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

	AUT_total_1	AUT_total_2	AUT_total_3	AUT_total_4	AUT_total_5	AUT_total_6	AUT_total_7	AUT_total_8
growth	-0.065	-0.069	-0.048	-0.212***	-0.211***	-0.210***	-0.134**	-0.128**
	(0.240)	(0.205)	(0.313)	(0.001)	(0.001)	(0.001)	(0.048)	(0.048)
capital stock_t-1	0.013	0.005	-0.060					
	(0.813)	(0.930)	(0.134)					
int. imports_t-1	-0.399***	-0.369***	-0.112					
	(0.003)	(0.001)	(0.398)					
other imports_t-1	0.043	0.038	0.073**					
	(0.127)	(0.191)	(0.013)					
social government_t-1		-0.040			-0.004		0.006	0.003
		(0.258)			(0.649)		(0.674)	(0.840)
tot. union density_t-1			0.009***			-0.001		
			(0.001)			(0.736)		
ICT capital_t-1				-0.027***	-0.025***	-0.032**	-0.009	-0.020
				(0.000)	(0.000)	(0.024)	(0.723)	(0.467)
non-ICT capital_t-1				0.045**	0.044**	0.051**	0.016	0.029
				(0.029)	(0.032)	(0.011)	(0.777)	(0.607)
outward FDI_t-1				-0.016**	-0.016**	-0.016**	-0.011	-0.010
				(0.026)	(0.028)	(0.036)	(0.107)	(0.106)
hh debt_t-1							-0.403	-0.415
							(0.185)	(0.164)
fin. income_t-1							-0.043	-0.034
							(0.221)	(0.329)
fin. payments_t-1							-0.034	-0.069*
							(0.215)	(0.087)
migration_t-1							3.904**	4.927**
							(0.047)	(0.022)
gini_t-1								-0.011
								(0.146)
constant	0.689***	1.162**	0.334**	0.675***	0.724***	0.705***	1.635	1.919**
	(0.000)	(0.011)	(0.015)	(0.000)	(0.000)	(0.000)	(0.100)	(0.047)
withR2	0.084	0.102	0.200	0.347	0.347	0.348	0.245	0.251
F-test	3.355	6.118	14.180	27.750	24.949	28.417	99.925	246.535
Period	1996-2010	1996-2010	1996-2010	1986-2010	1986-2010	1986-2010	1996-2010	1996-2010
obs	256	256	256	386	386	386	249	249
number of sectors	19	19	19	20	20	20	20	20

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

	MANU_1	MANU_2	MANU_3	MANU_4	MANU_7	MANU_8	SERV_4	SERV_7	SERV_8
growth	-0.064	-0.069	-0.047	-0.215***	-0.073	-0.067	-0.257***	-0.442***	-0.426***
	(0.249)	(0.211)	(0.328)	(0.004)	(0.234)	(0.263)	(0.004)	(0.007)	(0.006)
capital stock_t-1	0.013	0.004	-0.064						
	(0.825)	(0.936)	(0.117)						
int. imports_t-1	-0.412***	-0.369***	-0.088						
	(0.004)	(0.001)	(0.522)						
other imports_t-1	0.043	0.038	0.075**						
	(0.124)	(0.197)	(0.013)						
social government_t-1		-0.043			-0.019	-0.026		0.028*	0.026*
		(0.286)			(0.328)	(0.200)		(0.079)	(0.059)
tot. union density_t-1			0.009***						
			(0.001)						
ICT capital_t-1				-0.030***	0.036	0.022	-0.025***	-0.045*	-0.058
				(0.001)	(0.231)	(0.415)	(0.000)	(0.090)	(0.102)
non-ICT capital_t-1				0.066***	0.028	0.053	0.011	0.088	0.099
				(0.008)	(0.659)	(0.323)	(0.687)	(0.121)	(0.116)
outward FDI_t-1				-0.015*	0.001	0.003	0.230**	0.126	0.112
				(0.062)	(0.815)	(0.557)	(0.028)	(0.185)	(0.258)
hh debt_t-1					-0.917**	-0.939**		0.061	0.069
					(0.039)	(0.040)		(0.801)	(0.768)
fin. income_t-1					-0.067	-0.054		-0.008	0.002
					(0.134)	(0.184)		(0.749)	(0.952)
fin. payments_t-1					0.027	-0.026		-0.030	-0.060
					(0.643)	(0.701)		(0.239)	(0.126)
migration_t-1					7.338**	8.920**		0.194	0.975
					(0.012)	(0.019)		(0.882)	(0.188)
gini_t-1						-0.017			-0.009
						(0.142)			(0.199)
constant	0.711***	1.207**	0.316**	0.767***	3.835**	4.326**	0.490***	0.145	0.291
	(0.000)	(0.017)	(0.024)	(0.000)	(0.015)	(0.014)	(0.007)	(0.866)	(0.680)
withR2	0.081	0.100	0.203	0.440	0.343	0.353	0.243	0.377	0.383
F-test	3.253	5.370	14.467	11.412	120.529	199.519	20.212	64.690	196.804
Period	1996-2010	1996-2010	1996-2010	1986-2010	1996-2010	1996-2010	1986-2010	1996-2010	1996-2010
obs	241	241	241	204	129	129	182	120	120
number of sectors	18	18	18	11	11	11	9	9	9

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.[18] 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.[19]

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.[20] 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

[18] We do not report a version of 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).

[19] 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.

