

**“Trade Liberalization and Intersectoral Labor Movements”  
Wacziarg and Wallack (2003)**

**Companion paper containing the data appendix and results  
that are referred to in the text as “available upon request”**

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**Part I - Data Appendix**

**Appendix 1 – Liberalization Dates**

Table A1 contains details of our choice of liberalization dates. As described in the text, we chose our year of liberalization using the following methodology: we use the liberalization dates proposed by Sachs and Warner [1995] as *de jure* liberalization, then choose the *de facto* liberalization as the first year after that with an increase in the overall trade to GDP ratio of at least 5%.

Sachs and Warner define an economy as closed if it has at least one of the following characteristics: non-tariff barriers covering 40% or more of trade; average tariff rates of 40% or more; a black market exchange rate that is depreciated by 20% or more relative to the official exchange rate, on average, during the 1970s or 1980s, a socialist economic system (as defined by Kornai [1992]); or a state monopoly on exports. An open economy is one in which none of the five conditions applies. The actual date of trade opening is taken to be the year from which the economy is open continuously until the end of their sample, 1994. Earlier liberalization episodes are noted separately.<sup>1</sup>

This definition imposes rather stringent conditions for a *de jure* trade opening; perhaps more stringent than are needed for our study. The dates, however, have the advantage of being based on a wide variety of primary sources and a common methodology. With three exceptions, Spain, Argentina and Trinidad and Tobago (as described below), we use the most recent Sachs and Warner liberalization date in the reported results.

Argentina	Argentina is the only country for which we do not use the most recent trade liberalization as reported in Sachs and Warner [1995]. We instead consider an earlier liberalization episode beginning in 1976 and we delete all years after the 1982 reversal to avoid mixing post-liberalization years with those after the reversal. We choose the <i>de facto</i> liberalization year as the year in which the Jose Martinez de Hoz administration came to power and started the series of liberalization reforms by lifting domestic price controls and unifying exchange rates. <sup>2</sup> Although the Ongania administration (military government, 1967-1970) had made some moves toward liberalization (rationalization of the tariff structure as part of a stabilization package; condensing 60 tariff rates to 16 and reducing the maximum tariff rate from 605% to 140%), quantitative restrictions were increased in many cases, import prohibitions offset much of the tariff liberalization, and liberalizing tendencies were quickly reversed under Peron. The "Martinez de Hoz" liberalization of 1976, beginning with an across-the-board tariff cut and reduction of quantitative restrictions, came as a complete reversal of the Peronist protectionism and is widely considered to be Argentina's first major liberalization. Most quantitative restrictions were eliminated by 1979-80 and nominal tariffs were at their lowest level ever. The <i>de jure</i> liberalization date is also 1976, with an increase in trade of approximately 7%. Trade flows continue to grow from 1976 to 1982, when liberalization was reversed in the midst of a balance-of-payments crisis.
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<sup>1</sup> The Sachs and Warner dates are subject to some error. The authors admit the difficulty of establishing the exact year in which openness was first achieved. The primary data on tariff and non-tariff barriers that they used as a guide is difficult to quantify, and the secondary sources they consulted occasionally contradicted each other.

<sup>2</sup> Cavallo, Domingo, and Cottani, Joaquin. "Argentina" in Papageorgiou, Demetris, Michaely, Michael, and Armeanne Choksi [1991] (hereafter PMC). Vol. 1, pp. 5-167.

Bolivia	Sachs and Warners' liberalization date of 1985 for Bolivia is based on black market premium data and trade policy information gathered in Sachs and Morales [1988]. The country was previously open from 1956-79. <sup>3</sup> We assign a <i>de jure</i> liberalization date of 1986, the year after liberalization in which there was a sharp increase – 40.3 percent- in exports and imports as a percentage of GDP. Subsequent years show further, but less dramatic increases in trade, with the fastest-growing period being the late 1980s. Trade volumes actually decrease by 2.4% in 1993, but we do not consider this to be a reversal of liberalization policy because growth in trade resumes in 1994 and the average tariff rate in 1995 is still below 10%. <sup>4</sup>
Brazil	Sachs and Warner record a <i>de facto</i> liberalization date of 1991 for Brazil, focusing on the Collor administration's trade reforms. Coes [1991] reports some earlier attempts at liberalization, but these consisted mainly of export promotion and capital account openings rather than import liberalization. <sup>5</sup> Many of the early tariff reductions in the 1960s were simply elimination of redundancy, and later tariff reductions were concentrated in capital and intermediate goods sectors. Even during the most liberal year (1973, according to Papageorgiou et al's index of liberalization) the average effective protection rates were over 40%. <sup>6</sup> We follow Sachs and Warner. The <i>de jure</i> liberalization date is also 1991, with a 6.7% increase in trade volume as a percentage of GDP. We find a steady increase 7.8% annualized growth for subsequent years, with particularly large growth of 14% and 11% in 1993 and 1995 respectively.
Chile	Sachs and Warner [1995] select 1976 as the <i>de facto</i> liberalization year for Chile, based on information provided by Dornbusch and Edwards in Bosworth, Dornbusch, and Laban [1994]. De la Cuadra and Hachette [1991] concur, describing 1974-1979 as a period of "major and ambitious" trade liberalization. <sup>7</sup> Most quantitative restrictions were eliminated between 1974-76, prior deposits were waived, and official approval for importation dropped in 1976. There were several stages of tariff reductions: 1974-75 when the maximum tariff dropped from 750% to 120% and the simple average dropped from 105 to 57 %; the 1975-77 phase in which a tariff rate of 10-35% and a final stage that led to a uniform tariff rate of 10% by 1979. Trade volume, does increase by 13.9% in 1974, suggesting that some of the impact of liberalization might be felt in that year, but it fell back to the 1973 level in 1975 and did not begin to grow steadily until 1976, the date we use as liberalization year. The <i>de jure</i> liberalization date is also 1976, with an increase in trade volume of 10%. We observe continued rapid growth in trade volume until 1980, a slight decrease in trade volume during the early 1980s and a resumption of annualized growth rate of 4.2% from 1986 to the end of our sample in 1997. We can safely regard the economy as closed up to that point, as an early period of liberalization in 1956-61- mainly a switch from a discretionary to a more neutral system, reduction in tariff dispersion and average tariff – was reversed in 1962, eight years before our data starts.
Colombia	Sachs and Warner report a liberalization date of 1991 for Colombia. <sup>8</sup> Garcia Garcia [1991] discusses an earlier liberalization between 1979 and 1982, but this was reversed in 1983-4 with a sharp increase in import restrictions. <sup>9</sup> He argues that macroeconomic interference such as capital market distortions and poor money management, combined with remaining pockets of protection reduced the impact of the liberalization on the economy. The <i>de facto</i> liberalization date is also 1991, with an increase of 6.1% in trade volume during that year.

<sup>3</sup> Some of these previously open years (from 1977 on for ILO measures, 1970 for UNIDO-3 measures) are included in our sample, but the years studied are far enough from 1956 to be relatively unaffected by this earlier trade liberalization.

<sup>4</sup> IDB [1997], Figure 17, p.43.

<sup>5</sup> In PMC Vol. 3, pp. 1-142.

<sup>6</sup> PMC, Vol. 7, p. 19, Figure 2.2.

<sup>7</sup> In PMC, Vol. 1, p. 169-320.

<sup>8</sup> The text of the article (see Table 2 and 15, for example) reports that trade liberalization occurred in 1991, though the Appendix reports that Colombia has been open since 1986. We follow the text, as total trade flows were relative constant in the late 1980s and did not begin to grow steadily until 1990. We test the effect of using the earlier year, 1986, in Appendix 3.

<sup>9</sup> In PMC, Volume 4, pp. 142-270.

Costa Rica	Sachs and Warner report liberalization date of 1986 for Costa Rica, focusing on the 1986 reduction in tariffs from an average of 53% to 26% and the reduction in the black market premium to 1%. They classify the country as closed from 1962-85. As a member of the Central American Common Market, its mean external tariff from 1966-86 was 53%. We find a <i>de facto</i> liberalization one year later in 1987, with an increase in trade volume of 13%. Trade volume remained roughly the same for 1988 (a decrease of 0.4%), and grew at an annualized rate of 4.9% for the remaining years in our sample (1989 to 1997).
Ecuador	Sachs and Warner report two liberalization periods for Ecuador: 1950-1982 and 1991-present. We use the latter, as we do not have the comparison data to study the earlier episode. Our data is far enough removed from the initiation of this open period in 1950 to not be affected by the earlier trade liberalization. There also is some evidence that efforts at trade liberalization started earlier: Fontaine [1992] reports that Ecuador reduced import quotas and improved export incentives, between 1980-88, at least in part to fulfill conditions for international development aid. The <i>de jure</i> trade reform actually began in 1990, but was not fully implemented until 1991.
El Salvador	Sachs and Warner report that El Salvador has been open since 1989. We find a <i>de facto</i> liberalization date of 1990, with an increase of 27% in trade volume relative to 1989. Trade volume remained nearly constant in 1991 – a decrease of 0.4% - and subsequently grew at an annualized rate of 6.9% until the end of our sample in 1997.
Ghana	Sachs and Warner report a liberalization date of 1985 for Ghana, focusing on changes in exchange rate policy that reduced the black market premium and eliminated control over foreign exchange allocation. We find a <i>de facto</i> liberalization in 1985 as well, with a 6.6% increase in trade volume over the previous year. Trade continued to grow quickly at 9% and 10% in 1986 and 87 before dropping 3% in 1988 and, with the exception of 11% growth in 1993, growing at a rate of less than 4% for the rest of the sample.
Guatemala	Sachs and Warner report that Guatemala has been open since 1988, with the only previous period of openness between 1950 and 1961 when Guatemala joined the Central American Common Market. We find a <i>de facto</i> liberalization in 1989, with a growth in trade of 5.16%.
Hungary	Sachs and Warner report a <i>de jure</i> liberalization in 1990 for Hungary. We find a <i>de facto</i> liberalization date in 1993, with a growth in trade volume of 5.04% in that year. Trade volume increased steadily from 1993 to the end of our sample in 1996 at an annualized rate of 5.7%.
India	Sachs and Warner report a liberalization date of 1994 for India. The country's high tariffs and many quantitative restrictions led most to consider it closed before 1991. The 1994 date comes from the start of a trade liberalization program and average tariff data. We also find a <i>de facto</i> opening in 1994.
Israel	Sachs and Warner report a <i>de jure</i> liberalization date of 1985 for Israel, based on the signing of a free trade agreement with the US and successful stabilization of inflation. Baruh and Halevi [1991] report a series of previous <i>de jure</i> liberalization episodes both before and potentially in our sample. <sup>10</sup> The first, in 1952-55, consisted mainly of the replacement of the single official exchange rate with 3 formal rates for different kinds of transactions. Imports decreased, however, in this period. The exchange rate was unified again in 1955. The second liberalization, in 1962-68 included a formal devaluation and reductions in import duties and export subsidies, and gradual reduction of protection of domestic industry. Policymakers began the very slow process of replacing quantitative restrictions with tariffs. The reduction of protection for domestic industry and rate of dispersion of protection accelerated in 1969, along with a decrease in the anti-export bias. The average level of tariff protection fell during the late 1960s and 1970s, from 96% in 1968 to 62% in 1972, and finally 25 % in 1977.
Kenya	Sachs and Warner report a liberalization date of 1993 for Kenya. They note that extensive trade liberalization occurred in the 1980s, but do not consider Kenya open during this period because the black market period was higher than 20% in 1989 and 1990. Fontaine [1992] argues that liberalization was attempted in 1974, 80, 84, and 85. The 1974 and 1980 attempts were reversed quickly when balance of payments deteriorated, but the objective of trade liberalization was affirmed in the 1986 Sessional Paper and Budget Speech. In light of past failures, however, it is unclear whether this announcement was credible enough to create an expectations problem by precipitating agents' adjustment. We find a <i>de facto</i> liberalization date of 1993 as well. Trade increased sharply by 32% in this year before leveling off to a much less dramatic growth rate of 4% in 1994 and close to 0 for subsequent years in our sample.

<sup>10</sup> In PMC Vol. 3, P. 150-156.

