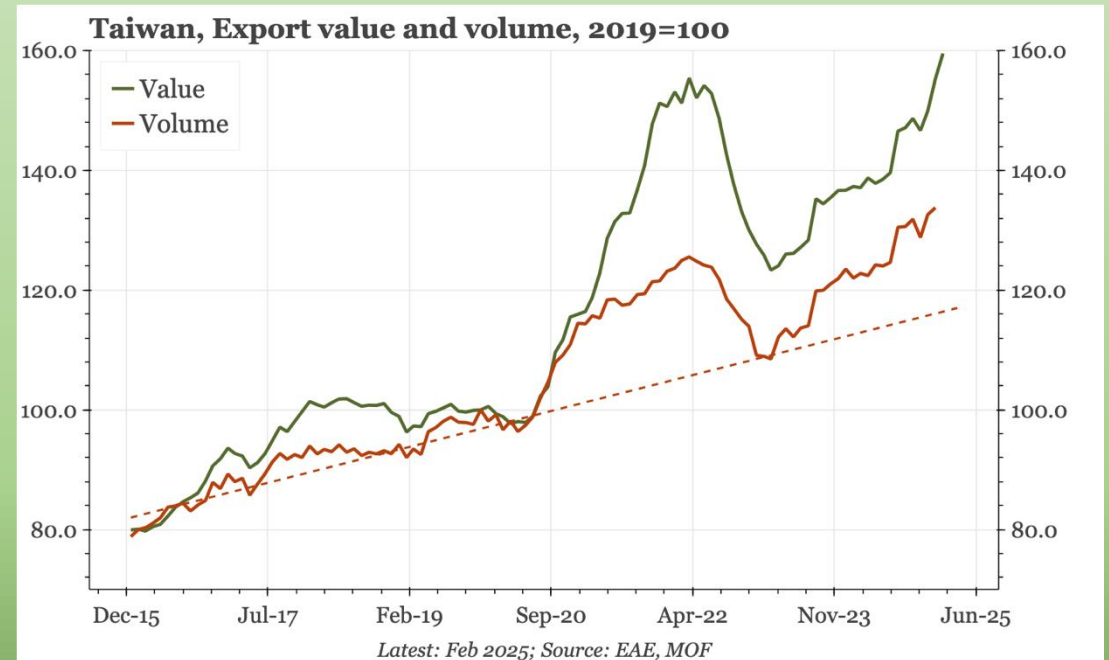
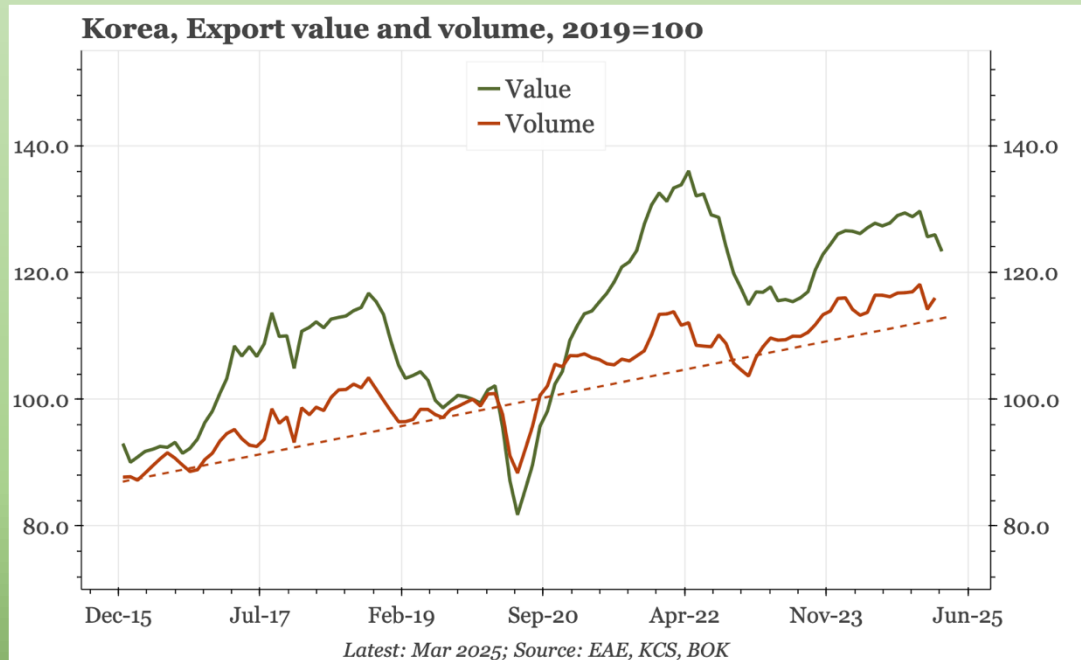
# Demand

...but that is now reversing...



