

Wage Setting and Wage (In-)equality in Germany

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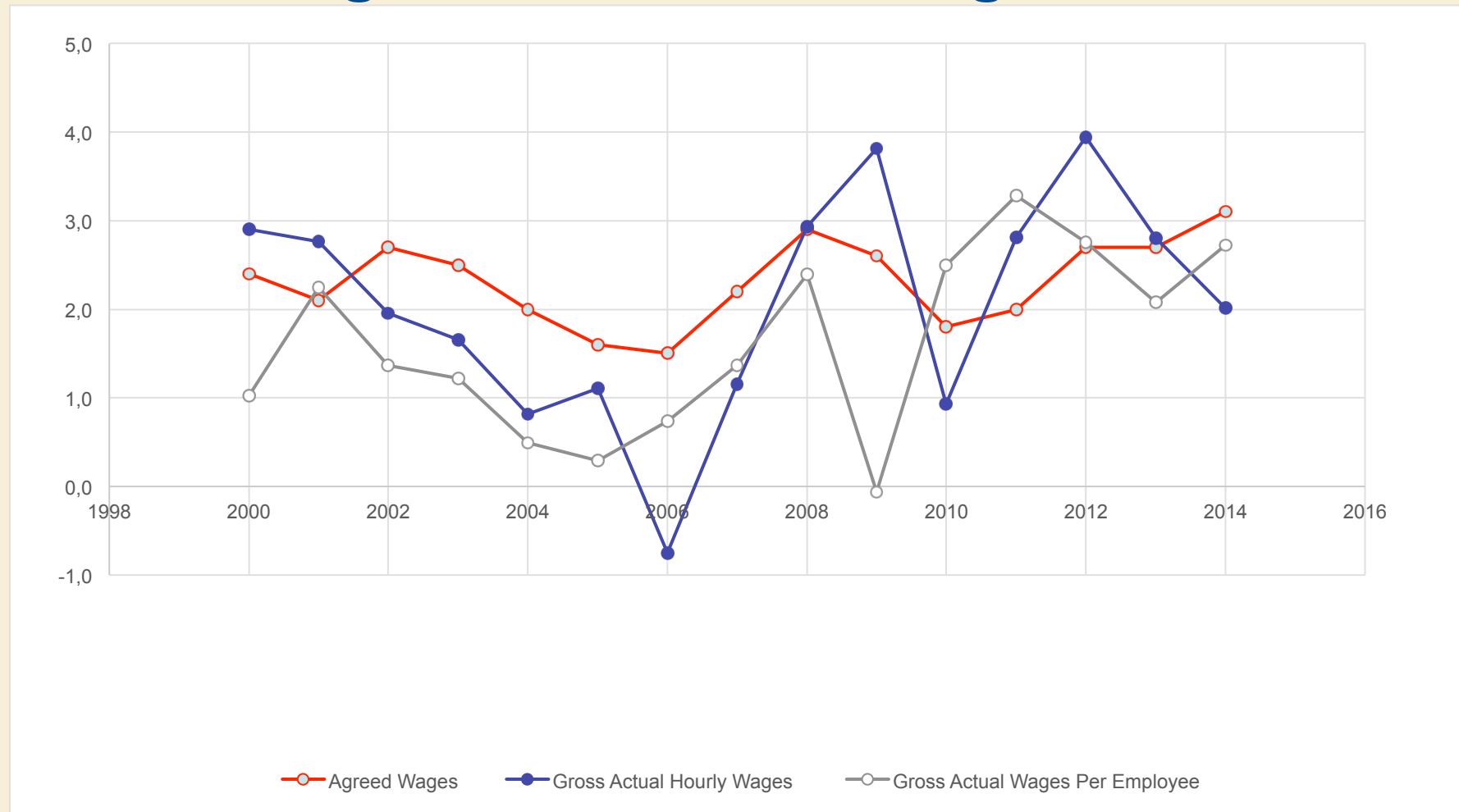


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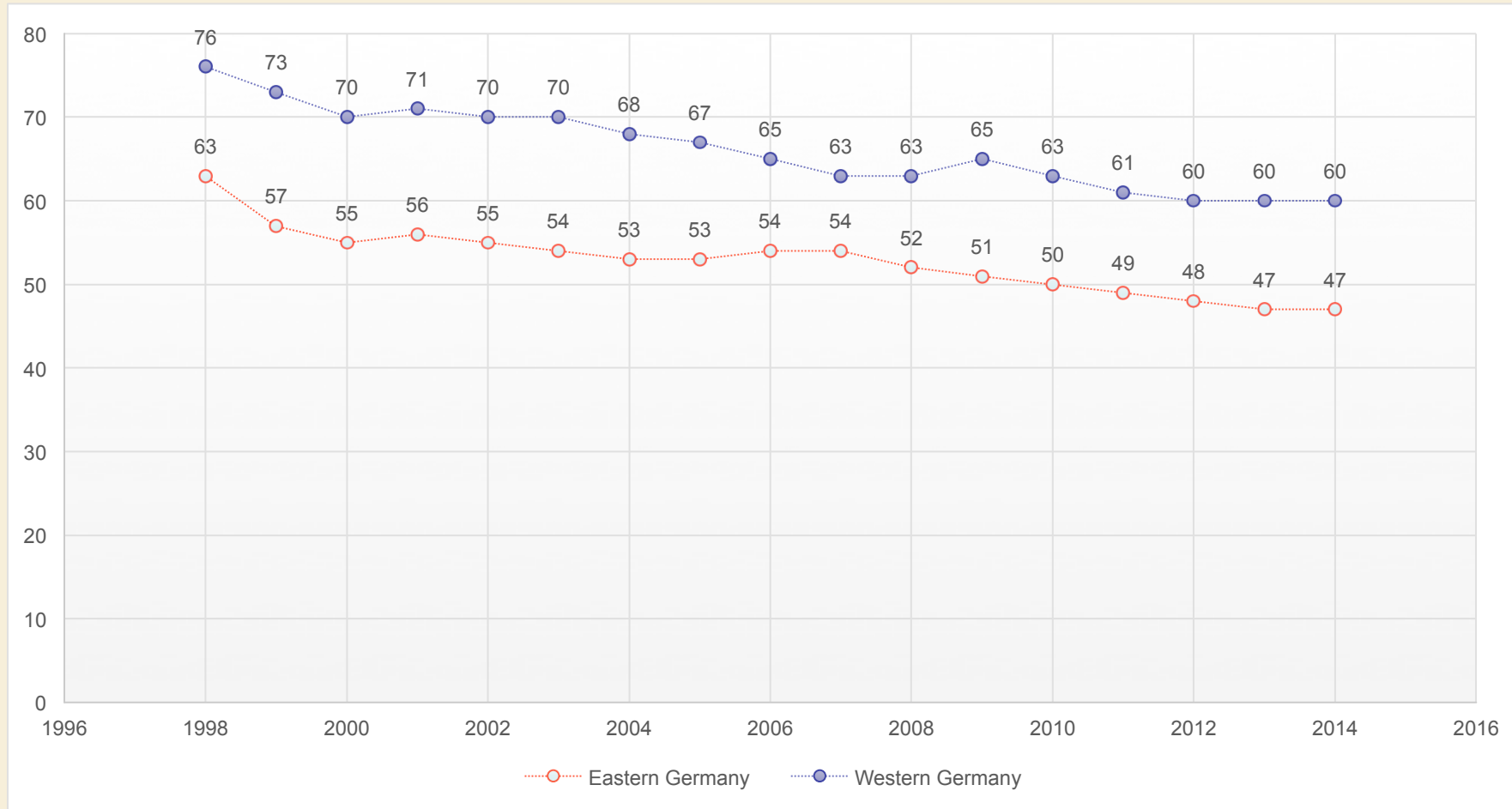
Further information is available at <http://moodle.adaptland.it/newin>