Mexico	Sachs and Warner place the <i>de jure</i> liberalization at 1986 in Mexico. Moderate tariffs and widespread import licensing restricted trade flows in the 1960s and 70s, while the black market premium reduced Mexico's openness in the 1980s. We find a <i>de facto</i> liberalization in 1987, with an increase in trade of 5.7%. Trade grew quickly and steadily from 1987 to the end of our sample in 1995 at an annualized rate of 9.1%.
Morocco	Sachs and Warner find a <i>de jure</i> liberalization date of 1984 for Morocco, based on information reported in Nsouli, et.al. [1995]. The true date may be slightly earlier: the authors report that quota coverage, mean tariff and black market premiums were below their thresholds for openness by the mid 1980s and the mean unweighted tariff, at 47%, was only 7 percentage points above their threshold in 1980. We find a <i>de facto</i> liberalization date of 1987, with an increase of 5.62 in trade volume in that year. Subsequent growth in trade volumes was uneven, but averages to annual rate of 6% until 1995.
New Zealand	Sachs and Warner report that New Zealand has been open since 1986. There is some evidence, though, that the process of liberalization began earlier in the 1980s. Lattimore and Rayner [1991] report two liberalizing initiatives between 1979-1984. <sup>11</sup> The first identified the industries least able to face international competition and developed an industry plan to improve international competitiveness. The second component phased out import licensing for industries not on the Industry Plan. These policies were implemented even as export subsidies and major investment in import competing industries increased. Phase 3 began to cut out these costly interventions in 1984. There was a general shift toward the market in all aspects of the economy, manifested in tariff reduction and phasing out of licensing in trade policy. We find a <i>de facto</i> liberalization date of 1987, with a 7.5% increase in trade flows that year.
Paraguay	Sachs and Warner report a trade liberalization date of 1989 for Paraguay, focusing on the initiation of a trade liberalization program and elimination of the black market premium when the exchange rate was unified in this year. The tariff rate also dropped rapidly to 16.2% by December of 1989. We find a <i>de facto</i> date of 1990, with a massive trade flow increase of 86%. Subsequent growth in trade flows from 1991-1995 was a less spectacular 3% annually.
Philippines	The Philippines has been classified by Sachs and Warner as open since 1988. There is some evidence of earlier moves toward liberalization. Alburo and Shepherd [1991] mention a few earlier instances of trade liberalization: foreign exchange decontrol in 1960-5, promotion of nontraditional exports in 1970-3, and a Tariff Reduction Program that began 1980, was reversed in 1982, and resumed in 1986. <sup>12</sup> We find a <i>de facto</i> liberalization date of 1988, with an increase in trade flows of 9.8% over the previous years. Our liberalization date appears to be in the middle of a trade surge: trade volume had increased by 10 and 11% in the two previous years and continued to grow at an annualized rate of 7.8% until 1995.
Poland	Poland's <i>de jure</i> and <i>de facto</i> liberalization date is 1990, with a 70% increase in trade volume in that year.
Spain	Sachs and Warner record that Spain has been open since 1960, but there is some evidence that the true impact of reforms did not come until later. An exchange rate crisis in 1959 forced policymakers to reduce some import controls, but de la Dehesa, Ruiz, and Torres [1991] note that "discretionality" took over in the mid and late 1960s and liberalization slowed as new "development plans" were implemented. They describe a generally liberalizing trend beginning in late 1950s, with significant steps taken after 1960 in 1960-6, 1970-74, and 1977-80. Each phase involved more tariff cuts, reductions in quantitative restrictions, and increased export promotion. The substantial changes in the structure of sectoral incentives for exports and imports, however, came with the Suarez government's efforts to overcome the economic imbalances that had accumulated during the political turmoil at the end of the Franco regime. We select 1977, the first year of the Suarez administration, as the <i>de jure</i> liberalization, thus selecting 1979, with an increase in trade volume of 8.32% as the <i>de facto</i> year of liberalization. The last phase was encouraged by Spain's signing of an agreement with the European Free Trade Agreement members in June 1979 and a July 1980 royal decree approving the tariff reductions agreed upon at the Tokyo Round. There was a steady growth in trade volume of 3-4% annually (zero growth in 1980) from 1980-1987. We are not as confident of this liberalization as others, as it is not coded in exactly the same way as the others - this was simply more

<sup>11</sup> In PMC Vol.6, Pp. 1-136.

<sup>12</sup> In PMC, Vol.2 pp. 130-308.

	liberalization in an already "open" economy as defined by Sachs and Warner. From 1960 to 1975 Spain's trade openness index increased by 10 percentage points and there had been some changes in the sectoral origins of GDP as sector growth rates began to diverge. <sup>13</sup> Also, the economic situation deteriorated after the second oil price shock in 1979, so much of the liberalization may have been delayed until Spain joined the EEC in 1985.
Sri Lanka	Sri Lanka's <i>de facto</i> and <i>de jure</i> trade liberalization occurred in 1991, according to Sachs and Warner and the World Development Indicators data on trade volume. Trade volume increased by 6.4% in 1991 and continued to grow at roughly the same rate until 1995. Cuthbertson and Athokorala [1991] also report on an earlier episode of trade openness from 1977-83. <sup>14</sup> We do not use this episode, however, as arbitrarily selective export assistance dominated import liberalization during this period.
Trinidad and Tobago	Sachs and Warner record Trinidad and Tobago as "never open" based on their indicators and the discussion in World Bank [1994]. <sup>15</sup> We classify the country as open after 1994, however, based on the acceleration of the trade liberalization program that began in 1990. The liberalization was not as complete as others in our sample. Trinidad and Tobago continued to protect its agricultural sector via surcharges imposed on agriculture imports. Stamp duties, different valuation bases and differential consumption taxes continued to protect other sectors. Nevertheless, we code this as a liberalization episode that could have affected the domestic labor market, since the average tariff rate was reduced from 45% to 20% over 1993-1998, with much of the reduction occurring early in this period. Quantitative restrictions were also reduced on many import items : 92% of the quantitative restrictions on manufactured items, for example, were lifted in 1992-3. Imports more than doubled over this same period, while exports increased by about 50%. We code the <i>de jure</i> and the <i>de facto</i> date as 1994, with an increase of 29.04. Although there were some one-year increases in the imports plus exports over GDP earlier in the reform period (notably 1990), 1994 marks the beginning of a steady increase in trade flows for the country.
Turkey	Turkey has been open since 1989 according to Sachs and Warner. Baysan and Blitzer [1991], however, report that trade opening began in 1980. <sup>16</sup> This episode of liberalization included a 50% devaluation of the lira, increases in direct export incentives, limits on public spending and credit. Longer-run plans to dismantle the quantitative restriction system, open up foreign markets, and allocate resources to export sectors through market mechanisms were implemented in the 1980s, though nominal tariff rates did not fall below 40% until 1989. <sup>17</sup> We find a <i>de facto</i> date of 1990, with a trade increase of 7.8% over the previous year's trade volume.
Uruguay	Sachs and Warner report a liberalization date of 1990 for Uruguay. Favaro and Spiller [1991] describe earlier reforms in 1974-82. <sup>18</sup> Trade liberalization started under the military government was successful - high growth, move from traditional exports 75% to 40%, and reduction by ½ of imports of intermediate goods. But halted and reversed in 1982 during a deep recession. The high average tariff rates throughout the period, however, suggest that this earlier period was not a meaningful liberalization.

<sup>13</sup> In de la Dehesa, Ruiz, and Torres, P. 155 and Table 2.1.

<sup>14</sup> In PMC, Vol. 5, PP. 283-416.

<sup>15</sup> See also Loser and Guerguil [1999] for further justification of this choice of dates.

<sup>16</sup> In PMC Vol. 6, 263-405.

<sup>17</sup> The potential impact of using the earlier date is discussed in Appendix 3.

<sup>18</sup> In PMC, Vol 1. p. 321-407.

TABLE A1: Trade Liberalization Years

Code	Country	Sachs & Warner <sup>19</sup>	% Change in de jure lib. year	5% threshold	% Change in de facto lib. year	Available ILO	Available UNIDO3	Available UNIDO4
5	Argentina	1976	7.13	1976	7.13		X (1,2 yr)	
20	Bolivia	1985	-2.91	1986	40.32	X	X	
22	Brazil	1991	6.77	1991	6.77	X (5 yr)		
34	Chile	1976	10.97	1976	10.97		X(1,2 yr)	
36	Colombia	1991	6.14	1991	6.14	X	X	X
39	Costa Rica	1986	4.84	1987	13.74	X		
47	Ecuador	1991	7.83	1991	7.83		X	X
49	El Salvador	1989	-4.63	1990	27.47	X (1 yr)		
63	Ghana	1985	6.66	1985	6.66		X	X (1 yr)
70	Guatemala	1988	0.70	1989	5.16		X	X (1,2 yr)
77	Hungary	1990	-1.40	1993	5.04		X	
79	India	1994	5.07	1994	5.07		X	
85	Israel	1985	-0.38	1987	7.92	X	X	
91	Kenya	1993	32.05	1993	32.05		X	X
114	Mexico	1986	2.88	1987	5.69		X	
117	Morocco	1984	2.71	1987	5.62		X	
124	New Zealand	1986	1.26	1987	7.49		X	
133	Paraguay	1989	-6.42	1990	86.60	X		
135	Philippines	1988	9.76	1988	9.76	X	X	X(1,2 yr)
136	Poland	1990	72.04	1990	72.04	X	X	
156	Spain	..		1979	8.32	X	X	
157	Sri Lanka	1991	6.34	1991	6.34		X	
169	Trinidad & Tobago	1994	29.04	1994	29.04	X		
171	Turkey	1989	3.05	1990	7.84	X(1 yr)	X	X
178	Uruguay	1990	6.76	1990	6.76	X(1,2 yr)	X	X

<sup>19</sup> Most recent liberalization when multiple attempts are reported.

## Appendix 2 – Simultaneous Reforms

Country	Liberalization Year	Classification	Simultaneous Reforms
Argentina	1976	Reformer	Martinez de Hoz's trade liberalization policy was accompanied by other reforms to promote market incentives: the exchange rate was unified by the end of 1976, and price and interest rate controls were lifted. There were still some interventions- tax refunds, production and export financing -to encourage non-traditional exports. Government expenditure increased in 1977, but fell afterwards. [Cavallo and Cottani , 1991]
Bolivia	1986	Neutral	The government did not appear to act significantly to offset trade liberalization. Public expenditure remained constant throughout the mid and late 1980s – there was no increase in non-financial public sector expenditure to signal the growth of elaborate compensation programs. Real wages, however, increased dramatically after 1986 (growing 19.6% in 1988), suggesting that trade liberalization was associated with productivity gains. [IADB, 1997]
Brazil	1991	Reformer	Trade liberalization was one part of the Collor administration's effort to overcome the economic crisis of 1990 and increase competition in Brazil's economy. Privatization began in late October 1991, and some attempts at deregulation were made (most importantly in steel and fuel pricing) [Abreu and Werneck, 1993]
Chile	1976	Reformer	Trade reform in the early years of the pro-market Pinochet administration was accompanied by privatization (or a self-financing rule for public enterprises), elimination of the fiscal deficit, and lifting of price and interest rate controls. The government did not offer subsidies to promote exports. The labor market was also liberalized: increasing the rights of the employer, decreasing pay and special benefits for workers. [de la Cuadra and Hachette, 1991; Stallings and Brock, 1993].
Colombia	1991	Reformer	President Gaviria and his team took advantage of the economic crisis in the early 1990s to pursue a variety of market-oriented reforms in addition to trade liberalization. Price controls were lifted, a financial sector reform passed by Congress, the exchange control system was liberalized, the regulatory framework was modernized, and investment in public services, telecommunications, and ports was opened up to the private sector. Several major banks were privatized, though important holdings in other sectors (mainly mining and energy) were kept under government control. [Hommes, 1996]
Costa Rica	1987	Reformer	Costa Rica's trade liberalization was accompanied by a general move toward market incentives. The country received a structural assistance loan in 1985 that carried conditions such as reduction of spending, increased privatization, etc. There were a series of financial reforms in the late 1980s: interest rates were liberalized, targeted credits were reduced. [IADB 1997]
Ecuador	1991	Reformer	De facto liberalization took place just before a major economic reform program. President Ballen (1992-1996) ran on a platform of modernizing the economy, promoting private sector expansion, among other reforms. Shortly after taking office, public expenditures were cut, and public employment was frozen (later cut by over 10%). Divestiture and deregulation of some public sector enterprises began later, as did contracting of public services to the private sector. The government sold full control in a number of medium public enterprises and granted private concessions for transport in 1994. In 1995 the government privatized the national airline, and congress passed legislation to enable the privatization of the state telephone company. Exchange rates began to reflect market pressures: the sucre was devalued over 30%. The Modernization of the State Law, provides the legal framework for further public sector reforms, including privatization. The Tax Reform Law and Customs Law simplified procedures and improved enforcement. [World Bank, 1996]