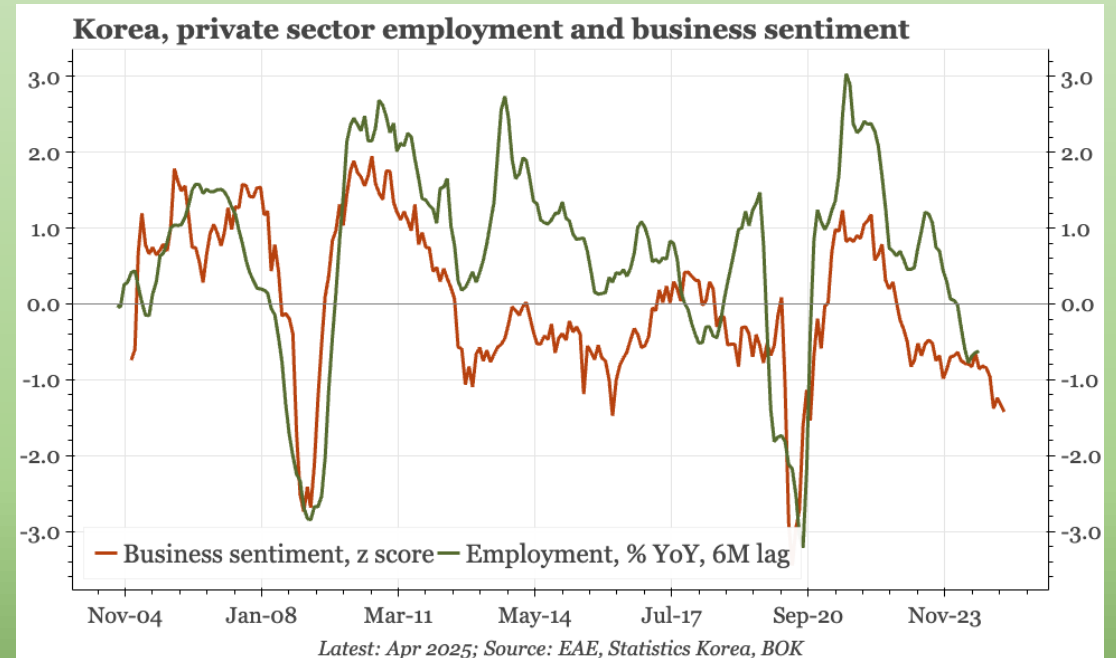
# Demand

## ...and Taiwan's economy lifts off with pandemic



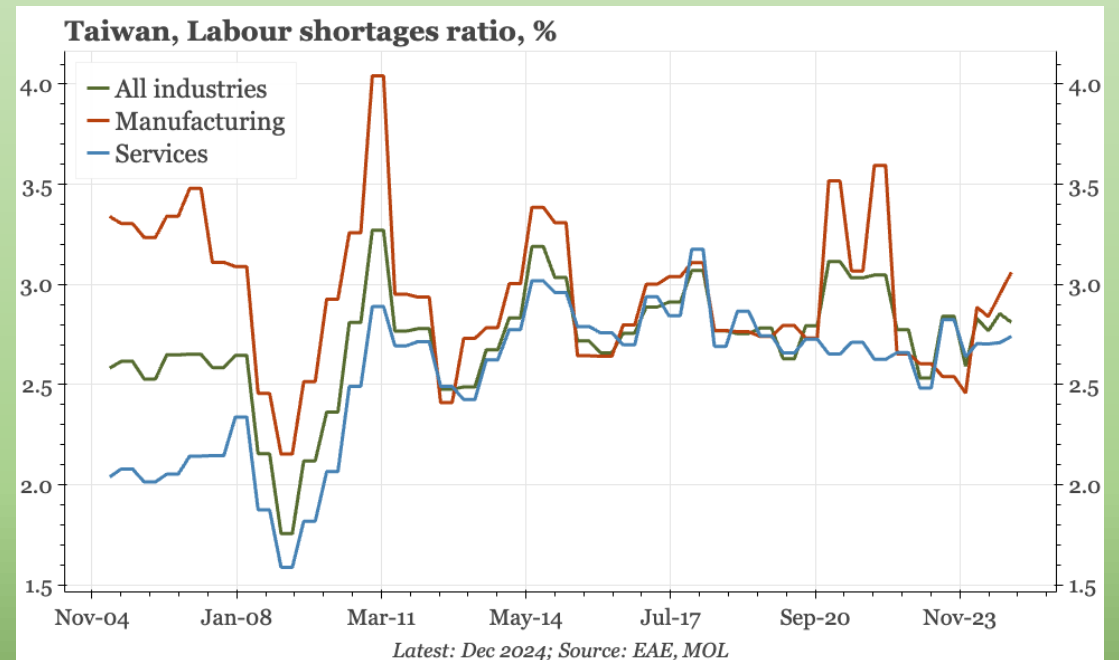
