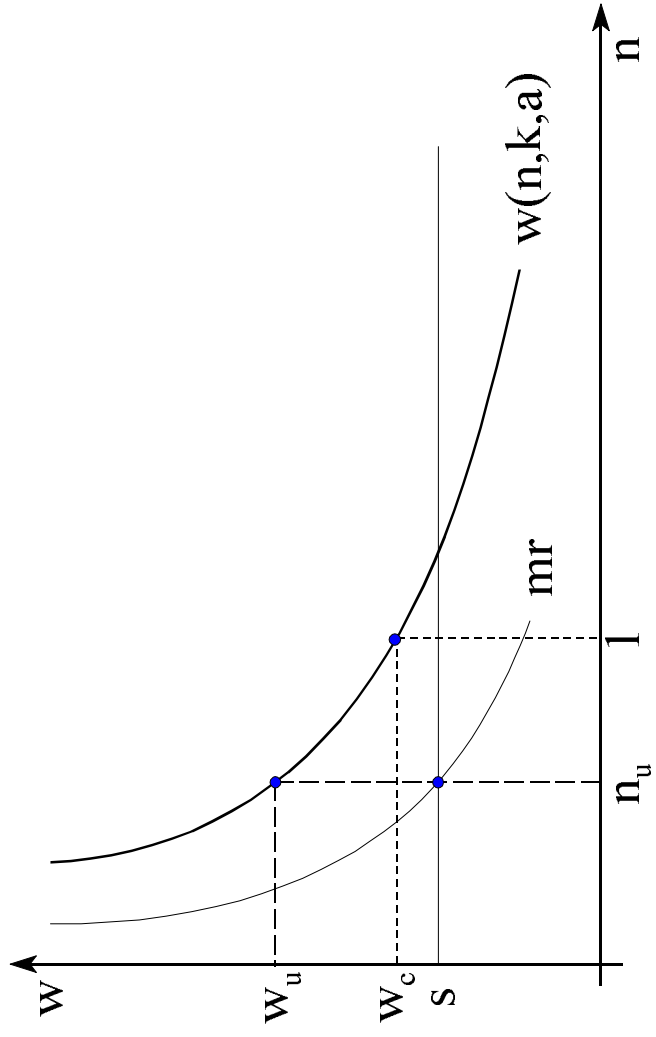
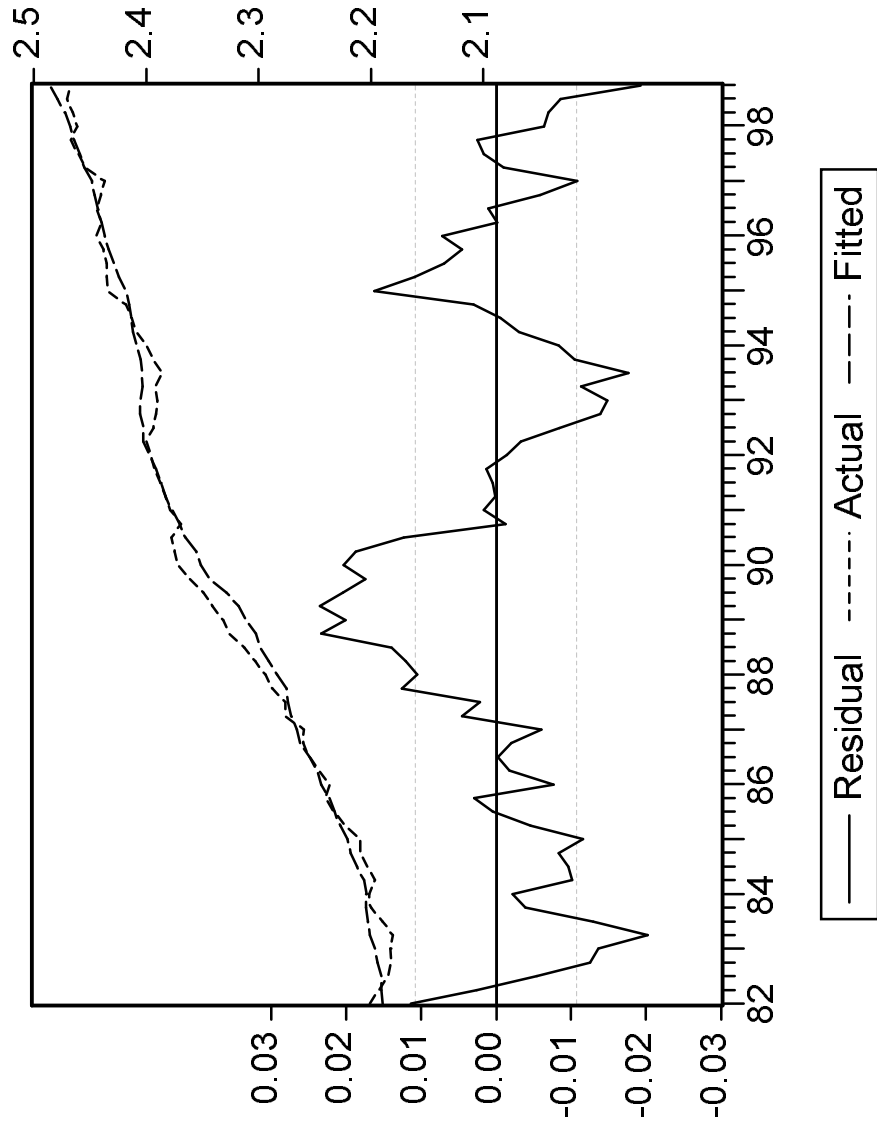


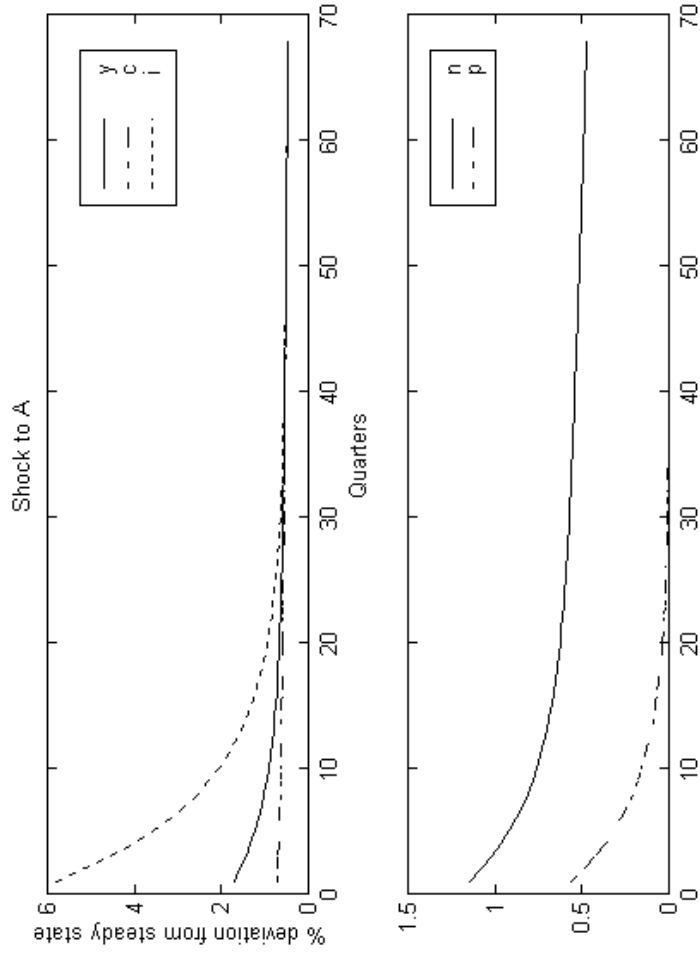
**Figure 1.** The union's problem



