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Abstract

Emerging Asia is one of the regions with high but stable economic growth rate compared with other regions in the world during the past decade. Data from the World Bank indicate that many emerging Asian countries’ GDP per capita growth rate ranges from 4% to 8% while this rate ranges from 0.8% to 2.1% only for US, Japan and EU during the past decade. Among the Emerging Asia countries, ASEAN and South Asia countries attract quite a lot of FDI from the developed economies. Given this growing trend in Asia, Taiwan government has launched the New Southbound Policy (NSP), targeting Southeast and South Asian countries, Australia and New Zealand as potential strategic partners for regional social and economic cooperation. In order to develop a closer partnership between Taiwan and the NSP countries, we need to learn more about these countries. The purpose of this study is to examine the labor market of the NSP countries with a focus on the labor force participation rate. We applied the dynamic panel regression model on the 1991-2016 labor force participation rate data for the 18 NSP countries with explanatory variables including unemployment rate, education variable, population variables, economic condition variables and other control variables. It is found that the unemployment rate has a significantly positive effect on the labor force participation rate. It implies that the added worker effect dominates the discourage worker effect for the NSP countries. This finding is different from those reported in the literature for the developed economies.

Key Words: Emerging Asia, New Southbound Policy, Labor Market, Labor Force Participation, Dynamic Panel Regression Model