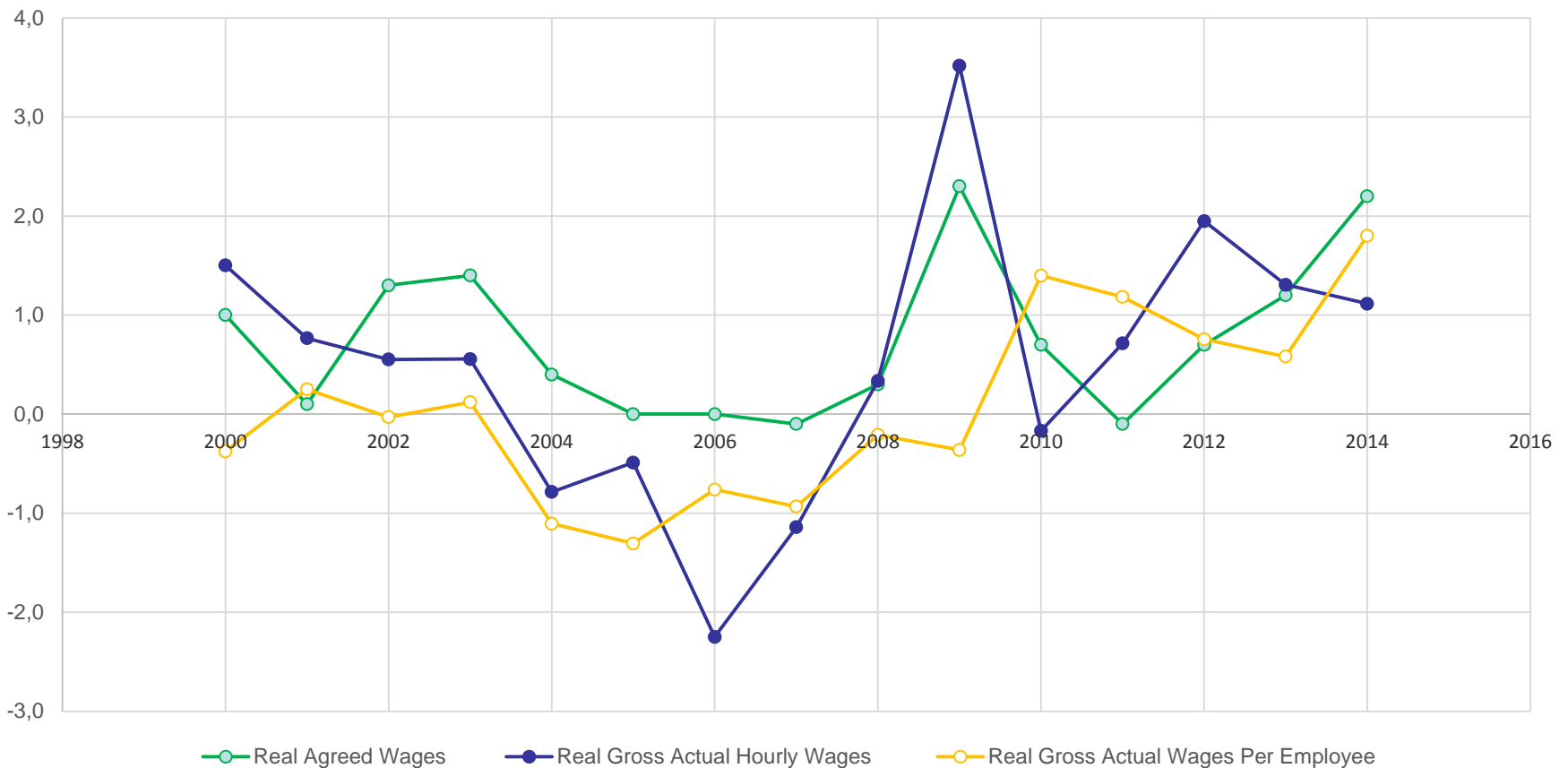


# ***Wage Setting and Wage (In-)Equality in Germany***

**Thomas Haipeter**

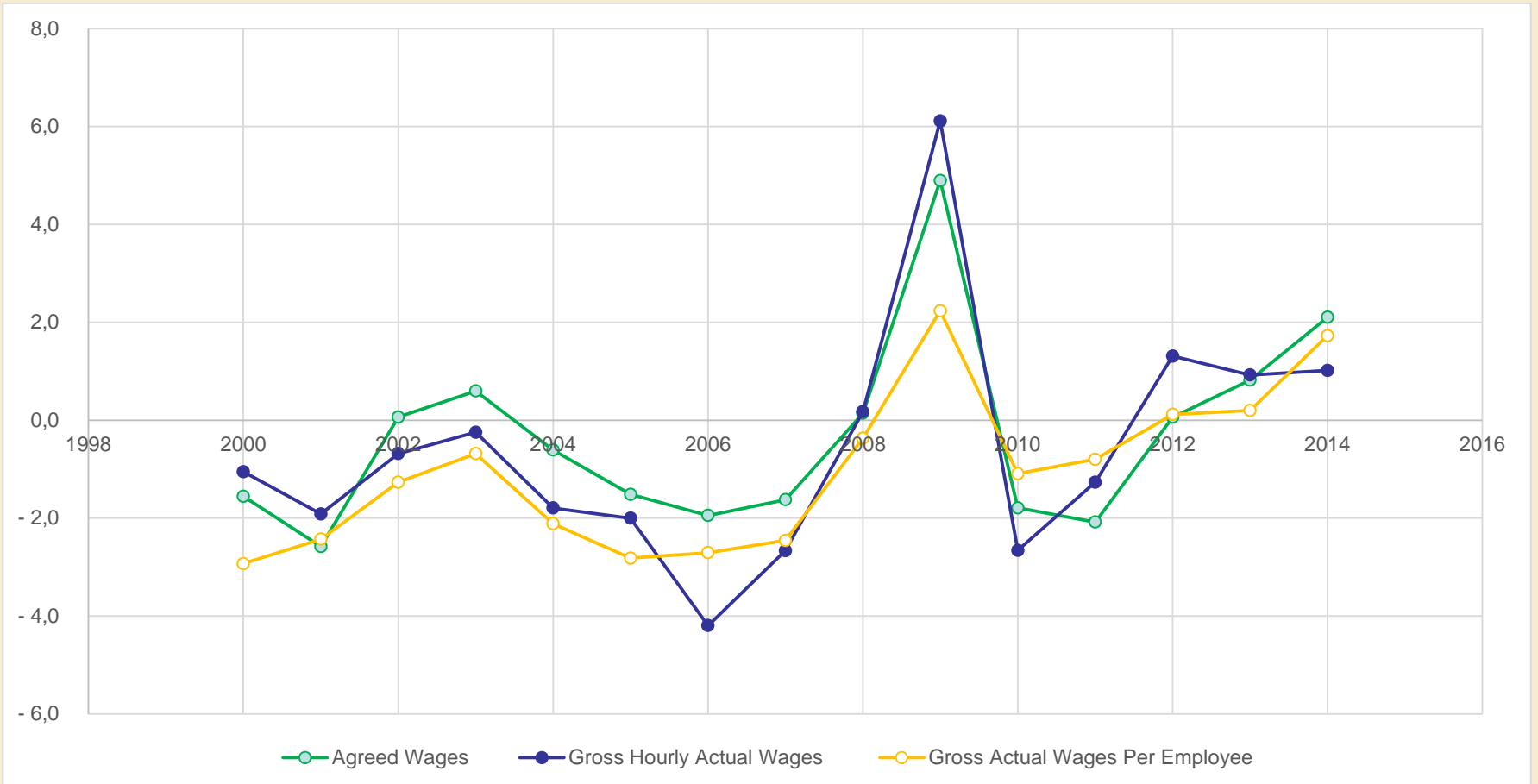
# Germany

The development of real agreed and actual wages 2000-2014 (data: Destatis, WSI-Tarifarchiv, own illustration, in %)