NATIONAL SITUATION

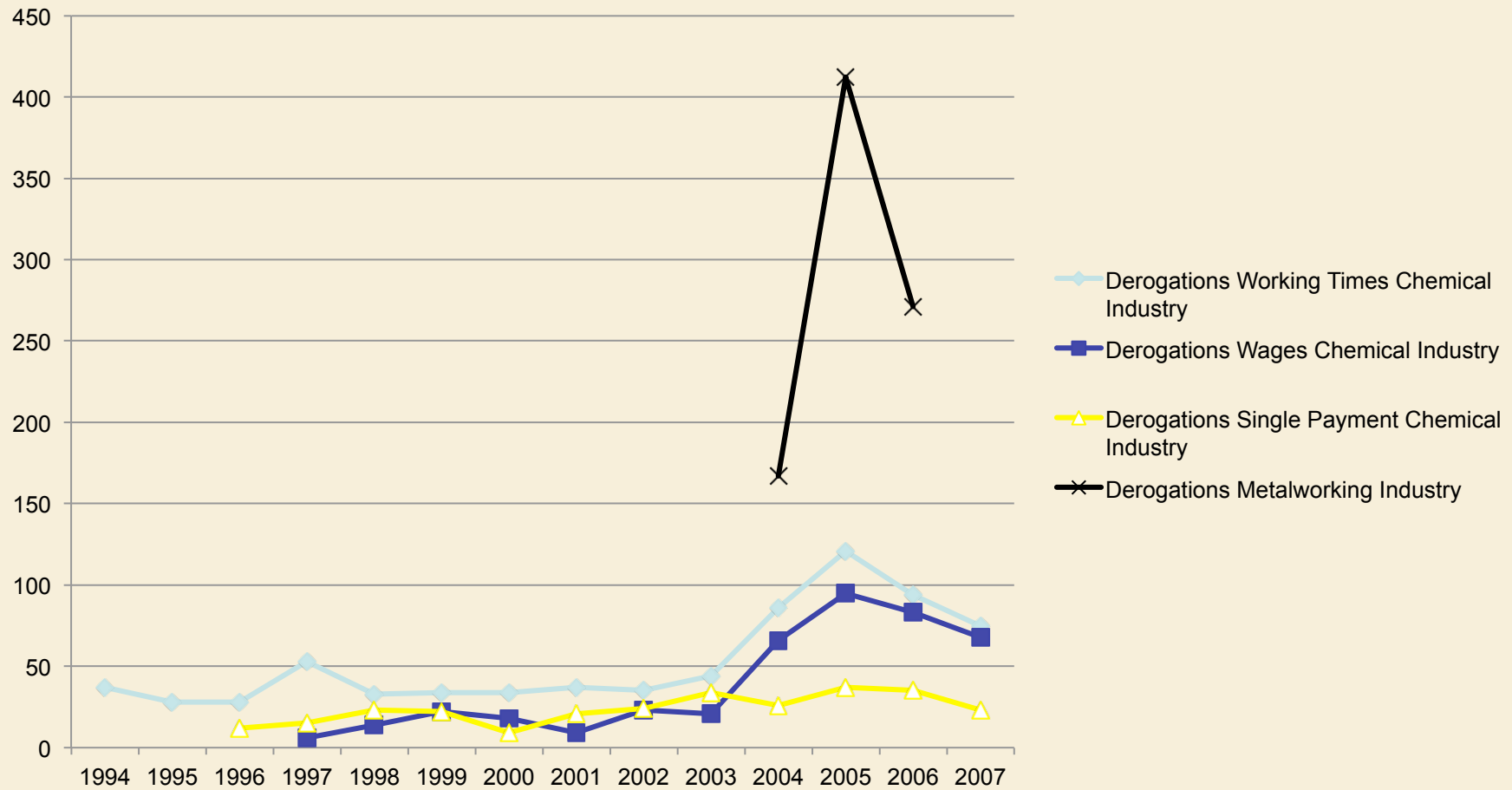
Nominal agreed and actual wages 2000-2014



