

5.3 Estimation results for individual ‘high-wage’ countries²⁷

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 16.²⁸

²⁷ 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.

²⁸ 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 our 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

	Within Estimator								First Difference Estimator								
	FRA_1	FRA_2	FRA_3	FRA_4	FRA_5	FRA_6	FRA_7	FRA_8	FRA_1	FRA_2	FRA_3	FRA_4	FRA_5	FRA_6	FRA_7	FRA_8	
growth	-0.045	-0.036	-0.007	-0.253***	-0.263***	-0.209***	-0.194***	-0.194***	-0.182***	-0.183***	-0.180***	-0.263***	-0.274***	-0.260***	-0.269***	-0.268***	
	(0.515)	(0.604)	(0.925)	(0.002)	(0.002)	(0.008)	(0.009)	(0.009)	(0.004)	(0.003)	(0.003)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	
capital stock_t-1	0.119***	0.111***	0.116***						0.276***	0.273***	0.275***						
	(0.002)	(0.003)	(0.002)						(0.001)	(0.001)	(0.001)						
int. imports_t-1	-0.420***	-0.631***	-0.629***						-0.486*	-0.473*	-0.487*						
	(0.006)	(0.003)	(0.000)						(0.083)	(0.094)	(0.085)						
other imports_t-1	0.637***	0.557***	0.522***						0.292***	0.277***	0.283***						
	(0.000)	(0.000)	(0.000)						(0.001)	(0.002)	(0.003)						
social government_t-1		0.022***			0.026***		0.010**	0.009**					0.008		0.017***	0.012***	0.011**
		(0.001)			(0.001)		(0.013)	(0.035)					(0.382)		(0.000)	(0.009)	(0.032)
bargaining cov_t-1			0.010***			0.009***					0.005			0.004			
			(0.001)			(0.005)					(0.441)			(0.110)			
ICT capital_t-1				0.017	-0.023*	-0.023	-0.002	-0.002				0.002	0.004	-0.010	-0.001	0.001	
				(0.183)	(0.070)	(0.114)	(0.907)	(0.911)				(0.877)	(0.807)	(0.540)	(0.957)	(0.944)	
non-ICT capital_t-1				-0.075**	-0.043*	-0.036	-0.069***	-0.069***				0.141***	0.107***	0.154***	0.110***	0.106***	
				(0.013)	(0.057)	(0.147)	(0.002)	(0.002)				(0.000)	(0.003)	(0.000)	(0.003)	(0.006)	
outward FDI_t-1				0.281***	0.261***	0.236**	0.234**	0.233**				-0.038	-0.025	-0.035	-0.033	-0.037	
				(0.001)	(0.006)	(0.013)	(0.024)	(0.025)				(0.707)	(0.807)	(0.731)	(0.751)	(0.728)	
hh debt_t-1							0.078***	0.069***							0.073**	0.067*	
							(0.001)	(0.002)							(0.045)	(0.052)	
fin. income_t-1							-0.057***	-0.053**							-0.016	-0.010	
							(0.003)	(0.014)							(0.510)	(0.678)	
fin. payments_t-1							0.134***	0.139***							0.035	0.033	
							(0.000)	(0.000)							(0.377)	(0.407)	
migration_t-1							0.041	-0.065							-0.513	-0.481	
							(0.925)	(0.901)							(0.480)	(0.507)	
gini_t-1								0.001								0.003	
								(0.479)								(0.481)	
constant	0.458***	0.200***	-0.438**	0.330***	-0.089	-0.557*	-0.154	-0.131									
	(0.000)	(0.003)	(0.024)	(0.006)	(0.656)	(0.097)	(0.475)	(0.537)									
withR2	0.560	0.594	0.610	0.234	0.311	0.280	0.368	0.368	0.338	0.336	0.336	0.288	0.322	0.290	0.329	0.328	
F-test	74.130	70.228	143.113	14.990	23.231	14.254	1064.448	1108.347	13.186	12.708	10.418	14.833	15.723	13.259	11.576	10.525	
obs	138	138	138	391	391	391	391	391	125	125	125	367	367	367	367	367	
number of sectors	8	8	8	20	20	20	20	20	8	8	8	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). 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 11: Estimation results for Germany, all sectors

