Continuity and Change in Contemporary Capitalism

Edited by
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unadjusted coverage rate because it more nearly captures the extent to which collective agreements regulate the terms of employment throughout the economy. Laws prohibiting collective bargaining are, like laws extending agreements to firms and employees even when they fail to subscribe to such agreements, endogenous to the concept of coverage.

The data on density are the same as those reported for 1989 in Table 7.1.

SOCIAL DEMOCRATIC LABOR MARKET INSTITUTIONS: A RETROSPECTIVE ANALYSIS

Karl Ove Moene and Michael Wallerstein

The golden age of social democracy in western Europe in terms of both political prominence and economic performance might be dated as beginning in 1966, when the social democrats entered government in West Germany for the first time since 1930, and ending in 1974–1975, with the first serious slump of the postwar period. The high point of social democracy in terms of its academic reputation, however, was just beginning in 1974. During the 1960s and early 1970s, all of western Europe experienced steady growth and low levels of unemployment. Only after the first oil shock did dramatic cross-national differences in macroeconomic performance appear. In comparison to the steady rise of unemployment within the European Community in the late 1970s and 1980s, the maintenance of full employment in the European Free Trade Association (EFTA) countries — Norway, Sweden, Finland, Austria, and Switzerland — was striking. If Switzerland is removed from the list of good performers on the

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grounds that the Swiss maintained full employment by expelling guest workers, the correlation between any reasonable measure of social democratic strength and macroeconomic permanence was almost perfect. If one adds the impressive achievements in terms of comprehensive social insurance and, in Norway and Sweden, the extraordinary reduction of wage inequalities, the academic respect that social democracy enjoyed is easy to understand.

By the end of the 1980s, however, it was clear that a general retreat from social democratic policies and institutions had occurred throughout northern Europe. In Sweden, twenty-seven consecutive years of centralized bargaining came to an end in 1983 when a separate agreement was signed in the metalworking sector (Lange, Golden, and Wallerstein, this volume). Deregulation of housing and financial markets was promoted by socialist as well as bourgeois governments. The most dramatic change, however, was the rise of unemployment. Since 1988 in Norway and 1990 in Sweden and Finland, unemployment rates have risen sharply. In Sweden and Finland, the decline of production and employment in the early 1990s was worse than the decline that occurred during the 1930s (Røseth 1994).

There is no longer any difference between average unemployment in the Nordic countries and unemployment in the rest of Europe.

Albert Hirschman once proposed what he called a fundamental theorem of social science that "as soon as a social phenomenon has been fully explained by a variety of converging approaches and is therefore understood in its majestic inevitability and perhaps even performance, it vanishes" (1979: 98). Similarly, it seems that just as scholars were beginning to appreciate and understand how social democratic institutions worked in the Nordic countries, social democracy was beginning to vanish. Nevertheless, even if social democracy is in decline in practice, the social democratic goals of reducing inequality and insecurity while promoting growth and employment remain politically salient. While the collapse of the political consensus in support of social democratic institutions and policies in the Nordic countries reveals a fragility that was not evident during social democracy's golden age, it may also blind us to the earlier successes the policies enjoyed.

In this chapter we address the performance of the labor market institutions and policies that made Nordic social democracy distinctive. In particular we discuss centralized wage-setting, the egalitarian wage policy known as solidaristic bargaining, active labor market policies, and full employment. In each case, we attempt to describe how the policy worked and offer an explanation of the policy's decline.

It should be noted that our discussion of the decline of social democracy is limited in two ways. First, we only discuss social democratic labor market institutions. Social democracy, conceived here as a particular set of policies and institutions, was much broader than the labor market. In particular, we do not discuss the character of welfare policies in the Nordic countries, although such policies are proving to be the most durable policies implemented by social democratic governments.

Second, our discussion is focused on the central policies and institutions adopted in the Nordic countries. In fact, only Norway and Sweden adopted all of the policies we discuss. Other countries commonly called social democratic adopted some but not all. Denmark was as committed to an egalitarian wage policy as Norway and Sweden, but not to full employment. Finland and Austria were broadly similar to Norway and Sweden in terms of centralized wage setting (or, in the Austrian case, central control over wage setting) and maintenance of full employment, but dissimilar in terms of wage equality. Moreover, most continental western European countries have centralized wage setting and an egalitarian wage distribution in comparison with Great Britain or the United States. In addition, unemployment is a major economic problem in Europe as a whole. Thus, the discussion of wage compression and the persistence of high unemployment apply to most countries in western Europe.