Country	Liberalization Year	Classification	Simultaneous Reforms
El Salvador	1990	Neutral	Trade liberalization in 1990 was not accompanied by other significant market-oriented reforms. The country was still in the throes of civil war. Efforts to rebuild the economy began with the signing of a peace agreement in 1992. As of 1998, public sector reforms, fiscal reforms, deregulation, and privatization were still in the planning stages. [World Bank 1998a]
Ghana	1985	Neutral	The 1985 trade liberalization in Ghana was part of the Rawlings administration's World Bank and IMF-supported Economic Recovery Program. Multiple exchange rates were at first shuffled to promote exports, then unified and subjected to a series of devaluations. Public sector employment (including in state-owned enterprises) was cut and distortions in wages reduced. Privatization, however, did not begin until the early 1990s. [Leith and Lofchie, 1993]
Guatemala	1989	Reformer	Guatemala made substantial reforms in the labor market in 1990. Financial sector reforms, including a lifting of controls on interest rates, a reduction of targeted credits and some modernization in banking legislation, came slightly later in 1991. The government did not appear to reduce its (already low) presence in production: the share of state-owned enterprises (SOEs) in economic activity grew from 1.6% in 1988 to 2.5% in 1990 and share of state-owned enterprises in gross domestic investment grew from 5.6% to 12.1% over the same time period. Net financial flows from government to SOEs shrank relative to GDP, however, from 0.3% in 1988 to -0.2% in 1990. [Lora, 1997; World Bank, 1995, Tables A.1-A.7])
Hungary	1993	Reformer	Trade liberalization came just before a move toward market incentives. Structural reforms, including currency devaluation, a new exchange-rate mechanism, a tight wage policy in the public sector, and fiscal measures to enhance revenues and cut expenditures accelerated in 1995 with the beginning of a structural reform program. Hungary accelerated privatization efforts, restructuring enterprises (including major commercial banks) and implementing financial sector and public finance reforms, in the mid 1990s. There have also been significant improvements in the legal and regulatory framework of the financial sector. As of 1999, the private sector's employed 2/3 of the labor force and produced over 80% of GDP. [World Bank, 1999a]
India	1994	Neutral	The 1994 trade liberalization was accompanied by a slow movement toward a more market-oriented economy. The government remained a large fiscal presence: central government deficit remained around 5-6 percent of GDP, and consolidated public sector deficit (including states) was still at 9 percent of GDP in 1997. Intervention in exchange markets continued, primarily to stabilize the rupee. The "new industrial policy" announced in July 1991 considerably relaxed the government's regulatory hold on investment and production decisions except for six "strategic" sectors, but there are still substantial restrictions and state involvement in some manufacturing sectors. Central and state governments continued to regulate the prices of most essential products, including many industrial inputs. [U.S. State Department, 1998; Srinivasan, 2000]
Israel	1987	Counteract	Israel's heterodox stabilization program may have offset the effects of trade liberalization. Social pacts based on broad coalitions of labor, government, and industry, set the patterns for prices, wages, and the exchange rate. [Bufman and Leiberan, 1995]
Kenya	1993	Neutral	As of 1997, limited progress had been made in other market-oriented reforms. The government did divest 22 enterprises in 1997 and reforms of large parastatals, including those in transport, telecommunication, petroleum, reinsurance, agricultural produce and hotels, are in various stages of implementation. Civil service reform has lagged. [World Bank, 1998b]

Country	Liberalization Year	Classification	Simultaneous Reforms
Mexico	1987	Reformer	Mexico's trade liberalization came in the middle of a general effort to reduce the state's presence in parts of the economy. The privatization program began before trade liberalization with the sale of medium and small businesses and continued after liberalization with more complicated transfers of larger, less naturally competitive enterprises such as the national telephone company and the national airline. [Sanchez and Corona, 1993]
Morocco	1987	Neutral	Trade liberalization appears to be a relatively isolated reform in Morocco. The share of state-owned enterprises in economic activity dropped from 20% in 1987 to 15% in 1990, but SOE investment as a percent of gross domestic investment and net financial flows from the government to SOEs as a percent of GDP remained steady at 18% and 0.1% respectively. [World Bank, 1995, Table A.1-A.7]
New Zealand	1987	Reformer	Trade liberalization in 1987 was part of an overall reform package that closely followed tenets of neoclassical theory. The fiscal deficit was reduced, in part by cutting expenditures on tariff compensation, also by reducing direct government involvement in investment projects, and corporatizing major investment departments. Monetary controls were lifted and the currency was floated. (Duncan and Bollard [1992], Lattimore and Rayner [1991])
Paraguay	1990	Reformer	Trade liberalization was part of a larger set of reforms to increase market incentives in Paraguay's economy. Multiple exchange rates were unified in 1989, and the exchange market and capital account were liberalized. The public sector deficit was reduced and financial management of the public enterprises tightened. Several public enterprise were slated for privatization, but the process has been slow, with only two out of six privatizations carried out by 1995. The tax system was simplified and modernized in 1991. Interest rates were liberalized in 1990; by 1991, they were completely freed. Selective credit controls were abolished almost completely. [World Bank, 1996]
Philippines	1988	Counteract	State-owned enterprises as a percentage of total economic activity rose from 1.9% in 1987 to 3.0% in 1989 and the share of SOE investment in gross domestic investment jumped from 6.8% in 1987 to 11.6 in 1990. Share of SOEs in total employment also increased from 0.7% in 1987 to 1.2% in 1990 (but then fell to 0.5% in 1991). Net financial flows from the government to SOEs rose from 1.6% of GDP in 1987 to 3.2% in 1989. [World Bank, 1995, Tab. A.1-A.7]
Poland	1990	Reformer	Trade liberalization in Poland was party of the "Balcerowicz Plan," a comprehensive, swiftly implemented, set of market-oriented reforms. The reforms included removal of price controls, reduction in government expenditure and investment, devaluation of the exchange rate, and removal of subsidies for energy. Privatization, however, was secondary to the main goal of stabilizing the economy. [Johnson and Kowalska, 1994]
Spain	1979	Reformer	Trade reform came during a period of recovery from the economic crisis of the mid 1970s. Government expenditures rose in the late 1970s, mainly due to welfare and unemployment payments as well as subsidies to public industries. Government intervention, however, decreased somewhat as price controls were lifted. [de la Dehesa, Ruiz, and Torres, 1991]
Sri Lanka	1991	Reformer	Privatization, including turning the management of most tea plantations over to the private sector, followed trade reform in Sri Lanka. Improvements in regulatory and incentive systems in the early 1990s also encouraged private participation in infrastructure, including power generation, telecommunications and ports. Since 1992, Significant regulatory, supervisory, and institutional reforms have been implemented in the financial sector since

Country	Liberalization Year	Classification	Simultaneous Reforms
			1992, though the banking system was still dominated by two state commercial banks in 1998. [World Bank, 1998c]
Trinidad & Tobago	1994	Neutral	As of June 2000, trade liberalization was still far ahead of other market-oriented reforms. The government remained involved in gas-related products, agriculture, tourism, and several public utilities. The public sector employed about 25% of the labor force compared to the 20% involved in agriculture and industry. Infrastructure bottlenecks and inefficiencies in the delivery of public services still deter private sector activity. Policies to strengthen regulatory frameworks for the financial sector, water, power, and telecommunications were being planned but not yet implemented. [World Bank, 2000]
Turkey	1990	Counteract	The government remained involved in the economy and continued trade protection for state-owned enterprises. Uncompetitive SOEs were subsidized. [World Bank, 1995]
Uruguay	1990	Neutral	Neoliberal reform efforts other than trade liberalization were largely unsuccessful in the early 1990s. Law articles allowing for the privatization of the telecommunications monopoly were overturned in a referendum in 1992 and the public sector deficit accelerated sharply over 1992-1994. [World Bank, 1996]

## Appendix 3 – Multiple Liberalizations and Expectations

### Multiple Liberalizations

In countries with multiple reported liberalization attempts, we chose episodes around which we can obtain a sufficient sample of pre-liberalization years and post-liberalization years in which the trade liberalization policies have not been reversed. If there are multiple such episodes, we choose the deeper reform. With the exception of Argentina, our reported results focus on the most recent liberalization.

An alternate method of examining the impact of trade liberalization on labor market shuffling would have been to consider the years around all liberalization episodes as "post liberalization" regimes. The earlier, less significant reforms could potentially have the same type of labor market effects as the more drastic reforms. Including the years just after these reforms as "pre-liberalization regime" years could bias our results toward not finding statistical evidence for shuffling. Also, these earlier reforms and reversals could provoke skepticism about the trade liberalization episodes we study. We would expect the private sector to react less (ie shuffle less) in response to non-credible reforms than to credible policy changes. Our results are robust to this alternate specification.

Multiple liberalization periods are only a minor problem for Bolivia and Ecuador. Bolivia was open earlier from 1956 to 1979. We include observations from 1977 on for ILO measures and 1970 for UNIDO-3 measures in our sample, as these years are far enough from the liberalization in 1956 to be considered unaffected. Sachs and Warner report two liberalization periods for Ecuador: 1950-1982 and 1991-present. We use the latter, as we do not have the comparison data to study the earlier episode. Our sample, beginning in 1970 is far enough removed from the initiation of this open period to not be affected by the earlier trade liberalization. We create LIB2 and LIB5 for all liberalizations in the countries that have more potential to bias our results. LIB (all years after liberalization) runs in to the later, more significant trade liberalization. We carry out an alternative analysis that includes a second liberalization episode for the following countries:

Colombia	Colombia had an earlier liberalization between 1967 and 1982. Export promotion came first from 1967-1975, but a reduction of the real effective exchange rate, and an accelerated reduction of import barriers in 1979 combined to increase import penetration over 1976-82. The reforms were reversed in 1983-4 with a sharp increase in import restrictions. We use the later liberalization in 1991, however, in our sample as the effects of this liberalization might be complicated by other macroeconomic interference such as capital market distortions. <sup>20</sup> For the sake of completeness and a robustness check, however, we consider 1979, the year of accelerated reform, as a de facto liberalization year, and find a de jure year 1980. We do not have the data to include this liberalization in the ILO or UNIDO 4 sample (For ILO, we have data from 1975-1980 and 1985-1997, while for UNIDO4 we have data from 1981-1983,1985-1996), but we do code this as a liberalization (LIB2 and LIB5 only) for UNIDO3.
Israel	Israel also had a series of liberalizations before the 1987 one we use. A liberalizing trend in the 1970s falls in our sample. The reduction of protection for domestic industry and rate of dispersion of protection accelerated in 1969, along with a decrease in the anti-export bias. The average level of tariff protection fell during the late 1960s and 1970s, from 96% in 1968 to 62% in 1972, and finally 25 % in 1977. <sup>21</sup> If we were to consider this last period as a liberalization episode, 1973 is the only candidate for a de facto liberalization year, with an increase in trade volume of 21%. Otherwise, 1987 is the first year that has an increase in trade volume of over 5%. We define 1973 as a liberalization year and code it accordingly for LIB2 and LIB5.

<sup>20</sup> Garcia Garcia [1991] suggests that this earlier reform may have been a "wasted opportunity."