	Within Estimator								First Difference Estimator							
	DEU_1	DEU_2	DEU_3	DEU_4	DEU_5	DEU_6	DEU_7	DEU_8	DEU_1	DEU_2	DEU_3	DEU_4	DEU_5	DEU_6	DEU_7	DEU_8
growth	-0.233***	-	-0.261***	-0.230***	-0.229***	-0.250***	-0.203**	-0.212**	-0.302***	-0.303***	-0.301***	-0.302***	-0.302***	-0.302***	-0.333***	-0.334***
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.018)	(0.011)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
capital stock_t-1	0.016	0.038	0.024						0.193***	0.184***	0.184**					
	(0.719)	(0.372)	(0.369)						(0.007)	(0.009)	(0.011)					
int. imports_t-1	-0.254***	-0.207**	0.075						-0.035	-0.038	-0.013					
	(0.007)	(0.043)	(0.296)						(0.740)	(0.721)	(0.910)					
other imports_t-1	0.019	0.039	0.137*						0.009	0.005	0.015					
	(0.774)	(0.622)	(0.084)						(0.868)	(0.916)	(0.769)					
social government_t-1		-0.029**			-0.003		-0.001	0.005		0.005			-0.001		-0.001	-0.001
		(0.023)			(0.512)		(0.956)	(0.713)		(0.423)			(0.840)		(0.909)	(0.931)
sec. union density_t-1			0.009***			0.009***					0.003			0.002		
			(0.000)			(0.000)					(0.187)			(0.295)		
ICT capital_t-1				-0.017	-0.015	0.069***	0.090**	0.139**				0.020	0.021	0.041	0.017	0.003
				(0.168)	(0.285)	(0.002)	(0.026)	(0.029)				(0.474)	(0.456)	(0.308)	(0.607)	(0.924)
non-ICT capital_t-1				0.059	0.059	-0.031	0.007	-0.058				0.150***	0.152***	0.126**	0.226***	0.239***
				(0.118)	(0.118)	(0.401)	(0.925)	(0.571)				(0.001)	(0.001)	(0.020)	(0.000)	(0.000)
outward FDI_t-1				0.659**	0.668**	0.508**	0.849***	0.848***				-0.388*	-0.388*	-0.389	0.372*	0.372*
				(0.015)	(0.011)	(0.033)	(0.002)	(0.003)				(0.098)	(0.099)	(0.103)	(0.070)	(0.068)
hh debt_t-1							-0.098	-0.298							-0.000	0.044
							(0.253)	(0.116)							(0.999)	(0.583)
fin. income_t-1							-0.083**	-0.022							-0.043***	-0.044***
							(0.024)	(0.243)							(0.007)	(0.006)
fin. payments_t-1							-0.097	-0.157							0.120**	0.128***
							(0.432)	(0.187)							(0.015)	(0.007)
migration_t-1							-12.318***	-7.317***							-3.918***	-4.497***
							(0.001)	(0.007)							(0.001)	(0.000)
gini_t-1								-0.056*								0.009
								(0.098)								(0.272)
constant	0.770***	1.067***	0.273***	0.959***	1.004***	0.661***	2.655***	4.509***								
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.004)	(0.000)	(0.006)								
withR2/adjR2	0.185	0.205	0.434	0.2	0.2	0.324	0.296	0.325	0.455	0.454	0.456	0.428	0.427	0.428	0.504	0.504
F-test	13.374	11.114	57.872	13.023	12.692	28.836	533.101	307.947	11.244	9.451	12.384	21.094	16.905	18.429	10.492	10.988
obs	340	340	340	407	407	407	281	281	318	318	318	380	380	380	256	256
number of sectors	18	18	18	20	20	20	20	20	18	18	18	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). 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

