5. Estimation Results

5.1 Estimation Results for Austria

Table 2 shows our estimation results for Austria for the total pool, while Table 2 reports the results for manufacturing and services separately.

We estimate specifications (1) to (3) at the 2-digit level while specifications (4) to (8) is estimated at the 1-digit level. We separately estimate the effect of increasing import penetration and outward FDI on the wage share, while controlling for union density and individual government spending at the country level in specifications (1) to (6). To avoid multicollinearity we estimate specifications with union density and government spending separately and exclude union density from specifications (7) and (8) since it’s strongly correlated with other country-level variables (negative correlation below -0.9 for Austria).
Table 2: Estimation Results for Austria, all sectors, 1986-2010

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Notes: The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimations performed using the within estimator with autocorrelation, cross-sectional correlation and heteroscedasticity robust standard errors. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively. The estimation period for specifications 1-3 is 1996-2010 due to data availability.
Table 3: Estimation Results for Austria, manufacturing and service sectors, 1986-2010

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Notes: MANU stands for manufacturing sectors, SERV stands for service sectors. The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimations performed using the within estimator with autocorrelation, cross-sectional correlation and heteroscedasticity robust standard errors. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively. The estimation period for specifications 1-3 is 1996-2010 due to data availability.
We find strong robust significantly negative effects of globalisation, measured by intermediate import penetration and outward FDI on the wage share in specifications (1) to (6), while the effect of the variables accounting for technological change is not robust and does not always have the expected sign: total capital stock as a ratio to value added is insignificant in all specifications while when capital is disaggregated as ICT and non-ICT capital, ICT capital services as a ratio to value added has a negative effect and non-ICT capital services as a ratio to value added has a positive effect. With regard to the control variables at the country level, we find a positive but not robust effect of union density, while social government spending turns out to be insignificant for the determination of the wage share in Austria. We furthermore include two specifications augmented by additional variables measuring migration, financialisation and person income inequality. Among our financialisation variables, household debt and financial income and payments are significantly negative and robust to changes in the sample when the first difference estimator is applied. Furthermore we find positive effects of the share of migrant workers in total labour force and negative effects of the Gini coefficient although the statistical significance of these two variables varies.

Besides robustness tests using different estimation techniques as described in section 3, we estimated our specifications for different sub-pools, i.e. only manufacturing or only service sectors, as reported in Table 3 as well as for high- and low skilled sectors within manufacturing and services separately as reported in Tables 4 and 5. This not only allows us to test the robustness of our results, but at the same time provides insights with regards to the variables that have potentially contrasting effects for manufacturing and services or across skill groups. However, since our cross sections are limited to 20 sectors for the 1-digit level estimations the estimations across skill groups can only provide indicative evidence. Selected results for the skill disaggregation for Austria are reported in Tables 4 and 5. Furthermore selected robustness test for estimations based on the specifications in first differences are reported in Table A1 and A2 in the Appendix. Additionally, we estimated our main specifications (7) and (8) including intermediate imports, given that it would limit our sample size from 20 to 11 cross sections and effectively eliminate all service sectors. However, our results are largely robust to the inclusion of import penetration in specifications (7) and (8).

Although we obtained a variable measuring strike days per employee from the ILO we do not report results with this variable for Austria since the limited data availability would shorten the last observation in our estimation period to 2001 for most cross sections.

Specifications (5) and (6) are omitted from Table 2 given the space limitations and in case there was no additional information in these estimations. We don’t report specifications (1) to (3) for services since intermediate imports are only available for one service sector per country.
specifications using the after tax wage share, i.e. labour compensation excluding the share of 
taxes obtained from labour income as a ratio to value added. Finally, we perform robustness 
tests using compensation of employees as a ratio to value added, i.e. the wage share without 
the adjustment for self-employed workers, as well as wages and salaries as a ratio to value 
added, and a sample without the outliers for the dependent variable where we drop all 
observations where the wage share exceed 1 as a dependent variable. If not otherwise 
mentioned in the text our estimations are confirmed by these robustness tests.
Table 4: Estimation results for Austria, high and low skilled manufacturing sectors, 1986-2010

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<th>MAHS_1</th>
<th>MAHS_2</th>
<th>MAHS_3</th>
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<th>MAHS_5</th>
<th>MAHS_6</th>
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<td>-0.198***</td>
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<td>-0.183***</td>
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<td>(0.047)</td>
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<td>(0.861)</td>
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<td>(0.094)</td>
<td>(0.054)</td>
<td>(0.278)</td>
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Notes: MALS stands for low skilled manufacturing sectors, MAHS stands for high skilled manufacturing sectors. The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimations performed using the within estimator with autocorrelation, cross-sectional correlation and heteroscedasticity robust standard errors. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively. The estimation period for specifications 1-3 is 1996-2010 due to data availability.
Table 5: Estimation results for Austria, high and low skilled service sectors, 1986-2010

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<td>(0.040)</td>
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<td>0.009</td>
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<td>45.000</td>
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<td>3.000</td>
<td>3.000</td>
<td>6.000</td>
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Notes: SELS stands for low skilled service sectors, SEHS stands for high skilled service sectors. The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimations performed using the within estimator with autocorrelation, cross-sectional correlation and heteroscedasticity robust standard errors. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.
Globalisation

Among our globalisation variables intermediate import penetration appears to have a negative impact on the wage share across all skill groups within the manufacturing sectors given that it is negative and significant for high and low skilled sectors alike as can be seen in Table 3. In the services sectors our data for intermediate import penetration is limited to one sector (recycling), but our results for the total economy are robust to the exclusion of this sector. This finding is also robust when different estimation methodologies are used. Intermediate import penetration is significant in specifications (1) to (3) when estimated in first differences. The fact that intermediate import penetration has a robust negative effect across all skill groups suggests that outsourcing of intermediate production may have harmed blue and white collar workers alike in Austria.