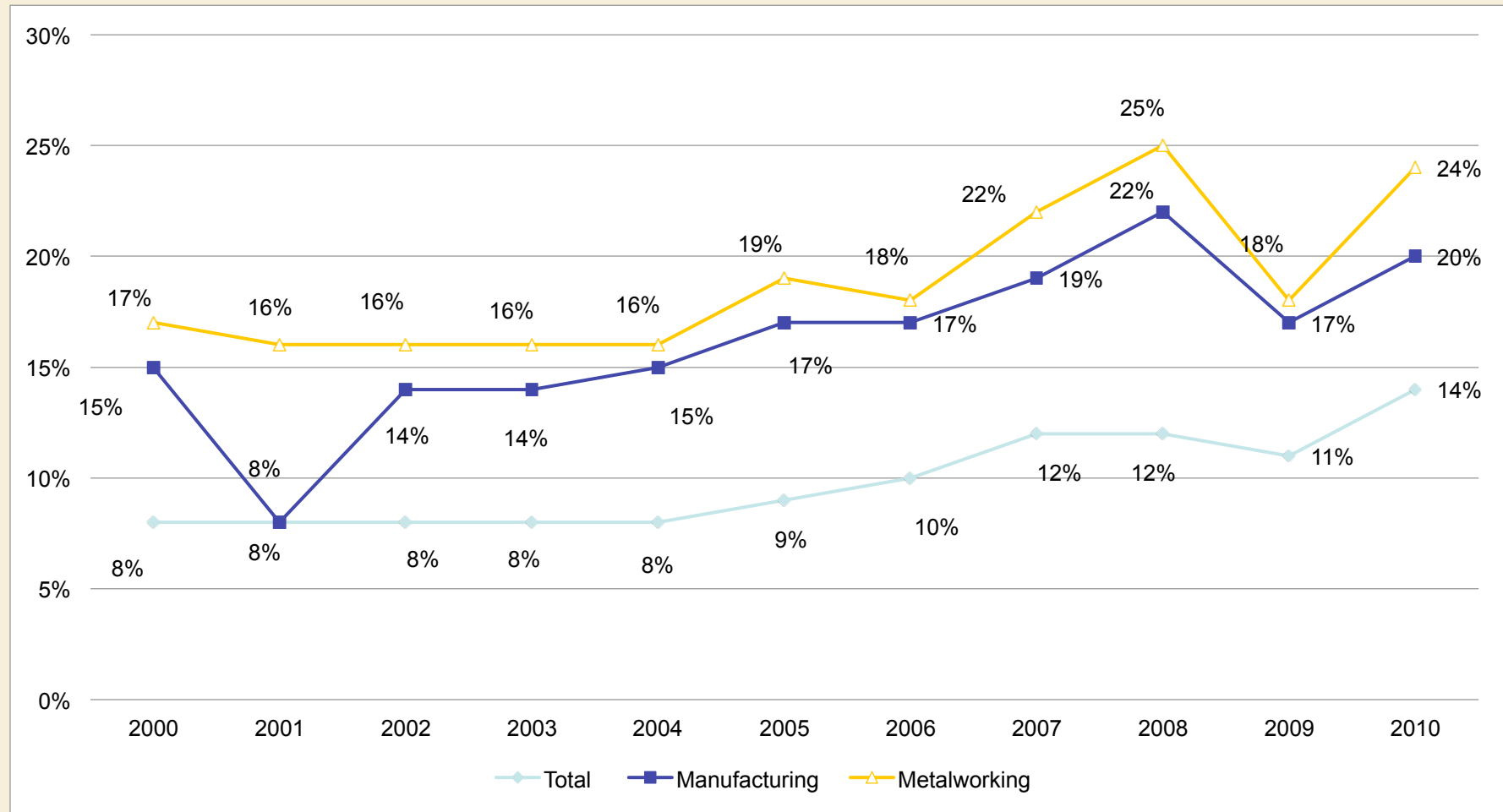
Collective bargaining coverage of employees



Number of derogations in the metalworking and the chemical industry



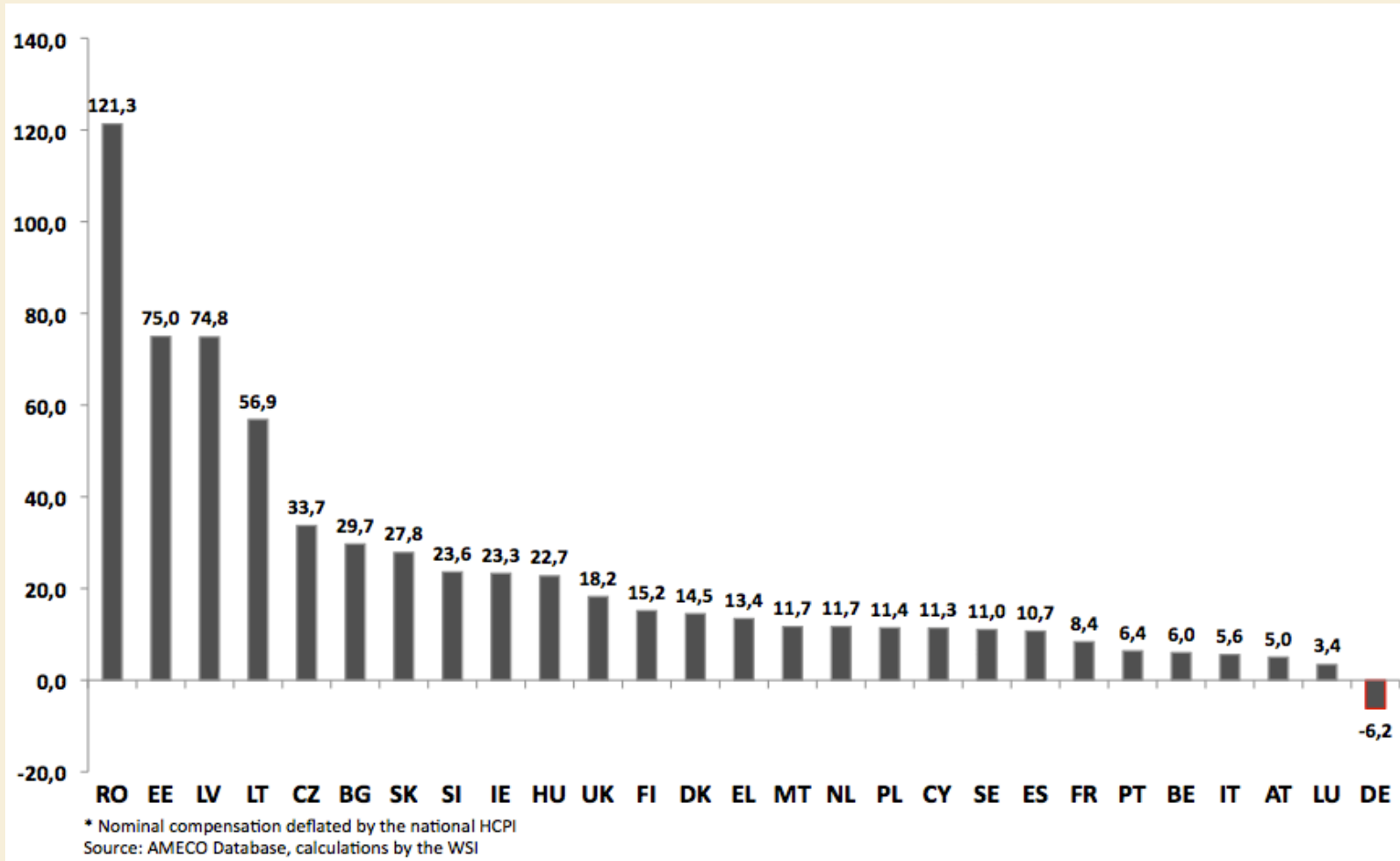
Incidence of profit-sharing by employee and industry