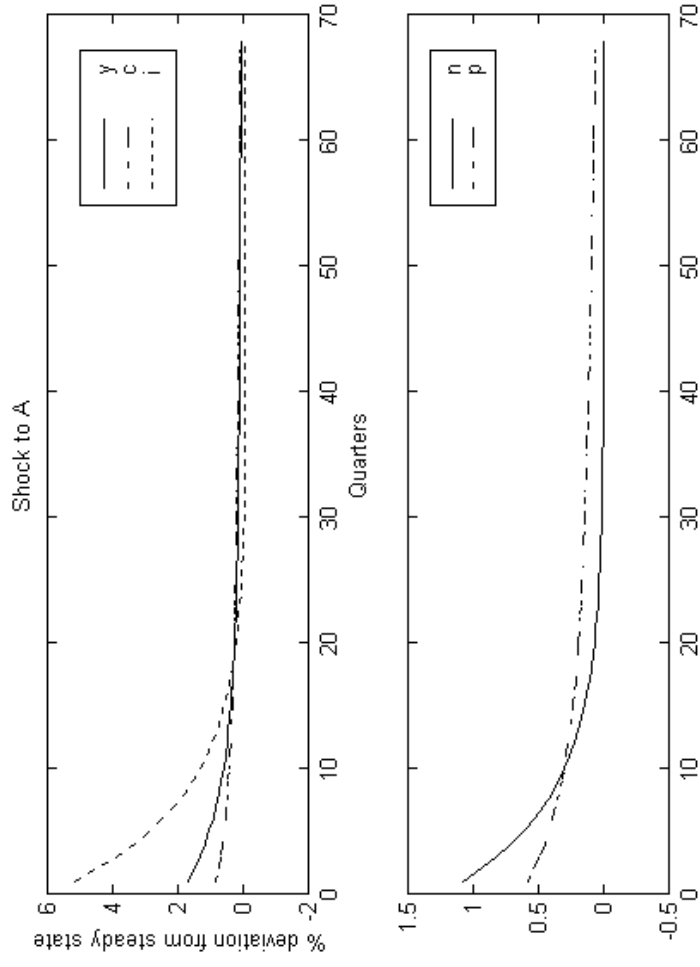
**Figure 2.** Output and TFP for Italy



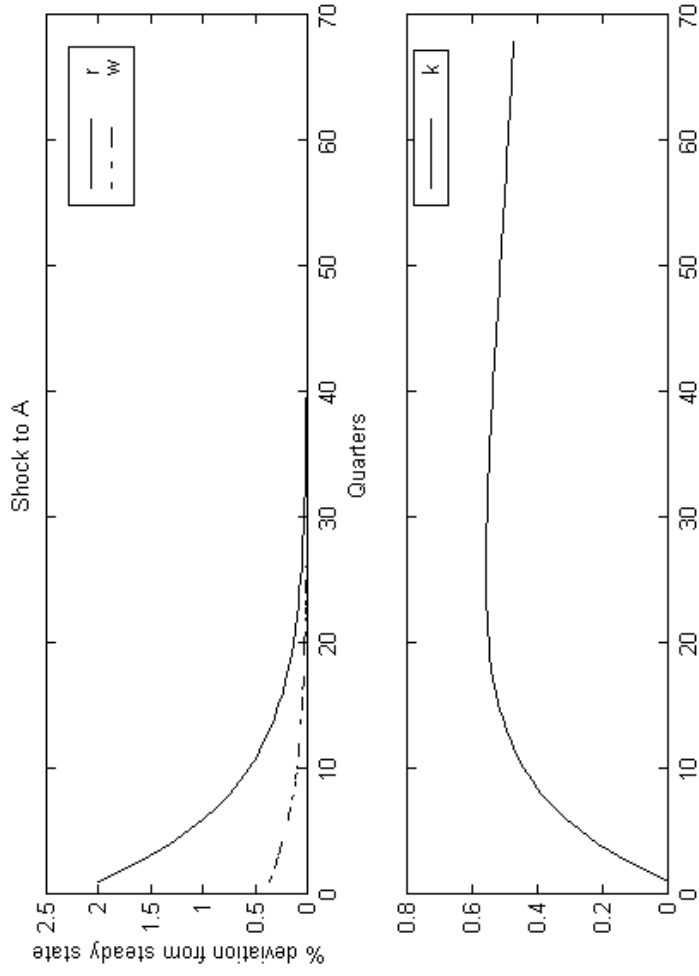
**Figure 3.** The MU impulse responses for the