Outward FDI, equally negative and robust in our estimation for the total sample as intermediate import penetration, appears to have different effects across industry types. It has a negative and statistically significant effect in manufacturing as a whole as well as in low skilled manufacturing sectors in specifications (4) to (6) in Table 3, but the effect turns positive in high skilled manufacturing when the financialisation variables are included. For total service sectors its overall effect is positive for all specifications and statistically significant for specification (4). Although this effect appears to be driven mainly by high skilled services sectors as can be seen in Table 4, outward FDI is not robust to the inclusion of financialisation variables and switches its sign. Our measure of FDI is the variable for which we are most concerned about non-stationarity as our unit root test indicate that it’s integrated of order one. Therefore we prefer to rely on the estimations in first differences for the analysis of outward FDI. In these specifications reported in Table A2 in the Appendix, FDI has the same negative effect for total manufacturing sectors while it is positive but statistically insignificant for total services. While the effect of FDI in manufacturing is driven by high and low skilled sectors alike when measured in first differences, the positive sign in services is not present for any of the sub-samples of high or low skilled service sectors. Generally, it is plausible that there is a skill bias creating a higher demand for high skilled labour through outward FDI if it is of a vertical (cost-seeking) nature. It is also plausible that this effect is less strong in non-tradable service sectors with a more horizontal market seeking nature. Other mechanisms like the threat effects associated with a change in the fall back options for capital and labour are also expected to be less important for high skill labour and
services than low-skill labour and manufacturing (Onaran 2012). Our results confirm the different effects for services and manufacturing, although the fact that we fail to find a positive effect for high skilled manufacturing or a robust positive effect for high skilled services suggest that the potential beneficial effects are outweighed by the threat effects or substitution effects even for high skilled workers.

The share of migrant workers in total labour force has a robust and positive effect on the wage share for the manufacturing sectors and the total pool regardless of the estimation method. For service sectors the coefficient is insignificant with the exception of high skilled services where migration becomes significant. The positive sign suggests that migrant workers are on average complementary to domestic workers in Austria, thereby increasing the productivity and the wage share.

To sum up there is strong evidence of a negative effect of globalisation on the wage share in Austria. This effect is realised via an increase in intermediate imports and outward FDI and affects all sectors and skill groups with the potential exception of service sectors in the case of FDI. The negative effect of globalisation does not result from the increase of the migrant share of the labour force – on the contrary migration has a positive effect in Austria which points to the fact that migrant workers are complementary to domestic workers.

Technology

Our technology variables aim to capture the effect of skill-biased technological change on the wage share. We fail to find evidence for the mainstream hypothesis that technological change will decrease the wage share of low skilled workers and increase it for high skilled workers (EC, 2009; Bassanini and Manfredi, 2012). Indeed for Austria technological change embodied in the accumulation of ICT capital exercises a negative effect on workers in both the skilled and unskilled industries, although the effect is not robust in all samples. Curiously, the share of non-ICT capital has a positive effect on the wage share in most specifications, highlighting its labour augmenting nature, while it becomes insignificant in some other specifications. Again, no structural difference can be seen for the effect on high or low skilled industries. This finding is in line with the development of the wage share in Austria which shows a negative trend for all skill groups for manufacturing and service sectors alike, while the share of ICT capital also increased across all sectors.
A further interesting highlight of our findings indicate that ICT and non-ICT capital services become insignificant when included in an estimation with country-level financialisation variables, while some of our financialisation variables are significant for manufacturing industries in the within estimations. The results also hold for estimations in first differences especially with respect to ICT capital, the main measure for skill-bias technological change (see Table A1 and A2 in the appendix). This result appears to be similar to EC (2007) who report that variables for technological change are not robust to the inclusion of time effects. Our country-level variables are similar to period fixed effects given that they are the same across sectors and differ by year, but they carry much more specific information than a general time effect. Stockhammer (2015) also find that financial globalisation is the main driver of the wage share based on panel data estimations using country level (not sectoral) data. However, these results can only be seen as indicative and require further analysis, preferably with measures of financialisation at the level of disaggregation of the dependent variable, which can be done only using firm level data as in Guschanski and Onaran (forthcoming). Interestingly, we obtain the same effect when we use wages and salaries as a ratio to value added as a dependent variable. This alternative dependent variable, which is equal to our wage share excluding social security contribution paid by employers to employees, is a better measure of primary market distribution since it excludes secondary distribution.

**Country-level variables**

With regard to the control variables, union density has a positive effect on the wage share in specification (3) – indeed it is highly significant and renders the effect of intermediate import penetration insignificant. The effects of union density are however not robust at the 1-digit level in specification (6). The result is confirmed for sub-pools of manufacturing industries as can be seen in Table 4. However, given that the variable is measured at the country level, the reliability of the estimation results by sub-pools is questionable. In order to obtain at least indicative results with union density measured at the sectoral level we performed robustness tests with union density measured at the sectoral level regardless of our concerns about its reliability as mentioned in section 3. In general results for sectoral union density largely confirm the results for country-level union density. The

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21 We experimented with specifications (7) and (8) including union density, which mostly rendered an insignificant or negative coefficient. However, the result was very sensitive to robustness checks so that we concluded that the insignificant or negative sign was mainly driven by multicollinearity between our explanatory variables. For this reason we exclude union density from specifications (7) and (8).
positive but not robust impact of union density is generally driven by all sector and skill groups. Furthermore, we experimented with adjusted bargaining as an alternative measure for workers bargaining power. However, given that bargaining coverage stayed at a constant level since the 1970s in Austria the variable created multicollinearity with our fixed effects and we had to drop it.

Social government spending turns out to be insignificant or positive for almost all specifications with the exception of estimations for the high skilled manufacturing sectors only where we find an unexpected negative sign for specifications (7) and (8). We have also experimented with an alternative measure of government spending: total social government spending comprising the sum of in kind and in cash social transfers as a ratio to GDP. Our results are largely robust to this alternative measure, but given that data for in cash benefits is available only from 1995 onwards we prefer our current measure comprising in kind transfers only. Nevertheless, like union density, social government spending becomes insignificant for most estimations in first differences, while it is positive for service sectors.