Real agreed and actual wages 2000-2014



Changes in real wages per employee*, EU 2001-2009



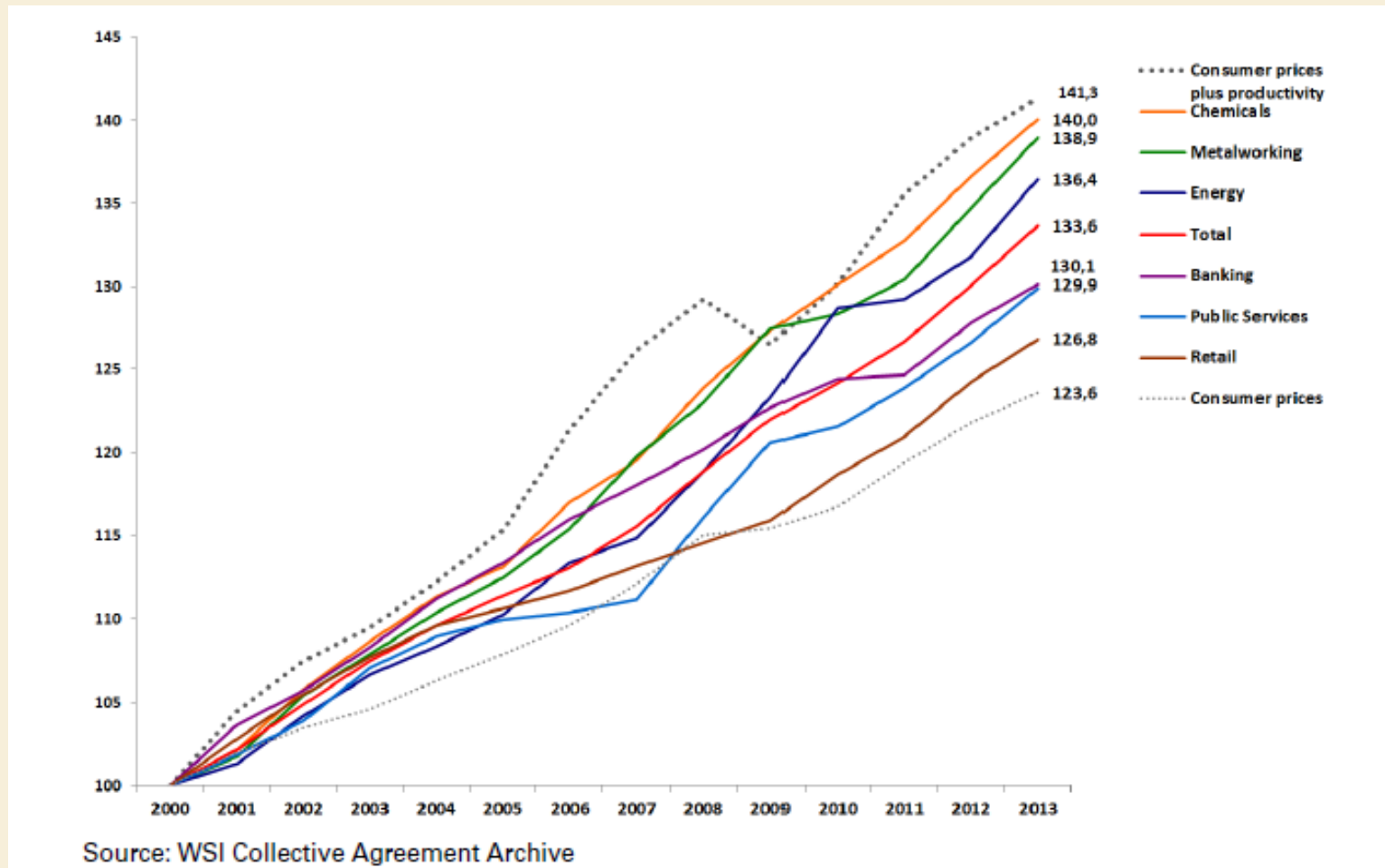
Exploitation of the cost-neutral margin of distribution for agreed and real wages



