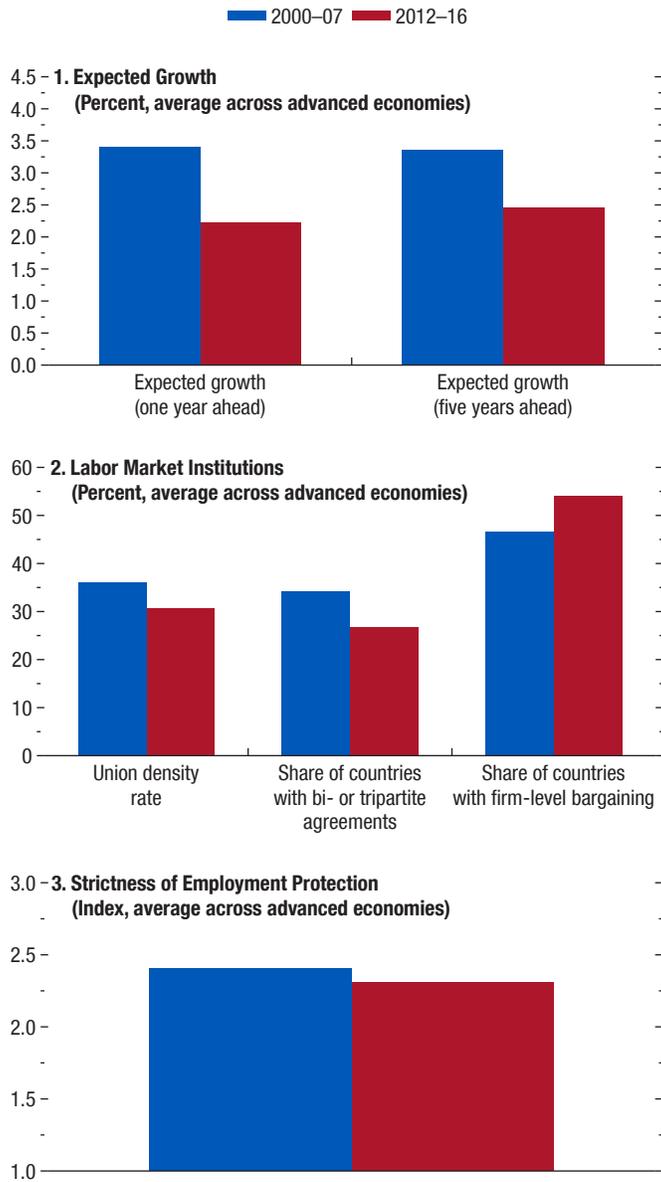


Figure 2.14. Changes in Growth Expectations and Labor Market Institutions

Subdued nominal wage growth and changes to the nature of employment have taken place in an environment of declining potential growth and weakening worker bargaining power.



Sources: Institutional Characteristics of Trade Unions, Wage Setting, State Intervention, and Social Pacts database; Organisation for Economic Co-operation and Development; and IMF staff calculations.

Note: Union density rate refers to net union membership as a proportion of wage earners in employment (simple average across countries); bi- or tripartite agreements refers to the existence of a bipartite council of a central union and employers and/or the existence of a tripartite council with government participation. Firm-level bargaining denotes whether bargaining takes place predominantly at the local/company level. Strictness of employment protection refers to individual and collective dismissals (regular contracts). The sample consists of 26-33 advanced economies.