output components, employment, and average productivity



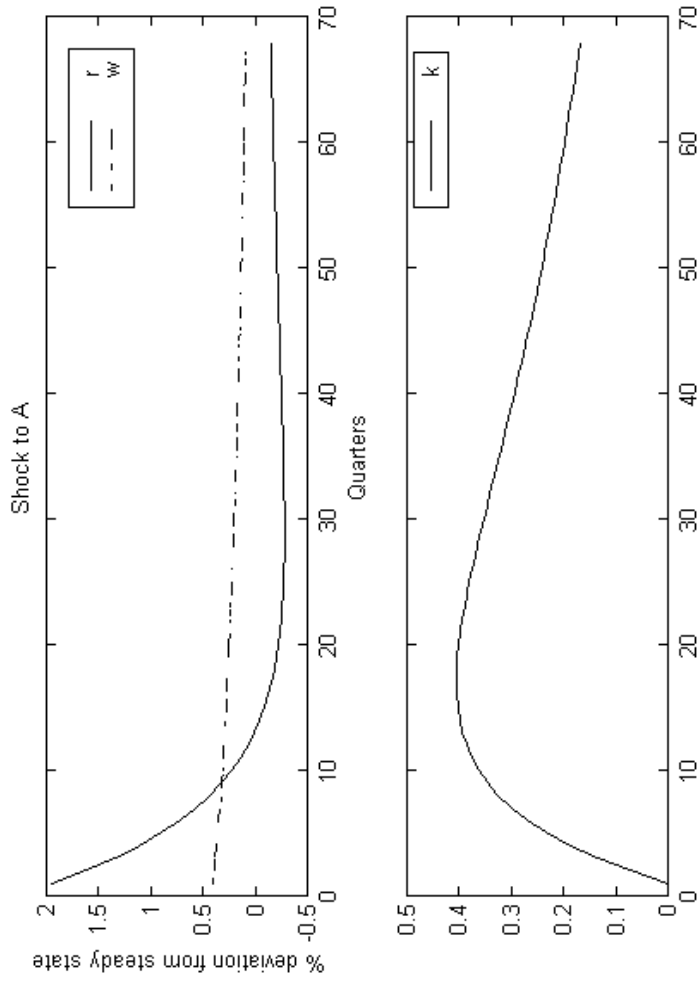
**Figure 4.** The RW impulse responses for the output components, employment