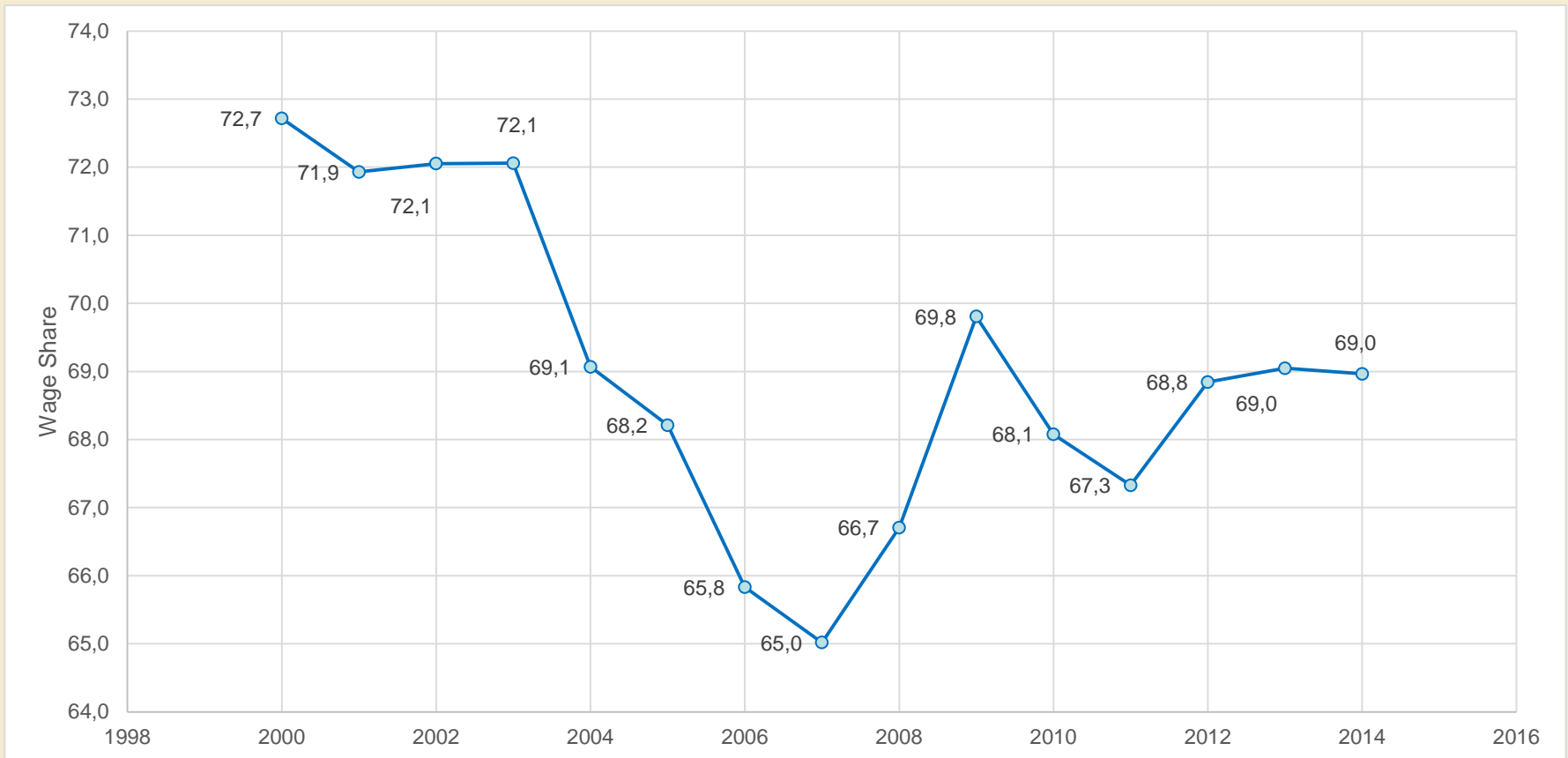
# Germany

## Exploitation of the cost-neutral margin of distribution for agreed and real wages (data: Destatis, WSI-Tarifarchiv, own illustration)