Since there are no measures of financialisation at the sectoral level we can only use country-level variables among which household debt and financial payments appear to have a robust negative effect, albeit mostly for estimations in first differences. This finding is robust to the application of different samples, although the highest statistical significance is achieved for the high-skilled manufacturing sector. Similarly we find a negative effect of household debt for the manufacturing sector for the estimations in level, in both low and high skilled manufacturing sectors alike. Given that lower income workers might be credit constrained and that the recent surge in household debt was mainly driven by the upper-middle class this result seems plausible. It is not entirely clear, however, why workers in the high-skilled manufacturing sector should be stronger affected by household debt than workers in the high skilled service sector.

Our specification (8) reflects the argument that personal income inequality is an indicator of the command over resources and power relations, hence we include the Gini coefficient in our set of explanatory variables. We find no statistically significant effect, however, we consider the income share of the top 1% to be a better measure for personal income distribution than the Gini coefficient, because it captures the tail of the distribution where most of the increase in income inequality happened, while the Gini coefficient is rather in-sensitive to changes in the tails. Furthermore, we have less concern in the case of the
income share of the top 1% with regard to endogeneity that naturally arises between a measure of functional and personal income distribution that captures the whole population like the Gini coefficient. Unfortunately there is no data on the income share of the top 1% for Austria in The World Wealth and Income Database which is why we revert to using the Gini for Austria.

*After tax wage share*

Our estimation result for the after tax wage share as the dependent variable strongly confirm our initial results for our main variables, although the statistical significance of household debt is increased. Intermediate imports, outward FDI and union density have the same effect across different samples. This implies that the effect of intermediate imports, outward FDI and union density is similarly relevant for after tax wage share as for the before tax wage share.

Finally, we report the economic significance of our variables for a specifications including intermediate import penetration and union density (specification (3)) as well as a specification including all other variables (specification (8)) in Table A4 in the appendix. More precisely, we calculate the predicted change in the dependent variable based on individual covariates by multiplying the estimation coefficient of the respective explanatory variable with the cross-sectional average change of that variable over the sample period. The decline in the wage share, taken as an average over the two specifications, is 8.7 percentage points, similar to the decline in the country level wage share which constituted 6.6 percentage points. Based on the estimation with union density (specification (3)) we find that union density has had the strongest impact in Austria, explaining 85.1 percent of the average decline of the wage share. Increasing imports of capital and consumption goods and the increase in capital intensity have had a sizeable positive effects. Capital intensity has had the

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22 The estimation results are available upon request.

23 We limit the analysis to the pool including manufacturing and service sectors (Table 2), but calculations for sub-pools are available upon request. Furthermore, we exclude the crisis years from the calculations by using the absolute change and standard deviation of our variables from the beginning of the sample (1996) until 2007. The reason for this adjustment is the atypical behaviour of most of our variable during the Great Recession which strongly alter their pre-crisis trend. However, the relative size of the economic significance is not altered if we use the full sample.

24 We also apply an alternative method to calculate economic significance by standardising the estimation coefficients, which is equivalent to performing estimations with variables transformed to a mean of zero and a standard deviation of one. While the previous method is intuitively straight forward, it can be misleading if variables do not exhibit a trend (e.g. growth). In this case calculating standardised coefficients is more reliable. The results confirm our findings for the first method.
second highest positive impact, predicting 16.5 of the change in the wage share. Based on specification (8) we find a sizeable negative effect of household debt and, albeit much smaller in size, of ICT capital intensity. Results indicate that migration has had the strongest positive effect on the wage share.

5.2 Estimation Results for the pool of nine OECD countries

Table 6 shows our estimation results for the total country pool including selected developed countries (Austria, Denmark, France, Germany, Italy, Spain, Sweden, the UK, and the US), while Table 7 shows the same specifications estimated for manufacturing and services industries separately.
Table 6: Estimation results for pool of selected OECD countries, all sectors

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<td>0.063**</td>
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<td>-0.276***</td>
<td>-0.276***</td>
<td>-0.276***</td>
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<td>-0.013**</td>
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<td>(0.058)</td>
<td>(0.628)</td>
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<td>-0.625***</td>
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<tr>
<td>top1 inc. share_t-1</td>
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<td>158.000</td>
<td>92.000</td>
<td>158.000</td>
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Notes: The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimations performed using the within estimator with autocorrelation, cross-sectional correlation and heteroscedasticity robust standard errors. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.
Table 7: Estimation results for pool of selected OECD countries, manufacturing and service sectors

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<td>other imports_t-1</td>
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<td>0.095***</td>
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<td>0.003**</td>
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<td>0.024***</td>
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Notes: MANU stands for manufacturing sectors, SERV stands for service sectors. The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimations performed using the within estimator with autocorrelation, cross-sectional correlation and heteroscedasticity robust standard errors. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.
Our results for all countries confirm the results for Austria with regard to the globalisation variables. Intermediate imports have a robust negative effect on the wage share. FDI has the same negative effects in the total pool and manufacturing, while it has a positive impact in the service sectors. The main difference with regards to measures of globalisation is posed in the case of the share of migrant workers in the total labour force, which appears to be negative for the total country pool. Similarly, our variables measuring technological change stay robust with respect to the estimation for Austria maintaining the negative sign for the ICT and positive sign for non-ICT capital services. One major difference in the total country pool as opposed to the estimation results for Austria is that measures of bargaining power are a strong and robust driver of wage shares for all countries. Union density and adjusted bargaining coverage have a robust positive effect on the wage share, as does government spending. Interestingly household debt is less robust for the total country pool. We don’t report specifications with financial income and payments for the total country pool since their coefficients were not robust to changes in sample and estimation method. Interestingly, our robust measures of bargaining power render the effect of technology insignificant in specifications (7) to (9). We experiment with different measures of personal income inequality but fail to confirm the negative effect observed for Austria except for estimations with service sectors only. However, since the top income data is available for a limited number of countries and reduce our observations by a quarter the reliability of this result for the pool of all countries can be questioned. Table 8 and 9 report our results for disaggregated skill groups. Our results are largely robust to estimations with alternative dependent variables, such as the wage share without the adjustment for self-employed workers, as well as wages and salaries as a ratio to value added, and a sample without the outliers where we drop all observations where the wage share exceeds one.
Table 8: Estimation results for pool of selected OECD countries, high and low skilled manufacturing sectors