<sup>21</sup> Baruh and Halevi [1991]

Kenya	Kenya attempted liberalizations in 1974, 80, 84, and 85. The 1974 and 1980 attempts were reversed quickly when balance of payments deteriorated, but the objective of trade liberalization was affirmed in the 1986 Sessional Paper and Budget Speech. <sup>22</sup> If we take 1974 as a de jure date, 1974 would be a de facto date; and the 1980 or 1984 de jure liberalizations would have 1984 as the de facto date. The first liberalization is out of our data range and we code the latter as a second liberalization date for Kenya in UNIDO 3 digit and 4 digit analyses.
The Philippines	The Philippines began a Tariff Reduction Program in 1980, reversed it in 1982, and resumed in 1986. If we chose 1980 as the de jure liberalization year, then that would also be the de facto year, as there was a 22% increase in trade volume that year. This liberalization is unlikely to have had a large effect on the economy, as subsequent years have 0 or slightly negative change in trade volume. Nevertheless, we code 1980 as a second liberalization year for the Philippines in the alternative analysis.
New Zealand	New Zealand had two liberalizing initiatives between 1979-1984. The first identified the industries least able to face international competition and developed an industry plan to improve international competitiveness. The second component phased out import licensing for industries not on the Industry Plan. These policies were implemented even as export subsidies and major investment in import competing industries increased. Phase 3 began to cut out these costly interventions in 1984. There was general shift toward the market in all aspects of the economy, manifested in tariff reduction and phasing out of licensing in trade policy. There is also a 6% jump in 1979, so this year would count as a de facto liberalization if we took 1979 as the de jure liberalization. This liberalization may not have had a major effect, as it was so selective, but we consider it in the alternative analysis.
Sri Lanka	Sri Lanka shifted from quotas to tariffs, devalued and switched to a managed float, and imposed some new export assistance measures in 1977-1979. These reforms were reversed in 1983. This was a selective and incomplete liberalization, that included heavy and arbitrarily selective export promotion using revenues raised from a surcharge on dutiable imports. If we were to say that 1977 is a de jure liberalization then 1978 would be the de facto liberalization date according to our criteria. We consider this date for the UNIDO 3 digit sample.

### The Expectations Problem

The second alternative set of regressions focuses on eliminating the expectations problem, at the expense of including some false or unfulfilled liberalizations. We use the earliest possible de jure liberalization dates to construct our indicators of liberalization regimes. In most countries, these are simply the Sachs and Warner de jure dates, but the following countries have slightly different dates:

Colombia	For Colombia, we use 1986, the date reported in the Appendix (rather than the text) of Sachs and Warner. Garay [1991] presents evidence that average tariff rates fell below 40% in 1986 and have remained low up to the present. Policy changes in this year appear to have had an immediate, though not sustained effect: trade flows increased by 6.9% in 1986, but changed by less than 1% per year for the rest of the 1980s.
Chile	For Chile, we use 1974. The reduction of tariffs and the reform program began in 1974, though it did not reach the level of openness required by Sachs and Warner until 1976. The later date seems to be appropriate, as trade volume increased by 13% in 1974, but then was -10% in 1975 and didn't start growing steadily until 1976, but the beginning of reform in 1974 ,might alter agents' expectations.

<sup>22</sup> Fontaine [1992].

Ecuador	We use 1990 for Ecuador. Trade liberalization actually began in 1990, but was not fully implemented until 1991 (the date Sachs and Warner recognize as the de jure liberalization). <sup>23</sup>
India	India's earliest date of trade reform is 1991. Sachs and Warner report a liberalization date of 1994 for India, but the progression from closed to open economy actually took place over 1991-1994. The 1994 date appears to be the most appropriate indicator of a "real" liberalization, as it is based on the start of a trade liberalization program and average tariff data, but there is some evidence of adjustment in these earlier years. In 1992 and 1993 trade volume increased by 5 and 6% respectively, more than all other years except for 1995.
New Zealand	We take 1979 as the earliest liberalization date for New Zealand. Lattimore & Rayner [1991] report two liberalizing initiatives between 1979-1984. The first identified the industries least able to face international competition and developed an industry plan to improve international competitiveness. The second component phased out import licensing for industries not on the Industry Plan. These policies were implemented even as export subsidies and major investment in import competing industries increased. Phase 3 began to cut out these costly interventions in 1984. There was a general shift toward the market in all aspects of the economy, manifested in tariff reduction and phasing out of licensing in trade policy. There is also a 6% jump trade volume in 1979.
Spain	We exclude Spain from this sample altogether, as its earliest date of reform is 1950.
Turkey	For Turkey, we use 1983, the beginning of the Ozal administration, as the earliest possible liberalization date. Trade liberalization and a general move toward market-oriented policies formed part of this government's electoral platform, and Ozal did de-emphasize subsidies, liberalize imports by removing some quantitative restrictions and reforming tariffs, and steadily devalue the exchange rate (with the exception of a slight appreciation in 1985 as domestic inflation rose). <sup>24</sup> Liberalization during the 1980s was not extensive enough to be classified as a Sachs and Warner opening: average nominal tariff rates did not fall below 40% until 1989 and the trade volume did not increase significantly until 1990. <sup>25</sup> Nevertheless, this earlier liberalization may have affected agents' expectations. <sup>26</sup>
Trinidad and Tobago	Trade liberalization and other economic reforms began in the early 1990s in Trinidad and Tobago. Asad and Rajapatirana [1993] identify 1990 as the beginning of an episode of trade liberalization. There is also a 39% increase in trade for this one year. We do not use this earlier date in our main sample for two reasons: first, Sachs and Warner consider the economy to be closed as of 1994, and second, the implementation of substantial tariff reductions required for membership in CARICOM (Caribbean Community regional trade agreement) did not begin until 1993-1994. The one-year increase in trade in 1990 was also followed by two years of 25% yearly decreases in trade. For the purposes of the test for whether expectations of trade reform affected adjustment to liberalization, we code 1990 as the earliest possible date of liberalization.

<sup>23</sup> Fontaine [1992] also reports that Ecuador reduced some import quotas and improved export incentives, between 1980-88, at least in part to fulfill conditions for international development aid (p. 32). It is unclear whether these scattered efforts were seen as a precursor to a more general liberalization.

<sup>24</sup> The most notable policy switch here was to move to a system where there were lists of permitted (importable) items, with everything else prohibited to a system with lists of prohibited goods and all else permitted.

<sup>25</sup> Tariff rates were adjusted in December 1983 and again in January 1984. Some went up, some went down, but the overall effect was strongly liberalizing, according to Onis and Webb [1994].

<sup>26</sup> The liberalization did affect the manufacturing sector's business practices: Fouran [1996] reports that the increased import penetration in the manufacturing sector in the early 1980s led to a small, but statistically significant, increase in total factor productivity growth and a small, significant decrease in price-cost margins.

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## **Part II - Results marked in the main text of the paper as “Available upon Request”**

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- XI. Graphs of Sample Average CH measures against time (around liberalizations) (section 5.1.3, footnote 28)
- XII. Fixed-effects regressions with autocorrelation-robust standard errors, correcting standard errors in the presence of heteroskedasticity and clustering at the sector-country level (allowing for cross-time autocorrelation) (Section 5.1.4, footnote 30).
- XIII. Fixed Effects – GLS Regressions of Sectoral Change on Liberalization Status (assuming an AR(1) process for the disturbances) (Section 5.1.4, footnote 32)
- XIV. Single country CH, LIB results (section 5.2.1, footnote 37)

**I. 1 year structural change (CH) results: summary statistics, regressions**

**Summary Statistics: Measures of Structural Change (1 Year)**

Variable	# Obs.	Mean	Std. Dev.	Min	Max
<b>ILO</b>					
CH1	1644	0.634	1.730	0	40.646
SH1	204	1.984	2.342	0	16.655
EM1	204	2.712	13.185	-128.438	87.688
<b>UNIDO- 3 Digit</b>					
CH1	12482	0.259	0.552	0	12.375
SH1	473	3.087	3.700	0	28.826
EM1	473	1.933	8.540	-46.955	74.371
<b>UNIDO- 4 Digit</b>					
CH1	6338	0.132	0.297	0	6.810
SH1	92	5.098	3.017	0.300	15.188
EM1	92	1.111	7.979	-19.289	36.019

**Conditional Means of Measures of Structural Change (1 Year)**

<b>ILO</b>						
	<b>Liberalization in the past 2 years (LIB2)</b>		<b>Liberalization in the past 5 years (LIB5)</b>		<b>Liberalization in the past (LIB)</b>	
	<b>NO</b>	<b>YES</b>	<b>NO</b>	<b>YES</b>	<b>NO</b>	<b>YES</b>
CH1	0.619	0.711	0.654	0.587	0.714	0.538
SH1	1.913	2.349	1.988	1.972	2.036	1.917
EM1	2.498	3.820	2.205	3.927	2.253	3.293
<b>UNIDO – 3 Digit</b>						
CH1	0.257	0.274	0.260	0.257	0.269	0.236
SH1	3.108	2.934	3.182	2.728	3.341	2.483
EM1	2.013	1.350	2.406	0.146	2.452	0.698
<b>UNIDO- 4 Digit</b>						
CH1	0.126	0.140	0.126	0.152	0.126	0.139
SH1	5.186	4.803	5.151	5.020	5.059	5.144
EM1	-0.104	5.215	0.796	1.578	0.603	1.715

**Fixed Effects Regressions of One-Year Changes in Sectoral Structure on Liberalization Regime**

<b>ILO</b>				<b>UNIDO- 3 Digit</b>				<b>UNIDO- 4 Digit</b>			
	<b>CH1</b>	<b>SH1</b>	<b>EM1</b>		<b>CH1</b>	<b>SH1</b>	<b>EM1</b>		<b>CH1</b>	<b>SH1</b>	<b>EM1</b>
LIB2	-0.029 (0.177)	0.373 (0.427)	0.906 (2.522)	LIB2	0.016 (0.021)	-0.093 (0.436)	-0.608 (1.194)	LIB2	0.020 (0.016)	-0.748 (0.726)	6.162 (1.920)
Adj. R <sup>2</sup>	0.191	0.106	0.015	Adj. R <sup>2</sup>	0.297	0.312	0.035	Adj. R <sup>2</sup>	0.328	0.116	0.116
LIB5	-0.157 (0.157)	0.048 (0.351)	0.816 (2.072)	LIB5	0.002 (0.018)	-0.141 (0.354)	-2.091 (0.962)	LIB5	0.014 (0.014)	-0.375 (0.617)	1.264 (1.717)
Adj. R <sup>2</sup>	0.192	0.103	0.015	Adj. R <sup>2</sup>	0.296	0.313	0.044	Adj. R <sup>2</sup>	0.328	0.108	0.013
LIB	-0.249 (0.171)	-0.080 (0.331)	0.986 (1.953)	LIB	-0.027 (0.018)	-0.584 (0.336)	-1.605 (0.920)	LIB	0.004 (0.013)	-0.395 (0.622)	1.293 (1.731)
# obs.	1644	204	204	# obs.	12482	473	473	# obs.	6338	92	92
# Countries	12	12	12	# Countries	20	20	20	# Countries	8	8	8
Adj. R <sup>2</sup>	0.196	0.103	0.016	Adj. R <sup>2</sup>	0.297	0.317	0.041	Adj. R <sup>2</sup>	0.327	0.109	0.013

Standard errors in parentheses, clustered at the country-year level for CH regressions and robust to heteroskedasticity (Huber-White corrected).  
 CH Regressions include country-sector effects; SH and EM regressions include country effects.

## II. Regressions of 1-year structural change (CH1) on post-liberalization time dummies

<b>ILO</b>		<b>UNIDO 3</b>		<b>UNIDO 4</b>	
<b>CH1</b>		<b>CH1</b>		<b>CH1</b>	
Year 1	-0.330 (0.199)	Year 1	-0.013 (0.029)	Year 1	-0.002 (0.016)
Year 2	0.265 (0.388)	Year 2	0.039 (0.036)	Year 2	0.060* (0.034)
Year 3	-0.215 (0.172)	Year 3	-0.006 (0.039)	Year 3	-0.008 (0.016)
Year 4	-0.263 (0.203)	Year 4	-0.001 (0.044)	Year 4	0.029 (0.041)
Year 5	-0.306 (0.242)	Year 5	-0.036 (0.032)	Year 5	-0.020 (0.023)
Year 6	-0.398 (0.247)	Year 6	-0.026 (0.040)	Year 6	-0.028 (0.023)
Year 7	-0.258 (0.266)	Year 7	0.015 (0.054)	Year 7	-0.033 (0.023)
Year 8	-0.102 (0.083)	Year 8	-0.041 (0.047)	Year 8	0.019 (0.023)
# obs.	0.196	# obs.	0.297	# obs.	0.331
Adj. R <sup>2</sup>	1644	Adj. R <sup>2</sup>	12482	Adj. R <sup>2</sup>	6338

Robust standard errors in parentheses, clustered at the country-year level and robust to heteroskedasticity (Huber-White corrected).