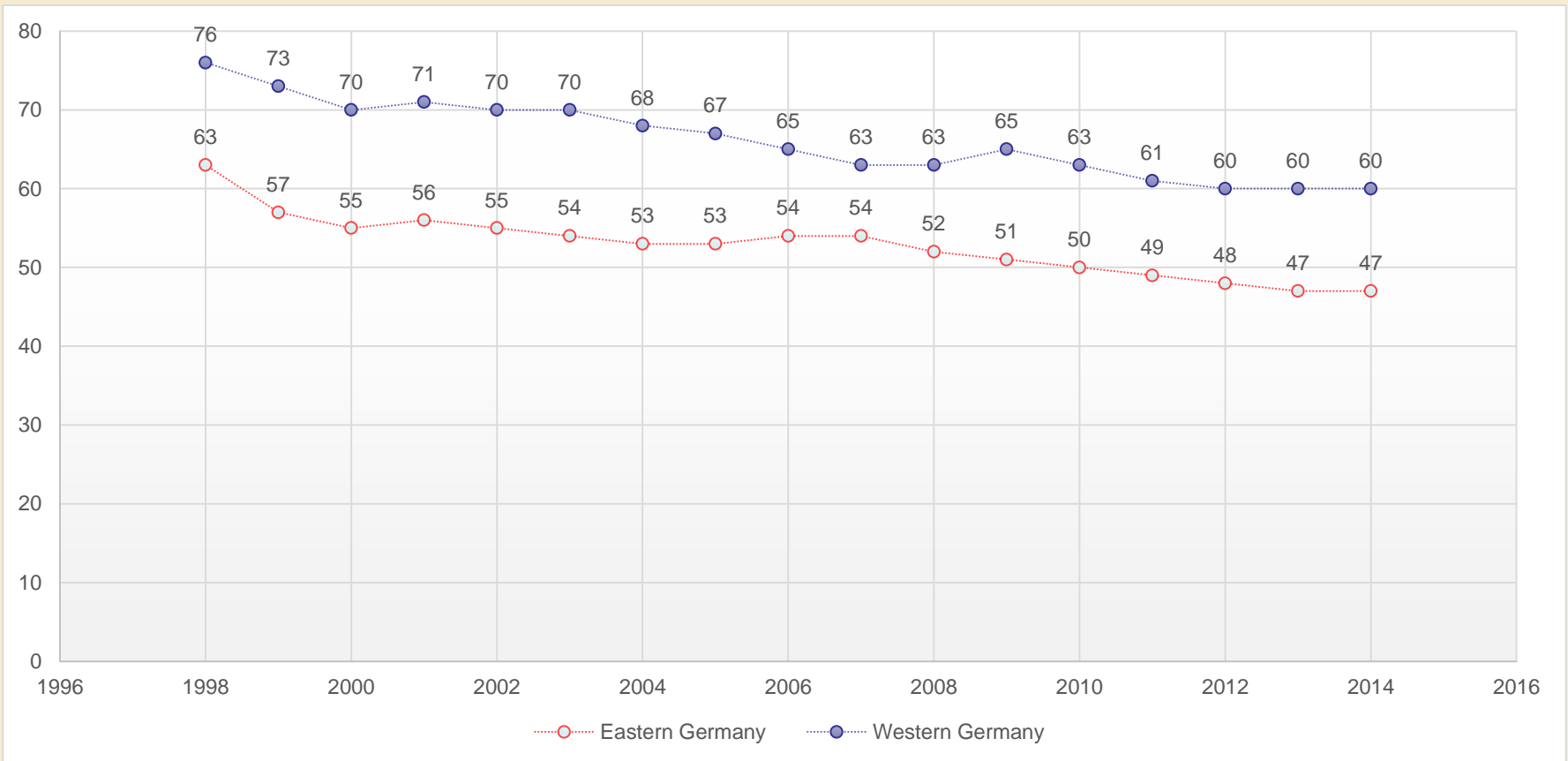
# Germany

## Development of the wage share (Destatis, WSI-Tarifarchiv, own illustration) illustration)



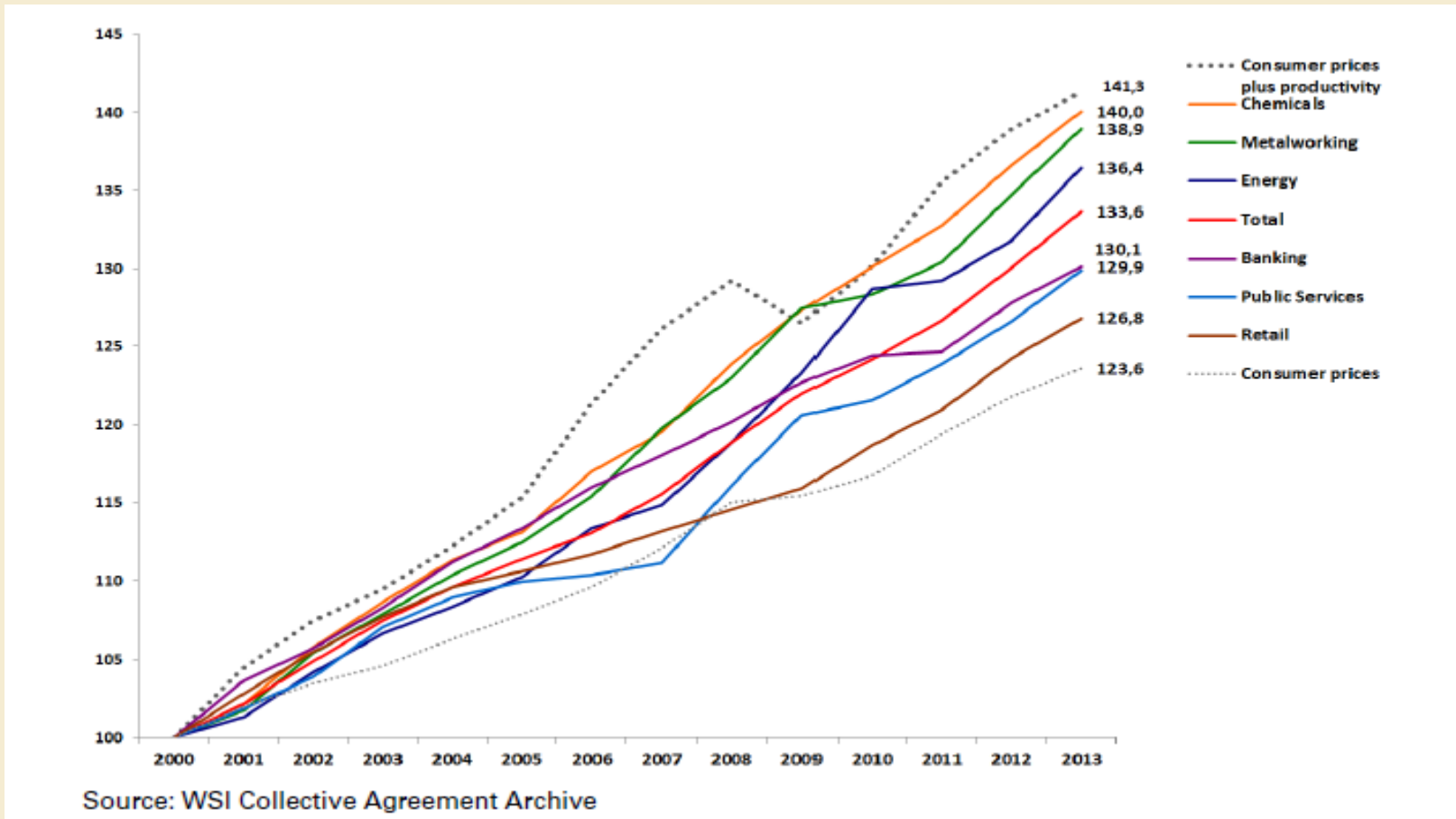
# Germany

## Collective bargaining coverage of employees Western and Eastern Germany (IAB-Betriebspanel, own illustration, in %)



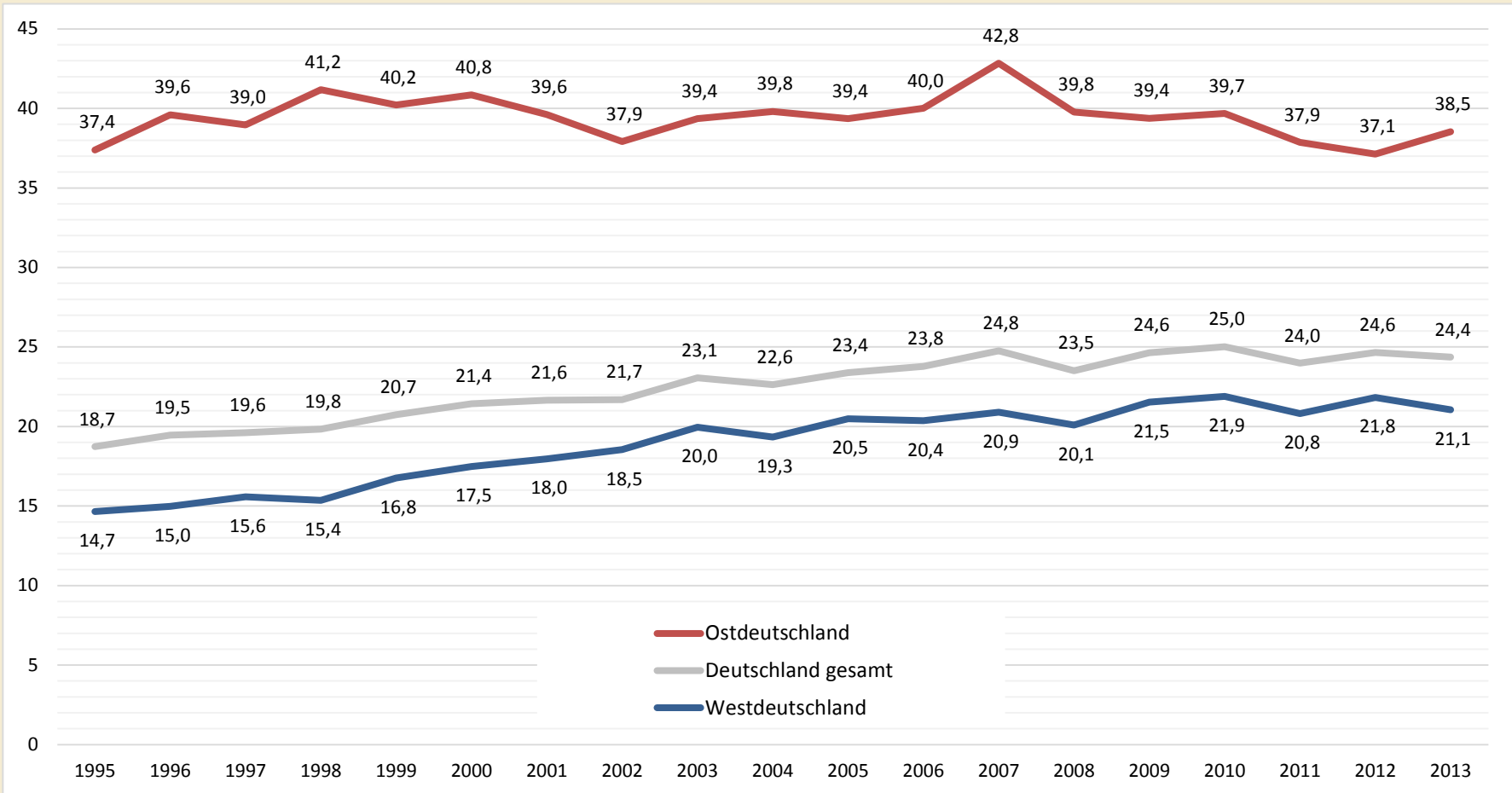