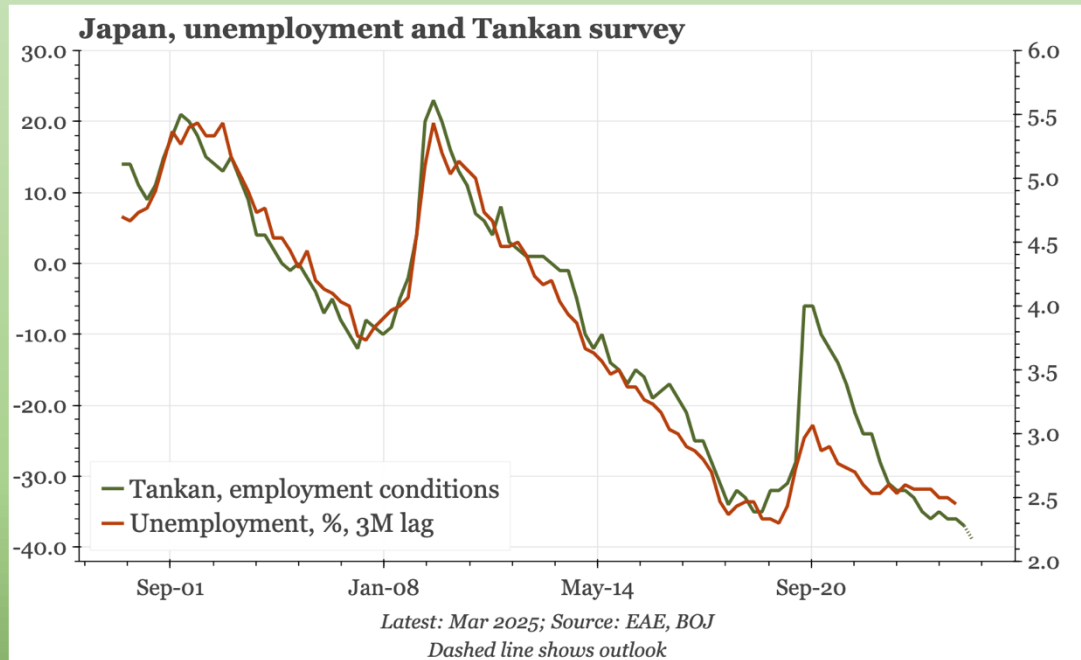
# Cycle

Korean labour demand was weak even before tariffs...