	Within Estimator								First Difference Estimator							
	GBR_1	GBR_2	GBR_3	GBR_4	GBR_5	GBR_6	GBR_7	GBR_8	GBR_1	GBR_2	GBR_3	GBR_4	GBR_5	GBR_6	GBR_7	GBR_8
growth	-0.341**	-0.380**	-0.333**	-0.264**	-0.265**	-0.275**	-0.125*	-0.117	-0.154***	-0.153***	-0.160***	-0.235***	-0.234***	-0.238***	-0.073	-0.073
	(0.017)	(0.014)	(0.009)	(0.015)	(0.015)	(0.012)	(0.098)	(0.114)	(0.003)	(0.003)	(0.002)	(0.000)	(0.000)	(0.000)	(0.245)	(0.256)
capital stock_t-1	0.118**	0.114***	0.130**						0.185***	0.189***	0.196***					
	(0.012)	(0.006)	(0.012)						(0.006)	(0.005)	(0.003)					
int. imports_t-1	-0.197	-0.259	-0.113						-0.254	-0.237	-0.230*					
	(0.464)	(0.330)	(0.622)						(0.101)	(0.118)	(0.111)					
other imports_t-1	0.114***	0.044	0.143***						0.032	0.038	0.041					
	(0.005)	(0.399)	(0.004)						(0.477)	(0.407)	(0.351)					
social government_t-1		0.020**			0.001		0.020*	0.018*		-0.005			-0.006		0.002	0.002
		(0.010)			(0.801)		(0.052)	(0.061)		(0.498)			(0.400)		(0.920)	(0.927)
bargaining cov_t-1			0.003			0.003*					0.005**			0.001		
			(0.123)			(0.079)					(0.012)			(0.392)		
ICT capital_t-1				-0.001	-0.002	0.019**	-0.012	-0.019				0.016	0.019	0.024	0.030	0.031
				(0.865)	(0.802)	(0.045)	(0.706)	(0.584)				(0.292)	(0.224)	(0.143)	(0.481)	(0.392)
non-ICT capital_t-1				-0.033	-0.033	-0.062	0.058	0.064				0.110*	0.112*	0.099*	0.027	0.026
				(0.449)	(0.447)	(0.202)	(0.296)	(0.270)				(0.070)	(0.067)	(0.100)	(0.764)	(0.752)
outward FDI_t-1				0.097	0.094	0.107	-0.125**	-0.118**				-0.006	-0.007	-0.004	-0.069	-0.070
				(0.557)	(0.578)	(0.520)	(0.017)	(0.020)				(0.943)	(0.937)	(0.966)	(0.418)	(0.438)
hh debt_t-1							-0.283***	-0.268***							-0.226	-0.226
							(0.004)	(0.002)							(0.210)	(0.209)
fin. income_t-1							0.030*	0.020***							0.023*	0.023*
							(0.055)	(0.001)							(0.079)	(0.093)
fin. payments_t-1							-0.102***	-0.103***							-0.089*	-0.089**
							(0.000)	(0.000)							(0.052)	(0.042)
migration_t-1							1.425***	2.080***							1.436*	1.403*
							(0.000)	(0.000)							(0.072)	(0.085)
gini_t-1								-0.008**								0.001
								(0.028)								(0.945)
constant	0.626***	0.454***	0.493***	0.501**	0.478*	0.350	1.873***	2.062***								
	(0.000)	(0.000)	(0.000)	(0.039)	(0.065)	(0.207)	(0.000)	(0.000)								
withR2	0.208	0.248	0.225	0.077	0.077	0.106	0.092	0.097	0.087	0.084	0.116	0.093	0.093	0.092	0.011	0.001
F-test	11.944	10.223	10.797	5.476	6.224	5.228	5561.640	1071.984	4.783	3.699	4.957	4.756	3.899	3.872	1.567	1.463
obs	182	182	182	266	266	266	132	132	169	169	169	247	247	247	114	114
number of sectors	11	11	11	18	18	18	18	18	11	11	11	18	18	18	17	17

