

German Wage Restraint as Shining Example ?

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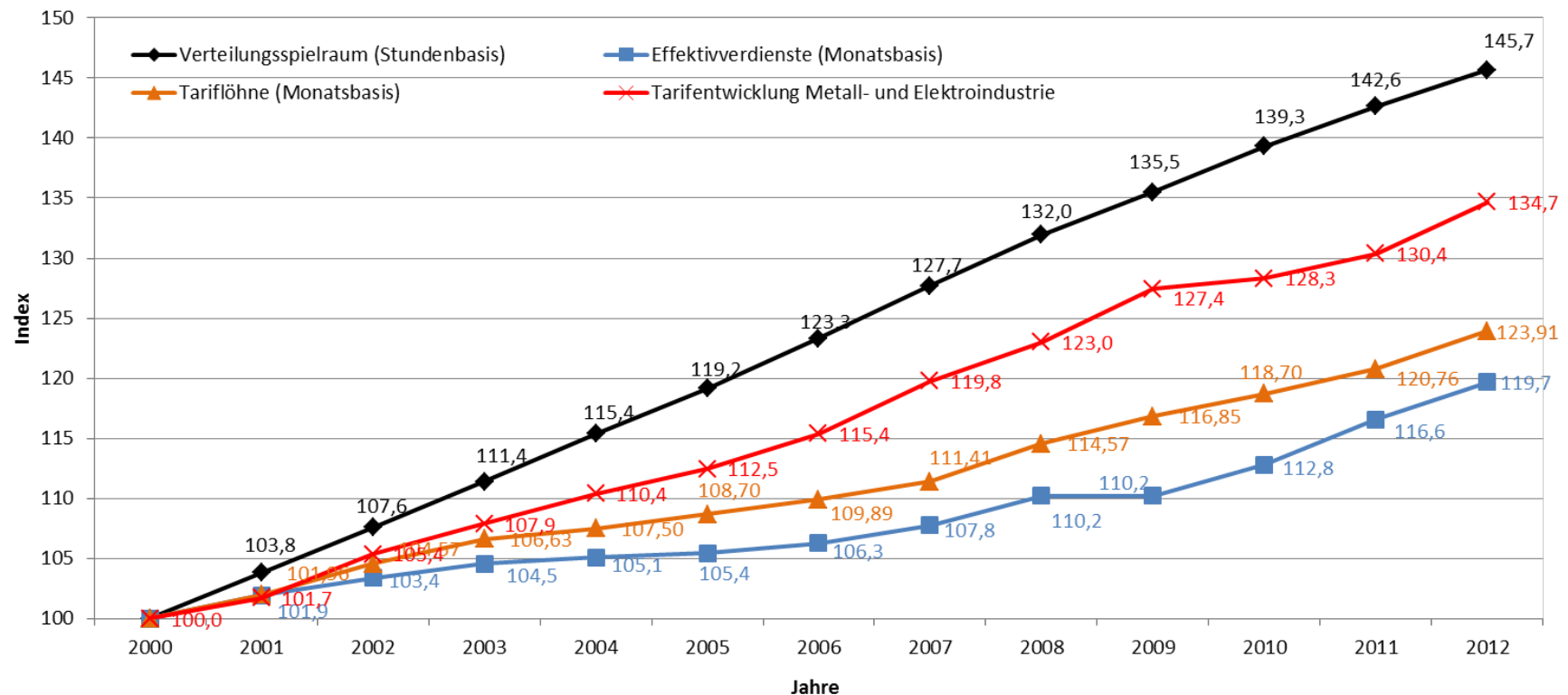
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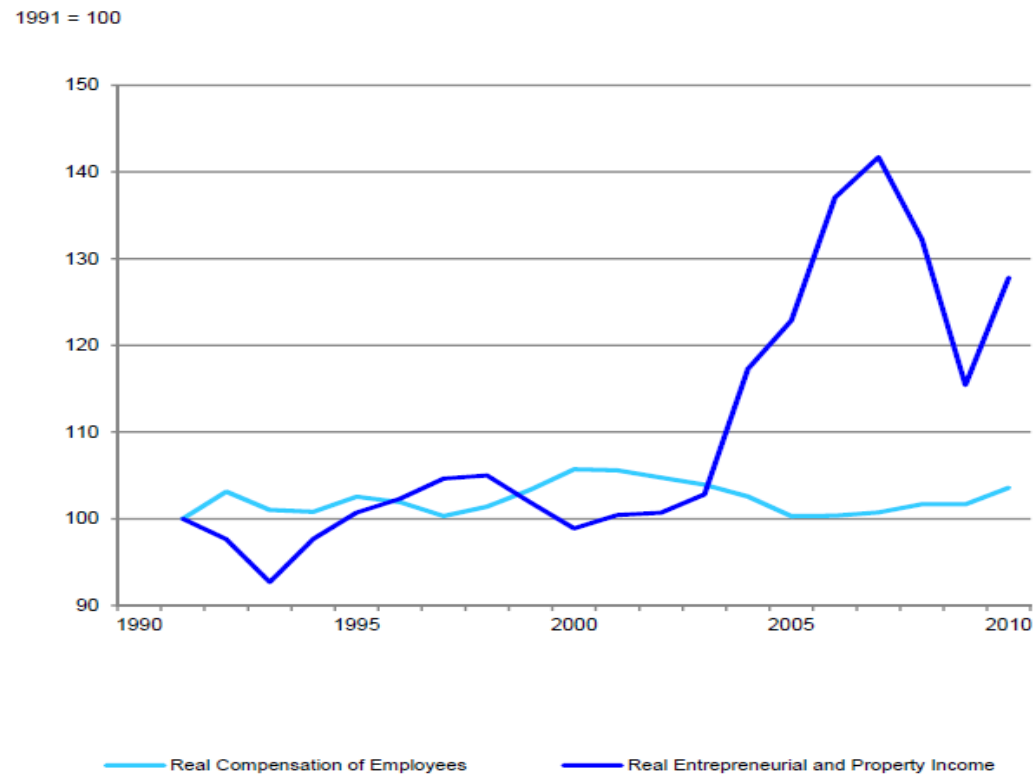
Hourly Wages in Germany

"Ausnutzung des Verteilungsspielraums" Kumulierte Betrachtung 2000 bis 2012 (2000 = 100)



Quelle: Statistisches Bundesamt: Fachserie 18, Reihe 1.2, Wiesbaden, Bundesbank, WSI Tarifarchiv, eigene Berechnungen.
 Berechnungen: Der Verteilungsspielraum ist die Summe der Veränderungsrate der Arbeitsproduktivität je Erwerbstätigenstunde und der Zielinflationsrate der EZB (1,9%).
 Bei der Veränderungsrate der Arbeitsproduktivität je Erwerbstätigenstunde handelt es sich um die durchschnittliche Zunahme der letzten fünf Jahre.