# Germany

## Development of agreed wages in several industries 2000-2013 (Bispinck, 2014)



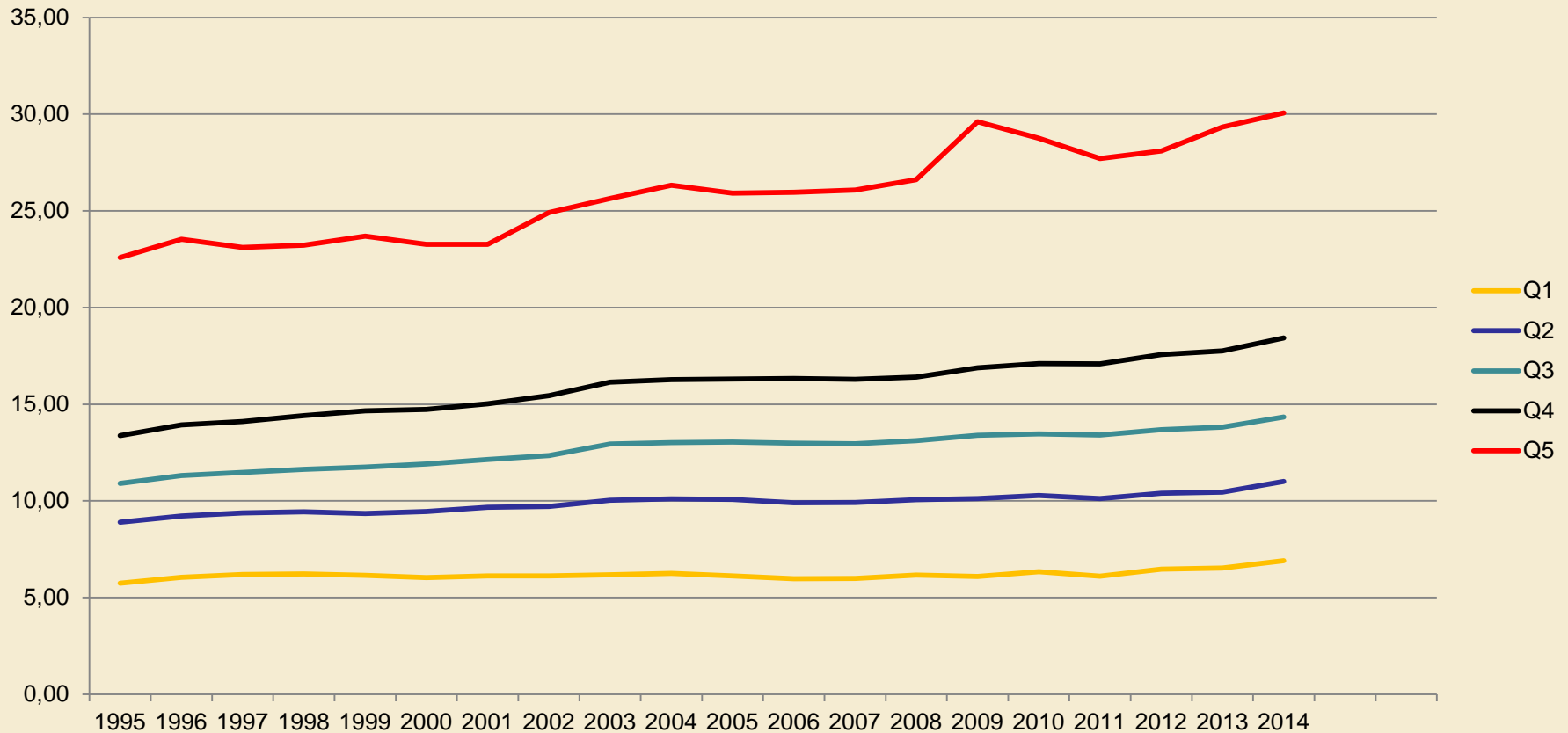
# Germany

## Low wage shares in Germany in % of the employees (Kalina/Weinkopf 2015)



# Deutschland

## Hourly wages in quintiles from 1995 to 2014, mean values (SOEP, own calculations)





# Deutschland

Wage increase ratios from 1995 to 2014 in quintiles (SOEP, own calculations)

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	Q1	Q2	Q3	Q4	Q5
<b>Change 1995- 2014 in%</b>	20,4	23,8	31,4	37,7	33,1

# Industries Compared

## Schools:

- Wage modernisation
- Wage differences civil servants – non civil servants
- Wage differences between Länder

## Automotive / Metalworking:

- Wage modernisation
- Decline of Collective Bargaining Coverage (about 50%)
- Derogations
- Outsourcing (Reorganisation of the value chain, also Logistics...)

