

Referee's report on "Conflict in the wage-led growth model"

Comments

The literature review of this study is insufficient. For example, Lancaster (1973) and Tavani (2013) investigate the bargaining between workers and capitalists by using macro models.

In many studies on wage-led/profit-led growth, the bargaining between workers and capitalists is analyzed. In contrast, in this paper, the bargaining between capitalists and entrepreneurs is analyzed. The author should explain the differences and the reason why he/she analyze such a bargaining problem.

The author uses a common discount factor for capitalists' problem and entrepreneurs' problem. It is better to explain how the results are modified if different discount factors are used.

The author should present the dynamic optimization problem and its solution of entrepreneurs, which is another important factor of this study.

The author needs to show the definition of "wage-led growth" by using equations. For example, in many studies on wage-led/profit-led growth, wage-led growth means that the sign of the derivative of the rate of capital accumulation with respect to the wage rate (or wage share) is positive. Is the author's definition the same as this definition?

Lancaster, K. (1973) "The dynamic inefficiency of capitalism," *Journal of Political Economy* 81, pp. 1092-1109.

Tavani, D. (2013) "Bargaining over productivity and wages when technical change is induced: implications for growth, distribution, and employment," *Journal of Economics* 109 (3), pp. 207-244.