We fail to find a robust negative effect of variables aiming to measure technological change, and we do not find any evidence of skill-bias in terms the effect of technological change, which constitutes the core of the mainstream explanation for increasing inequality. For some individual country estimations we observe that these variables are especially sensitive to the inclusion of country-level measures of financialisation or bargaining power. However, these results are not robust to the application of different estimation methodologies. This suggests that while technological change surely has increased value added, the negative impact on the wage share is more likely to be an effect of reduced bargaining power of workers, brought about by globalisation and a deterioration of bargaining conditions.

Our findings have important policy implications. Rising inequality is not an inevitable outcome of technological change. Tackling income inequality requires a restructuring of the institutional framework in which bargaining takes place and a levelled play-ground where the bargaining power of labour is more in balance with that of capital. The impact of globalization is likely to be significantly moderated and/or offset by stronger bargaining power of labour via an improvement in union legislation, increasing the coverage of collective bargaining, increasing the social wage via public goods and social security and international labor standards embedded in a broader strategy of global cooperation for high road labour market policies and macroeconomic policy coordination. Each country would have to address specific issues supporting the strongest positive drivers of the wage share while addressing possible issues that make other instruments of workers bargaining power ineffective. Furthermore, our results suggest that a simple attempt to reduce income inequality through skill-upgrading will not work as technological change does not seem to be the most relevant factor determining the distribution between labour and capital.