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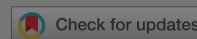
# The (International) Political Economy of Falling Wage Shares: Situating Working-Class Agency

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inhibits growth rates. But how might trade unions assert a higher wage share in the face of the structural power of (financial) capital?

Keywords:

- wage share
- inequality
- class
- income distribution
- finance-led capitalism
- neo-liberalism

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## Notes on contributors

Erik Bengtsson is an economic historian at the University of Gothenburg, researching mainly wages, wage formation and functional income distribution. His recent publications include *Wages and the Working Class in Sweden, 1870–1914* (Cambridge University Press, 2014) and *Wages and the Working Class in Sweden, 1914–1945* (Cambridge University Press, 2017). He is also co-author of *Wages and the Working Class in Sweden, 1945–1970* (Cambridge University Press, 2017).  
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share. Pensions-savings is perhaps the most important of these. It is clear that pensions-savings, especially after pension funds have been integrated as institutional investors into financial markets, imply that some part of investment income benefit workers. At the same time, pension-savings in this form has further commodified labour power and increased risks in life-cycle management. But even in the limiting case of the Netherlands, which stands out as the most labour-inclusive case of integrating pensions-savings into financial markets, pensions do not 'compensate' for a declining wage share (Salverda [2011](#)).

2. Duménil and Lévy use as indicator the net output of all firms minus the cost of labour to the net stock of fixed capital after depreciation. The 'big-three' western European countries (Germany, France and Britain) are used as proxies for 'Europe'.

3. Brenner ([2006](#)) interprets the cause of the decline of the profit rate in the 1970s somewhat differently. For him, the main cause did not reside on the 'supply side' in the form of technological change, but on the 'demand side' and in changing terms of oligopolistic competition. The entry of East Asian competitors reduced the scope for price markups. Nevertheless, he agrees that the labour carried the burden of adjustment, and his interpretation of post-1970s developments agrees with that of Duménil and Lévy.

4. Other financial corporations (to non-financial corporations and the financial sector) (in 2000) (in 2000).

5. Using information on the ratios and technological change in the financial sector and unionisation in the period 1990/4-1999/4 (series of technological change and welfare change advanced 71 28

advanced capitalist societies in the period 1980/4–2000/4, financialisation had the largest negative impact of 3.3 per cent. By contrast, the impact of welfare state retrenchment was 1.9 per cent, globalisation 1.3 per cent and technological change 0.7 per cent.

6. Hancké ([2012](#)) uses wage share data from the OECD from 1970 to 2010 and shows that the wage share has actually fallen more in what the Varieties of Capitalism school calls ‘coordinated market economies’, countries such as Germany and Sweden, than in ‘liberal market economies’, such as the USA and the UK. Hancké’s explanation is that in the coordinated market economies, there have been switches to non-accommodating monetary policy in the period, and the encompassing (Olson [1982](#)) and ‘responsible’ trade unions have adjusted their wage policy accordingly, following wage restraint strategies that have led to large decreases in the wage share.

7. Glyn ([1997](#)) finds a strong correlation between unemployment and manufacturing wage shares in the 1980s, and makes a Marxian argument about the industrial reserve army. Unemployment is included also in a row of other (non-Marxist) empirical studies: for example, in Daudey and Decreuse ([2006](#)) and Hancké ([2012](#)), it has a negative effect on the wage share.

8. See, for example, Schor ([1985](#)) on the use of restrictive economic and monetary policy to

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technological change explanation, and again the problems of measurement highlights the need, in relation to the extant econometric literature, for an historical-structural and epochal interpretation like ours of the falling wage share: the process is difficult to reduce to separable, small, measurable units.

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