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Notes: ML stands for low skilled manufacturing sectors, MH stands for high skilled manufacturing sectors. The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimations performed using the within estimator with autocorrelation, cross-sectional correlation and heteroscedasticity robust standard errors. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.
Table 9: Estimation results for pool of selected OECD countries, high and low skilled service sectors

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<tbody>
<tr>
<td>growth</td>
<td>-0.373***</td>
<td>-0.376***</td>
<td>-0.362***</td>
<td>-0.344***</td>
<td>-0.340***</td>
<td>-0.210***</td>
<td>-0.214***</td>
<td>-0.211***</td>
<td>-0.251***</td>
<td>-0.212***</td>
</tr>
<tr>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
</tr>
<tr>
<td>capital stock_t-1</td>
<td>0.000</td>
<td>0.001</td>
<td>0.001</td>
<td>0.002</td>
<td>0.001</td>
<td>0.002</td>
<td>0.001</td>
<td>0.001</td>
<td>0.006**</td>
<td></td>
</tr>
<tr>
<td>(0.557)</td>
<td>(0.393)</td>
<td>(0.457)</td>
<td>(0.397)</td>
<td>(0.409)</td>
<td>(0.200)</td>
<td>(0.680)</td>
<td>(0.033)</td>
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</tr>
<tr>
<td>int. imports_t-1</td>
<td>0.010*</td>
<td>0.007</td>
<td>0.004</td>
<td>-0.008</td>
<td>0.003</td>
<td>0.003</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>(0.059)</td>
<td>(0.186)</td>
<td>(0.500)</td>
<td></td>
<td>(0.138)</td>
<td>(0.612)</td>
<td>(0.656)</td>
<td></td>
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</tr>
<tr>
<td>other imports_t-1</td>
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<td>-0.002*</td>
<td>-0.001*</td>
<td>-0.000</td>
<td>-0.003</td>
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<tr>
<td>(0.930)</td>
<td>(0.085)</td>
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<td>(0.074)</td>
<td>(0.902)</td>
<td>(0.168)</td>
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<tr>
<td>tot. union density_t-1</td>
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<td>0.001</td>
<td>0.002</td>
<td>0.005</td>
<td>0.009</td>
<td>0.035**</td>
<td>0.050***</td>
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<tr>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.057)</td>
<td>(0.674)</td>
<td>(0.527)</td>
<td>(0.310)</td>
<td>(0.027)</td>
<td>(0.000)</td>
<td></td>
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<tr>
<td>social government_t-1</td>
<td>0.010*</td>
<td>0.007</td>
<td>0.004</td>
<td>-0.008</td>
<td>0.003</td>
<td>0.003</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>(0.059)</td>
<td>(0.186)</td>
<td>(0.500)</td>
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<td>(0.138)</td>
<td>(0.612)</td>
<td>(0.656)</td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>bargaining cov._t-1</td>
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<td>-0.001*</td>
<td>-0.002*</td>
<td>-0.001*</td>
<td>-0.000</td>
<td>-0.003</td>
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<tr>
<td>(0.930)</td>
<td>(0.085)</td>
<td>(0.087)</td>
<td>(0.074)</td>
<td>(0.902)</td>
<td>(0.168)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICT capital_t-1</td>
<td>-0.027***</td>
<td>-0.026***</td>
<td>-0.027***</td>
<td>-0.048***</td>
<td>-0.025*</td>
<td>-0.002</td>
<td>0.005</td>
<td>0.035**</td>
<td>0.050***</td>
<td></td>
</tr>
<tr>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.057)</td>
<td>(0.674)</td>
<td>(0.527)</td>
<td>(0.310)</td>
<td>(0.027)</td>
<td>(0.000)</td>
<td></td>
</tr>
<tr>
<td>non-ICT capital_t-1</td>
<td>0.094***</td>
<td>0.091***</td>
<td>0.082***</td>
<td>0.108***</td>
<td>0.087***</td>
<td>0.055***</td>
<td>0.052***</td>
<td>0.049***</td>
<td>0.023</td>
<td>0.13</td>
</tr>
<tr>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.057)</td>
<td>(0.674)</td>
<td>(0.527)</td>
<td>(0.310)</td>
<td>(0.027)</td>
<td>(0.000)</td>
<td>(0.577)</td>
</tr>
<tr>
<td>outward FDI_t-1</td>
<td>0.299</td>
<td>0.400</td>
<td>0.023</td>
<td>-0.165</td>
<td>-0.569</td>
<td>0.098**</td>
<td>0.106**</td>
<td>0.119***</td>
<td>0.120***</td>
<td>0.147***</td>
</tr>
<tr>
<td>(0.611)</td>
<td>(0.535)</td>
<td>(0.973)</td>
<td>(0.852)</td>
<td>(0.549)</td>
<td>(0.010)</td>
<td>(0.019)</td>
<td>(0.003)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.001)</td>
</tr>
<tr>
<td>hh debt_t-1</td>
<td>0.059***</td>
<td>0.066***</td>
<td>-0.117***</td>
<td>-0.105**</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(0.019)</td>
<td>(0.006)</td>
<td>(0.006)</td>
<td>(0.002)</td>
<td>(0.019)</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>migration_t-1</td>
<td>-0.291</td>
<td>-0.331</td>
<td>-0.744***</td>
<td>-1.254***</td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>(0.332)</td>
<td>(0.486)</td>
<td>(0.001)</td>
<td>(0.004)</td>
<td></td>
<td></td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>top1 inc. share_t-1</td>
<td>-0.011**</td>
<td></td>
<td></td>
<td>-0.000</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>(0.035)</td>
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<td></td>
<td></td>
<td>(0.941)</td>
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<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>constant</td>
<td>1.212***</td>
<td>1.190***</td>
<td>0.985***</td>
<td>0.935***</td>
<td>1.165***</td>
<td>0.859***</td>
<td>0.838***</td>
<td>1.014***</td>
<td>1.356***</td>
<td>1.432***</td>
</tr>
<tr>
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<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
</tr>
<tr>
<td>withR2</td>
<td>0.221</td>
<td>0.222</td>
<td>0.231</td>
<td>0.227</td>
<td>0.205</td>
<td>0.064</td>
<td>0.067</td>
<td>0.080</td>
<td>0.135</td>
<td>0.158</td>
</tr>
<tr>
<td>F-test</td>
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<td>71.882</td>
<td>74.527</td>
<td>384.557</td>
<td>234.690</td>
<td>10.822</td>
<td>9.155</td>
<td>9.591</td>
<td>44.314</td>
<td>63.203</td>
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<td>431.000</td>
<td>431.000</td>
<td>379.000</td>
<td>331.000</td>
<td>582.000</td>
<td>582.000</td>
<td>582.000</td>
<td>532.000</td>
<td>451.000</td>
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<tr>
<td>cx</td>
<td>27.000</td>
<td>27.000</td>
<td>27.000</td>
<td>27.000</td>
<td>24.000</td>
<td>45.000</td>
<td>45.000</td>
<td>45.000</td>
<td>45.000</td>
<td>39.000</td>
</tr>
</tbody>
</table>