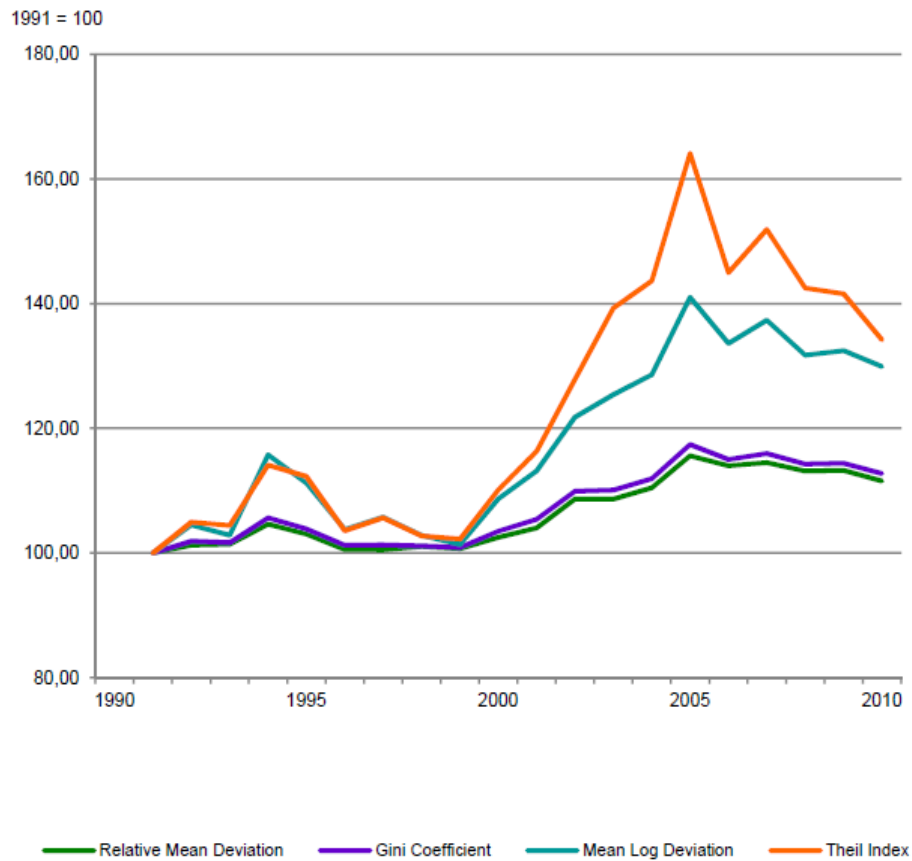
Real Compensation of Employees and Real Profit Income, 1991-2010



Note: This figure captures the evolution of capital income shares in Germany from 1991-2010. We contrast the relative evolution (index, 1991=100) of real employee compensation and real profit income as reported in national accounts. The calculations for the survey data are based on equalized incomes.

Source: German Federal Statistical Office, SOEP, own calculations.

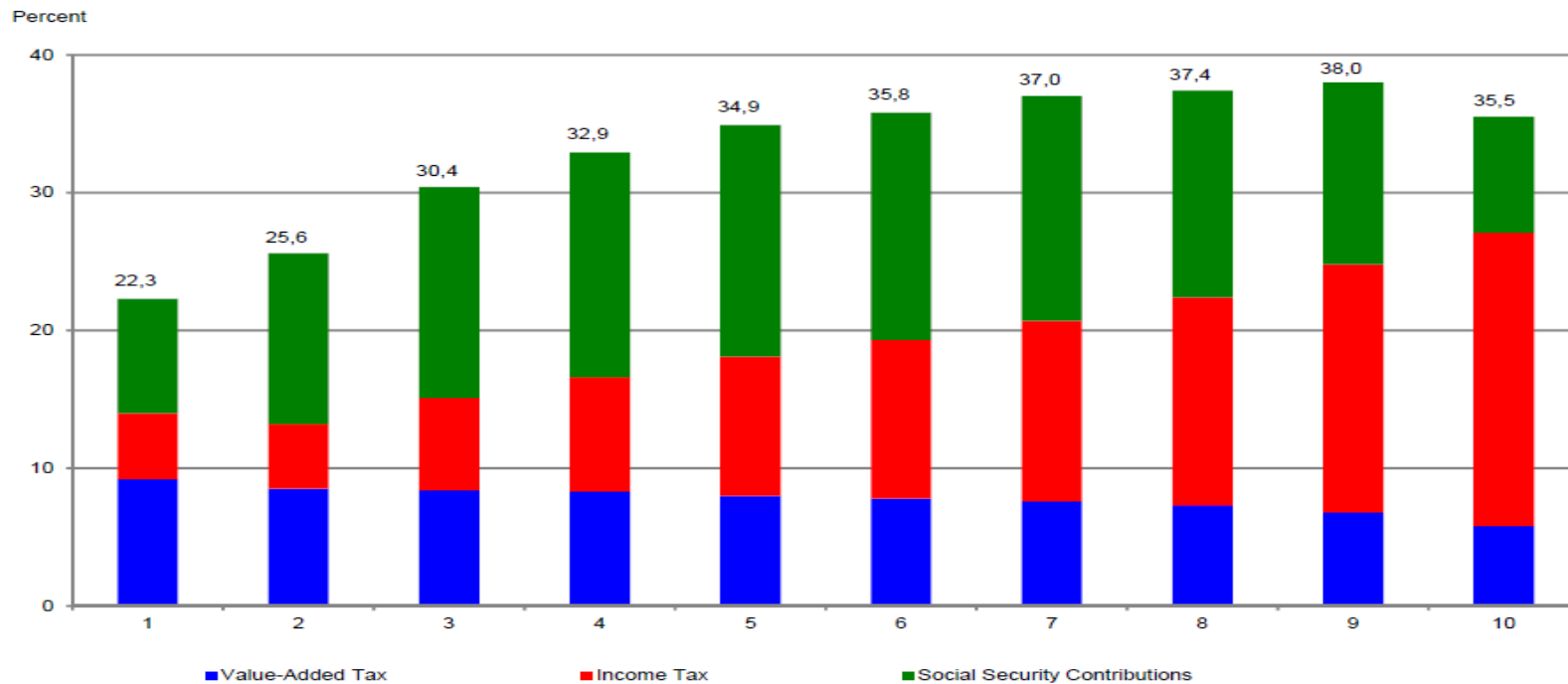
Aggregated Concentration Indices of Net Equivalized Income, 1991-2010