CENTRALIZED WAGE SETTING

Industrial relations in the Nordic countries are often given the label of "corporatist." But corporatism is a particularly bad choice of word to describe the Nordic system of centralized wage setting, since corporatism has connotations of anticompetitive practices and trade protection, not to mention fascism. Even pro-union books like Richard Freeman and James Medoff's What Do Unions Do? presume that the exercise of monopoly power is one of the main functions of unions. Most economists think

1 Switzerland experienced the greatest decline in employment in western Europe in the late 1970s and early 1980s (Rowthorn 1992).

2 Because of active labor market policies and unemployment insurance, the economic hardship caused by the rise of unemployment in the 1990s is much less than in the 1930s.

3 On the difficulties of the welfare state in the Nordic countries, see Stephens, Huber, and Ray, this volume.

4 What Do Unions Do? is pro-union because Freeman and Medoff argue that the exercise of monopoly power is not the only thing unions do. In particular, Freeman and Medoff
that, in the long run, the rents that exist in the absence of monopoly power are relatively small. A union can only raise the average wage significantly if the firm has some monopoly power, if the union is able to raise the wages paid by all producers in the industry, or if the unionized firms obtain some form of government protection against producers with lower labor costs.

Yet, the Nordic variety of corporatism was associated not with protectionism and monopolistic pricing, but with free trade and the subsequent need to remain competitive. In Norway, Sweden, and Denmark, the leading proponents of the centralization of private sector wage bargaining at the national level were not the unions but the employers for the straightforward reason that centralization helped restrain wage growth. This is not to say that the unions were irrelevant. The centralization of bargaining remained limited in Denmark relative to Norway and Sweden because the single largest union, the union of unskilled and semiskilled workers, refused to give up its autonomy (Due, Madsen, Jensen, and Peterson, 1994). Centralized bargaining required support from both sides to succeed.

The common understanding of why centralization at the national level promotes wage restraint is in terms of a collective action problem among unions. The general theoretical argument is that there are important externalities in wage setting whereby the wage gains for one group of workers lower the welfare of other groups of workers. In the words of an influential OECD report from the 1970s: “unless wage bargaining is highly centralized, individual unions can rationally hope that an improvement in their real wages can be achieved at the expense of profits and hence employment elsewhere in the economy” (1977: 159). The externalities may be due to the effect of wage increases on consumer prices (Calmfors and Driffill 1988), on the cost of complementary inputs in production (Wallerstein 1990), or on the likelihood that unemployed workers can find new jobs (Layard, Nickell, and Jackman 1991). A bargaining system that enables such externalities to be internalized by the wage setters, the argument goes, will result in lower wages and higher employment.5

5 Some scholars who accept the presence of externalities in wage setting in an economy with many unions regard centralized bargaining at the national level as a second-best arrangement, with purely plant-level bargaining or a nonunion labor market being the first best. Thus, Calmfors and Driffill (1988) argue that the relationship between centralization and macroeconomic performance is U-shaped since, in their view, very decentralized unions have little capacity to raise wages above their competitive level. See Moene, Wallerstein, and Hoel 1993, for a review of the literature on the impact of different bargaining systems on economic performance.

6 The best account of the centralization of bargaining in Norway is Bjørgum 1983.

- DOMESTIC POLITICAL ECONOMIES

SOCIAL DEMOCRATIC LABOR MARKETS

The externality most closely associated with the initial steps in the establishment of centralized bargaining in the Nordic countries in the 1930s and 1940s, however, was none of these possibilities but rather the spillover of wages from the nontraded-goods sector to the traded-goods sector, as the historical investigations of Peter Swenson (1989, 1991) have revealed. In both Norway and Sweden, the effect of centralization was to limit the influence of militant unions in the nontraded sector, primarily construction workers in the 1930s, and allow the wages of all to be governed by the ability to pay of employers in industries exposed to international competition. Construction workers were the target in both Sweden and Norway because they were highly paid, militant, and sheltered from foreign competition. When foreign demand collapsed in the 1930s, metalworkers accepted large wage reductions in order to stem the decline of employment. Construction workers came under less pressure, in part because of government policy. In both Norway and Sweden, social democratic governments responded to the crisis by increasing government spending on housing. Since construction workers were employed in the export sector as well as in home construction, higher construction wages raised labor costs in the export sector. The more construction workers were paid, the more metalworkers had to reduce their wages in order to maintain employment. Moreover, the ability of construction workers to win large wage increases undermined the ability of both employers and the union leadership in the metalworking sector to convince their members that wage reductions were really necessary.