Notes: SL stands for low skilled service sectors, SH stands for high skilled service sectors. The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimations performed using the within estimator with autocorrelation, cross-sectional correlation and heteroscedasticity robust standard errors. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.
Intermediate imports exercise a negative effect on the wage share in high and low skilled industries alike for the total country pool in line with our estimations for Austria. We obtain the same results for estimations in first differences and the effect appears to be even more robust when wages and salaries as a ratio to value added is employed as a dependent variable.

Our results for outward FDI are also confirmed for the total country pool. We obtain a negative coefficient in the total pool and in manufacturing sectors, while the coefficient turns positive when the sample is reduced to solely service sectors. In contrast to estimations for Austria our results for the manufacturing pool seem to be driven by high skilled manufacturing sectors rather than low skill skilled sectors, while the positive sign is driven by high skilled service sectors. We are more confident with regards to our results from the estimations in level given that our panel is usually much shorter when estimated for the total country pool and non-stationarity concerns carry less weight. However, if estimated in first differences the coefficient becomes insignificant although it maintains its negative sign. While the lack of statistical robustness appears to be in contrast to our findings for Austria it just emphasises the need for single country estimations, because our results for the total pool might be driven by unbalanced availability of FDI data for certain countries. Similar concerns are in place regarding the effect of the share of foreign labour force. Many of our estimations for the total country pool show a negative effect, indicating that migrants exercise downward pressure on wages, but given the positive effect we obtained in the estimations for Austria it drags the questions of which countries drive the coefficient.

Summing up, we confirm our findings regarding the strong negative effect of globalisation for Austria for the total country pool. Intermediate import penetration and migration seem to exercise the most robust downward pressure on the wage share in our sample of selected OECD countries.

Technology

Our finding for different measures of the capital stock are again strongly in line with the results for Austria. ICT capital services exercise a negative effect on the wage share while

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25 Our panel length comprises between 11 and 14 years for the specifications including outward FDI while we reach up to 20 years for estimations for Austria alone. Furthermore panel unit root tests provide mixed results as to whether FDI has a unit root. However, given the null hypothesis of the panel unit root tests we can’t reject the possibility that some of our cross sections have a unit root.
non-ICT services affect the wage share positively although the coefficient is not robust. However, ICT capital services are statistically insignificant for estimations in first differences. Total capital stock has a significant positive effect whenever it is included in the estimations. Again we fail to find a skill bias for the effect of technological change on the wage share. There is no indication of a switch in the sign of our measures of capital stock when estimated for different skill groups. Interestingly, although these variables are mostly statistically significant when combined with individual bargaining variables measure on the country level they become insignificant when combined with all bargaining variables and migration. As for Austria our bargaining variables are measured on the country level and can therefore be seen as period specific effects. Since most previous studies based on the aggregate wage share as opposed to sectoral measures operated with a panel similar to ours (IMF, 2007; EC, 2007) it is well possible that the significant effect that was captured by period effects was in fact driven by omitted bargaining variables.

*Country–level variables and measures of bargaining power*

In contrast to our estimations for Austria we find very robust and strong effect of bargaining variables on the wage share. Union density has a strong positive effect on the wage share as does adjusted bargaining coverage and social government spending. The positive impact of union density is driven more by manufacturing sectors than services. When measured at the sectoral level union density maintains its statistically significant positive coefficient for specification (3) in the total sector pool and is again most robust for estimations for the manufacturing sector.

Both measures of government spending provided similar results, although the robustness is strongest for the manufacturing pool only. The positive effect of the variables appears to be driven by the manufacturing industries, and there by high and low skilled sectors alike.

However, apart from the adjusted bargaining coverage in some specifications neither union density nor social government spending appear to be statistically significant in first difference estimations. Different scholars from the field of industrial relations have maintained that bargaining coverage is in fact the most important indicator of workers

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26 We have less concerns combining our bargaining variables for the total country pool since the pairwise correlation never exceeds .65 and since our results are mostly robust to the exclusion of individual variables.
bargaining power, even more relevant than union density (Visser, 2006). Consequently, our findings can be seen as an indicative confirmation of this hypothesis.

Our financialisation variables appear to be insignificant for the total country pool, and household debt has a perverse positive sign in some specifications, albeit rarely significant. However, financialisation developed in very different ways across countries. For instance, while Anglo-Saxon countries experienced a strong surge in household debt the increase in this measure was comparatively low in some continental European countries like Austria, Germany, Italy and Sweden. Similar considerations apply to financial income and payments. Again these concerns are best addressed by single country estimations.

The income share of the top one percent is statistically significant for the total sector pool as well as estimations for service sectors only, largely confirming the hypothesis of a negative relationship between personal and functional income distribution raised by Atkinson et al. (2011). However it turns insignificant in estimations in first differences.