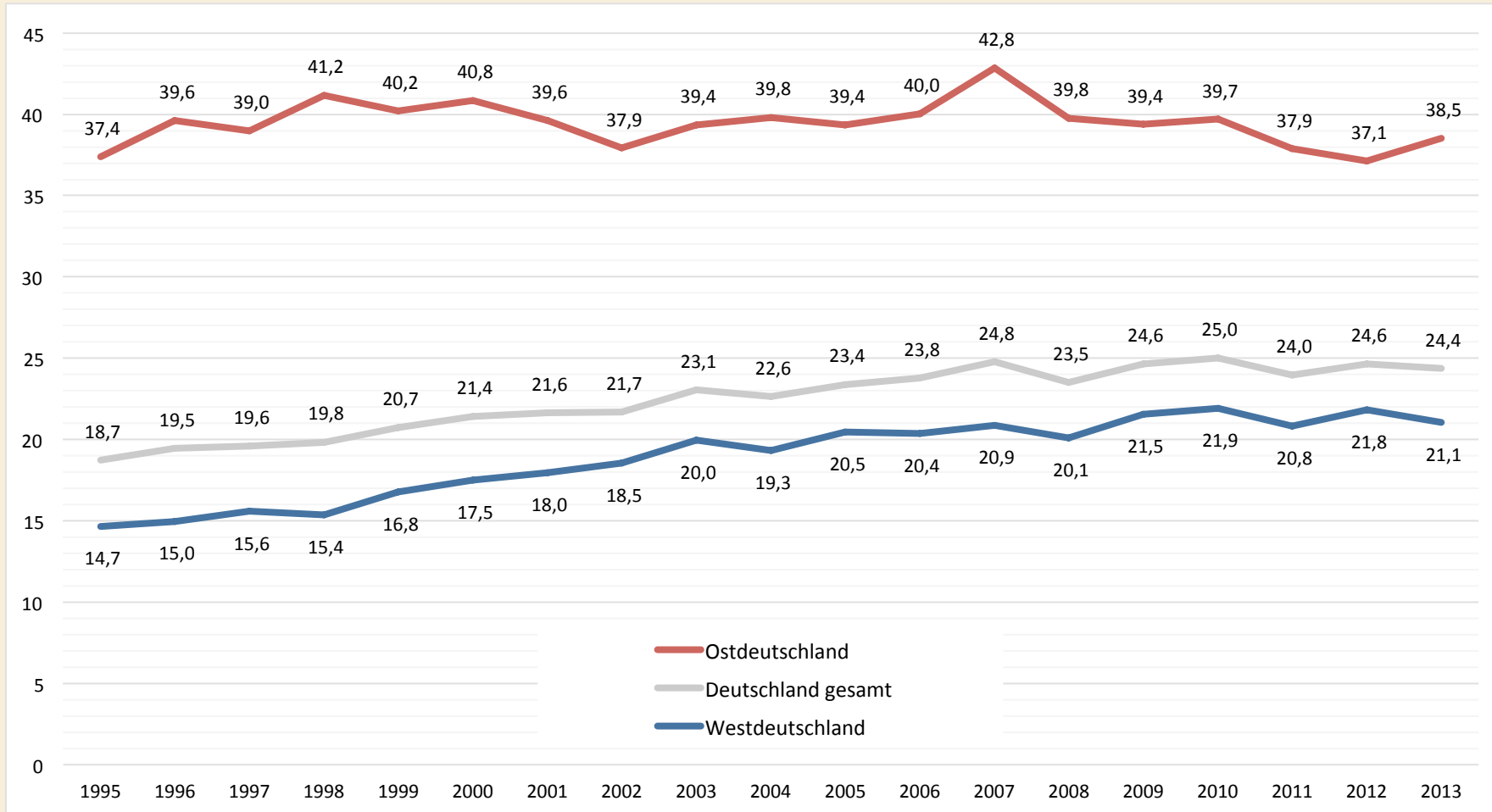
Development of the wage share



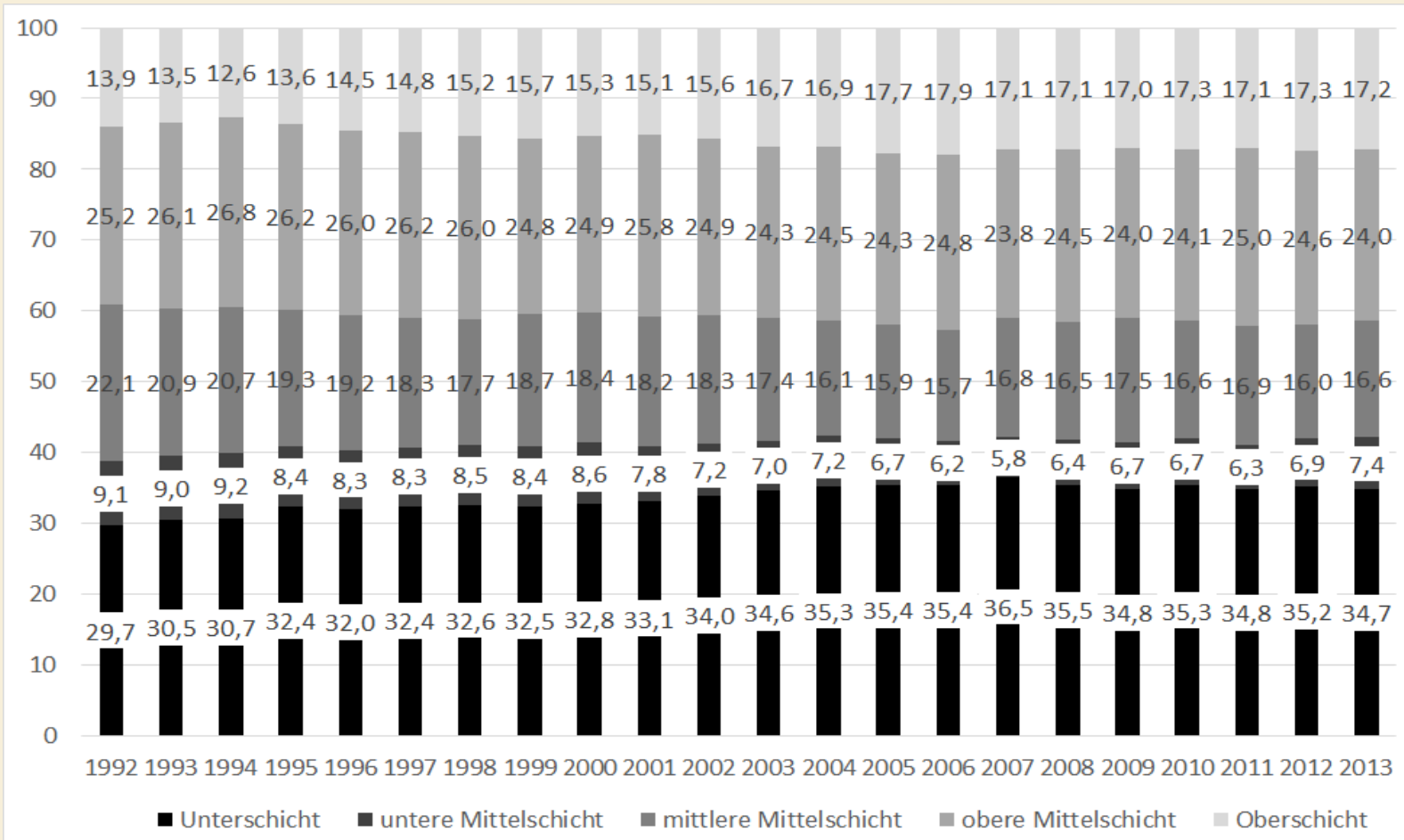
Development of collectively agreed wages in Germany