Note: This figure illustrates various aggregated concentration measures for net equivalized income in Germany from 1991-2010. A relative representation is shown.

Source: SOEP, own calculations.

Share of Total Burden (Taxes and Social Security Contributions) in Percentage of Net Equivalized Income by Income Deciles, 2012



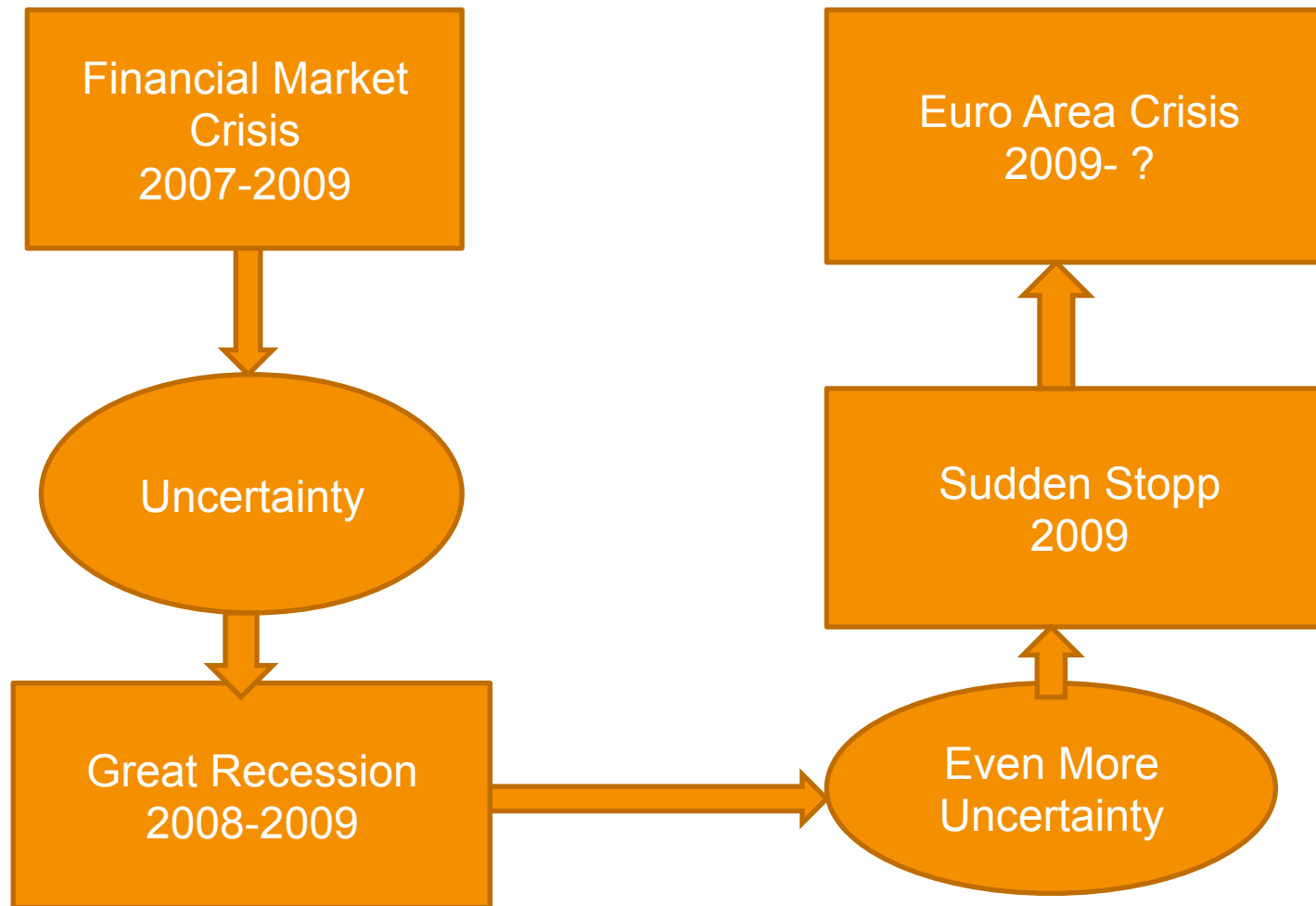
Note: The evaluation is based on data from the Income and Expenditure Survey (EVS) from the Federal Statistical Office. The basic data was collected in 2008 and was approximated for 2012 by Schäfer (2013). The shares are reported in percent.

Source: Schäfer (2013).