Wage costs average around 20 percent of the costs of production at the level of the firm. Yet, workers typically receive 70–80 percent of national income. The discrepancy between those two figures gives a good indication of the extent to which the cost of nonlabor inputs for one firm represents wage payments in another firm. Both workers and employers in the traded-goods sector share an interest in restraining the growth of the costs of nontraded inputs, which necessitated obtaining some control over wage growth in sheltered industries. At its inception, the centralization of bargaining was driven by a cross-class alliance in which the union movement cooperated with employers to establish an institutional arrangement whereby those workers who were directly subject to international compe-
tution set the pace of wage increases for the entire economy. Far from being the product of a protected economy, centralized bargaining at the national level was a product of an exceptionally high degree of trade openness and trade dependence.1

This argument seemingly conflicts with the temporal correlation between growing economic integration and pressures for greater decentralization of wage setting in the 1980s, most evident in Sweden and Denmark among the Nordic countries. The assertion that trade dependence has increased over the postwar period is ambiguous, however. While trade is everywhere expanding as a share of national output, the work force in the traded goods sector is declining as a share of national employment. In Norway, for example, half of the value of the goods produced are exported and half of the goods consumed are imported. Yet, only 20 percent of the work force is employed in firms that face international competition (Hernes 1991).

In the Nordic countries, almost all of the growth of employment since the mid-1970s has been in welfare service provision in the public sector (Esping-Andersen, this volume). This shift in employment has changed the composition of the unions. In Sweden in 1975, 65 percent of union members were in the private sector, 35 percent in the public sector. By 1990, the public sector unions had grown to 45 percent of total union membership (Kjellberg 1992: 103). The Norwegian pattern is similar. From 35 percent of union members in 1970, the public-sector unions had grown to close to half of union membership by 1985 (Visser 1989: 180–182). In 1970, to illustrate the same point another way, the largest union in all of the Nordic countries except Denmark was the metalworkers.8 By 1990, the largest union in all three was the union of municipal employees. In the private sector as well, unions in the service sector have growth relative to unions in manufacturing.

This shift in the composition of union membership is not universal in Europe. In West Germany, for example, two-thirds of union members worked in the private sector in 1970, and two-thirds worked in the private sector in 1985 (Visser 1989: 100–102). Even more striking is the fact that membership in IG Metall was 33 percent of total German union members in 1970 and 34 percent of total union membership in 1990 (Golden, Wallerstein, and Lange, this volume). The decline of the relative size of the Nordic unions in manufacturing reflects the changing composition of employment in the Nordic countries documented by Esping-Andersen (this volume).

Unions are political organizations where numbers count. As public-sector unions have grown in relative size, their influence within the central confederations has inevitably increased.9 With large numbers of members who are low-paid and who are female – these two categories overlap to a considerable extent -- the public-sector unions have been strong advocates of reducing wage differentials. Moreover, public-sector employees are not constrained by competition in output markets, either at home or abroad. Where centralized bargaining once allowed workers and employers in manufacturing to determine the aggregate level of wage growth, the public-sector unions were increasingly driving wage growth by the 1970s and 1980s. Moreover, with the loss of a private-sector wage premium, private-sector employers had difficulty competing with the public sector for workers, in part because the public sector offered greater employment security. Originally established to attenuate wage rivalries and establish workers in the traded-goods sector as the wage leaders, centralized bargaining eventually turned into a battleground with wage leadership up for grabs in each bargaining round. This brings us to the topic of solidaristic bargaining.

EGALITARIAN WAGE POLICIES

Even where unions are strong, unions have little impact on the distribution of income between wages and profits. The need to maintain adequate profitability of private investment and employment insures that the share of profit in national income is not dramatically reduced. This does not mean, however, that unions are without influence on the distribution of income. Unions potentially have a large impact on the distribution of income among wage earners. In general, there is a close association between centralized bargaining and wage compression (Moene and Wallerstein 1996). Wage dispersion is greatest in countries like the United States where the share of the labor force covered by a collective agreement is small. Countries with industry-level bargaining, such as Germany, have a more com-

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1 The Danish case doesn't fit well since unions are organized largely on a craft basis. The largest union throughout the postwar period is the union of unskilled and semiskilled workers, which has members in both the traded and nontraded goods sector.

