

FIGURE 1. Inequality and welfare generosity across countries, 1975–2010. Average values with gaps for some countries. Welfare generosity index from Scruggs (2014), wage dispersion from OECD, pre-tax hourly wages. See Online Appendix for details.

TABLE 1. Generosity and inequality. IV-regressions.

	(1) Inequality	(2) Generosity	(3) Inequality	(4) Unemployment generosity
Generosity	-0.374** (0.147)			
Inequality		-1.190** (0.235)		-1.097** (0.367)
Unemployment generosity			-0.296** (0.126)	
<i>F</i> -value first step	39.30	15.11	13.26	15.11
<i>P</i> -value Sargan	0.1317	0.6247	0.2510	0.9040
<i>N</i>	359	359	359	359

Notes: Standard errors in parentheses. Instruments for generosity are measures of right-wing power in government and the share of women in parliament. Instruments for inequality are coordination in bargaining and industrial conflicts. All models include country and year fixed effects, measures of GDP per capita, openness, tertiary education, union density, and dependent population. See Appendix for details.

\*\* Significant at 5%.

TABLE D2. Generosity and inequality. IV-regressions.

	(1) Inequality	(2) Generosity	(3) Inequality	(4) Unemployment generosity
Generosity	-0.3739** (0.1471)			
Inequality		-1.1901** (0.2351)		-1.0966** (0.3674)
Unemployment			-0.2961** (0.1262)	
ln GDP per cap.	-0.0134 (0.0486)	0.0191 (0.0676)	-0.0764 (0.0616)	-0.1602 (0.1056)
Openness	0.0001 (0.0007)	-0.0023** (0.0008)	-0.0003 (0.0009)	-0.0048** (0.0012)
Education	0.0003 (0.0007)	-0.0001 (0.0009)	-0.0015 (0.0010)	-0.0061** (0.0014)
Union density	-0.0007 (0.0006)	-0.0002 (0.0009)	0.0014 (0.0012)	0.0073** (0.0015)
Dependent population	-0.0108** (0.0034)	-0.0045 (0.0061)	-0.0091** (0.0040)	0.0066 (0.0095)
<b>Coordination</b>	-0.0143* (0.0076)		-0.0187** (0.0073)	
<b>Conflict(days/empl.)</b>	0.0191 (0.0155)		0.0199 (0.0173)	
<b>Right government</b>		-0.0309** (0.0107)		-0.0392** (0.0167)
<b>Women in parliament</b>		0.0015 (0.0012)		0.0035** (0.0018)
Constant	2.9125** (0.7431)	4.7997** (0.9382)	2.9696** (0.8384)	5.2073** (1.4660)
<i>F</i> -value first step	39.30	15.11	13.26	15.11
<i>P</i> -value Sargan	0.1317	0.6247	0.2510	0.9040
<i>N</i>	359	359	359	359

Notes: Standard errors in parentheses. All models include fixed country and year effects.

\*\*Significant at 5%.

# Average annual hours of work

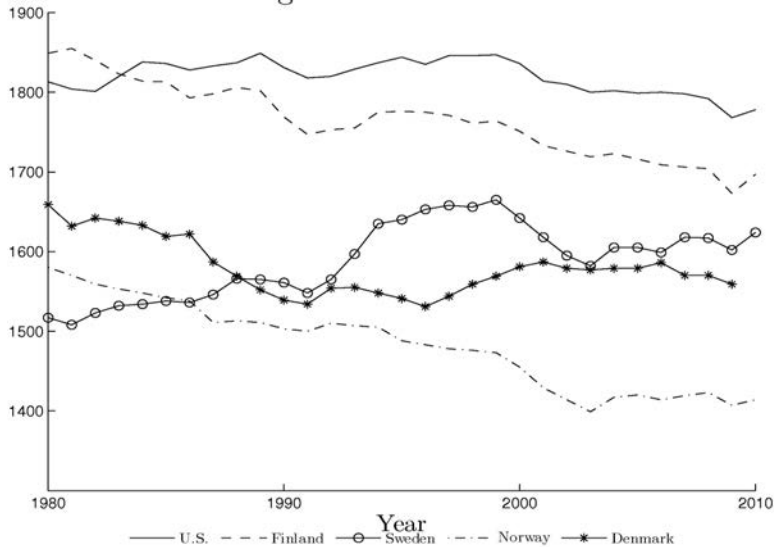


Figure 1: Annual average hours worked. Source: OECD (2010)

