

Verena Schmidt and Daniel Vaughan-Whitehead
The Impact of the Crisis on Wages in South-East Europe
Budapest, 2011

The authors of this volume give answers to the questions: What has been the wage impact of the financial and economic crisis? What structural weaknesses in wage institutions have been highlighted by the crisis? And what are the policy issues that actors in the region – governments, and employers’ and workers’ organizations – should urgently address?

The study shows that a number of countries in South-East Europe have been affected by wage arrears, wage freezes, informal wage payments, and an increasing number of low-paid workers which have contributed to a widening of the wage gap between those at the top and those at the bottom of the pay distribution. Current budgetary policies, and public sector adjustments, may bring new sources of income and wage inequalities.

However, Schmidt and Vaughan-Whitehead conclude that the crisis also opens “an opportunity to carry out essential wage reforms”. Such reforms could consist of limiting low pay and downward pressure on the minimum wage; linking wages to productivity; introducing profit-sharing or performance-related pay at an enterprise level to stimulate productivity and ensure that wages more accurately reflect enterprise performance; reforming inequitable and inefficient social security contribution rules and taxation systems (e.g. by introducing progressive rather than flat income taxes); the introduction of more systematic collection of wage statistics; and strengthening wage bargaining and social dialogue to debate all important issues mentioned in the study, such as income, wages, taxes and pension policies, at the national level.

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