Furthermore we experimented with a measure of minimum wages as a ratio to the sectoral average wage as well as the growth rate of real minimum wages but results were inconclusive and not robust to changes in the specification or estimation method.
5.3 Estimation results for individual ‘high-wage’ countries

Our estimation results for France, Germany, the UK, the US, Denmark, Italy and Spain partially confirm our results for Austria, while they differ in interesting aspects as can be seen in Tables 10 to 16.

The results in this section are based on Guschanski and Onaran, The causes of falling wage share and prospects for growth with equality in a globalized economy, Project Report for INET, (forthcoming). However, estimations for Austria and thereby comparison with Austria are not part of the project.

Data availability differs across countries, especially with regards to capital stock data for France and the UK where our cross sections are reduced to eight and eleven sectors as opposed to 19 for Austria for specifications (1) to (3). Furthermore we lose ‘the coke and refined petroleum products sector’ when we apply the first difference estimator for the UK in specification (7) and (8) because it has only 1 observation where all the data is available after cleaning. Exclusion of this sector does however not alter out results. We are able to increase the number of our cross sections to 11 if we estimate specifications (1) to (3) for France using data at the 1-digit level. However, this poses a trade-off since our import data is available at the 2-digit level and therefore requires aggregation and because previous results have indicated that the effect of intermediate import penetration is better observed at a highly disaggregated sectoral composition. However, our results are robust for estimations at 1- or 2-digit levels with respect to intermediate import penetration. Similar considerations apply to the US, where availability of data on the capital stock for the service sectors limits our sample and Spain where there is only very limited data on FDI. In fact, for Spain our sample is reduced to two to three observations per sectors, which in turn creates collinearity between several of our country level variables. For this reason we drop government spending from specification (7) and (8) while we estimate specification (8) without our financialisation variables. The data issues in combination with the limited availability of variables accounting for financialisation is also reason for the reduced number of cross-sections in our first difference estimations.
Table 10: Estimation results for France, all sectors

<table>
<thead>
<tr>
<th>Within Estimator</th>
<th>First Difference Estimator</th>
</tr>
</thead>
<tbody>
<tr>
<td>growth</td>
<td></td>
</tr>
<tr>
<td></td>
<td>FRA_1 FRA_2 FRA_3 FRA_4 FRA_5 FRA_6 FRA_7 FRA_8</td>
</tr>
<tr>
<td></td>
<td>-0.135  -0.136 -0.007 -0.235*** -0.263*** -0.209*** -0.194*** -0.194***</td>
</tr>
<tr>
<td></td>
<td>(0.015) (0.004) (0.925) (0.002) (0.002) (0.008) (0.009) (0.009)</td>
</tr>
<tr>
<td>capital stock_t1</td>
<td>0.119*** 0.111*** 0.116***</td>
</tr>
<tr>
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<td>(0.002) (0.002) (0.002)</td>
</tr>
<tr>
<td>int. imports_t1</td>
<td>-0.420*** -0.631*** -0.629***</td>
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<tr>
<td></td>
<td>(0.006) (0.003) (0.009)</td>
</tr>
<tr>
<td>other imports_t1</td>
<td>0.637*** 0.587*** 0.523***</td>
</tr>
<tr>
<td></td>
<td>(0.000) (0.000) (0.000)</td>
</tr>
<tr>
<td>social government_t1</td>
<td>0.022*** 0.026*** 0.010** 0.009** 0.008 0.017*** 0.0012*** 0.011**</td>
</tr>
<tr>
<td></td>
<td>(0.001) (0.001) (0.009)** (0.013) (0.035) (0.382) (0.000) (0.009)</td>
</tr>
<tr>
<td>bargaining cov_t1</td>
<td>0.010*** 0.009*** 0.007***</td>
</tr>
<tr>
<td></td>
<td>(0.001) (0.005) (0.005)</td>
</tr>
<tr>
<td>ICT capital_t1</td>
<td>0.017 -0.023* -0.023 -0.002 -0.002</td>
</tr>
<tr>
<td></td>
<td>(0.183) (0.070) (0.114) (0.907) (0.911)</td>
</tr>
<tr>
<td>non-ICT capital_t1</td>
<td>-0.075** -0.043* -0.036 -0.069*** -0.069***</td>
</tr>
<tr>
<td></td>
<td>(0.013) (0.057) (0.147) (0.002) (0.002)</td>
</tr>
<tr>
<td>outward FDI_t1</td>
<td>0.281*** 0.261*** 0.236*** 0.254*** 0.233***</td>
</tr>
<tr>
<td></td>
<td>(0.001) (0.006) (0.013) (0.024) (0.025)</td>
</tr>
<tr>
<td>hh debt_t1</td>
<td>0.078*** 0.069***</td>
</tr>
<tr>
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<td>(0.001) (0.002)</td>
</tr>
<tr>
<td>fin. income_t1</td>
<td>-0.057*** -0.057***</td>
</tr>
<tr>
<td></td>
<td>(0.003) (0.014)</td>
</tr>
<tr>
<td>fin. payments_t1</td>
<td>0.134*** 0.139***</td>
</tr>
<tr>
<td></td>
<td>(0.000) (0.000)</td>
</tr>
<tr>
<td>migration_t1</td>
<td>0.041 -0.065</td>
</tr>
<tr>
<td></td>
<td>(0.925) (0.901)</td>
</tr>
<tr>
<td>gini_t1</td>
<td>0.081</td>
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<td>(0.479)</td>
</tr>
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<td>constant</td>
<td>0.458*** 0.200*** -0.438*** 0.330*** -0.089 -0.557* -0.154 -0.131</td>
</tr>
<tr>
<td></td>
<td>(0.000) (0.003) (0.024) (0.006) (0.056) (0.097) (0.475) (0.537)</td>
</tr>
<tr>
<td>withR2</td>
<td>0.560 0.594 0.610 0.234 0.311 0.280 0.368 0.388 0.338 0.336 0.336 0.288 0.322 0.290 0.329 0.328</td>
</tr>
<tr>
<td>obs</td>
<td>138 138 138 391 391 391 391 391 125 125 125 367 367 367 367 367 367</td>
</tr>
<tr>
<td>number of sectors</td>
<td>8 8 8 8 20 20 20 20 8 8 8 8 20 20 20 20 20 20 20 20</td>
</tr>
</tbody>
</table>

Notes: The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimation methods in column titles. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.