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

	Within Estimator								First Difference Estimator							
	USA_1	USA_2	USA_3	USA_4	USA_5	USA_6	USA_7	USA_8	USA_1	USA_2	USA_3	USA_4	USA_5	USA_6	USA_7	USA_8
growth	-0.233***	-0.236***	-0.230***	-0.279***	-0.278***	-0.270***	-0.283***	-0.283***	-0.228***	-0.232***	-0.225***	-0.309***	-0.304***	-0.303***	-0.345***	-0.345***
	(0.004)	(0.003)	(0.004)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
capital stock_t-1	0.241***	0.245***	0.218***						0.121***	0.136***	0.120***					
	(0.000)	(0.000)	(0.000)						(0.003)	(0.001)	(0.004)					
int. imports_t-1	-0.520***	-0.429**	-0.017						-0.509	-0.532	-0.394					
	(0.010)	(0.033)	(0.950)						(0.284)	(0.268)	(0.467)					
other imports_t-1	-1.176***	-1.092***	-0.990***						-0.387	-0.376	-0.332					
	(0.000)	(0.001)	(0.001)						(0.216)	(0.251)	(0.251)					
social government_t-1		-0.032			0.008		-0.008	-0.007		-0.021			0.023		-0.037	-0.037
		(0.375)			(0.750)		(0.758)	(0.858)		(0.418)			(0.154)		(0.133)	(0.141)
bargaining cov_t-1			0.009**			0.019***				h	0.005			0.012**		
			(0.015)			(0.000)					(0.501)			(0.032)		
ICT capital_t-1				-0.036***	-0.037***	-0.000	0.021	0.022				-0.020**	-0.024**	-0.000	0.059*	0.059
				(0.000)	(0.000)	(0.955)	(0.145)	(0.154)				(0.041)	(0.021)	(0.999)	(0.097)	(0.136)
non-ICT capital_t-1				0.209***	0.211***	0.142***	0.119***	0.119***				0.227***	0.220***	0.197***	0.124	0.124
				(0.000)	(0.000)	(0.000)	(0.000)	(0.000)				(0.000)	(0.000)	(0.000)	(0.100)	(0.117)
outward FDI_t-1				0.849**	0.834**	1.305***	0.958***	0.958***				0.139	0.143	0.194	0.232	0.232
				(0.030)	(0.027)	(0.001)	(0.000)	(0.000)				(0.517)	(0.503)	(0.380)	(0.360)	(0.352)
hh debt_t-1							-0.150	-0.150							-0.215*	-0.215
							(0.190)	(0.188)							(0.072)	(0.114)
fin. income_t-1							-0.013	-0.013							-0.030**	-0.030**
							(0.314)	(0.280)							(0.012)	(0.011)
fin. payments_t-1							-0.031	-0.032							-0.102***	-0.102***
							(0.256)	(0.139)							(0.005)	(0.005)
migration_t-1							0.702	0.667							1.194	1.195*
							(0.522)	(0.598)							(0.114)	(0.097)
gini_t-1								0.001								-0.000
								(0.943)								(0.997)
constant	0.659***	0.844***	0.479***	1.964***	1.924***	1.407***	2.187***	2.142**								
	(0.000)	(0.004)	(0.000)	(0.000)	(0.000)	(0.000)	(0.004)	(0.037)								
withR2	0.558	0.565	0.576	0.503	0.504	0.561	0.462	0.462	0.333	0.332	0.330	0.342	0.344	0.351	0.488	0.482
F-test	75.900	70.075	96.864	485.939	388.970	201.519	6662.180	1899.821	20.768	17.150	17.135	12.809	10.311	10.515	4.139	3.907
obs	146	146	146	257	257	257	122	122	134	134	134	241	241	241	107	107
number of sectors	8	8	8	13	13	13	13	13	8	8	8	13	13	13	13	13

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

	Within Estimator								First Difference Estimator							
	DNK_1	DNK_2	DNK_3	DNK_4	DNK_5	DNK_6	DNK_7	DNK_8	DNK_1	DNK_2	DNK_3	DNK_4	DNK_5	DNK_6	DNK_7	DNK_8
growth	-0.117**	-0.115**	-0.118**	-0.277***	-0.277***	-0.276***	-0.312***	-0.317***	-0.257***	-0.260***	-0.256***	-0.292***	-0.303***	-0.291***	-0.295***	
	(0.024)	(0.024)	(0.023)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	
capital stock_t-1	0.064	0.043	0.066						0.161***	0.178***	0.159***					
	(0.129)	(0.292)	(0.121)						(0.000)	(0.000)	(0.000)					
int. imports_t-1	0.152	-0.047	0.168						-0.099	-0.092	-0.095					
	(0.175)	(0.754)	(0.143)						(0.579)	(0.614)	(0.596)					
other imports_t-1	0.402**	0.161	0.419**						0.010	0.015	0.016					
	(0.030)	(0.463)	(0.027)						(0.965)	(0.946)	(0.944)					
social government_t-1		0.017***			0.005		-0.008	0.010		-0.011**			-0.016		-0.007	0.001
		(0.002)			(0.488)		(0.338)	(0.116)		(0.031)			(0.158)		(0.604)	(0.955)
sec. union density_t-1			0.000			-0.002					0.001			-0.004		
			(0.647)			(0.170)					(0.595)			(0.581)		
ICT capital_t-1				0.006	0.005	0.001	0.001	0.014				0.019	0.030	0.009	0.017	0.035
				(0.102)	(0.264)	(0.691)	(0.934)	(0.125)				(0.394)	(0.215)	(0.772)	(0.587)	(0.305)
non-ICT capital_t-1				0.057**	0.056**	0.054**	0.126***	0.125***				0.175***	0.182***	0.185***	0.196***	0.186***
				(0.027)	(0.028)	(0.040)	(0.000)	(0.000)				(0.004)	(0.003)	(0.005)	(0.003)	(0.003)
outward FDI_t-1				0.023*	0.022	0.021	0.068***	0.066***				0.030	0.026	0.029	0.025	0.022
				(0.098)	(0.113)	(0.111)	(0.000)	(0.000)				(0.267)	(0.310)	(0.277)	(0.335)	(0.396)
hh debt_t-1							0.111	0.004							-0.142	-0.197
							(0.111)	(0.949)							(0.410)	(0.270)
fin. income_t-1							-0.020**	-0.012							-0.001	0.004
							(0.033)	(0.271)							(0.957)	(0.783)
fin. payments_t-1							-0.004	0.002							-0.010	-0.009
							(0.645)	(0.797)							(0.330)	(0.422)
migration_t-1							-0.868	-0.643							5.374	4.446
							(0.621)	(0.714)							(0.172)	(0.250)
gini_t-1								0.010***								0.011*
								(0.005)								(0.061)
constant	0.740***	0.489***	0.700***	1.041***	0.950***	1.132***	0.998***	1.027***								
	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.001)	(0.002)								
withR2/adjR2	0.131	0.156	0.131	0.246	0.247	0.251	0.324	0.336	0.399	0.405	0.397	0.349	0.352	0.345	0.345	0.355
F-test	7.749	52.674	6.438	89.572	90.042	86.888	89067.965	600.337	24.388	21.279	20.836	11.734	9.331	10.094	7.072	7.023
obs	339	339	339	152	152	152	127	127	318	318	318	111	111	111	111	111
number of sectors	17	17	17	15	15	15	15	15	17	17	17	14	14	14	14	14