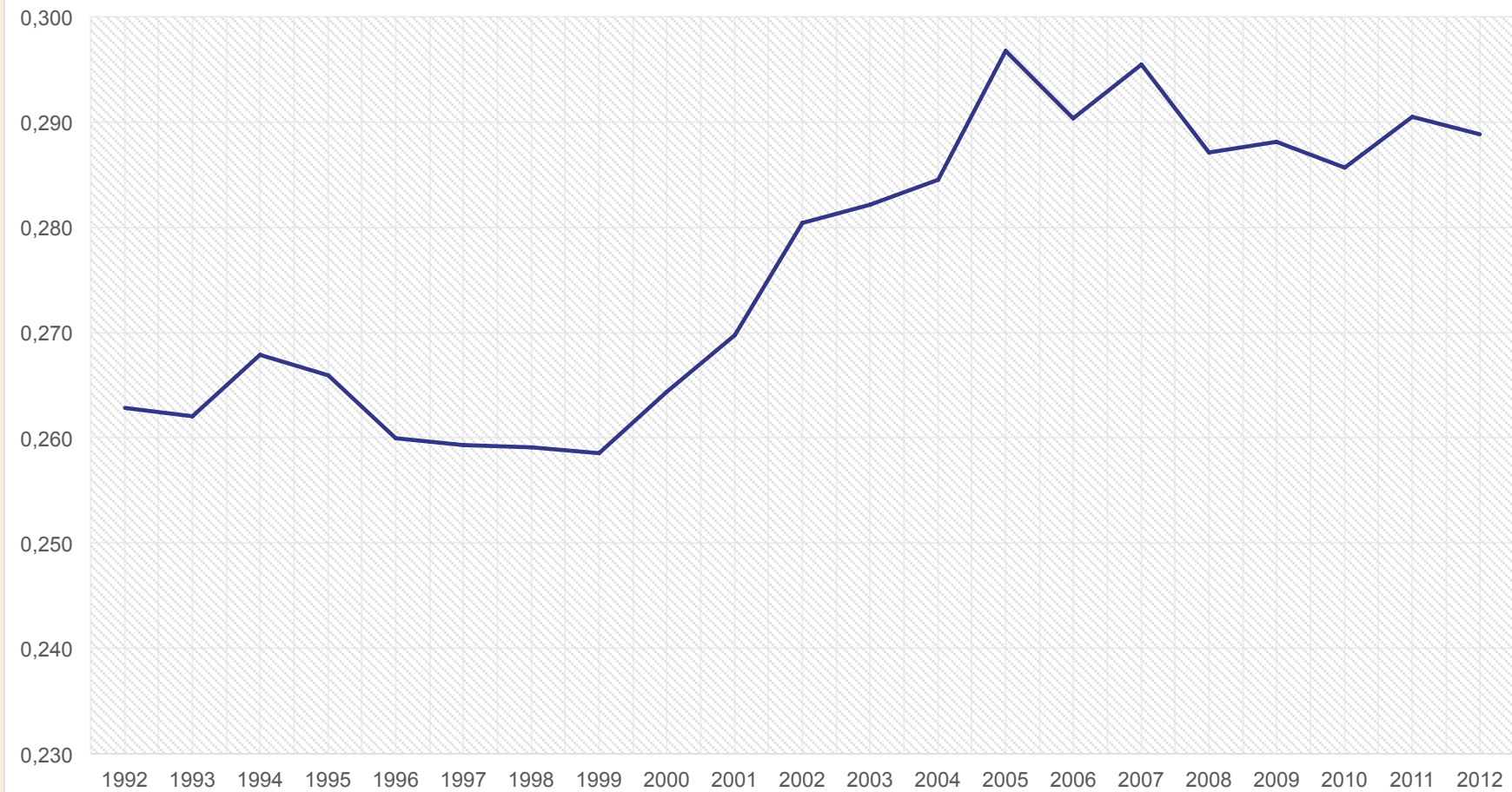
Low wage shares in Germany in % of the employees



Gross income strata, (weighted household income of the previous year)