Regressions include country-sector effects (not reported).

\*=statistically significant at the 10% level;

\*\*=statistically significant at the 5% level.

**III. Fixed Effects Regressions of One-Year Changes in Sectoral Structure on Liberalization Regime (CH1) reformer sample split**

<b>ILO: Non Reformer</b>	
<b>CH1</b>	
LIB2	-0.111 (0.309)
# obs.	903
# Countries	7
Adj. R <sup>2</sup>	0.172
LIB5	-0.349 (0.284)
# obs.	903
# Countries	7
Adj. R <sup>2</sup>	0.176
LIB	-0.501 (0.318)
# obs.	903
# Countries	7
Adj. R <sup>2</sup>	0.183

<b>ILO: Reformer</b>	
<b>CH1</b>	
LIB2	0.078 (0.076)
# obs.	741
# Countries	5
Adj. R <sup>2</sup>	0.373
LIB5	0.074 (0.058)
# obs.	741
# Countries	5
Adj. R <sup>2</sup>	0.374
LIB	0.029 (0.073)
# obs.	741
# Countries	5
Adj. R <sup>2</sup>	0.372

<b>UNIDO 3: Non Reformer</b>	
<b>CH1</b>	
LIB2	-0.002 (0.033)
# obs.	6367
# Countries	9
Adj. R <sup>2</sup>	0.256
LIB5	-0.021 (0.032)
# obs.	6367
# Countries	9
Adj. R <sup>2</sup>	0.256
LIB	-0.074** (0.032)
# obs.	6367
# Countries	9
Adj. R <sup>2</sup>	0.258

<b>UNIDO 3: Reformer</b>	
<b>CH1</b>	
LIB2	0.020 (0.027)
# obs.	8290
# Countries	11
Adj. R <sup>2</sup>	0.331
LIB5	0.008 (0.020)
# obs.	8290
# Countries	11
Adj. R <sup>2</sup>	0.331
LIB	-0.002 (0.020)
# obs.	8290
# Countries	11
Adj. R <sup>2</sup>	0.331

Robust standard errors in parentheses, clustered at the country-year level and robust to heteroskedasticity (Huber-White corrected).

Regressions include country-sector effects (not reported).

\*=statistically significant at the 10% level; \*\*=statistically significant at the 5% level.

**IV - Growth of imports & exports w/ liberalization**  
**Regressions of Trade Volumes on Liberalization Dummies**

<b>Union of ILO, UNIDO Samples</b>				
	<b>1 Year Change in Imports</b>	<b>Level of Imports</b>	<b>1 Year Change in Exports</b>	<b>Level of Exports</b>
LIB2	9.678** (1.786)	-0.001 (0.009)	4.777** (1.389)	0.017** (0.008)
# obs.	668	694	668	694
Adj. R <sup>2</sup>	0.036	0.648	0.019	0.640
LIB5	8.903** (1.366)	0.024** (0.007)	3.078** (1.076)	0.030** (0.006)
# obs.	668	694	668	694
Adj. R <sup>2</sup>	0.054	0.653	0.013	0.651
LIB	8.224** (1.216)	0.069** (0.006)	3.239** (0.958)	0.074** (0.004)
# obs.	668	694	668	694
Adj. R <sup>2</sup>	0.059	0.710	0.018	0.743

Standard Errors in parentheses, clustered at the country-year level for CH regressions and robust to heteroskedasticity (Huber-White corrected).

Regressions include country fixed effects

\*=statistically significant at the 10% level; \*\*=statistically significant at the 5% level.

**V. Results without Spain & Argentina (ILO, U3) Fixed Effects Regressions of Sectoral Change on Liberalization Status (excluding Spain and Argentina)**

<b>ILO</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.061 (0.081)	-0.293** (0.122)	0.015 (0.567)	-1.812** (0.846)	-1.899 (1.512)	-2.076 (2.285)
# obs.	1148	968	148	125	148	125
# Countries	9	9	9	9	9	9
Adj. R <sup>2</sup>	0.273	0.366	0.216	0.386	0.315	0.537
LIB5	-0.061 (0.073)	-0.221** (0.107)	-0.087 (0.477)	-1.621** (0.734)	-0.753 (1.279)	-2.139 (1.981)
# obs.	1148	968	148	125	148	125
# Countries	9	9	9	9	9	9
Adj. R <sup>2</sup>	0.273	0.364	0.216	0.388	0.309	0.538
LIB	-0.044 (0.067)	-0.116 (0.110)	-0.110 (0.452)	-1.254 (0.729)	-0.289 (1.213)	-0.194 (1.963)
# obs.	1148	968	148	125	148	125
# Countries	9	9	9	9	9	9
Adj. R <sup>2</sup>	0.273	0.361	0.216	0.378	0.308	0.533
<b>UNIDO 3-Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	0.027 (0.032)	0.040 (0.040)	0.279 (0.586)	0.061 (0.653)	-1.508 (1.877)	-4.733 (3.213)
# obs.	10962	8879	417	339	417	339
# Countries	18	17	18	17	18	17
Adj. R <sup>2</sup>	0.352	0.460	0.274	0.366	0.085	0.248
LIB5	0.033 (0.026)	0.079 (0.033)	0.800 (0.477)	1.381 (0.536)	-3.188 (1.525)	-7.581 (2.641)
# obs.	10962	8879	417	339	417	339
# Countries	18	17	18	17	18	17
Adj. R <sup>2</sup>	0.352	0.461	0.278	0.379	0.094	0.262
LIB	-0.005 (0.026)	0.053 (0.033)	-0.054 (0.462)	0.759 (0.527)	-2.537 (1.476)	-8.105 (2.569)
# obs.	10962	8879	417	339	417	339
# Countries	18	17	18	17	18	17
Adj. R <sup>2</sup>	0.352	0.460	0.273	0.370	0.091	0.265

Standard Errors in parentheses, clustered at the country-year level for CH regressions and robust to heteroskedasticity (Huber-White corrected).

CH Regressions include country-sector effects; SH and EM regressions include country effects.

\*=statistically significant at the 10% level; \*\*=statistically significant at the 5% level.



**VI - Multiple Liberalizations - Fixed Effects Regressions of Sectoral Change on Liberalization Status (Using Multiple Liberalization Dates listed in the Appendix)**

<b>ILO</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.090 (0.069)	-0.256** (0.110)	-0.153 (0.547)	-2.098** (0.775)	-2.025 (1.290)	-1.192 (1.995)
Adj. R <sup>2</sup>	0.278	0.396	0.173	0.405	0.335	0.546
LIB5	-0.118** (0.066)	-0.204** (0.097)	-0.478 (0.476)	-2.148** (0.691)	-1.442 (1.130)	-2.126 (1.785)
Adj. R <sup>2</sup>	0.280	0.395	0.178	0.415	0.331	0.550
# obs.	1349	1150	170	145	170	145
# Countries	10	10	10	10	10	10
<b>UNIDO 3-Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	0.029 (0.028)	0.020 (0.035)	1.042** (0.492)	1.002 (0.603)	-2.810 (1.472)	-4.051 (2.699)
Adj. R <sup>2</sup>	0.343	0.467	0.269	0.305	0.154	0.285
LIB5	0.048** (0.022)	0.069** (0.030)	1.483** (0.410)	2.507** (0.501)	-4.285** (1.227)	-7.398** (2.288)
Adj. R <sup>2</sup>	0.344	0.468	0.284	0.348	0.171	0.301
# obs.	11723	9279	445	354	445	354
# Countries	19	18	19	18	19	18
<b>UNIDO 4-Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	0.004 (0.015)	-0.007 (0.015)	-1.954** (0.961)	0.469 (1.598)	6.333** (2.726)	3.485 (4.342)
Adj. R <sup>2</sup>	0.409	0.696	0.089	0.057	0.095	-0.039
LIB5	0.026 (0.016)	0.035** (0.016)	-0.901 (0.903)	2.522 (1.822)	-0.617 (2.602)	-4.854 (5.050)
Adj. R <sup>2</sup>	0.411	0.697	0.048	0.100	0.025	-0.031
# obs.	5343	3046	77	44	77	44
# Countries	8	5	8	5	8	5

Standard Errors in parentheses, clustered at the country-year level for CH regressions and robust to heteroskedasticity (Huber-White corrected).

CH Regressions include country-sector effects; SH and EM regressions include country effects.

\*=statistically significant at the 10% level; \*\*=statistically significant at the 5% level.

**VII. Results with country fixed-effects only**  
**Regressions using Sectoral Change (CH) - Country Fixed Effects Only**

<b>ILO</b>			<b>UNIDO 3 Digit</b>			<b>UNIDO 4 Digit</b>		
	<b>CH2</b>	<b>CH5</b>		<b>CH2</b>	<b>CH5</b>		<b>CH2</b>	<b>CH5</b>
LIB2	-0.075 (0.073)	-0.313 (0.104)	LIB2	0.033 (0.030)	0.064 (0.039)	LIB2	-0.008 (0.016)	-0.005 (0.016)
# obs.	1373	1166	# obs.	11944	9500	# obs.	5412	3046
Countries	10	10	Countries	20	18	Countries	7	5
Adj. R <sup>2</sup>	0.098	0.112	Adj. R <sup>2</sup>	0.062	0.065	Adj. R <sup>2</sup>	0.021	0.018
<hr/>			<hr/>			<hr/>		
LIB5	-0.089 (0.064)	-0.245 (0.090)	LIB5	0.037 (0.024)	0.097 (0.031)	LIB5	0.009 (0.015)	0.006 (0.015)
# obs.	1373	1166	# obs.	11944	9500	# obs.	5412	3046
Countries	10	10	Countries	20	18	Countries	7	5
Adj. R <sup>2</sup>	0.098	0.110	Adj. R <sup>2</sup>	0.063	0.066	Adj. R <sup>2</sup>	0.021	0.018
<hr/>			<hr/>			<hr/>		
LIB	-0.089 (0.068)	-0.187 (0.103)	LIB	-0.002 (0.023)	0.057 (0.031)	LIB	-0.009 (0.014)	0.006 (0.015)
# obs.	1373	1166	# obs.	11944	9500	# obs.	5412	3046
Countries	10	10	Countries	19	18	Countries	8	5
Adj. R <sup>2</sup>	0.099	0.108	Adj. R <sup>2</sup>	0.062	0.065	Adj. R <sup>2</sup>	0.021	0.018

Standard Errors in parentheses, clustered at the country-year level for CH regressions and robust to heteroskedasticity (Huber-White corrected).

**VIII - Fixed Effects Regressions of Sectoral Change on Liberalization Status  
Earliest Possible Liberalization Date**

<b>ILO</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.069 (0.080)	-0.184 (0.116)	0.060 (0.596)	-1.754** (0.865)	-3.606** (1.388)	-8.349** (2.084)
Adj. R <sup>2</sup>	0.278	0.391	0.181	0.396	0.352	0.594
LIB5	-0.158** (0.067)	-0.289** (0.105)	-0.764 (0.468)	-2.418** (0.684)	-0.856 (1.119)	-5.843** (1.722)
Adj. R <sup>2</sup>	0.283	0.396	0.194	0.430	0.327	0.582
LIB	-0.164** (0.071)	-0.275** (0.114)	-0.890** (0.439)	-2.485** (0.676)	-0.210 (1.056)	-1.777 (1.771)
Adj. R <sup>2</sup>	0.284	0.396	0.201	0.434	0.325	0.550
# obs.	1373	1166	173	147	173	147
# countries	10	10	10	10	10	10
<b>UNIDO - 3 Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.011 (0.030)	0.047 (0.037)	-0.259 (0.549)	0.615 (0.664)	-1.854 (1.754)	-2.556 (3.063)
Adj. R <sup>2</sup>	0.350	0.459	0.270	0.334	0.093	0.245
LIB5	0.009 (0.023)	0.051 (0.031)	0.346 (0.435)	1.697** (0.521)	-3.217** (1.384)	-6.659** (2.415)
Adj. R <sup>2</sup>	0.350	0.459	0.270	0.352	0.102	0.260
LIB	-0.017 (0.023)	0.030 (0.029)	-0.233 (0.408)	0.944* (0.512)	-3.623** (1.293)	-9.179** (2.319)
Adj. R <sup>2</sup>	0.351	0.459	0.270	0.339	0.107	0.276
# obs.	11944	9500	453	362	453	362
# countries	19	18	19	18	19	18
<b>UNIDO - 4 Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.008 (0.019)	-0.027 (0.019)	-2.851** (0.974)	-0.191 (1.847)	7.877** (2.855)	2.821 (5.036)
Adj. R <sup>2</sup>	0.409	0.696	0.149	0.055	0.105	-0.048
LIB5	0.012 (0.016)	-0.027 (0.016)	-1.691* (0.857)	-1.185 (1.677)	1.264 (2.562)	-6.135 (4.511)
Adj. R <sup>2</sup>	0.409	0.697	0.095	0.067	0.012	-0.008
LIB	-0.006 (0.018)	-0.016 (0.033)	-2.283** (0.995)	-1.586 (2.331)	1.212 (3.003)	-5.595 (6.356)
Adj. R <sup>2</sup>	0.409	0.696	0.111	0.066	0.010	-0.035
# obs.	5412	3046	78	44	78	44
# countries	8	5	8	5	8	5

Standard errors in parentheses, clustered at the country-year level for CH regressions and robust to heteroskedasticity (Huber-White corrected).

