

TRADE UNIONS, WAGE
FORMATION AND
MACROECONOMIC
STABILITY

Edited by

Lars Calmfors

*Associate Professor and Senior Research Fellow
Institute for International Economic Studies
University of Stockholm*

and

Henrik Horn

*Research Fellow
Institute for International Economic Studies
University of Stockholm*

M
MACMILLAN

Contents

Contributors' Affiliations	vii
Trade Unions, Wage Formation and Macroeconomic Stability—An Introduction. By <i>Lars Calmfors</i>	1
Part I. Microeconomic Underpinnings	
The Economic Theory of Trade Unions: An Introductory Survey. By <i>Andrew J. Oswald</i>	18
Comment by <i>George Johnson</i>	52
Wages and Employment under Trade Unionism: Microeconomic Models and Macroeconomic Applications. By <i>John Pencavel</i>	55
Comments by <i>Andrew J. Oswald</i> and <i>Bertil Holmlund</i>	84
Part II. Centralized Wage Setting	
Classical Unemployment, Accommodation Policies and the Adjustment of Real Wages. By <i>Lars Calmfors</i> and <i>Henrik Horn</i>	92
Comments by <i>Lars Jonung</i> and <i>Richard Layard</i>	120
Workers versus Government—Who Adjusts to Whom? By <i>Tor Hersoug</i>	128
Comments by <i>Thorvaldur Gylfason</i> and <i>Henryk Kierzkowski</i>	151
Macroeconomic Stabilization Policy and Trade Union Behavior as a Repeated Game. By <i>John Driffill</i>	158
Comments by <i>Stanley Fischer</i> and <i>Matti Pohjola</i>	185
Union Militancy, External Shocks and the Accommodation Dilemma. By <i>Hans Tson Söderström</i>	193
Comments by <i>Guido de Bruyne</i> and <i>Edmund S. Phelps</i>	210

Part III. Decentralized Wage Setting

Counterinflationary Policy in a Unionised Economy with Non-synchronised Wage Setting. By *Richard Jackman* 215

Comments by *John Fender* and *Thorvaldur Gylfason* 237

Dynamics of Unemployment, Vacancies and Real Wages with Trade Unions. By *Christopher Pissarides* 244

Comments by *Masahiko Aoki* and *Edmund S. Phelps* 262

Insiders and Outsiders in Wage Determination. By *Robert Solow* 269

Comments by *Henryk Kierzkowski* and *Dennis Snower* 287

Part IV. Empirical Applications

Wage Gaps, Factor Shares and Real Wages. By *John McCallum* 294

Comment by *Eskil Wadensjö* 318