



Halle Institute for Economic Research
Member of the Leibniz Association

IWH Research Seminar in Economics

December 3, 2018, 10:00–11:30, conference room, Leipziger Straße 100



Evolution of the Wage Structure in East Germany

Professor Christina Gathmann, PhD (Heidelberg University)

We analyze the evolution of the wage and employment structure in East Germany over the past two decades and compare it to West Germany. Our results suggest that wage inequality in the East exceeds that in the West, especially at the top of the wage distribution. We also show that wage inequality is no longer rising in Germany and even declining in East Germany after 2009. Third, unemployment rates have been declining drastically over the past decade in all of Germany but even more so in East Germany. Changes along the supply side seem to play some role for the evolution of wages, especially in the 1990s. Yet, institutional changes, esp. the introduction of sectoral minimum wages, are the main explanation for the recent declines in wage inequality in East Germany; in West Germany in turn, demand shifts and esp. routinization are important factors to explain recent wage changes.

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