CH Regressions include country-sector effects; SH and EM regressions include country effects.

\*=statistically significant at the 10% level; \*\*=statistically significant at the 5% level.

**IX - Fixed Effects Regressions of Sectoral Change on Liberalization Status  
(Excluding year of and 2 years prior to liberalization)**

<b>ILO</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.125 (0.084)	-0.353** (0.125)	-0.420 (0.747)	-2.442** (1.015)	-2.904 (1.756)	-3.783 (2.593)
Adj. R <sup>2</sup>	0.284	0.401	0.221	0.424	0.323	0.545
LIB5	-0.135* (0.072)	-0.297** (0.102)	-0.579 (0.566)	-2.345** (0.825)	-1.587 (1.341)	-4.420** (2.107)
Adj. R <sup>2</sup>	0.286	0.402	0.225	0.436	0.316	0.554
LIB	-0.146* (0.080)	-0.307** (0.126)	-0.876 (0.522)	-2.399** (0.842)	-0.425 (1.252)	-0.773 (2.193)
Adj. R <sup>2</sup>	0.287	0.402	0.235	0.436	0.309	0.537
# obs.	1142	949	144	120	144	120
# Countries	10	10	10	10	10	10
<b>UNIDO 3-Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	0.018 (0.035)	0.065 (0.050)	0.218 (0.672)	1.082 (0.843)	-1.796 (2.061)	-4.814 (3.548)
Adj. R <sup>2</sup>	0.352	0.466	0.271	0.288	0.102	0.294
LIB5	0.028 (0.025)	0.095** (0.035)	0.632 (0.506)	2.066** (0.633)	-4.377** (1.539)	-9.235** (2.661)
Adj. R <sup>2</sup>	0.352	0.467	0.274	0.310	0.119	0.318
LIB	-0.014 (0.025)	0.048 (0.035)	-0.306 (0.488)	1.018* (0.632)	-1.677 (1.004)	-3.826** (1.484)
Adj. R <sup>2</sup>	0.352	0.466	0.271	0.291	0.038	0.115
# obs.	10413	8119	395	309	415	395
# Countries	19	18	19	18	19	18
<b>UNIDO- 4 Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.001 (0.019)	-0.016 (0.023)	-2.460** (1.258)	-1.575 (2.030)	7.486** (3.166)	11.102** (4.734)
Adj. R <sup>2</sup>	0.440	0.700	0.093	0.199	0.170	0.289
LIB5	0.022 (0.017)	-0.001 (0.022)	-1.382 (1.049)	-2.543 (2.098)	-0.737 (2.724)	3.583 (5.449)
Adj. R <sup>2</sup>	0.441	0.699	0.058	0.226	0.082	0.147
LIB	-0.003 (0.016)	-0.001 (0.022)	-1.481 (1.115)	-2.543 (2.098)	-0.914 (2.894)	3.583 (5.449)
Adj. R <sup>2</sup>	0.440	0.699	0.058	0.226	0.083	0.147
# obs.	4158	2156	60	31	60	31
# Countries	8	5	8	5	8	5

Standard errors in parentheses, clustered at the country-year level for CH regressions and robust to heteroskedasticity (Huber-White corrected).

CH Regressions include country-sector effects; SH and EM regressions include country effects.

\*=statistically significant at the 10% level; \*\*=statistically significant at the 5% level.

### X - Regressions of Structural Change on Post-Liberalization Time Dummies

<b>ILO</b>			<b>UNIDO 3 Digit</b>			<b>UNIDO 4 Digit</b>		
	<b>CH2</b>	<b>CH5</b>		<b>CH2</b>	<b>CH5</b>		<b>CH2</b>	<b>CH5</b>
Year 1	-0.055 (0.124)	-0.307** (0.164)	Year 1	-0.001 (0.043)	0.082 (0.066)	Year 1	-0.005 (0.026)	-0.010 (0.023)
Year 2	-0.135* (0.079)	-0.233* (0.122)	Year 2	0.043 (0.050)	0.060 (0.060)	Year 2	0.019 (0.023)	0.024 (0.030)
Year 3	-0.234** (0.093)	-0.131 (0.093)	Year 3	0.071 (0.041)	0.156** (0.062)	Year 3	0.036 (0.024)	0.026** (0.013)
Year 4	0.051 (0.217)	-0.040 (0.162)	Year 4	0.021 (0.048)	0.108 (0.075)	Year 4	0.024 (0.033)	0.037 (0.029)
Year 5	-0.109 (0.101)	-0.027 (0.225)	Year 5	-0.004 (0.062)	0.069 (0.081)	Year 5	-0.009 (0.033)	0.015 (0.016)
Year 6	-0.038 (0.096)	0.099 (0.246)	Year 6	-0.026 (0.045)	-0.015 (0.090)	Year 6	-0.054 (0.043)	
Year 7	-0.028 (0.070)	-0.028 (0.177)	Year 7	-0.019 (0.074)	-0.235** (0.090)	Year 7	-0.079** (0.021)	
Year 8	0.063 (0.083)	-0.041 (0.163)	Year 8	-0.045 (0.061)	-0.157 (0.115)	Year 8	-0.134** (0.021)	
Adj R <sup>2</sup>	0.277	0.389	Adj R <sup>2</sup>	0.351	0.460	Adj R <sup>2</sup>	0.412	0.696
# obs.	1373	1166	# obs.	11944	9500	# obs.	5412	3046

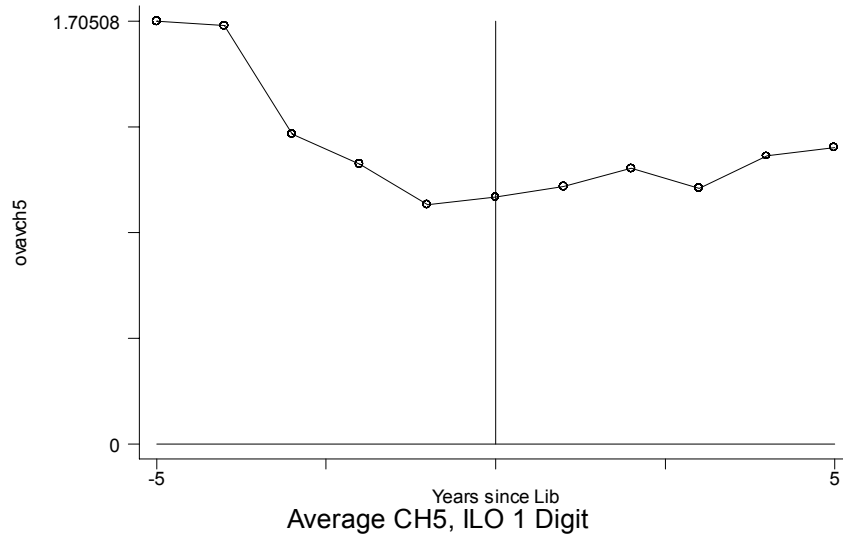
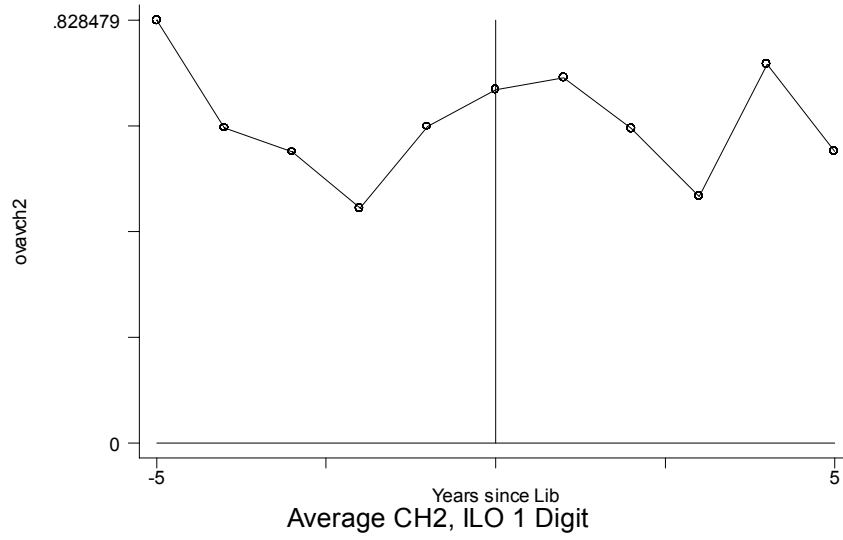
Standard errors in parentheses, clustered at the country-year level and robust to heteroskedasticity (Huber-White corrected).

Regressions include country-sector effects (not reported).

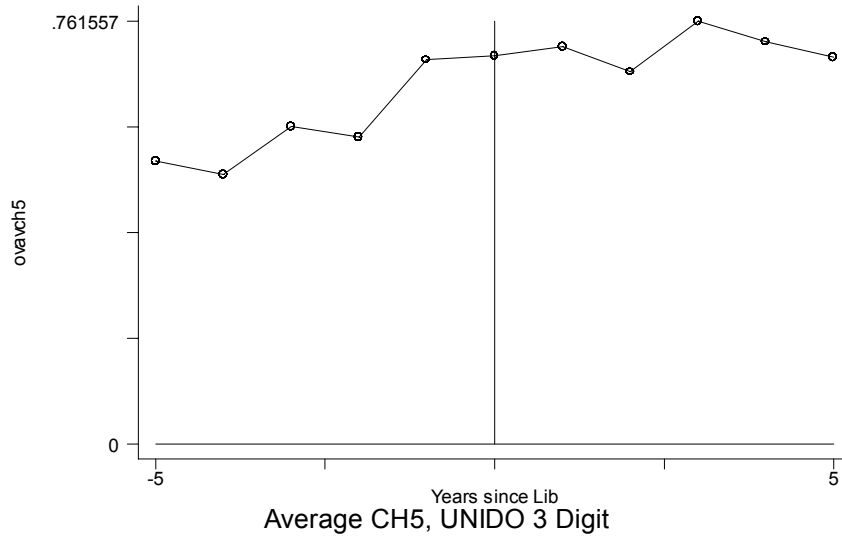
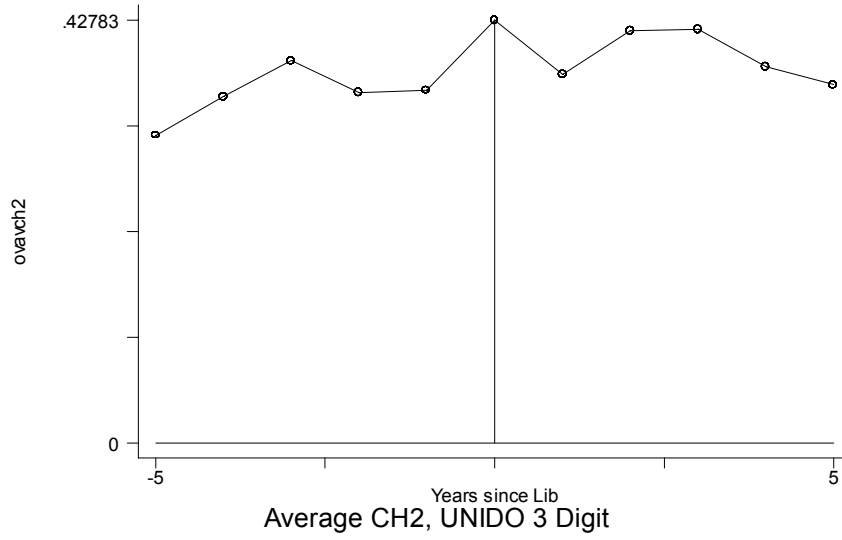
\*=statistically significant at the 10% level; \*\*=statistically significant at the 5% level.

