

Labor standards and social conditions in free trade zones: the case of the Manaus free trade zone

Report

The article analyses if the creation of the Manaus Free Trade Zone has had any influence in improving the labor and social efficiency in the area. To this end, the author performs two different methodologies: residual study after an OLS regression and stochastic frontier technique. Moreover, possible economic linkages have also been scrutinized. The conclusion is that, effectively, this special zone has positively impacted the selected measures of labor and social conditions although no externalities seems to appear.

From my point of view, this paper is well written and structured and addresses an interesting topic. Additionally, the methodology seems adequate to the projected aim. There are, however, some points that should have to be taken into account. In particular:

- A table with descriptive statistics with the variables used in the regression seems adequate. It is the case that the dependent variables in the regressions are in logarithms. Therefore, given that these variables are mainly percentages we must be sure that none of them take the zero value, which is potentially possible.
- I think that the dummy “state capital” is something redundant with the variable “distance from state capital”. Is it not the case that for the capital city the second one takes a value of 0, which is in fact informative? This is probably the reason why you obtain a counterintuitive estimated coefficient for the dummy variable.
- You provide relative positions of areas for 2010 but in order to know if the free trade area has had any relevant influence in improving labor and social conditions you should also provide result for previous years and, in particular,

for the year before the establishment of this special zone. We suspect, given your results, that in fact there has been an improvement but we must be sure. If no data exists, you have to make some convincing evidence about the relative worse position of Manaus with respect to that of 2010.

- It seems to me that there is not endogeneous issues but some discussion about this point is convenient.
- Table 5 is referred to 2015 although the analysis is for 2010. From my point of view, it is better that Table 5 gives information about 2010.

Summarizing, I think this to be a nice paper with potential improvement taking into account the above comments.