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

	Within Estimator								First Difference Estimator							
	ITA_1	ITA_2	ITA_3	ITA_4	ITA_5	ITA_6	ITA_7	ITA_8	ITA_1	ITA_2	ITA_3	ITA_4	ITA_5	ITA_6	ITA_7	ITA_8
growth	-0.176**	-0.177**	-0.189**	-0.290***	-0.278***	-0.286***	-0.230***	-0.241***	-0.135**	-0.137***	-0.146***	-0.252***	-0.248***	-0.254***	-0.222***	-0.222***
	(0.025)	(0.023)	(0.012)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)	(0.010)	(0.009)	(0.005)	(0.000)	(0.000)	(0.000)	(0.000)	(0.000)
capital stock_t-1	0.051	0.031	0.084*						-0.006	-0.022	0.004					
	(0.133)	(0.327)	(0.057)						(0.945)	(0.797)	(0.967)					
int. imports_t-1	-0.263	-0.297	0.591*						-0.702*	-0.637	-0.532					
	(0.500)	(0.385)	(0.065)						(0.073)	(0.108)	(0.211)					
other imports_t-1	0.275**	0.121	0.211**						0.244**	0.238**	0.215*					
	(0.013)	(0.184)	(0.050)						(0.021)	(0.031)	(0.051)					
social government_t-1		0.014**			0.023***		-0.003	0.006		0.012*			0.014***		0.001	0.001
		(0.023)			(0.000)		(0.710)	(0.504)		(0.065)			(0.003)		(0.936)	(0.945)
sec. union density_t-1			0.005**			-0.002					0.004**			0.004		
			(0.017)			(0.478)					(0.044)			(0.117)		
ICT capital_t-1				-0.028**	-0.043***	-0.040**	-0.088***	-0.080**				-0.006	-0.024	0.006	-0.076*	-0.076*
				(0.018)	(0.000)	(0.016)	(0.003)	(0.014)				(0.776)	(0.372)	(0.788)	(0.059)	(0.099)
non-ICT capital_t-1				0.190***	0.193***	0.210***	0.290***	0.278***				0.203***	0.175***	0.174***	0.201***	0.201***
				(0.000)	(0.000)	(0.000)	(0.000)	(0.000)				(0.000)	(0.007)	(0.004)	(0.009)	(0.010)
outward FDI_t-1				-0.202	-0.303**	-0.125	-0.247	-0.272				-0.266	-0.385	-0.310	-0.270	-0.270
				(0.111)	(0.039)	(0.417)	(0.256)	(0.214)				(0.368)	(0.174)	(0.295)	(0.317)	(0.304)
hh debt_t-1							0.070***	0.073***							0.046	0.046
							(0.001)	(0.002)							(0.280)	(0.272)
fin. income_t-1							0.000	-0.007							0.021	0.021
							(0.978)	(0.723)							(0.128)	(0.288)
fin. payments_t-1							0.037	0.082							-0.075	-0.076
							(0.505)	(0.154)							(0.151)	(0.333)
migration_t-1							0.738***	0.433							0.198	0.200
							(0.005)	(0.114)							(0.447)	(0.497)
gini_t-1								0.009								-0.000
								(0.123)								(0.981)
constant	0.604***	0.482***	0.340***	1.627***	1.302***	1.726***	1.630***	1.240**								
	(0.000)	(0.000)	(0.010)	(0.000)	(0.000)	(0.000)	(0.000)	(0.015)								
withR2	0.205	0.232	0.270	0.472	0.594	0.478	0.535	0.541	0.247	0.256	0.257	0.229	0.261	0.232	0.277	0.271
F-test	12.028	28.471	16.892	62.314	117.719	61.857	291.066	723.246	11.218	10.987	10.595	12.325	10.762	11.179	4.152	4.026
obs	139	139	139	239	218	239	166	166	130	130	130	215	194	215	142	142
number of sectors	8	8	8	21	21	21	21	21	8	8	8	21	21	21	21	21