and average productivity



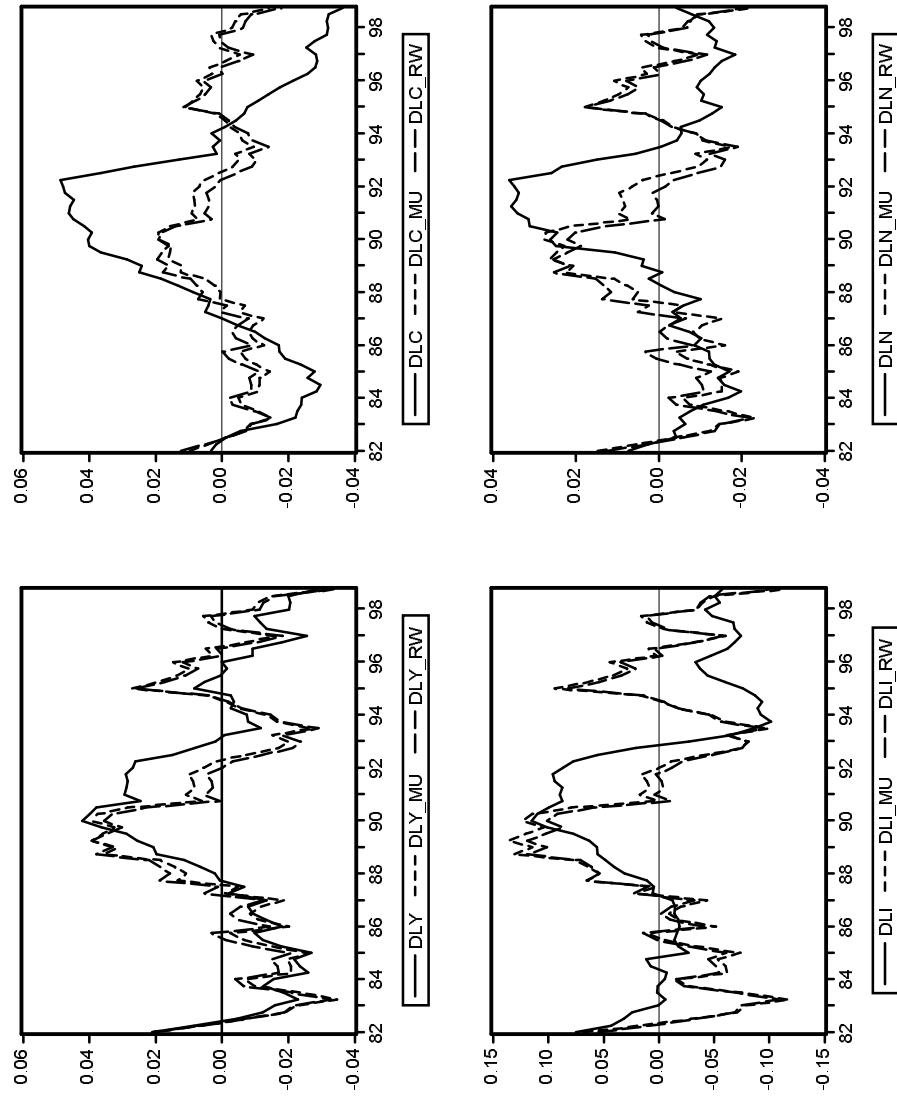
**Figure 5.** The MU impulse responses for the rental rate, the wage rate, and the capital