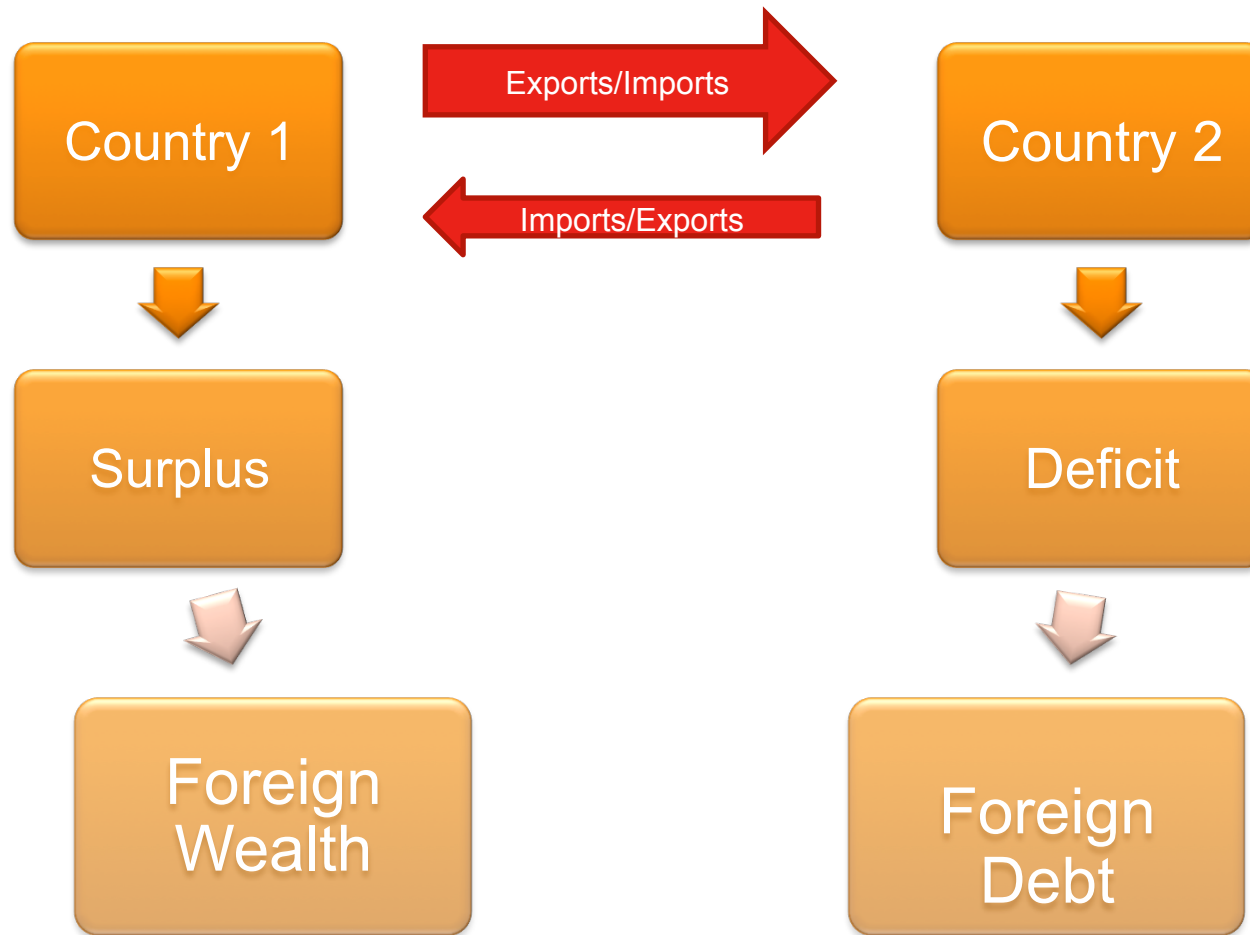
Main Drivers of Income Inequality in Germany, 1991-2010

	Market Equivalized Income	Net Equivalized Income
1991-2010: Long-term trend	<p>Steady increase in inequality through:</p> <ul style="list-style-type: none"> • demographic trends (declining household size, shifts in the educational structure) • increasing significance of atypical employment, rising capital income shares • rising wage spread among full-time employees 	<p>Rising inequality through:</p> <ul style="list-style-type: none"> • steady increase in concentration of market income • decreasing redistributive effect of taxes and public transfers
2000-2005: Acceleration	<p>Slight acceleration of the increase in income concentration due to:</p> <ul style="list-style-type: none"> • rising unemployment, increase in atypical employment, strong increase of capital income shares 	<p>Significant increase in concentration through:</p> <ul style="list-style-type: none"> • accelerated concentration of market income • cut of the maximum income tax rate
2006-2010: Stagnation	<p>Decreasing inequality from 2006 onwards because of:</p> <ul style="list-style-type: none"> • strong increase in employment • no further expansion of the share of atypical employment 	<p>No further increase in inequality since 2005 because of:</p> <ul style="list-style-type: none"> • decreasing market income concentration • reduced effectiveness of the taxes and public transfer system

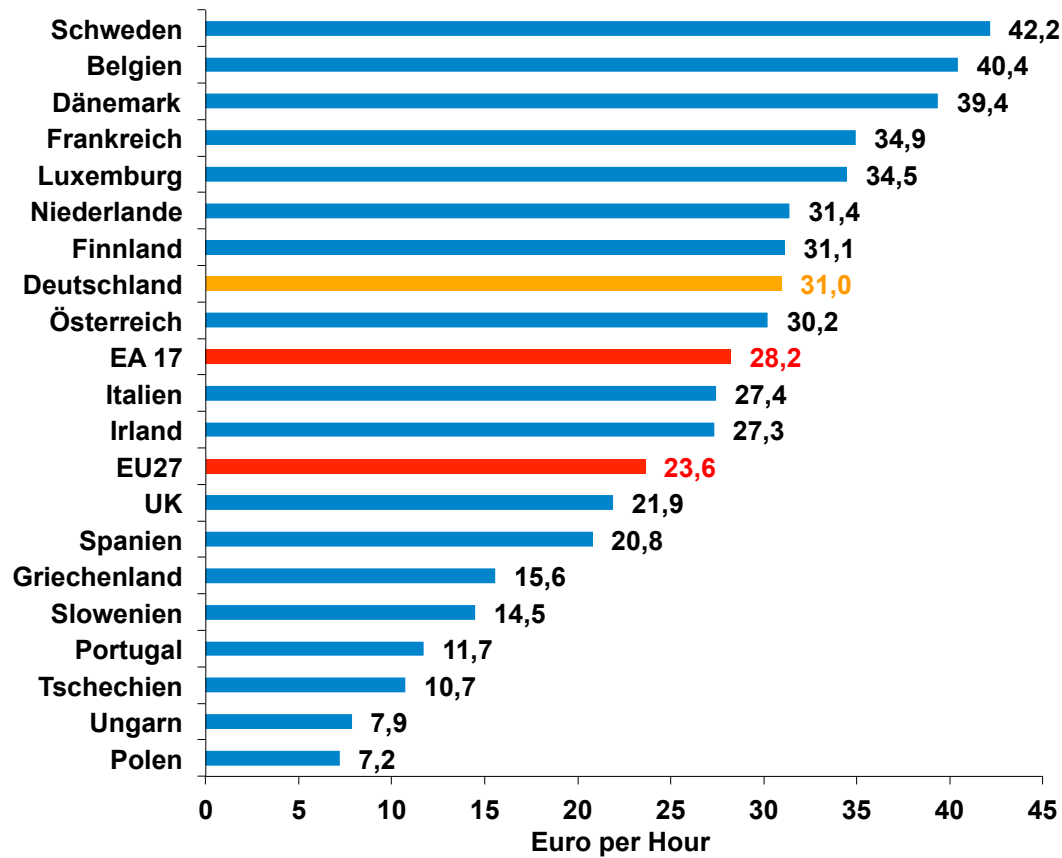
What was the Sequences of Crises ?