Development of the Gini-Coefficient



Discourse on Wages and Wage Inequality

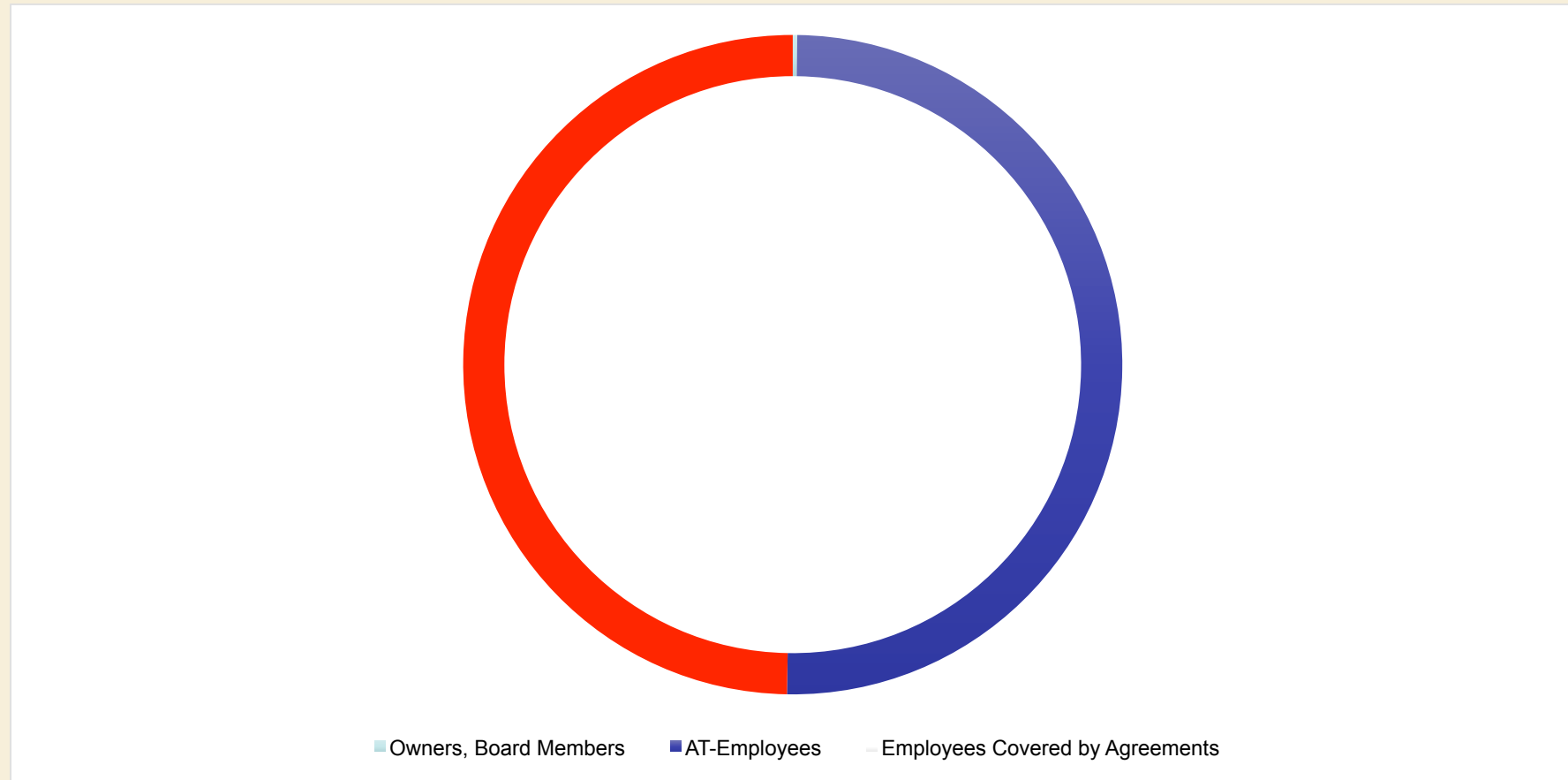
- Debate about globalisation and the German „Standort“ in the 1990s (sickness payments)
- 2000s: Competitiveness and neoliberal reforms (labour market, derogations, non-wage labour costs), exclusion of labour
- Financial crisis, union crisis strategies and renewal of social partnership
- Unions' campaigns on minimum wages and wage premiums temp agency workers – public attention on distributional justice
- Extended role of the state in wage setting

INDUSTRY DEVELOPMENTS

- Outdated bargaining agreements on wage structure and job definitions / examples
- Concentration of employees in higher wage groups (due to outsourcing simple services and back office)
- Outsourcing and opting out - OT-firms
- High collective bargaining coverage – high share of workers not covered (AT-employees) due to low level of upper wage groups
- Stalemate modernization of wage groups and conflict about higher wage groups

