Wage-Productivity Gap in OECD Economies
Referee Report

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Using a panel data on OECD economies, the authors test whether the unemployment rate, government taxation, capital expansion, unionization and inflation have any effect on the wage-productivity gap. The paper is interesting in the sense that the authors raise a question on the reverse causality between wage-productivity gap and unemployment. The authors find that increases in unemployment rates cause increases in the wage-productivity gap. They also find that the wage-productivity gap and unionization are negatively related.

The paper will benefit from a more thorough discussion on the relationship between wage-productivity gap and all of the controls. The authors make a reference to their previous work on the relationship between the gap and the unemployment rate, however, it would be better to expand on this. All the other controls need to be discussed. Why and how the authors think these variables are relevant?

The authors construct the data set that they use. It would be great to see some more descriptive statistics and some discussion. Some of the observations point to potentially problematic data. For example, in Table 1, the minimum unemployment rate is 0.00. Needless to say, a zero unemployment rate deserves some discussion. The maximum inflation is 555.38. Which country is this?

The authors focus on the manufacturing sector. Some discussion on this choice should be provided. How restrictive do the authors think this is?

The authors should consider controlling for the size of the labor market and the relative size of manufacturing in employment.