## Private Banking

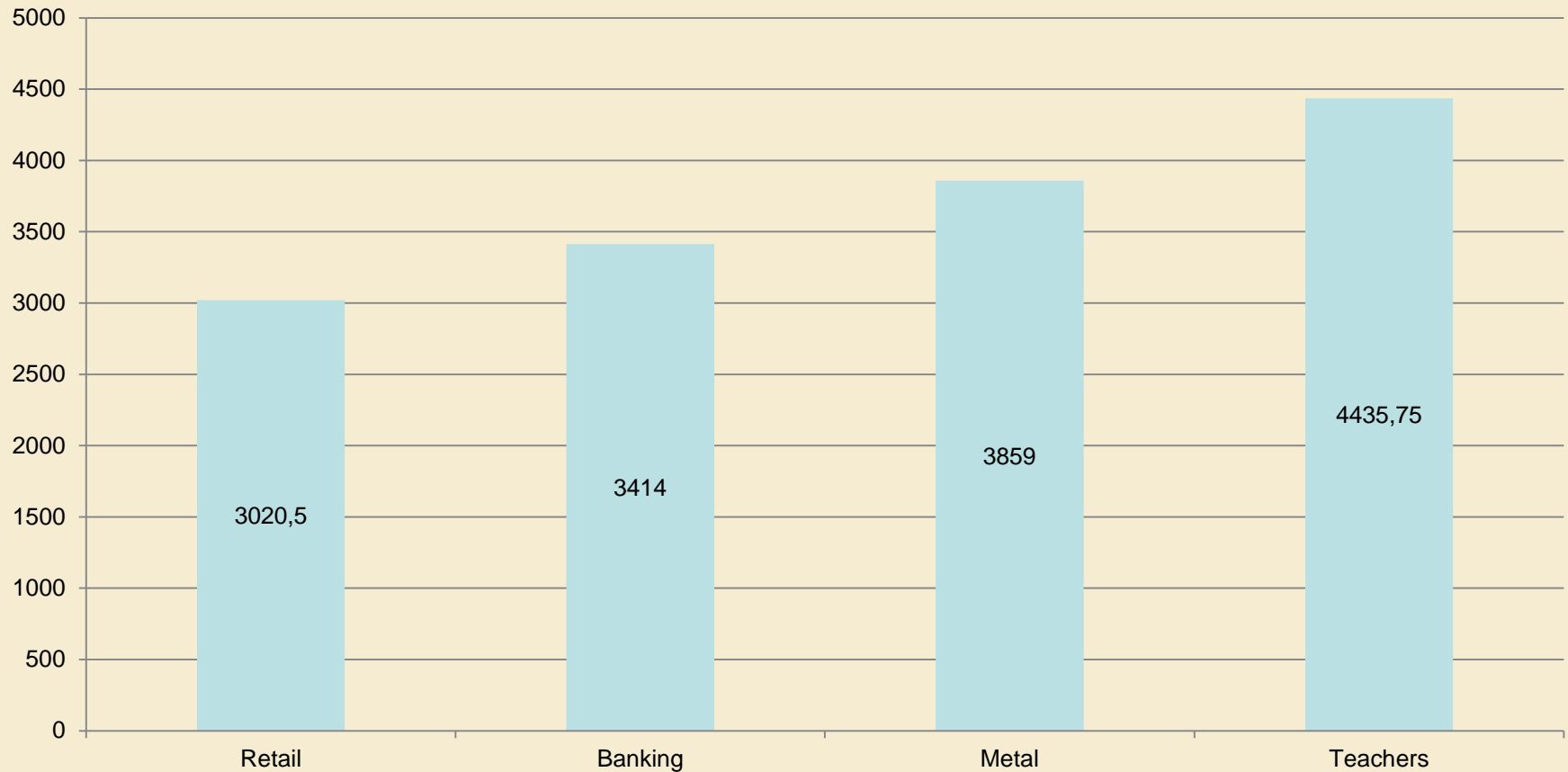
- Outsourcing (Back office)
- 50% AT-employees
- Wage modernisation blocked

## Retail

- Erosion of collective bargaining (less than 40%)
- Outsourcing of cashiers and storage fillers
- Wage modernisation blocked