53
Table 11: Estimation results for Germany, all sectors

<table>
<thead>
<tr>
<th></th>
<th>DEU_1</th>
<th>DEU_2</th>
<th>DEU_3</th>
<th>DEU_4</th>
<th>DEU_5</th>
<th>DEU_6</th>
<th>DEU_7</th>
<th>DEU_8</th>
<th>DEU_1</th>
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<th>DEU_4</th>
<th>DEU_5</th>
<th>DEU_6</th>
<th>DEU_7</th>
<th>DEU_8</th>
</tr>
</thead>
<tbody>
<tr>
<td>growth</td>
<td>-0.233***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
<td>-0.230***</td>
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<tr>
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<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.000)</td>
<td>(0.018)</td>
<td>(0.011)</td>
<td>(0.011)</td>
<td>(0.000)</td>
<td>(0.000)</td>
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Notes: The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimation methods in column titles. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.
Table 12: Estimation results for the United Kingdom, all sectors

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Notes: The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimation methods in column titles. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.
Table 13: Estimation results for the United States, all sectors

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Notes: The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimation methods in column titles. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.
Table 14: Estimation results for Denmark, all sectors

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Notes: The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimation methods in column titles. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.
Table 15: Estimation results for Italy, all sectors

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Notes: The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimation methods in column titles. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.

58
Table 16: Estimation results for Spain, all sectors

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<td>(0.009)</td>
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<td>(0.001)</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>social government_t-1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.030**</td>
<td>-0.042***</td>
</tr>
<tr>
<td>(0.027)</td>
<td>(0.000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>sec. union density_t-1</th>
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</tr>
</thead>
<tbody>
<tr>
<td>0.008***</td>
<td>0.003***</td>
</tr>
<tr>
<td>(0.021)</td>
<td>(0.006)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ICT capital_t-1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.081***</td>
<td>-0.041*</td>
</tr>
<tr>
<td>(0.000)</td>
<td>(0.077)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>non-ICT capital_t-1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0.368***</td>
<td>0.398***</td>
</tr>
<tr>
<td>(0.000)</td>
<td>(0.000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>outward FDI_t-1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.135*</td>
<td>-0.174***</td>
</tr>
<tr>
<td>(0.084)</td>
<td>(0.039)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>lh debt_t-1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0.156</td>
<td>0.161</td>
</tr>
<tr>
<td>(0.020)</td>
<td>(0.394)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>fin. income_t-1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0.007</td>
<td>0.026</td>
</tr>
<tr>
<td>(0.846)</td>
<td>(0.663)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>fin. payments_t-1</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>-0.532**</td>
<td></td>
</tr>
<tr>
<td>(0.011)</td>
<td>(0.233)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>migration_t-1</th>
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</tr>
</thead>
<tbody>
<tr>
<td>0.480</td>
<td>0.845</td>
</tr>
<tr>
<td>(0.345)</td>
<td>(0.247)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>constant</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0.508***</td>
<td>0.809***</td>
</tr>
<tr>
<td>(0.000)</td>
<td>(0.000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>withR2</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>0.222</td>
<td>0.324</td>
</tr>
<tr>
<td>(0.000)</td>
<td>(0.000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>F-test</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>17.374</td>
<td>32.767</td>
</tr>
<tr>
<td>(0.000)</td>
<td>(0.000)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>number of sectors</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>9</td>
<td>9</td>
</tr>
</tbody>
</table>

Notes: The dependent variable is the within sector wage share. All estimations exclude Agriculture, Hunting, Forestry and Fishing; and Mining and Quarrying sectors as well as public sectors (Public Administration and Defence; Compulsory Social Security; Education; Human Health and Social Work Activities). Estimation methods in column titles. P-values below the estimation coefficients in parenthesis. *, **, *** denote statistical significant at the 1%, 5% and 10% level, respectively.
Globalisation

Regarding our measurements of globalisation we find strong support for a negative effect of intermediate import penetration in France, Germany and the US, while in the UK the coefficient is still negative but rarely significant. In the US and France the negative effect is mostly driven by low-skilled manufacturing sectors, while in Germany the effect is equally found in low as well as high skilled manufacturing sectors. However, it is not robust to estimations in first differences in the US and Germany.

Outward FDI has similar effects across Austria, Germany and France. When estimated in first differences we obtain an insignificant effect in France in the pool with all sectors, however the effect is positive for manufacturing sectors and negative for service sectors (albeit insignificant). For Germany the impact of FDI does not appear to be robust for the pool of all sectors. However, the effect is negative and highly significant and doubles in size when we restrict our sample to manufacturing sectors only (first difference estimator), while it stays insignificant, albeit with a positive sign, if only service sectors are considered. In the UK there is no robust effect of outward FDI in first differences, however the coefficient turns negative and significant in specifications (7) and (8) for the within estimator. Interestingly, we find a positive impact of outward FDI in the US, driven by high-skilled manufacturing and service sectors alike, while the effect is negative for low skilled service sectors. However, the coefficient turns insignificant if the first difference estimator is applied. Furthermore, we obtain a highly robust negative impact of outward FDI in Spain, which however has to be interpreted with care given the limited data availability on FDI for this country. The impact of outward FDI turns out to be mostly statistically insignificant or not robust in Denmark and Italy, especially applying the first difference estimator – our preferred estimation methodology for specifications including FDI as discussed in section 5.1.

Our country-level measure of migration has a positive effect in the UK, while there is a negative effect in Germany. However, the negative effect on Germany is not robust in all specifications, and according to the estimations in first differences, the negative migration effect seems to be driven by low skilled manufacturing sectors. In France, the effect of migration is insignificant in the total pool, but is significantly positive in services; further disaggregation indicates that the positive effect in services is driven by high skilled services, whereas there is a negative effect in the low skilled manufacturing sectors. Turning to the
other countries we find a positive effect of migration in Italy, clearly driven by manufacturing sectors, while there is no statistically significant effect in the US, Denmark or Spain.