stock



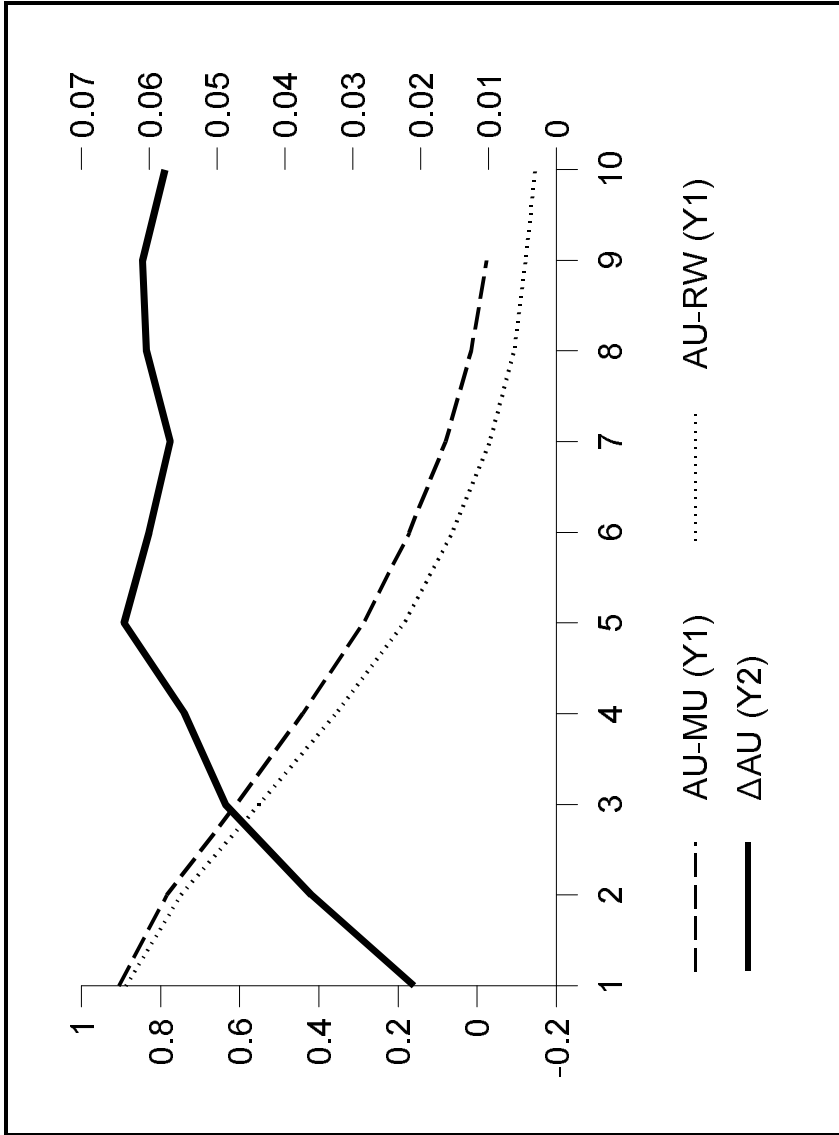
**Figure 6.** The RW impulse responses for the rental rate, the wage rate, and the capital stock