8 See Garrard and Way 1994, for further examination of the impact of the relative decline of unions in the traded goods sector in northern Europe.
pressed wage scale than countries such as Great Britain where plant-level bargaining is more important. Countries with centralized wage setting for the private sector as a whole have the most compressed wage scales of all.

In Norway, Sweden, Denmark, and, in the early postwar period, the Netherlands, the national union confederations pursued an ambitious egalitarian wage policy called “solidaristic bargaining.” The solidaristic bargaining policy called for the equalization of workers’ pre-tax income by eliminating or reducing wage differentials between plants in the same industry, between industries, between regions, and ultimately between occupations. “Equal pay for equal work” is a common demand of unions, easily explained by unions’ desire to reduce managerial discretion and competition among low-wage employers. Solidaristic bargaining was unique in extending the principal of “equal pay for equal work” from one industry to the entire economy, and then moving beyond the demand for “equal pay for equal work” toward the goal of “equal pay for all work.”

The egalitarian wage policy was remarkably effective. In Sweden between 1970, when comprehensive wage data on individuals began to be collected, and 1983, when the system of centralized bargaining collapsed, the variance of the log of hourly wage among private-sector blue-collar workers declined by over 50 percent (Hibbs and Locking 1991). That dramatic decrease does not include the equally prominent reduction of the wage differential between blue-collar and white-collar workers. Hibbs and Locking estimate that a similar decline occurred during the 1960s as well, implying that the variance of log hourly wages in 1983 was only one-quarter of what it was in 1960. Similar longitudinal data are not available for Norway but the pattern appears the same. According to survey data reported by Kalleberg and Colbjørnsen (1990), wage inequality in 1980 as measured by the coefficient of variation (standard deviation divided by the mean) of log earnings was even lower in Norway than in Sweden. Industry-level data reported by Freeman (1988) indicate that Norway, Denmark, and Sweden have lower interindustry wage differentials than other OECD countries.

The most common view today is that such wage equality creates severe problems with the allocation of labor and workers’ productivity. Too much solidaristic bargaining and too little connection between work performed and wages received became a prominent and persistent complaint of Swedish employers during the 1970s and 1980s (Mynral 1991). The reduced sensitivity of wages to either the performance of the firm or to local condi-

1 See Persson and Swenson 1995 for a description of changes in the goals of solidaristic bargaining over the postwar period.

In the labor market that results from imposing a common wage at the industry or sectoral level is often blamed for the persistence of European unemployment. Comparisons are frequently made between the impressive growth of private-sector employment in the United States during the 1980s and the stagnation of private-sector employment in Europe. By preventing the decline of wages at the bottom of the wage distribution, the restriction of wage differentials is viewed as blocking American-style employment growth.

It is usually assumed that the Scandinavian unions fought for reduced wage differentials out of an ideological commitment to equality, while employers resisted giving up their ability to use wage differentials as an incentive and recruitment device. In fact, the original arguments made on behalf of solidaristic bargaining when the policy was first proposed in 1951 by two Swedish union economists, Gösta Rehn and Rudolf Meidner, concerned macroeconomic stability and efficiency, not equality (Rehn 1952). Even more surprising, the goal of equalizing wages among firms and among industries had the implicit support of the Swedish Employers’ Association (Swenson 1992a).

Both Rehn and Meidner’s argument for the efficiency of solidaristic bargaining and the initial support of employers for such a policy can be explained by comparing local and industry-level bargaining in a growth model with embodied (exogenous) technical change. Implicitly, Rehn and Meidner followed Schumpeter (and Marx), in attributing the dynamic of capitalist economies to what Schumpeter (1976 [1942]) called the “process of creative destruction” in which existing productive units are incessantly being dissolved as new units are inaugurated. Industries expand by building new plants and contract by scrapping obsolete ones. Entering firms introduce new techniques that drive the least efficient of the existing firms out of the market. When new techniques are embodied in new plant and equipment, technical progress entails continual turnover of plants and firms.

To take the simplest case, consider an industry in which the price of output is fixed in world markets, employment is proportional to the number of plants in operation, and the productivity of each plant is determined by the date it was built.11 Newer plants are more productive than older ones, but building new plants is costly so older plants are not immediately replaced. The key decisions made by firms, in this context, are when to build new plants and when to scrap older ones.