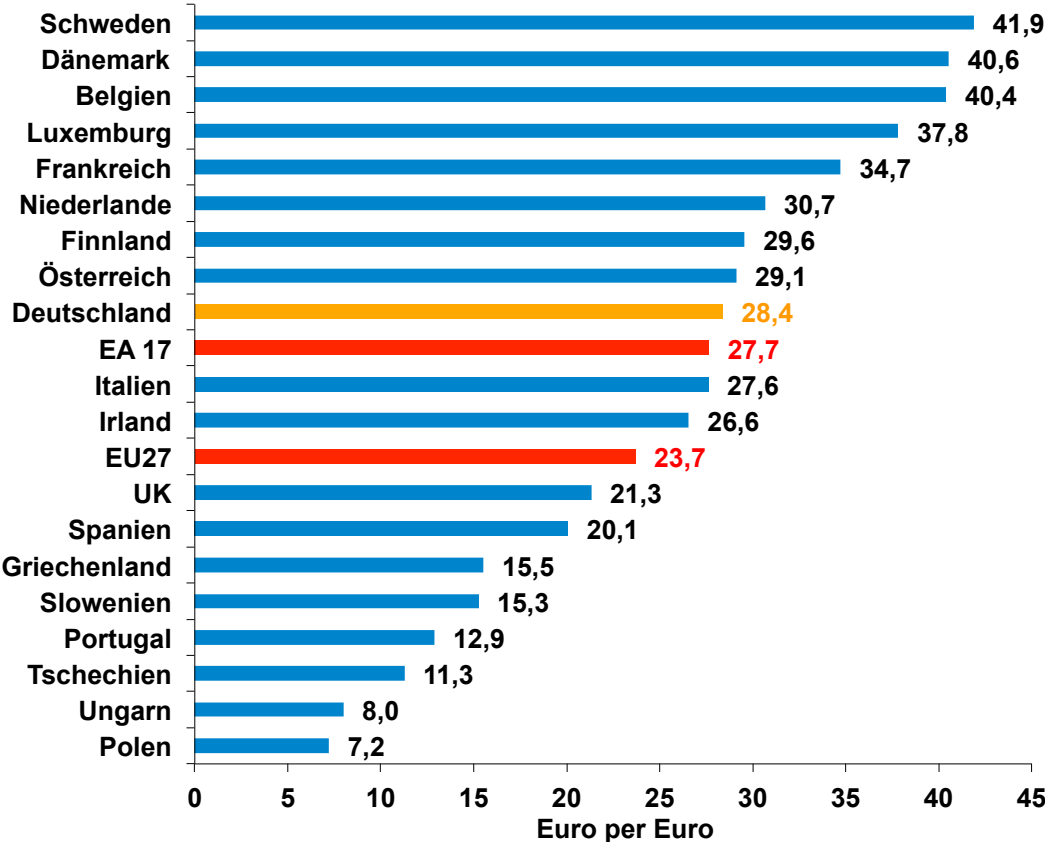
What Caused the Sudden Stopp?



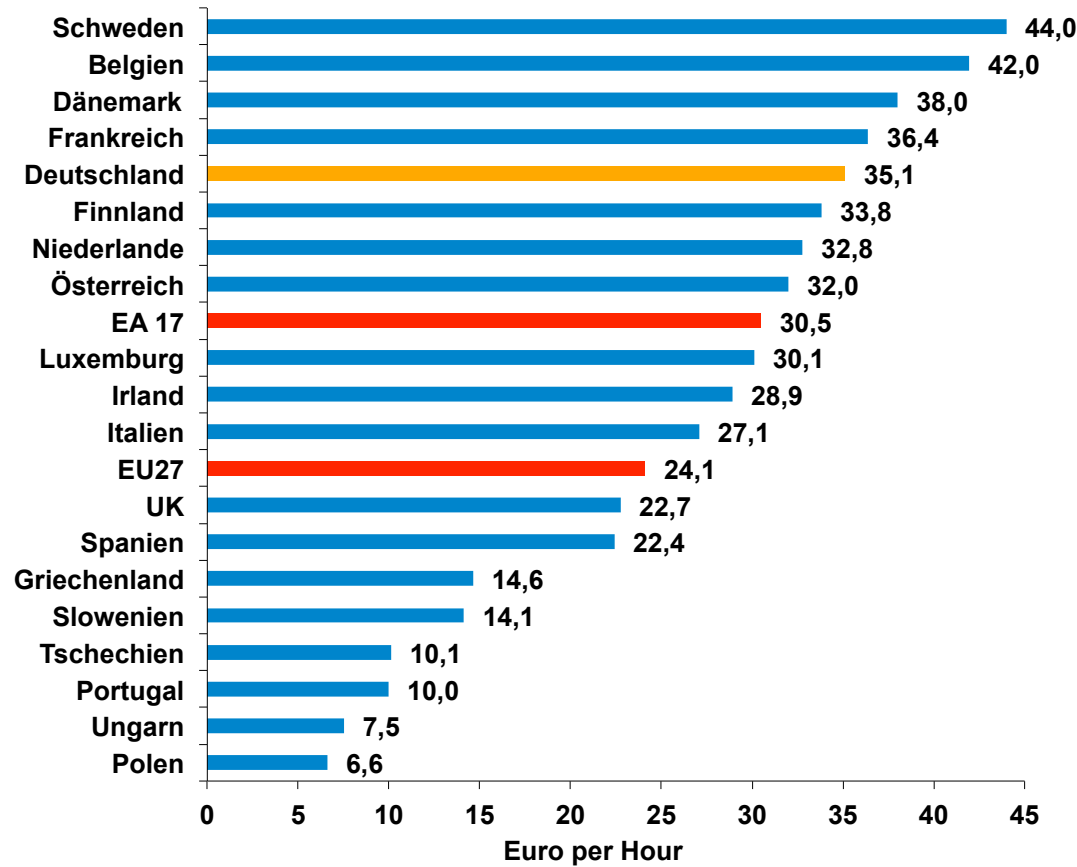
Labour Costs per Hour Private Sector 2012