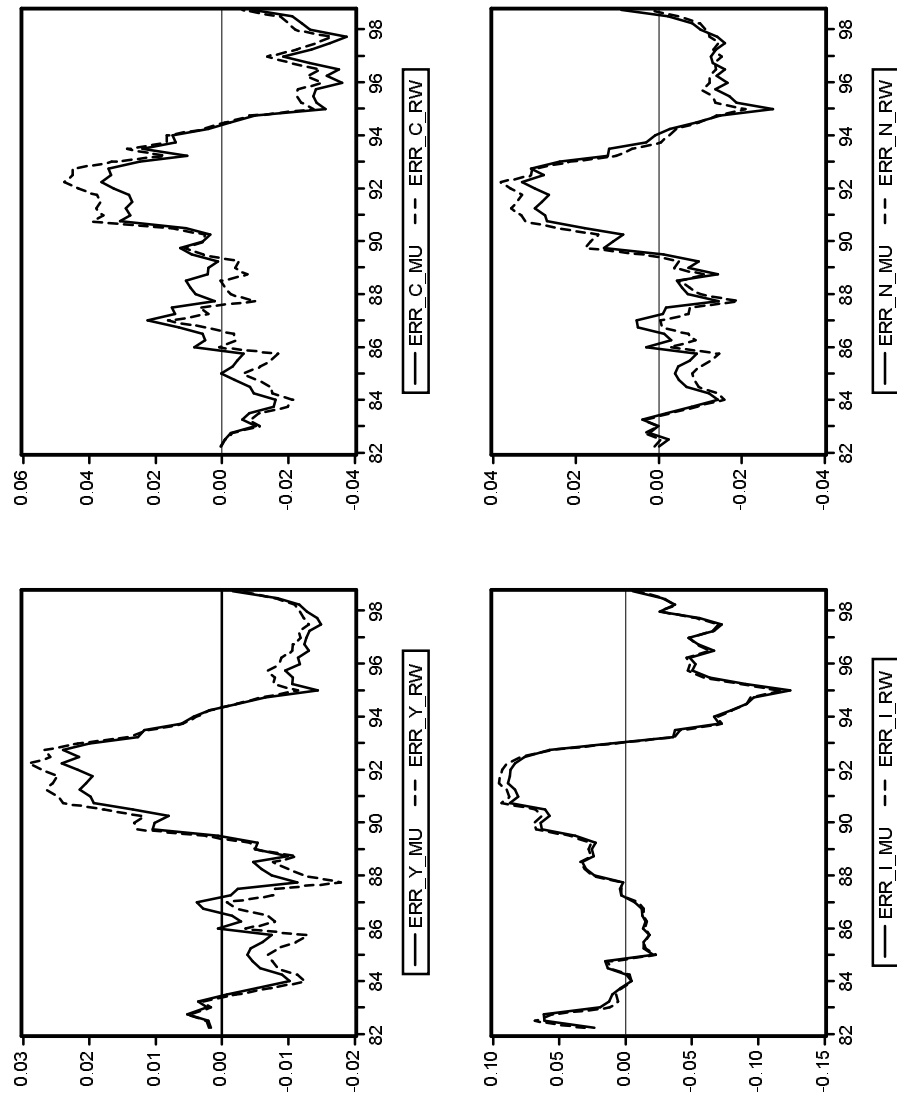
**Figure 7.** Observed and simulated cyclical components for Italy



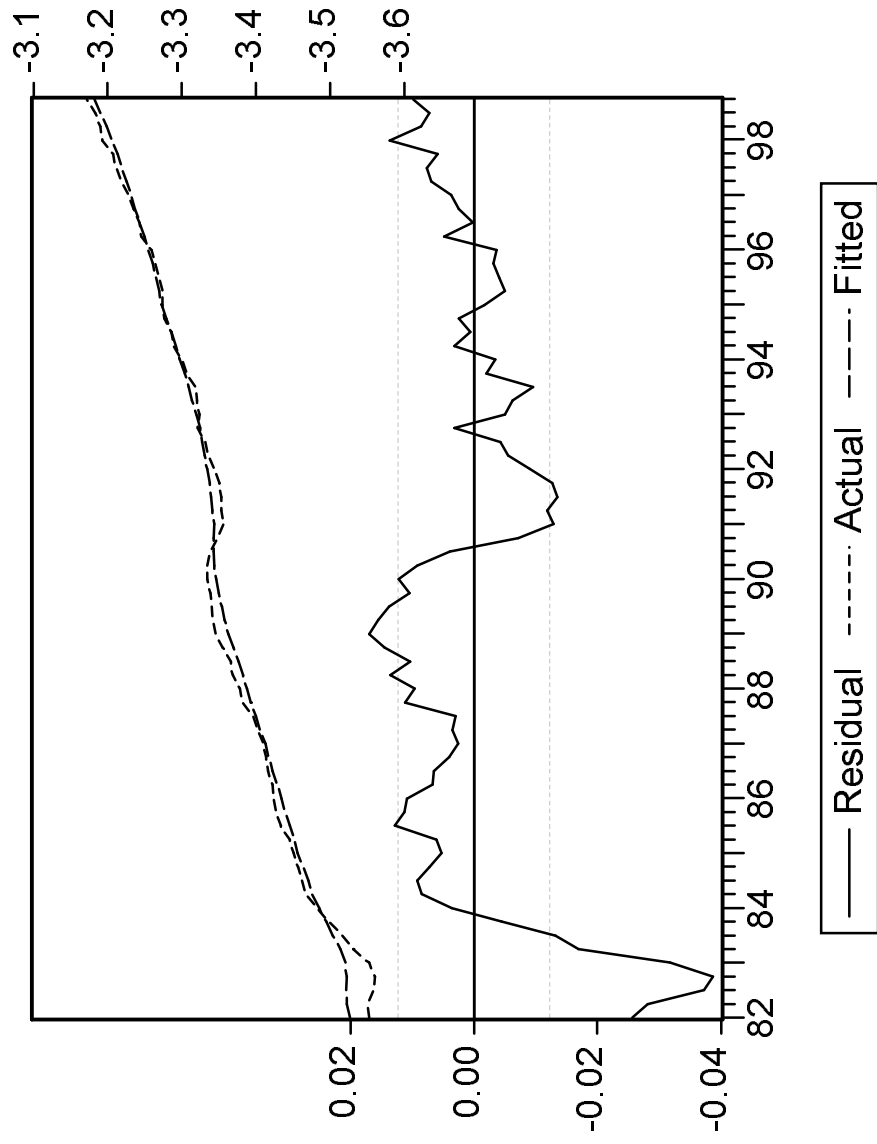
**Figure 8.