# XI. Graphs of Average CH measures against time (around liberalization date)

## ILO Average Annual Sectoral Change



## UNIDO 3 Digit Average Annual Sectoral Change



**XII - Fixed Effects Regressions of Sectoral Change on Liberalization Status  
(clustering at the country-sector (CH) or country (SH, EM) level)**

<b>ILO</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.075 (0.063)	-0.313** (0.105)	-0.255 (0.684)	-2.258* (1.325)	-2.189 (2.159)	-3.031 (3.946)
Adj. R <sup>2</sup>	0.278	0.396	0.182	0.411	0.335	0.553
LIB5	-0.089 (0.050)	-0.245** (0.106)	-0.404 (0.472)	-2.228** (1.100)	-1.270 (1.177)	-3.440 (2.831)
Adj. R <sup>2</sup>	0.279	0.394	0.184	0.422	0.330	0.558
LIB	-0.089 (0.055)	-0.187 (0.127)	-0.623 (0.641)	-2.001* (1.157)	-0.154 (0.926)	-0.292 (1.962)
Adj. R <sup>2</sup>	0.279	0.392	0.190	0.414	0.325	0.546
# obs.	1373	1166	173	147	173	147
# Countries	10	10	10	10	10	10
<b>UNIDO 3-Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	0.033 (0.021)	0.065 (0.044)	0.519 (0.690)	0.849 (0.963)	-1.691 (2.454)	-4.074 (4.502)
Adj. R <sup>2</sup>	0.351	0.459	0.271	0.336	0.093	0.247
LIB5	0.038* (0.019)	0.097** (0.038)	0.759 (0.553)	1.819* (0.980)	-4.020** (1.785)	-7.564* (4.153)
Adj. R <sup>2</sup>	0.351	0.460	0.274	0.354	0.107	0.263
LIB	-0.002 (0.019)	0.057 (0.038)	-0.095 (0.518)	0.961 (0.772)	-3.281* (1.890)	-8.503** (4.345)
Adj. R <sup>2</sup>	0.350	0.459	0.269	0.339	0.103	0.269
# obs.	11944	9500	453	362	453	362
# Countries	19	18	19	18	19	18
<b>UNIDO- 4 Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.006 (0.010)	-0.008 (0.014)	-2.467 (1.545)	-0.948 (1.847)	6.633 (6.142)	8.010 (6.788)
Adj. R <sup>2</sup>	0.409	0.696	0.121	0.063	0.076	0.031
LIB5	0.012 (0.013)	0.011 (0.016)	-1.427 (1.625)	0.286 (2.667)	-0.871 (3.937)	-0.643 (5.649)
Adj. R <sup>2</sup>	0.409	0.696	0.080	0.055	0.010	-0.056
LIB	-0.006 (0.010)	0.011 (0.016)	-1.381 (1.670)	0.286 (2.667)	-1.494 (3.538)	-0.643 (5.649)
Adj. R <sup>2</sup>	0.409	0.696	0.077	0.055	0.013	-0.056
# obs.	5412	3046	78	44	78	44
# Countries	8	5	8	5	8	5

Standard errors in parentheses, clustered at the country-sector level for CH regressions and country level for EM, SH regressions to allow for correlated residuals within country-sector (or country) across time.

These standard errors are also robust to heteroskedasticity (Huber-White corrected).

CH Regressions include country-sector effects; SH and EM regressions include country effects.

\*=statistically significant at the 10% level; \*\*=statistically significant at the 5% level.



**XIII - Fixed Effects – GLS Regressions of Sectoral Change on Liberalization Status  
(assuming an AR(1) process for the disturbances)**

<b>ILO</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.020 (0.074)	-0.084 (0.093)	-0.207 (0.678)	-0.665 (0.775)	0.399 (1.594)	-2.309 (1.872)
R <sup>2</sup>	0.001	0.009	0.003	0.041	0.003	0.000
LIB5	-0.018 (0.068)	-0.058 (0.093)	-0.211 (0.651)	-0.943 (0.774)	-0.664 (1.624)	-0.838 (1.820)
R <sup>2</sup>	0.004	0.015	0.018	0.086	0.001	0.001
LIB	-0.017 (0.070)	0.042 (0.117)	-0.404 (0.702)	-0.529 (0.981)	0.668 (1.772)	-0.410 (2.495)
R <sup>2</sup>	0.005	0.012	0.021	0.033	0.001	0.004
# obs.	1293	1085	163	137	163	137
# Countries	10	10	10	10	10	10
<b>UNIDO – 3 Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	0.039** (0.018)	0.002 (0.026)	0.504 (0.615)	0.250 (0.760)	0.871 (1.935)	1.541 (2.370)
R <sup>2</sup>	0.000	0.001	0.002	0.003	0.001	0.002
LIB5	0.045** (0.016)	0.066** (0.026)	1.085** (0.551)	1.598** (0.707)	-0.671 (1.857)	0.372 (2.542)
R <sup>2</sup>	0.000	0.002	0.001	0.011	0.016	0.013
LIB	0.010 (0.016)	0.044* (0.028)	0.396 (0.563)	0.840 (0.756)	-1.430 (1.978)	1.126 (2.949)
R <sup>2</sup>	0.000	0.001	0.002	0.003	0.012	0.017
# obs.	11417	9030	433	344	433	344
# Countries	19	18	19	18	19	18
<b>UNIDO- 4 Digit</b>						
	<b>CH2</b>	<b>CH5</b>	<b>SH2</b>	<b>SH5</b>	<b>EM2</b>	<b>EM5</b>
LIB2	-0.004 (0.011)	-0.001 (0.010)	-1.658 (1.069)	0.299 (1.807)	3.602 (3.108)	3.237 (3.301)
R <sup>2</sup>	0.000	0.000	0.060	0.005	0.054	0.061
LIB5	0.013 (0.010)	-0.010 (0.014)	-1.305 (1.095)	-0.903 (2.452)	-3.099 (3.381)	-1.348 (4.667)
R <sup>2</sup>	0.000	0.000	0.019	0.002	0.015	0.017
LIB	-0.005 (0.011)	-0.010 (0.014)	-1.120 (1.213)	-0.903 (2.452)	-3.192 (3.868)	-1.348 (4.667)
R <sup>2</sup>	0.001	0.000	0.004	0.002	0.015	0.017
# obs.	4912	2688	71	39	71	39
# Countries	8	5	8	5	8	5

Fixed effects regressions, with residuals assumed to follow AR1 process.

CH Regressions include country-sector effects; SH and EM regressions include country effects.

\*=statistically significant at the 10% level; \*\*=statistically significant at the 5% level.

**XIV. Single country CH, LIB results**

<b>ILO: Single Country Results</b>						
Country	LIB Regime	Sectoral Change	Coefficient	Standard Error	#Obs	Adj. R <sup>2</sup>
Bolivia	LIB2	CH2	0.245	(0.118)	117	0.124
Colombia	LIB2	CH2	-0.135	(0.092)	135	0.435
Costa Rica	LIB2	CH2	0.405	(0.202)	114	0.245
Israel	LIB2	CH2	0.114	(0.082)	192	0.224
Paraguay	LIB2	CH2	-0.478	(0.229)	108	0.348
Philippines	LIB2	CH2	-0.015	(0.230)	184	0.224
Poland	LIB2	CH2	0.187	(0.118)	117	0.269
Spain	LIB2	CH2	-0.222	(0.189)	225	0.305
TTO	LIB2	CH2	-0.798	(0.388)	132	0.061
Uruguay	LIB2	CH2	-0.230	(0.173)	49	-0.011
Bolivia	LIB2	CH5	0.331	(0.156)	90	0.479
Brazil	LIB2	CH5	-0.343	(0.259)	64	0.663
Colombia	LIB2	CH5	-0.385	(0.165)	90	0.460
Costa Rica	LIB2	CH5	-0.174	(0.350)	96	0.101
Israel	LIB2	CH5	-0.196	(0.138)	168	0.315
Paraguay	LIB2	CH5	-0.269	(0.251)	81	0.229
Philippines	LIB2	CH5	0.285	(0.304)	160	0.309
Poland	LIB2	CH5	-0.374	(0.193)	99	0.557
Spain	LIB2	CH5	-0.449	(0.231)	198	0.531
TTO	LIB2	CH5	-1.849	(0.590)	120	0.195
Bolivia	LIB5	CH2	-0.049	(0.104)	117	0.091
Colombia	LIB5	CH2	-0.036	(0.075)	135	0.426
Costa Rica	LIB5	CH2	0.008	(0.161)	114	0.217
Israel	LIB5	CH2	0.032	(0.063)	192	0.217
Paraguay	LIB5	CH2	-0.005	(0.206)	108	0.319
Philippines	LIB5	CH2	-0.290	(0.175)	184	0.236
Poland	LIB5	CH2	0.421	(0.101)	117	0.356
Spain	LIB5	CH2	-0.273	(0.128)	225	0.315
TTO	LIB5	CH2	-0.798	(0.388)	132	0.061
Uruguay	LIB5	CH2	-0.063	(0.161)	49	-0.050
Bolivia	LIB5	CH5	0.136	(0.146)	90	0.456
Brazil	LIB5	CH5	-0.445	(0.227)	64	0.675
Colombia	LIB5	CH5	-0.278	(0.156)	90	0.446
Costa Rica	LIB5	CH5	-0.231	(0.281)	96	0.105
Israel	LIB5	CH5	-0.121	(0.107)	168	0.312
Paraguay	LIB5	CH5	-0.248	(0.239)	81	0.228
Philippines	LIB5	CH5	-0.072	(0.237)	160	0.306
Poland	LIB5	CH5	0.340	(0.173)	99	0.557
Spain	LIB5	CH5	-0.387	(0.189)	198	0.532
TTO	LIB5	CH5	-1.849	(0.590)	120	0.195
Bolivia	LIB	CH2	-0.049	(0.104)	117	0.091

<b>ILO: Single Country Results</b>						
Country	LIB Regime	Sectoral Change	Coefficient	Standard Error	#Obs	Adj. R <sup>2</sup>
Colombia	LIB	CH2	0.066	(0.074)	135	0.428
Costa Rica	LIB	CH2	0.033	(0.150)	114	0.217
Israel	LIB	CH2	-0.011	(0.058)	192	0.216
Paraguay	LIB	CH2	0.034	(0.203)	108	0.319
Philippines	LIB	CH2	-0.272	(0.155)	184	0.238
Poland	LIB	CH2	0.400	(0.093)	117	0.362
Spain	LIB	CH2	-0.348	(0.112)	225	0.330
TTO	LIB	CH2	-0.798	(0.388)	132	0.061
Uruguay	LIB	CH2	-0.063	(0.161)	49	-0.050
Bolivia	LIB	CH5	0.136	(0.146)	90	0.456
Brazil	LIB	CH5	-0.445	(0.227)	64	0.675
Colombia	LIB	CH5	-0.300	(0.167)	90	0.446
Costa Rica	LIB	CH5	0.206	(0.282)	96	0.104
Israel	LIB	CH5	-0.186	(0.099)	168	0.321
Paraguay	LIB	CH5	0.334	(0.250)	81	0.236
Philippines	LIB	CH5	-0.228	(0.217)	160	0.310
Poland	LIB	CH5	0.811	(0.161)	99	0.641
Spain	LIB	CH5	-0.710	(0.201)	198	0.552
TTO	LIB	CH5	-1.849	(0.590)	120	0.195