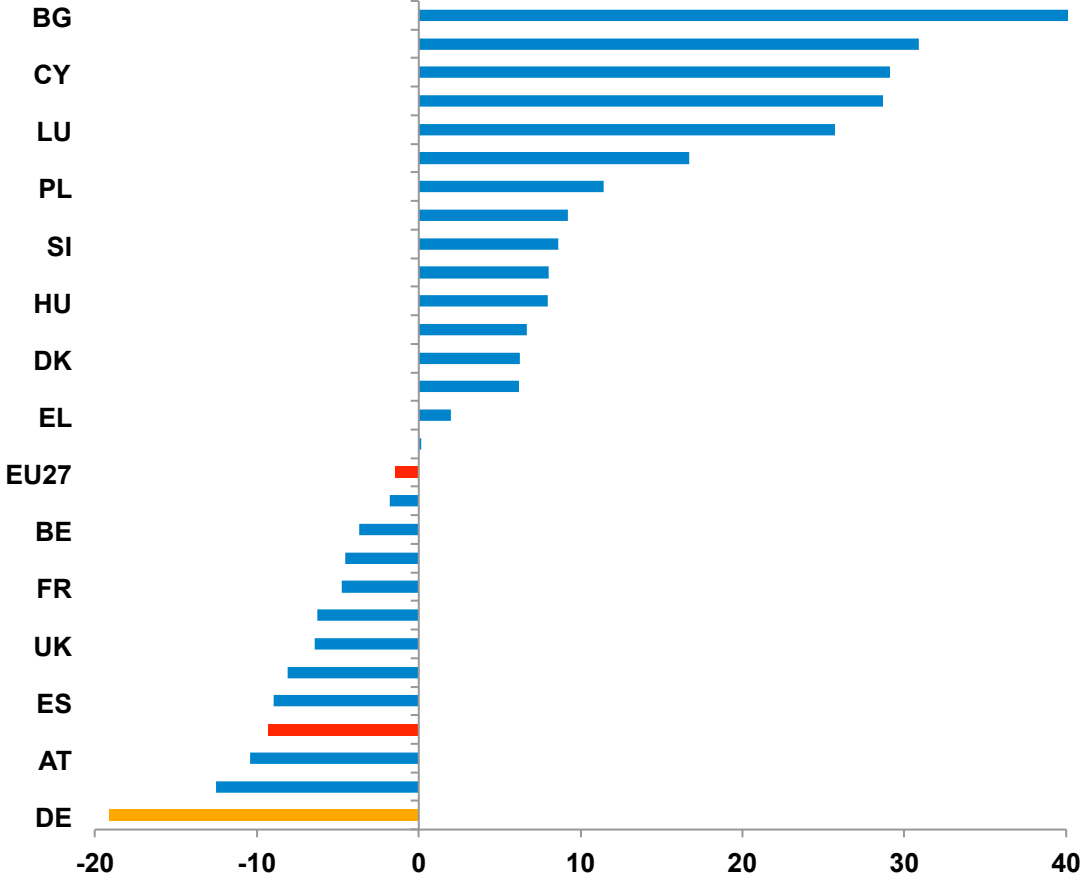
Labour Costs per Hour Service Sector 2012



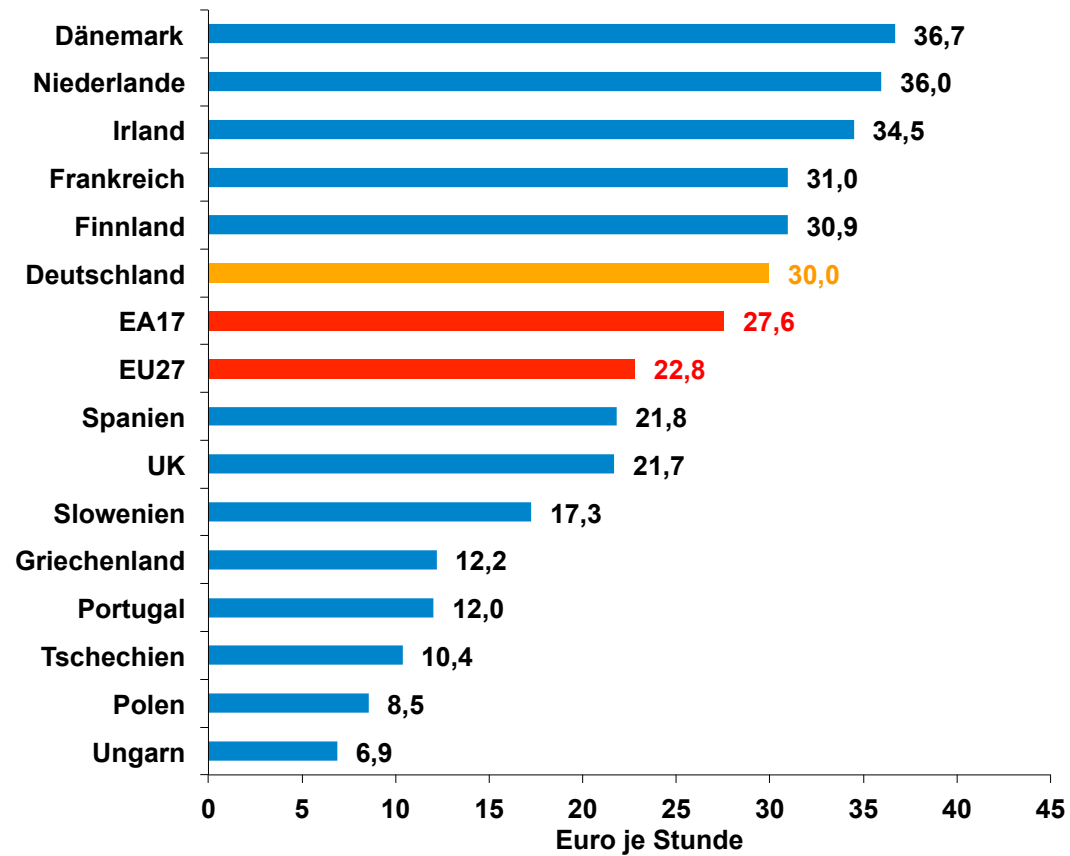
Labour Costs per Hour Manufacturing 2012