11 See Moene and Wallerstein 1997 for the details of the mathematical analysis that is summarized in this section.
Once the plants are built, investment costs are sunk. Firms will keep plants in operation as long as revenues exceed operating costs. Thus, the age of the oldest plant in operation is determined by the condition that it just breaks even. The number of firms in operation is determined by the real product wage, that is, the nominal wage divided by the price of output. At a lower real product wage, more firms earn enough to cover their wage costs and fewer plants are shut down.

Figure 8.1 illustrates the dispersion of plants according to their productivity in the case in which the rate of productivity growth is constant over time. Plants are arrayed from youngest to oldest, with revenue per plant drawn as the declining exponential curve. If \( r \) is the common wage paid in all plants, the intersection of the horizontal line at the level of \( r \) and the revenue curve determines the age at which employers would close a plant. Thus \( \theta^* \), in Figure 8.1, is the age of the oldest plant in operation when firms pay \( r \) per worker.

Plants younger than \( \theta \) earn positive profits. Firms will open new plants as long as the expected present value of profits earned over the plant’s operating life exceeds the initial investment costs. Assuming that the cost of new plants increases as more are ordered at the same time (i.e., the supply curve of new plants is rising), the number of new plants that are built each period is determined by the condition that the present value of the future profit stream of the last plant built equals the cost of construction and equipment.

With decentralized bargaining, workers in each plant bargain separately. In a pure system of local bargaining, wage contracts do not extend beyond the individual firm or plant. Even when local wage bargaining takes place within a frame agreement negotiated at a higher level, the outcome is equivalent to purely local bargaining if local bargainers are free to call strikes or lockouts when bargaining reaches an impasse (Moene, Wallerstein, and Hoel 1993a: 100–103). As long as employment at the plant level is determined by the capital equipment installed, union members will want the highest wage possible subject to the constraint that the plant is not closed. According to standard bargaining theory, the outcome of local negotiations under the specified assumptions is a wage that is a fraction, say \( \alpha \) where \( 0 < \alpha < 1 \), of the plant’s revenues per worker, provided the fraction of the plant’s revenues exceeds what workers could earn elsewhere. In any bargaining system, workers must be offered at least as much as they can earn elsewhere or firms will be unable to fill vacancies.

If the industry is small enough relative to the aggregate labor market such that industry-level employment does not affect wages in other industries, the distribution of wages with decentralized bargaining can be drawn as indicated in Figure 8.1. Let the value of the expected wage that workers could obtain in employment elsewhere, or workers’ outside option, be indicated by \( r \). Then, wages with decentralized bargaining will be a share of the plants’ revenues as shown in Figure 8.1 as long as that share exceeds \( r \), which occurs in plants that are younger than the age \( \sigma \). Plants older than \( \sigma \) but younger than \( \theta^* \) pay workers their outside option.

The time path of wages in a single plant with local bargaining is illustrated in Figure 8.2. The upper horizontal line represents the revenues earned by a plant of a given vintage. If workers’ outside option rises with the average level of productivity in the economy, the outside option will be an exponentially rising curve as drawn. As long as the wage exceeds workers’ outside option, the wage in each plant is constant over time since the negotiated wage depends on the price, which is constant by assumption, and productivity, which is determined by the date the plant was built. As the plant grows older and the outside option rises, the gap between the union wage and workers’ outside option falls. Eventually, at \( t = \sigma \) in Figure 8.2, the outside option becomes binding and the wage increases with \( r \).

Since the wage with local bargaining equals the outside option after the period \( t = \sigma \), the exit decision is to scrap the plant when the value added per worker equals the outside option wage. Accordingly, the lifespan of plants with local bargaining is independent of the unions’ share of

![Figure 8.1. Distribution of wages across plants with local and industry bargaining](image-url)
The basic economic decisions of the competitive firm are influenced by the market conditions in which it operates. The firm's objective is to maximize profits, and this requires making decisions about production levels, pricing strategies, and resource allocation. These decisions are influenced by the supply and demand conditions in the market, as well as by the firm's costs and technological capabilities.

In a competitive market, firms are price takers, meaning that they have no control over the market price. They must adjust their output levels in response to changes in demand and supply. If the market price increases, firms will be able to sell more at a higher price, leading to an increase in profits. Conversely, if the market price decreases, firms will need to adjust their output levels to maintain profitability.

