abundant countries will lose out in relation to capital because of an intensification in trade while the opposite should hold for workers in labour abundant ‘low-wage’ countries. However, our results suggests that workers in ‘low-wage’ countries have equally lost out, and that this is particularly driven by their trade with the ‘high-wage’ countries. Additionally, outsourcing, measured as all intermediate imports used in the production process of an industry, has a strong negative impact on the wage share. However, the application of interaction dummies for Korea, Turkey, Mexico and Taiwan suggest that this effect is driven by outsourcing of these relatively higher income countries to Brazil, China, Indonesia, India, and the rest of the non-OECD countries (excluding Russia).

Data on FDI, union density, household debt, the Gini coefficient, and social government spending is very limited and, except for the Gini coefficient and household debt, only available for Korea, Mexico and Turkey. Estimations with inward FDI, union density and social government spending did not yield robust results and the variables appear to be statistically insignificant in most specifications. However, given the limited size of our sample, these estimations can only be seen as indicative. Furthermore, we obtain a negative impact of the Gini coefficient on the wage share, albeit only for Korea, Mexico and Turkey if we include all variables in the estimation. The Gini coefficient appears to be insignificant in estimations for the total ‘low-wage’ country pool.