# Cycle

...whilst in Japan and Taiwan the backdrop was better



# Cycle

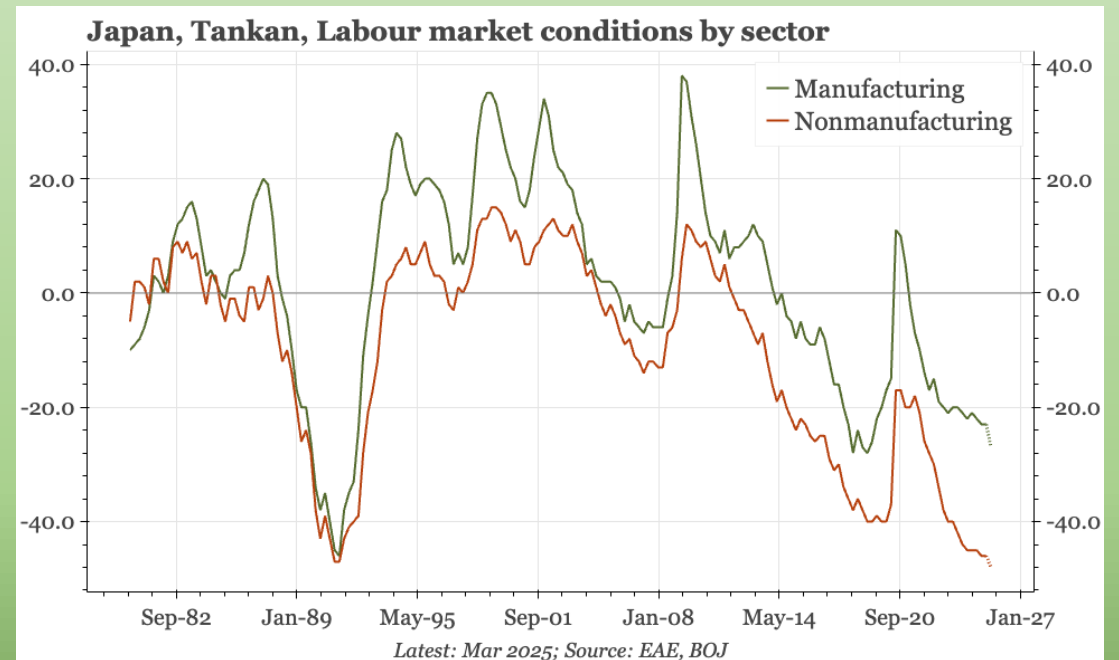
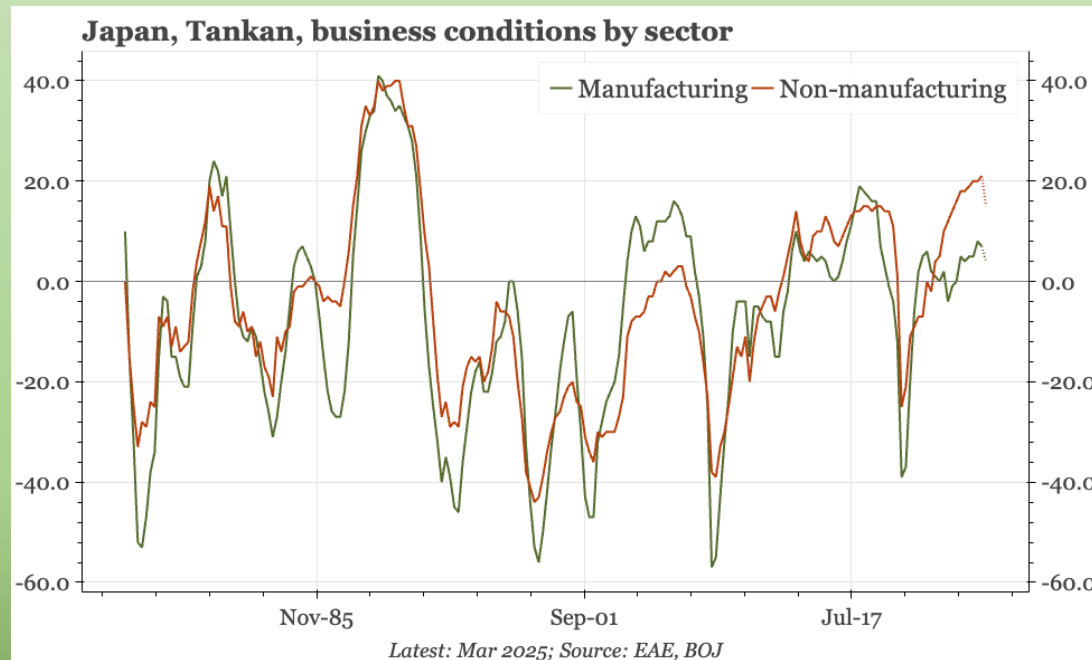
Labour markets will now quickly deteriorate...





# Cycle

...though the strength of services supports Japan







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