[20] 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

	MALS_1	MALS_2	MALS_3	MALS_4	MALS_7	MALS_8	MAHS_1	MAHS_2	MAHS_3	MAHS_4	MAHS_7	MAHS_8
growth	-0.196**	-0.198***	-0.226***	-0.303***	-0.193**	-0.183***	-0.022	-0.026	0.024	-0.149*	-0.028	-0.027
	(0.012)	(0.008)	(0.004)	(0.004)	(0.016)	(0.009)	(0.738)	(0.693)	(0.573)	(0.079)	(0.540)	(0.556)
capital stock_t-1	0.078*	0.076**	-0.005				-0.012	-0.023	-0.103*			
	(0.068)	(0.047)	(0.860)				(0.862)	(0.716)	(0.061)			
int. imports_t-1	-0.348***	-0.290**	-0.026				-0.474***	-0.433***	-0.061			
	(0.010)	(0.012)	(0.861)				(0.005)	(0.009)	(0.814)			
other imports_t-1	0.003	-0.001	0.036				0.128***	0.119***	0.159***			
	(0.924)	(0.982)	(0.185)				(0.004)	(0.008)	(0.000)			
social government_t-1		-0.046			0.010	0.006		-0.037			-0.068**	-0.071**
		(0.176)			(0.492)	(0.640)		(0.493)			(0.040)	(0.034)
tot. union density_t-1			0.009***						0.012**			
			(0.006)						(0.032)			
ICT capital_t-1				-0.025**	0.065**	0.052				-0.035**	0.060	0.053
				(0.044)	(0.044)	(0.148)				(0.022)	(0.201)	(0.220)
non-ICT capital_t-1				0.046	0.044	0.057				0.064	0.084	0.099
				(0.302)	(0.350)	(0.287)				(0.318)	(0.483)	(0.370)
outward FDI_t-1				-1.057	-1.694*	-1.874*				-0.009	0.015	0.016*
				(0.271)	(0.094)	(0.054)				(0.278)	(0.125)	(0.087)
hh debt_t-1					-0.843**	-0.832**					-1.194*	-1.198*
					(0.030)	(0.026)					(0.066)	(0.065)
fin. income_t-1					-0.118**	-0.108**					-0.028	-0.021
					(0.028)	(0.046)					(0.721)	(0.777)
fin. payments_t-1					0.106	0.064					0.046	0.022
					(0.208)	(0.520)					(0.568)	(0.796)
migration_t-1					6.036**	7.197***					9.785**	10.466**
					(0.011)	(0.003)					(0.034)	(0.041)
gini_t-1						-0.012						-0.007
						(0.252)						(0.460)
constant	0.681***	1.214***	0.310**	0.696**	3.446**	3.653**	0.713***	1.148*	0.196	0.764**	5.682**	5.897**
	(0.000)	(0.008)	(0.042)	(0.012)	(0.024)	(0.012)	(0.000)	(0.100)	(0.424)	(0.027)	(0.016)	(0.017)
withR2	0.188	0.212	0.316	0.554	0.641	0.648	0.139	0.150	0.279	0.382	0.463	0.465
F-test	8.686	10.446	20.647	23.765	526.107	248.626	8.024	6.105	20.138	9.011	74.736	73.771
obs	147	147	147	102	63	63	94.000	94.000	94.000	102.000	66.000	66.000
number of sectors	11	11	11	5	5	5	7.000	7.000	7.000	6.000	6.000	6.000

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

	SELS_4	SELS_7	SELS_8	SEHS_4	SEHS_7	SEHS_8
growth	-0.189	-0.441**	-0.426**	-0.234**	-0.305*	-0.282*
	(0.173)	(0.040)	(0.040)	(0.041)	(0.055)	(0.054)
capital stock_t-1						
int. imports_t-1						
other imports_t-1						
social government_t-1		0.009	0.009		0.033	0.030*
		(0.246)	(0.227)		(0.108)	(0.089)
tot. union density_t-1						
ICT capital_t-1	-0.065*	-0.031*	-0.043	-0.018**	-0.039	-0.059
	(0.072)	(0.060)	(0.102)	(0.018)	(0.244)	(0.195)
non-ICT capital_t-1	-0.338	0.148**	0.147**	0.012	0.015	0.032
	(0.229)	(0.013)	(0.014)	(0.715)	(0.836)	(0.689)
outward FDI_t-1	-3.293	2.133*	2.047*	0.164	-0.222**	-0.248**
	(0.341)	(0.078)	(0.077)	(0.136)	(0.050)	(0.041)
hh debt_t-1		0.046	0.071		0.010	0.011
		(0.599)	(0.497)		(0.975)	(0.971)
fin. income_t-1		0.006	0.014		-0.008	0.006
		(0.679)	(0.433)		(0.762)	(0.838)
fin. payments_t-1		0.036	0.010		-0.100**	-0.146**
		(0.122)	(0.714)		(0.029)	(0.016)
migration_t-1		-1.621	-1.185		1.880	3.255**
		(0.127)	(0.176)		(0.254)	(0.036)
gini_t-1			-0.006			-0.015
			(0.343)			(0.197)
constant	-1.442	1.092*	1.059*	0.506**	-0.258	0.029
	(0.315)	(0.079)	(0.084)	(0.017)	(0.817)	(0.974)
withR2	0.461	0.897	0.900	0.177	0.351	0.365
F-test	13.621	666.376	1987.897	10.184	72.303	49.121
obs	72.000	45.000	45.000	110.000	75.000	75.000
number of sectors	3.000	3.000	3.000	6.000	6.000	6.000

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).[21] 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 sector 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

[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.[22] 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.[23,24] 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

[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.