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 16: Estimation results for Spain, all sectors

	Within Estimator								First Difference Estimator							
	ESP_1	ESP_2	ESP_3	ESP_4	ESP_5	ESP_6	ESP_7	ESP_8	ESP_1	ESP_2	ESP_3	ESP_4	ESP_5	ESP_6	ESP_7	ESP_8
growth	-0.147*** (0.006)	-0.135* (0.097)	-0.165*** (0.006)	-0.094** (0.023)	-0.237*** (0.000)	-0.046 (0.166)	-0.243*** (0.000)	-0.099*** (0.004)	-0.178*** (0.000)	-0.197*** (0.001)	-0.178*** (0.000)	-0.110 (0.316)	-0.182 (0.192)	-0.107 (0.356)	-0.188 (0.193)	-0.127 (0.264)
capital stock_t-1	0.086*** (0.002)	0.091** (0.036)	0.088*** (0.002)						0.179*** (0.001)	0.161** (0.018)	0.179*** (0.001)					
int. imports_t-1	0.467* (0.095)	0.477 (0.124)	0.577** (0.041)						0.105 (0.725)	-0.301 (0.360)	0.107 (0.722)					
other imports_t-1	-0.050 (0.596)	-0.151*** (0.001)	0.014 (0.895)						-0.000 (0.998)	-0.128 (0.134)	-0.000 (0.995)					
social government_t-1		-0.030** (0.027)			-0.042*** (0.000)					-0.013 (0.357)			-0.024 (0.107)			
sec. union density_t-1			0.008** (0.021)			0.003*** (0.000)					-0.000 (0.958)			0.000 (0.907)		
ICT capital_t-1				-0.081*** (0.000)	-0.043* (0.077)	-0.088*** (0.000)	0.004 (0.852)	-0.091*** (0.000)				0.019 (0.774)	0.047 (0.492)	0.018 (0.785)	0.075 (0.377)	0.000 (0.997)
non-ICT capital_t-1				0.368*** (0.000)	0.398*** (0.000)	0.355*** (0.000)	0.367*** (0.000)	0.378*** (0.000)				-0.024 (0.805)	0.011 (0.925)	-0.022 (0.821)	0.018 (0.873)	0.002 (0.988)
outward FDI_t-1				-0.133* (0.084)	-0.174** (0.039)	-0.174** (0.019)	-0.112 (0.168)	-0.145** (0.046)				-0.218* (0.078)	-0.228** (0.042)	-0.219* (0.077)	-0.180 (0.188)	-0.233* (0.061)
hh debt_t-1							0.156 (0.220)								0.161 (0.394)	
fin. income_t-1							0.007 (0.846)								0.026 (0.663)	
fin. payments_t-1							-0.532** (0.011)								-0.417 (0.233)	
migration_t-1								0.480 (0.345)								0.845 (0.247)
constant	0.508*** (0.000)	0.809*** (0.000)	0.303*** (0.006)	2.146*** (0.000)	2.947*** (0.000)	1.979*** (0.000)	1.424** (0.026)	2.104*** (0.000)								
withR2	0.222	0.324	0.304	0.656	0.694	0.666	0.709	0.657	0.149	0.145	0.143	0.089	0.114	0.060	0.065	0.079
F-test	17.374	32.767	28.689	236.139	17.204	290.222	67.474	335.133	4.145	4.419	3.297	1.204	1.375	0.943	0.953	1.122
Obs	152	115	152	53	53	53	53	53	142	105	142	36	36	36	36	36
number of sectors	9	9	9	15	15	15	15	15	9	9	9	13	13	13	13	13

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.^{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

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.

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