Difference in % between *Manufacturing and Service Sector* 2012

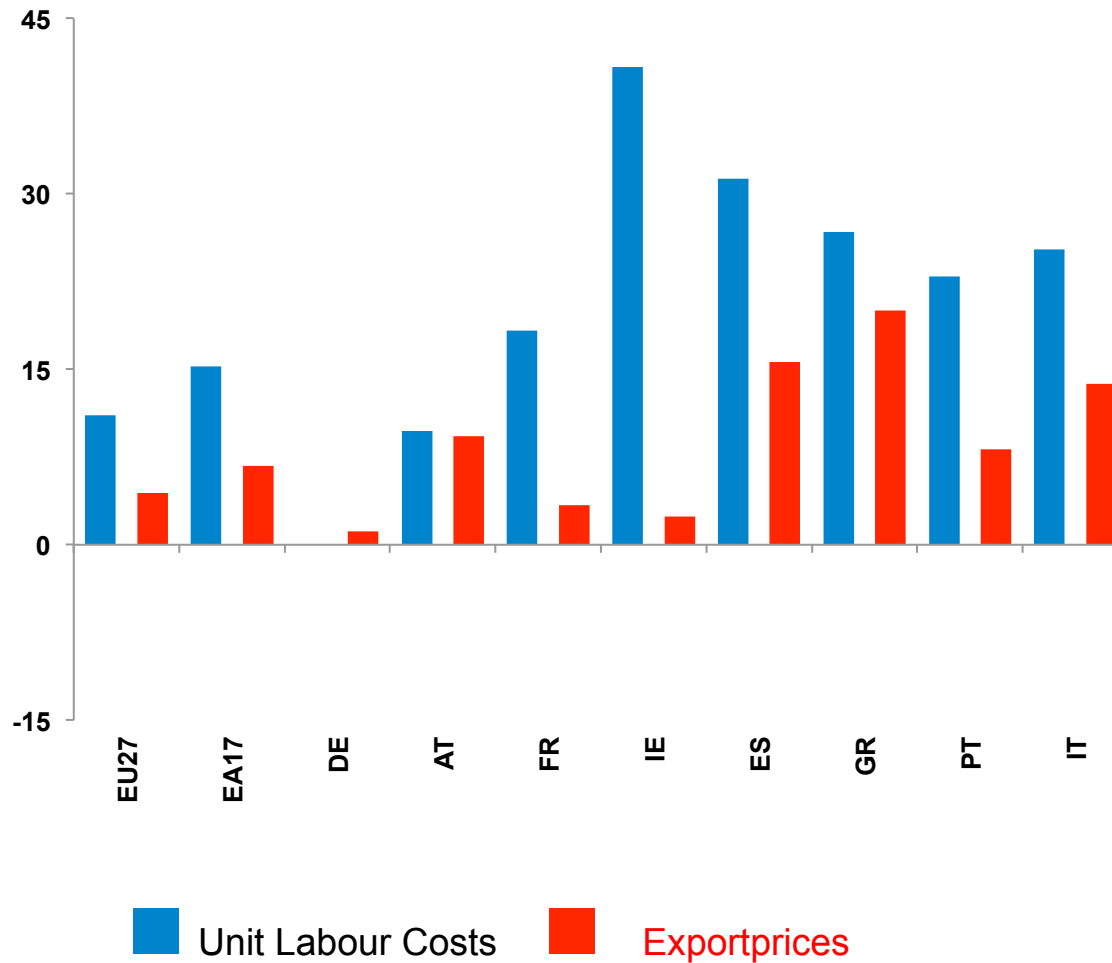


Labour Costs Public Sector 2012



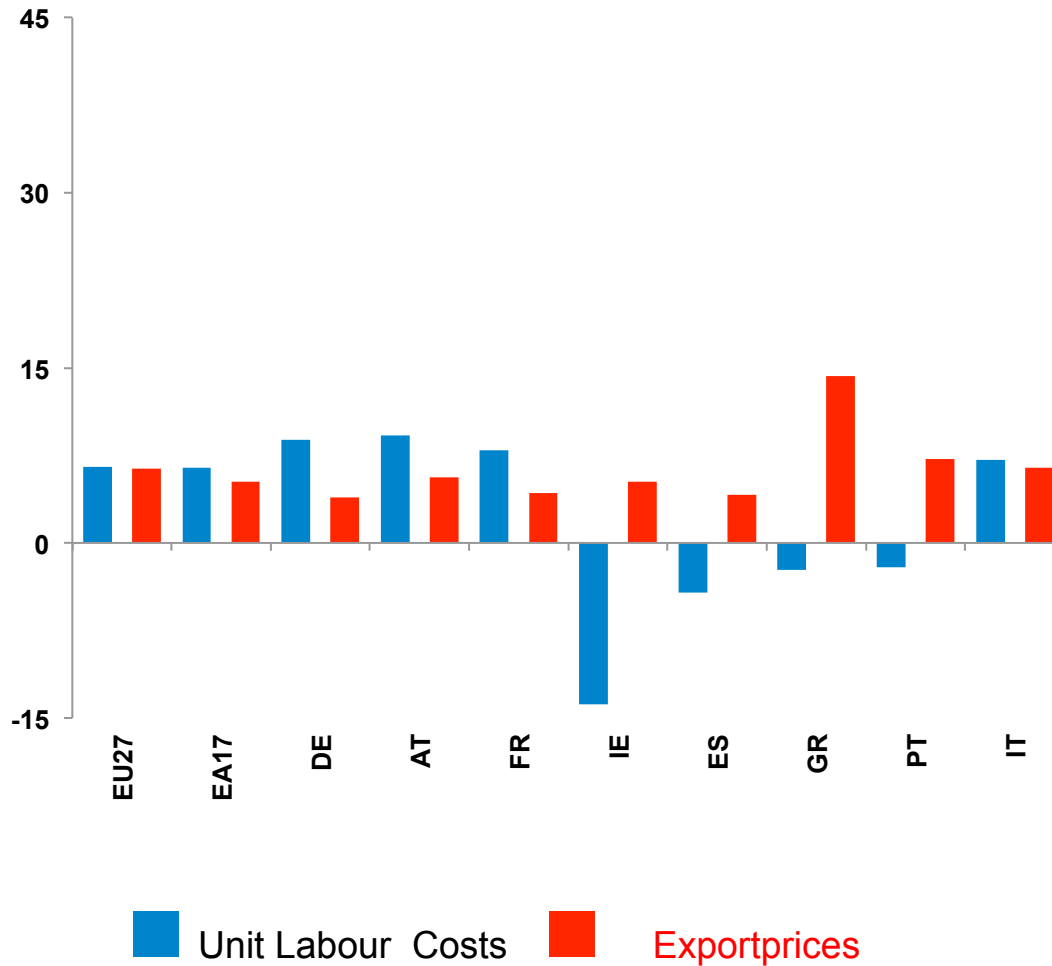
Unit Labour Costs and Export Prices: Accumulated Change in %

a) 2000 - 2008

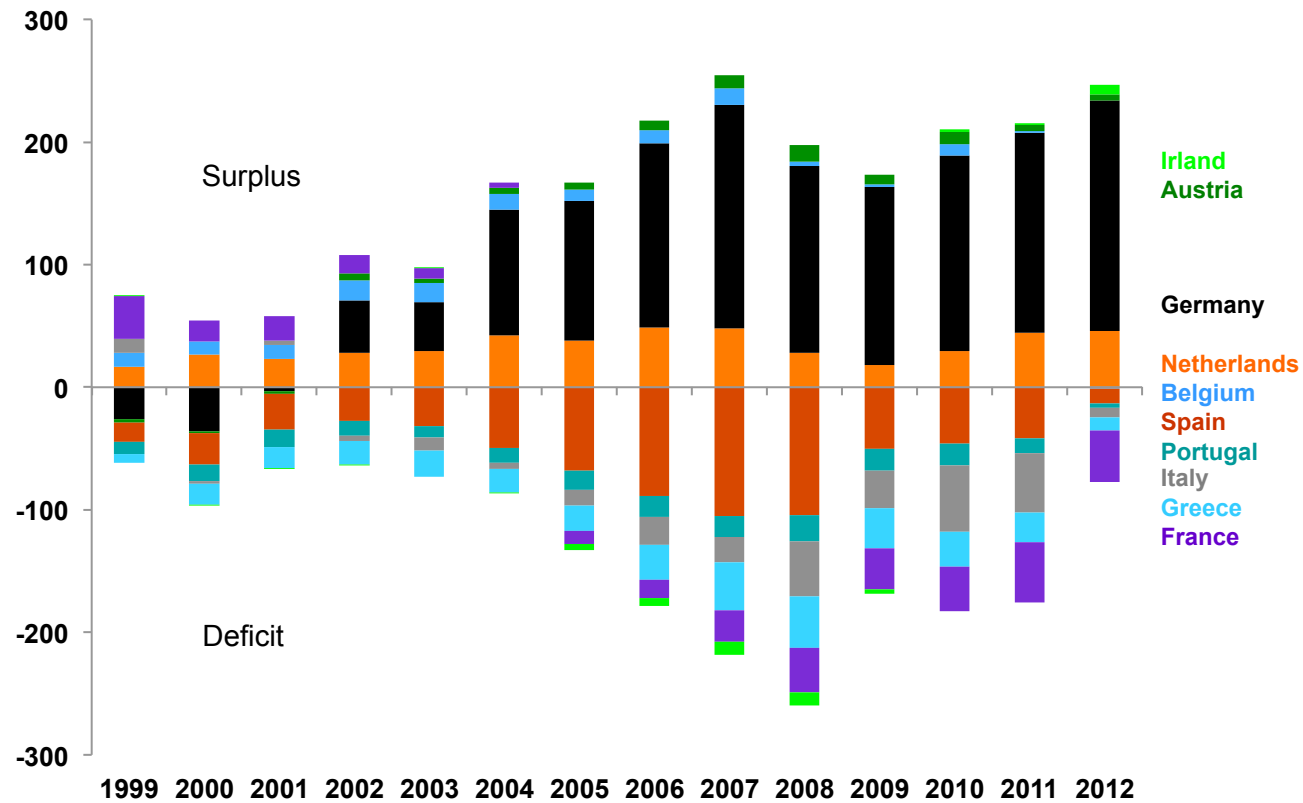


Unit Labour Costs and Export Prices: Accumulated Change in %

b) 2008 - 2012



Current Account EA in Mrd. EUR



Conclusion

- German Wage Restraint Contributed to a Rising Inequality.
- German Wage Restraint Contributed to the Emergence of the Euro Area Crisis.
- There is not yet a Clear Cut Turn Around.

Thank you for your attention

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