**Technology**

We do not find a significant negative effect of ICT capital services on the wage share in France except for specification 5 when estimated using the within estimator only. Non-ICT capital has the same positive effect as in Austria in first difference but the sign switches to negative when the within estimator is applied. The effect of ICT capital is even less robust for Germany where the variable is found to be positive or statistically insignificant in basically all specifications except for the manufacturing sector sample only if estimated using the within estimator. The effect is confirmed for two specifications for high skilled manufacturing in first difference estimations. The same applies to non-ICT capital services that exhibit a robust positive sign only for the manufacturing sector pool, which is however robust to the application of different estimation methodologies. Similarly, the variables appear to be insignificant for most of the specifications for the UK. ICT capital intensity appears to have a negative impact on the wage share in the US, Italy and Spain, although we do not find an indication of a skill bias for the effect of ICT in any of these countries. Furthermore, in the US and Spain, equivalent to estimations for Austria, the coefficient for ICT is statistically not different from zero when we include variables accounting for the effect of financialisation and migration. Additionally, ICT capital turns insignificant in Spain when the first difference estimator is applied. On the other hand we find a robust positive impact of non-ICT capital in the US, Italy, Denmark and Spain.

**Country–level variables and measures of bargaining power**

Turning to our measures of bargaining power our results differ significantly across countries. We report estimation results using our sectoral measure of union density but results are robust to the application of the aggregate variable. We find very strong, robust positive effects of union density for Germany, mainly driven by the manufacturing sector. This is not surprising given the long tradition of sector-level wage negotiations in Germany. Similarly, we obtain a positive impact of union density in Italy and Spain, while there is no statistically significant effect in Denmark. In France there is no robust effect of union density, and in fact the variable seems to have a perverse negative effect in some of the specifications using the within estimator. However, union density was always quite low in France and is arguably not
the essential measure to reflect the impact of bargaining power. When we replace union density by adjusted collective bargaining coverage, we obtain a robust and strong positive effect in all specifications in levels (using the within estimator), while it turns insignificant in first differences.\textsuperscript{29,30} Similarly we obtain an insignificant coefficient for union density in the UK and the US, while bargaining coverage appears to have a robust positive effect especially for manufacturing sectors in the UK and manufacturing as well as service sectors in the US. It is interesting to note that all three are characterised by a (relatively) low level of bargaining coordination and union density and higher level of bargaining coverage, which suggests that the characteristics of the bargaining environment are imperative when analysing the impact of institutional variables. Since bargaining usually takes place at the firm level in most industries in these countries, sector level union density can be argued to have less relevance and a country level measure capturing the general bargaining power of labour and the impact of collective voice might be more appropriate. Indeed we find highly statistically significant positive effect of country-level union density for the UK (estimations in first differences) and the US.

Social government spending has a statistically highly significant and robust positive coefficient for nearly all specifications in France and Italy, and is robust to the application of different estimation methodologies. The same holds for the UK although the results are not robust to estimations in first differences, and the US where we find a positive impact if we reduce our sample to manufacturing sectors only, while we obtain a perverse negative sign for service sectors. For Germany, Denmark and Spain the effect is not robust to the application of different estimation methodologies and the coefficient is mostly statistically insignificant similar to Austria.

Regarding our measures of financialisation we obtain mixed results. In France household debt and financial payments have a perverse positive coefficient, while financial income has a robust negative effect. Similarly, we find a positive effect of household debt in Italy. However, all these variables become insignificant for the estimations in first differences. In Germany financial income appears to have the strongest negative effect on the wage share, while the negative coefficient of household debt is not robust. Similarly, we

\textsuperscript{29} We report estimations with only collective bargaining coverage for France, the UK and the US, but the specifications with union density are available upon request.\textsuperscript{30} We are able to augment our specifications by additional specifications using adjusted bargaining coverage in these countries because the variable shows enough variation and does therefore not create problems in our fixed effects estimation as it did in Austria.
obtain a negative impact of financial income in Denmark and of financial payments in Spain, albeit only for estimations applying the within estimator. However, in the UK, given the strong financial sector and the massive surge in household debt, financial payments and household debt both have a robust negative effect in all estimations using the within estimator, and these effects are mostly robust when estimated in first differences. All financialisation variables have a negative impact on the wage share in the US if the first difference estimator is applied.

County level inequality, measured by the Gini coefficient has a negative effect in the UK and Germany, while we find it to be insignificant in France, the US, Italy and Spain. We obtain a perverse positive coefficient in Denmark.

5.4 Estimation results for selected low wage countries

We conduct similar estimations for selected low wage countries (Brazil, China, Indonesia, India, Korea, Mexico, Taiwan, Turkey), albeit using a slightly different dataset and estimation technique (for estimation results and further details please refer to Guschanski and Onaran, 2016 forthcoming). While our data for FDI, union density, household debt, the Gini coefficient, and social government spending comes from the same sources, we rely on the World Input-Output Database (Timmer, et al., 2015) for data on the wage share, capital stock, as well as intermediate imports and exports. Data on other variables which were used for the estimations for ‘high-wage’ OECD countries are not available. There are also slight differences in terms of the estimation methodology since, with sufficient number of cross sections our preferred estimator is the two-step system General Method of Moments (GMM) estimator.

Despite large differences between the institutional settings of the ‘low-wage’ country group in comparison to our core sample, we confirm the negative impact of globalisation. While we fail to find a statistically significant effect of total intermediate exports, we find a robust negative impact of intra-industry intermediate exports which is driven by exports to high wage countries. This variable measures exports from a particular industry in a ‘low-wage’ country which are used by the same industry in a ‘high-wage’ country and thereby constitutes the other side of intra-industry ‘narrow’ outsourcing. Interestingly, this is at odds with standard trade theory, which suggests that while workers in ‘high-wage’, capital
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 suggest 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.