UNIDO 3 Digit						
Country	LIB Regime	Sectoral Change	Coefficient	Standard Error	#Obs	Adj. R <sup>2</sup>
Argentina	LIB	CH2	0.057	(0.027)	252	0.310
Bolivia	LIB	CH2	-0.274	(0.084)	576	0.178
Chile	LIB	CH2	0.041	(0.027)	896	0.315
Colombia	LIB	CH2	-0.018	(0.023)	896	0.285
Ecuador	LIB	CH2	0.048	(0.038)	850	0.436
Ghana	LIB	CH2	-0.030	(0.097)	619	0.325
Guatemala	LIB	CH2	-0.186	(0.068)	532	0.329
Hungary	LIB	CH2	0.351	(0.038)	864	0.272
India	LIB	CH2	-0.022	(0.036)	896	0.430
Israel	LIB	CH2	-0.043	(0.057)	700	0.314
Kenya	LIB	CH2	-0.285	(0.056)	751	0.408
Mexico	LIB	CH2	-0.306	(0.084)	408	0.165
Morocco	LIB	CH2				
N. Zealand	LIB	CH2	0.059	(0.028)	784	0.275
Philippines	LIB	CH2	0.086	(0.066)	812	0.328
Poland	LIB	CH2	0.155	(0.018)	896	0.339
Spain	LIB	CH2	0.008	(0.021)	864	0.236
Sri Lanka	LIB	CH2	-0.134	(0.130)	698	0.390
Turkey	LIB	CH2	-0.065	(0.028)	896	0.312
Uruguay	LIB	CH2	-0.155	(0.054)	672	0.276
Argentina	LIB2	CH2	-0.004	(0.029)	252	0.297
Bolivia	LIB2	CH2	0.151	(0.126)	576	0.165
Chile	LIB2	CH2	0.051	(0.043)	896	0.314
Colombia	LIB2	CH2	0.047	(0.031)	896	0.286
Ecuador	LIB2	CH2	0.062	(0.047)	850	0.436
Ghana	LIB2	CH2	0.193	(0.108)	619	0.328
Guatemala	LIB2	CH2				
Hungary	LIB2	CH2	0.427	(0.043)	864	0.283
India	LIB2	CH2	-0.022	(0.036)	896	0.430
Israel	LIB2	CH2	-0.043	(0.057)	700	0.314
Kenya	LIB2	CH2	-0.285	(0.056)	751	0.408
Mexico	LIB2	CH2	-0.366	(0.124)	408	0.156
Morocco	LIB2	CH2				
N. Zealand	LIB2	CH2	0.004	(0.037)	784	0.271
Philippines	LIB2	CH2	-0.065	(0.087)	812	0.327
Poland	LIB2	CH2	0.196	(0.026)	896	0.327
Spain	LIB2	CH2	0.188	(0.036)	864	0.261
Sri Lanka	LIB2	CH2	-0.134	(0.130)	698	0.390
Turkey	LIB2	CH2	-0.042	(0.040)	896	0.308
Uruguay	LIB2	CH2	-0.119	(0.075)	672	0.269
Argentina	LIB5	CH2	0.057	(0.027)	252	0.310
Bolivia	LIB5	CH2	-0.036	(0.097)	576	0.163

UNIDO 3 Digit						
Country	LIB Regime	Sectoral Change	Coefficient	Standard Error	#Obs	Adj. R <sup>2</sup>
Chile	LIB5	CH2	0.128	(0.032)	896	0.325
Colombia	LIB5	CH2	-0.018	(0.023)	896	0.285
Ecuador	LIB5	CH2	0.048	(0.038)	850	0.436
Ghana	LIB5	CH2	0.193	(0.108)	619	0.328
Guatemala	LIB5	CH2	-0.232	(0.080)	532	0.330
Hungary	LIB5	CH2	0.351	(0.038)	864	0.272
India	LIB5	CH2	-0.022	(0.036)	896	0.430
Israel	LIB5	CH2	-0.043	(0.057)	700	0.314
Kenya	LIB5	CH2	-0.285	(0.056)	751	0.408
Mexico	LIB5	CH2	-0.343	(0.094)	408	0.165
Morocco	LIB5	CH2				
N. Zealand	LIB5	CH2	0.059	(0.028)	784	0.275
Philippines	LIB5	CH2	0.086	(0.066)	812	0.328
Poland	LIB5	CH2	0.171	(0.019)	896	0.344
Spain	LIB5	CH2	0.070	(0.027)	864	0.242
Sri Lanka	LIB5	CH2	-0.134	(0.130)	698	0.390
Turkey	LIB5	CH2	-0.060	(0.030)	896	0.311
Uruguay	LIB5	CH2	-0.156	(0.057)	672	0.275
Argentina	LIB	CH5				
Bolivia	LIB	CH5	-0.250	(0.104)	504	0.314
Chile	LIB	CH5	-0.005	(0.043)	812	0.500
Colombia	LIB	CH5	-0.009	(0.035)	812	0.400
Ecuador	LIB	CH5	0.053	(0.051)	766	0.532
Ghana	LIB	CH5	-0.332	(0.183)	512	0.335
Guatemala	LIB	CH5	0.071	(0.092)	476	0.436
Hungary	LIB	CH5	0.661	(0.053)	783	0.472
India	LIB	CH5	-0.101	(0.054)	812	0.562
Israel	LIB	CH5	-0.117	(0.080)	616	0.459
Kenya	LIB	CH5	-0.315	(0.076)	676	0.498
Mexico	LIB	CH5	-0.285	(0.120)	357	0.361
Morocco	LIB	CH5				
N. Zealand	LIB	CH5	0.033	(0.041)	700	0.367
Philippines	LIB	CH5	0.147	(0.073)	728	0.365
Poland	LIB	CH5	0.256	(0.028)	812	0.512
Spain	LIB	CH5	0.108	(0.034)	783	0.419
Sri Lanka	LIB	CH5	0.502	(0.208)	617	0.456
Turkey	LIB	CH5	-0.071	(0.046)	812	0.405
Uruguay	LIB	CH5	-0.258	(0.083)	591	0.372
Argentina	LIB2	CH5				
Bolivia	LIB2	CH5	-0.118	(0.150)	504	0.307
Chile	LIB2	CH5	-0.006	(0.064)	812	0.500
Colombia	LIB2	CH5	-0.053	(0.047)	812	0.401
Ecuador	LIB2	CH5	-0.013	(0.063)	766	0.532

UNIDO 3 Digit						
Country	LIB Regime	Sectoral Change	Coefficient	Standard Error	#Obs	Adj. R <sup>2</sup>
Ghana	LIB2	CH5	-0.332	(0.183)	512	0.335
Guatemala	LIB2	CH5	-0.219	(0.149)	476	0.438
Hungary	LIB2	CH5	0.736	(0.060)	783	0.468
India	LIB2	CH5	-0.101	(0.054)	812	0.562
Israel	LIB2	CH5	-0.117	(0.080)	616	0.459
Kenya	LIB2	CH5	-0.315	(0.076)	676	0.498
Mexico	LIB2	CH5	0.218	(0.171)	357	0.353
Morocco	LIB2	CH5				
N. Zealand	LIB2	CH5	-0.116	(0.054)	700	0.371
Philippines	LIB2	CH5	0.077	(0.097)	728	0.362
Poland	LIB2	CH5	0.092	(0.041)	812	0.464
Spain	LIB2	CH5	0.439	(0.053)	783	0.461
Sri Lanka	LIB2	CH5	0.502	(0.208)	617	0.456
Turkey	LIB2	CH5	-0.032	(0.065)	812	0.404
Uruguay	LIB2	CH5	-0.110	(0.113)	591	0.362
Argentina	LIB5	CH5				
Bolivia	LIB5	CH5	0.065	(0.116)	504	0.307
Chile	LIB5	CH5	0.172	(0.047)	812	0.508
Colombia	LIB5	CH5	-0.009	(0.035)	812	0.400
Ecuador	LIB5	CH5	0.053	(0.051)	766	0.532
Ghana	LIB5	CH5	-0.332	(0.183)	512	0.335
Guatemala	LIB5	CH5	0.071	(0.092)	476	0.436
Hungary	LIB5	CH5	0.661	(0.053)	783	0.472
India	LIB5	CH5	-0.101	(0.054)	812	0.562
Israel	LIB5	CH5	-0.117	(0.080)	616	0.459
Kenya	LIB5	CH5	-0.315	(0.076)	676	0.498
Mexico	LIB5	CH5	-0.240	(0.132)	357	0.356
Morocco	LIB5	CH5				
N. Zealand	LIB5	CH5	0.033	(0.041)	700	0.367
Philippines	LIB5	CH5	0.147	(0.073)	728	0.365
Poland	LIB5	CH5	0.265	(0.030)	812	0.510
Spain	LIB5	CH5	0.330	(0.040)	783	0.461
Sri Lanka	LIB5	CH5	0.502	(0.208)	617	0.456
Turkey	LIB5	CH5	-0.069	(0.049)	812	0.405
Uruguay	LIB5	CH5	-0.209	(0.087)	591	0.368

UNIDO 4 Digit						
Country	LIB Regime	Sectoral Change	Coefficient	Standard Error	#Obs	Adj. R <sup>2</sup>
Colombia	LIB	CH2	0.021	(0.008)	924	0.367
Ecuador	LIB	CH2	0.101	(0.017)	727	0.525
Ghana	LIB	CH2	0.129	(0.065)	293	0.490
Guatemala	LIB	CH2	-0.119	(0.038)	479	0.241
Kenya	LIB	CH2	-0.126	(0.021)	689	0.338
Philippines	LIB	CH2	0.033	(0.033)	898	0.399
Turkey	LIB	CH2	0.011	(0.011)	932	0.515
Uruguay	LIB	CH2	-0.045	(0.019)	763	0.473
Colombia	LIB2	CH2	0.034	(0.009)	924	0.372
Ecuador	LIB2	CH2	0.064	(0.018)	727	0.508
Ghana	LIB2	CH2	0.129	(0.065)	293	0.490
Guatemala	LIB2	CH2				
Kenya	LIB2	CH2	-0.126	(0.021)	689	0.338
Philippines	LIB2	CH2	0.024	(0.033)	898	0.399
Turkey	LIB2	CH2	-0.001	(0.013)	932	0.515
Uruguay	LIB2	CH2	-0.075	(0.023)	763	0.476
Colombia	LIB5	CH2	0.021	(0.008)	924	0.367
Ecuador	LIB5	CH2	0.101	(0.017)	727	0.525
Ghana	LIB5	CH2	0.129	(0.065)	293	0.490
Guatemala	LIB5	CH2	-0.144	(0.042)	479	0.245
Kenya	LIB5	CH2	-0.126	(0.021)	689	0.338
Philippines	LIB5	CH2	0.124	(0.027)	898	0.413
Turkey	LIB5	CH2	0.011	(0.011)	932	0.515
Uruguay	LIB5	CH2	-0.045	(0.019)	763	0.473
Colombia	LIB	CH5	0.015	(0.013)	770	0.537
Ecuador	LIB	CH5	0.103	(0.026)	505	0.728
Ghana	LIB	CH5				
Guatemala	LIB	CH5				
Kenya	LIB	CH5	-0.139	(0.027)	530	0.598
Philippines	LIB	CH5			690	0.521
Turkey	LIB	CH5	0.023	(0.016)	695	0.814
Uruguay	LIB	CH5	0.049	(0.029)	546	0.654
Colombia	LIB2	CH5	-0.023	(0.013)	770	0.538
Ecuador	LIB2	CH5	0.007	(0.024)	505	0.718
Ghana	LIB2	CH5				
Guatemala	LIB2	CH5				
Kenya	LIB2	CH5	-0.139	(0.027)	530	0.598
Philippines	LIB2	CH5	0.043	(0.046)	690	0.521
Turkey	LIB2	CH5	0.027	(0.017)	695	0.814
Uruguay	LIB2	CH5	0.072	(0.028)	546	0.657
Colombia	LIB5	CH5	0.015	(0.013)	770	0.537
Ecuador	LIB5	CH5	0.103	(0.026)	505	0.728

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Country	LIB Regime	Sectoral Change	Coefficient	Standard Error	#Obs	Adj. R <sup>2</sup>
Ghana	LIB5	CH5				
Guatemala	LIB5	CH5				
Kenya	LIB5	CH5	-0.139	(0.027)	530	0.598
Philippines	LIB5	CH5	0.065	(0.043)	690	0.522
Turkey	LIB5	CH5	0.023	(0.016)	695	0.814
Uruguay	LIB5	CH5	0.049	(0.029)	546	0.654