** Persistence of simulated employment:  
cross-model comparison for Italy



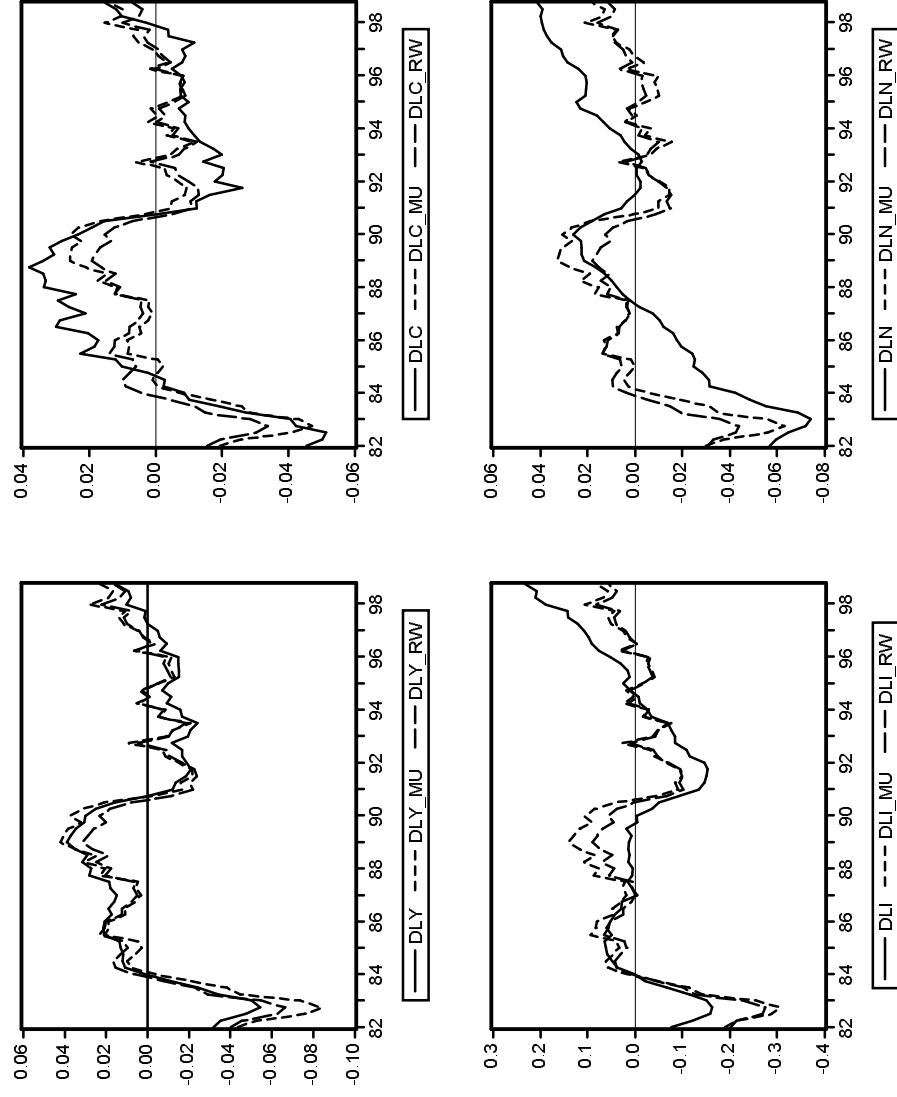
**Figure 9.** One-step ahead forecast errors for Italy



**Figure 10.** Output and TFP for the US



**Figure 11.** Observed and simulated cyclical components for the US



**Figure 12.** One-step ahead forecast errors for the US