Banking

Structure of Employees in Private Banks, AGV Banken 2015

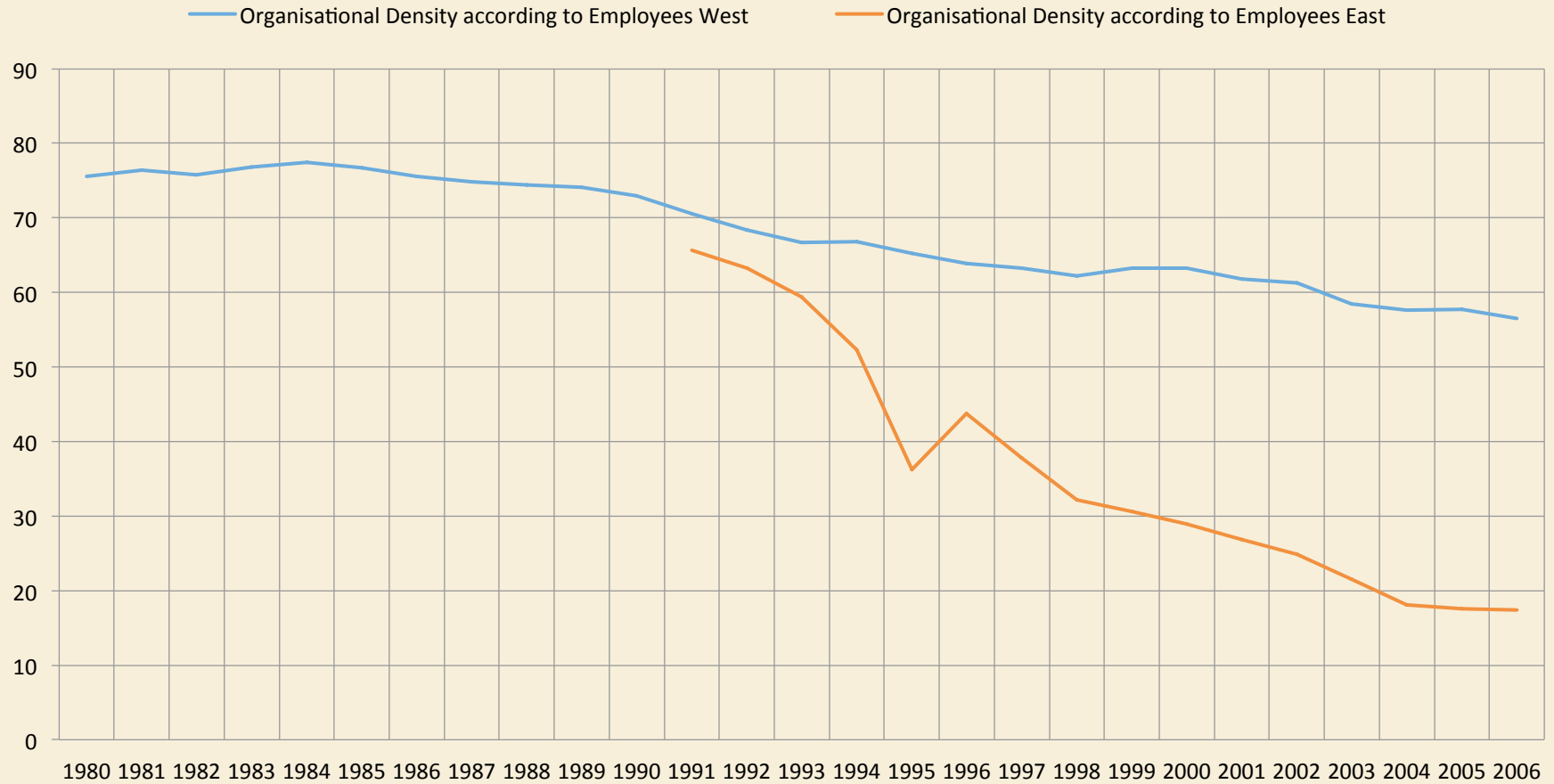


Schools

- Two forms of contracts: civil servants and non-civil servants
- Collective agreements for the *Länder* – decentralization
- Modernization of wage groups in 2006
- Different wage levels contracts
- Different strategies *Länder*:
 - Role of civil servants among teachers
 - Different wage grouping
 - Entrance wages
- Conflict about common strategy of wage grouping (also between unions)

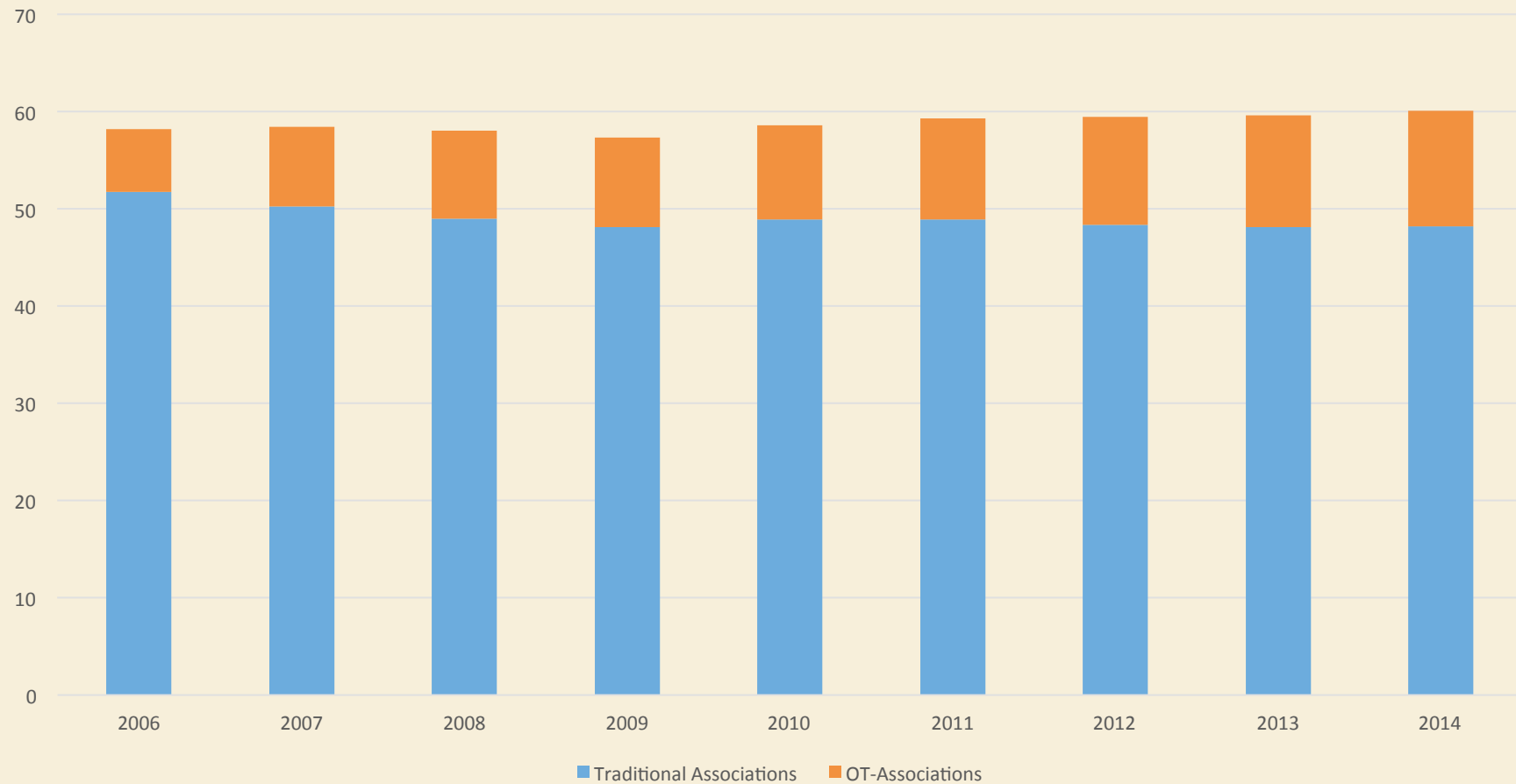
- Part of M and E industry
- Modernization of wage groups and job definitions 2003/4
- Decentralisation of collective bargaining – derogations (cost pressure on suppliers)
- Decline of collective bargaining coverage: Opting out and OT-associations
- Temp agency work and outsourcing (service contracts)
- Wage inequality driven by profit sharing
- Union: Successful campaign wage premium temp agency workers – conflict about service contracts

Automotive Organisational Density of Employers' Associations in the Metalworking Industry



Automotive

Organisational Density of Traditional and OT-Associations in the M and E industry



- Outdated agreements on wage groups and job definitions
- Strong regional differences
- Erosion of collective bargaining coverage (from extension to about 40%)
- Opting out of firms from collective bargaining – OT-strategy
- Outsourcing cashiers and storage fillers
- Pressure on downgrading cashiers and storage fillers in collective agreements – resistance unions
- Stalemate in modernization efforts

CONCLUSIONS

Conclusions

- Germany: coordinated market economy
 - Wage coordination industry level
 - Rather low inequality
- Coordination in erosion
 - Erosion of pattern bargaining
 - Differences between sectors (wage levels, bargaining coverage, actors' capabilities)
 - Weak ,liberal' industry regulation like retail
 - Undermining effects for strong sectors (outsourcing etc.)
- Aspects of revitalisation (modernization, union campaigns on wages...)
- More favourable conditions since crisis (growth, debate)
- Enhanced role of the state (minimum wage standards)