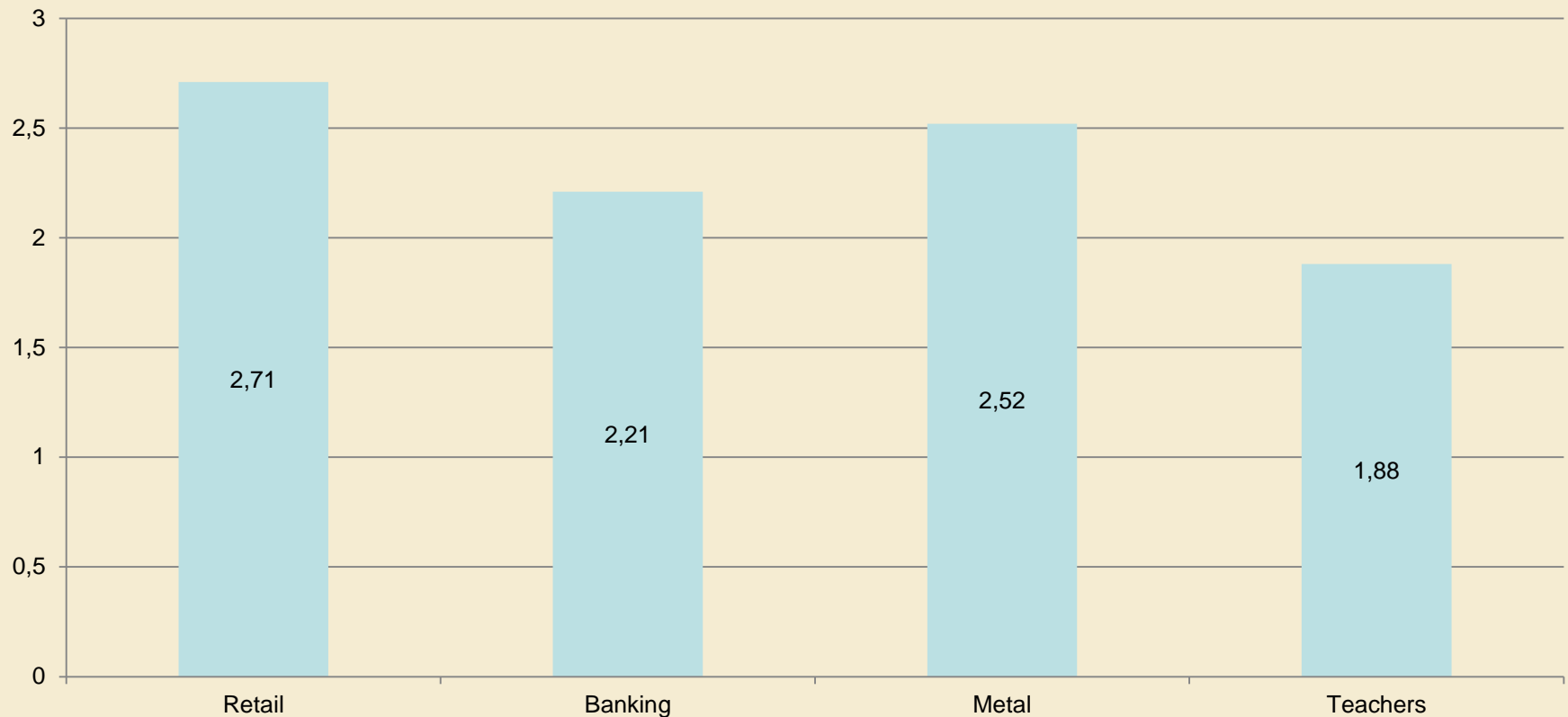
# Industries Compared

## Mean wage of current collective bargaining agreements (own calculations)



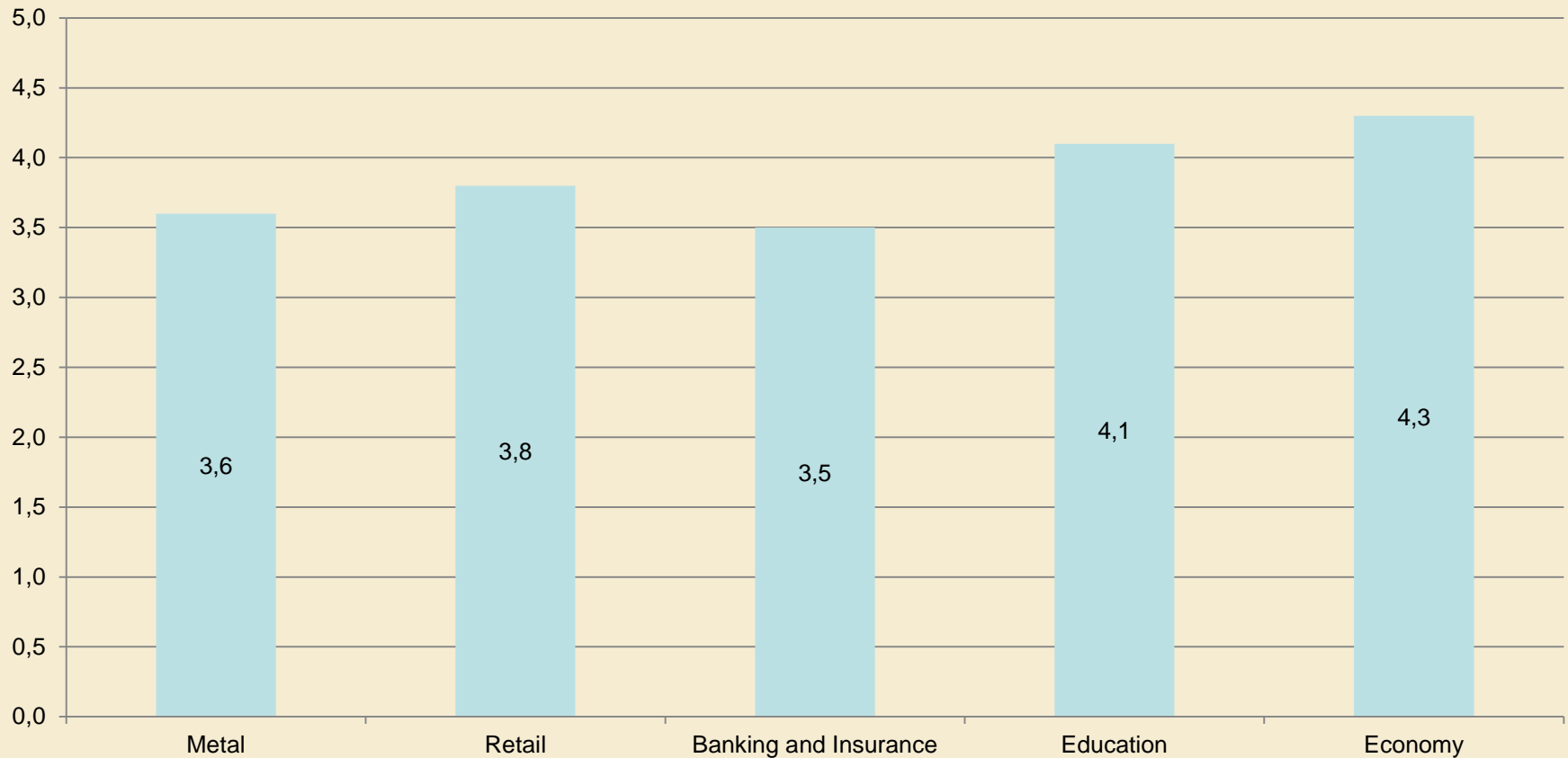
# Industries Compared

Ratio of highest/lowest wage groups in the collective agreements  
(own calculations)



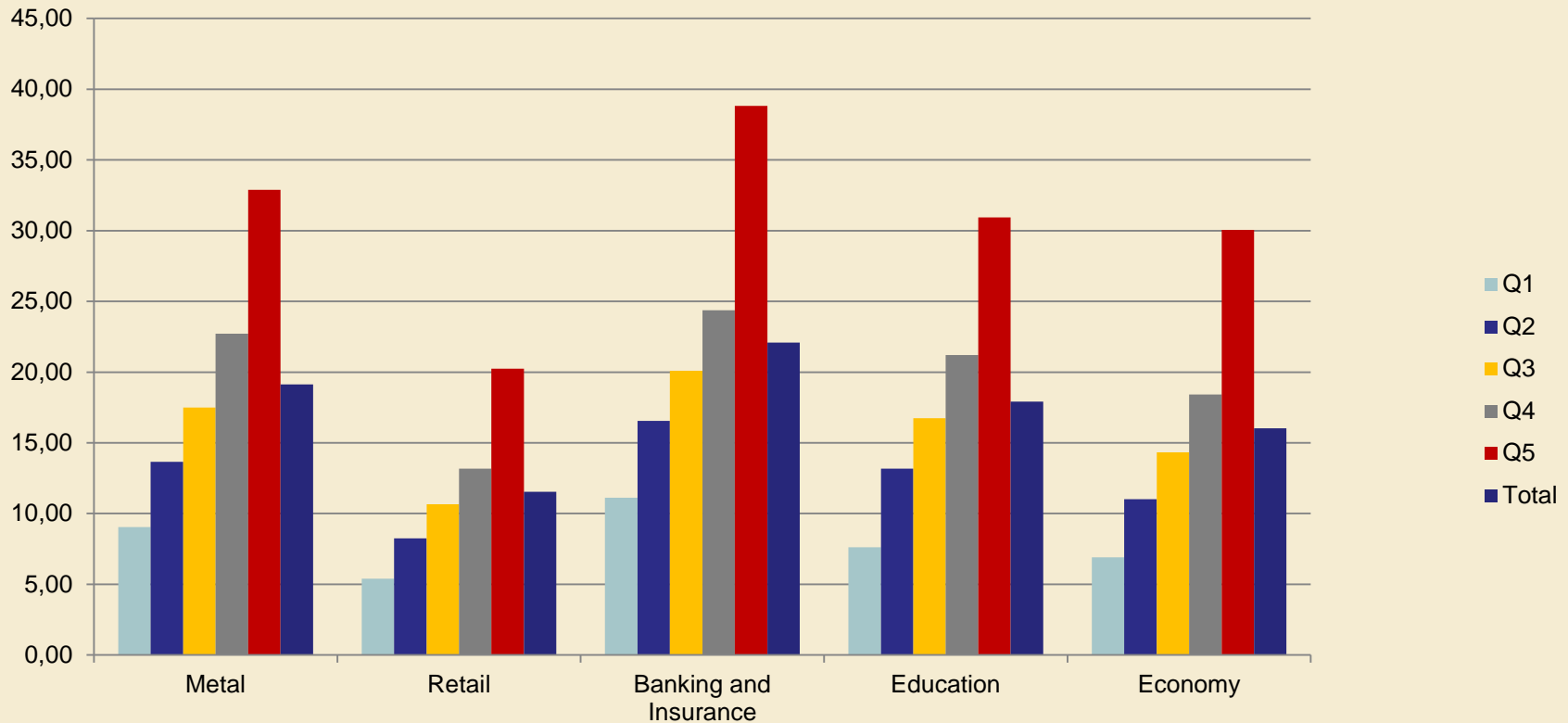
# Industries Compared

## Relation Q5/Q1 of actual hourly wages (SOEP, own calculation)



# Branchenvergleich

## Actual hourly wages in quintiles (SOEP, own calculations)



# Summary

- Wage growth weak
- Reversal of trend since financial crisis
- Increasing wage inequality and wage dispersion
- Decline of collective bargaining and pattern bargaining
- Different developments between industries – wage segmentation of the economy - Gap between manufacturing and service sectors
- Counter Tendencies: Wage modernisation, minimum wage