The firm's production function describes the relationship between the inputs (labor, capital, etc.) and the output of a firm. The production function is typically represented graphically, with the output on the y-axis and the inputs on the x-axis. The shape of the production function depends on the firm's technological capabilities and the nature of the inputs.

The firm's marginal cost curve represents the additional cost of producing one more unit of output. The marginal cost curve is upward sloping, reflecting the fact that as more output is produced, the cost of production increases due to diminishing returns.

The firm's short-run supply curve is determined by the portion of the production function that is above the average variable cost curve. At prices below average variable cost, firms will produce zero output. At prices above average variable cost, firms will produce output, but at lower profit levels than at higher prices. Above the average variable cost curve, firms will produce output, and the short-run supply curve will be upward sloping, reflecting the fact that firms will increase their output as the market price increases.
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ACTIVE LABOR MARKET POLICIES

 Participating to improve the country's competitiveness through the education and training of workers, the promotion of a more inclusive economy, and the enhancement of the business environment. The government has implemented various policies and initiatives to support these goals, including tax incentives for businesses, subsidies for vocational training, and the establishment of regional development funds. These efforts have resulted in increased productivity and job creation, contributing to the country's economic growth.

DOMESTIC POLITICAL ECONOMICS

In recent years, the country has faced political challenges, including a rise in populism and a decline in government support. The political landscape is characterized by a two-party system, with the ruling party and the opposition party vying for the support of the electorate. The political environment is marked by high levels of polarization and a decline in trust in political institutions. Despite these challenges, the country remains committed to advancing its economic goals and improving the well-being of its citizens.

In the 1960s, the enlarged community had achieved a high rate of full employment.

EFTA's increased economic exchange with the European Economic Community across borders and within the custom union was reflected in the increase of exports.

The enlarged community achieved full employment in the 1960s.

In 1961, the enlarged community was the product of an economic expansion. The impact of full employment on the enlarged community was marked by a significant rise in gross national product. The enlarged community was the only area of the world to achieve full employment during the 1960s.

The enlarged community achieved full employment in the 1960s.

The enlarged community achieved full employment in the 1960s.
Consider two simplified types of unemployment policies. 

A) Relatively-easy-to-implement policies that have only a minor impact on the economy. 

B) Policies that are more difficult to implement and have a significant impact on the economy. 

Both types of policies can be effective in reducing unemployment, but their implementation may require different strategies. 

Policies that are easy to implement may focus on increasing labor force participation or improving the match between workers and jobs. 

Policies that are more difficult to implement may require more comprehensive changes to the labor market or to the economy as a whole. 

The effectiveness of each type of policy will depend on the specific economic conditions and the policies' ability to address the underlying causes of unemployment.
From a single time point of view, the likelihood of landing a suitable product at the right price is low. This is because the price distribution is based on the product's features, which vary widely. If the price is too high, the product is less likely to be purchased. However, if the price is too low, the distribution function will be broader, and the product is more likely to be purchased. The distribution function is plotted against the price on a logarithmic scale, and the product's features are shown as a series of points. The product's price is determined by the intersection of the distribution function and the price axis. The product is considered a success if the price is within the desired range, and the distribution function is smooth and continuous. If the price is too high, the product is not likely to be purchased, and if the price is too low, the distribution function is too broad. The product is considered a failure if the price is outside the desired range, and the distribution function is not smooth and continuous.
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CONCLUSION

Despite the finding that low performance is correlated with lower wages, the evidence suggests that low performance does not necessarily lead to lower wages. This is because performance is not the only factor that determines wages. Other factors such as education, experience, and market demand also play a significant role.

The findings of this study have important implications for policy makers and employers. Employers should focus on improving the performance of their workers, as this can lead to increased productivity and higher wages. At the same time, policies that encourage workers to improve their skills and knowledge will also have a positive impact on wages.

In conclusion, the evidence suggests that low performance is correlated with lower wages, but this relationship is not causal. Other factors such as education and experience also play a significant role in determining wages. Future research should focus on understanding the complex interplay between these factors to develop more effective policies for improving wages and productivity.
INTRODUCTION

Jane Kramer

LABOR MARKETS

RESPONSIVES TO CHANGING WORKERS: TRADE-UNION SIGNIFICANCE OF MADE THE DECLINING

DOMESTIC POLITICAL ECONOMIES