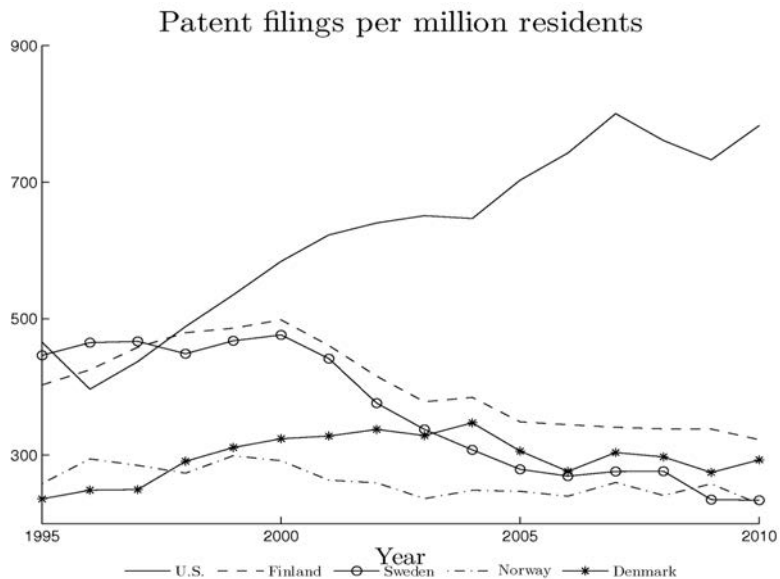


Figure 2: Patent filings per million residents at domestic office. Source: World Intellectual Property Organization.

### Patents per million residents relative to the U.S. (100)

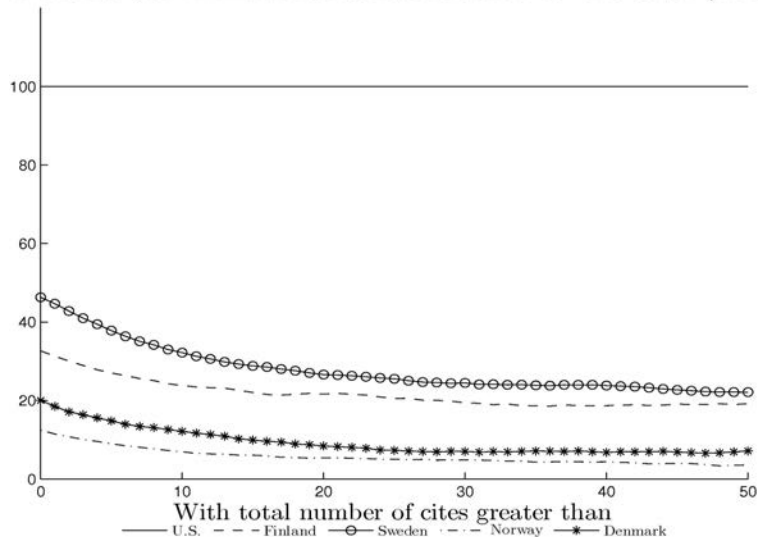


Figure 3: Patents granted between 1980-1999 per million residents to each country relative to the U.S. by number of citations. Source: NBER patent data from the USPTO.

**Table 1** Indicators of innovation activity, 2008

	<b>USA</b>	<b>SWE</b>	<b>DEN</b>	<b>FIN</b>
Triadic patents per million of population	48.7	88.3	60.5	63.9
Business expenditure on R&D, % of GDP	2.01	2.78	1.91	2.77
Researchers per 1000 of employed	9.5	10.6	10.5	16.2
Venture Capital, % of GDP	0.12	0.21	0.16	0.24
Worker reallocation, 2000–2007, %	43.3	32	45.5	39.8

Sources : Worker reallocation from Bassanini and Garnero (2012), other statistics from OECD (2010).