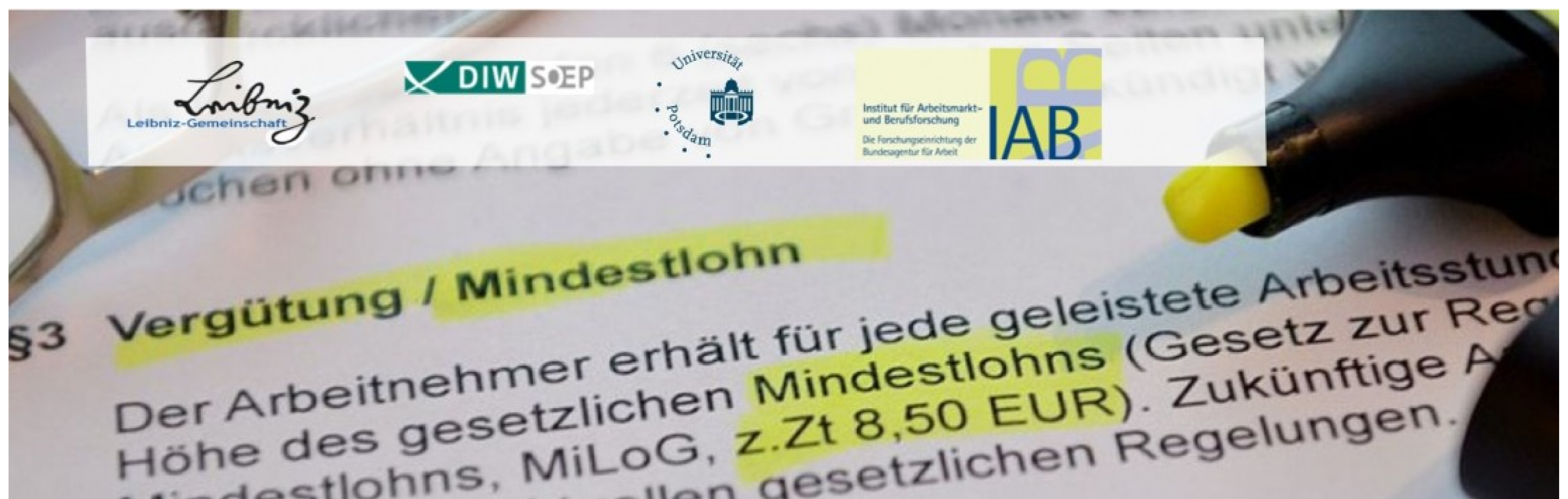


EVA-MIN: Evaluating the Minimum Wage Introduction in Germany



1 January 2015: introduction of the statutory uniform minimum wage of 8.50 € per hour.
The preliminary estimation predicted 4 Mio affected employed.
About 15% of all employed in Germany would need an increase in hourly wages by about 30%.

Motivation of the EVA-MIN Project:

- The effects of MW are shown to be ambiguous in both theoretical and empirical settings; depend on institutional details and level of MW
- The direct influences of MW on the employment and wage structure as well as the effects on prices and productivity require a thorough analysis and adequate data
- MW can also affect subjective indicators – well-being, perception of fairness, motivation



3 Work Packages:

1. Optimization of the **data infrastructure** for the evaluation (survey extensions, linkage to the register data, qualitative focus groups)
2. Evidence-based **evaluation** (scholarships for 7 three-months research stays for doctoral students and 6 two-months stays for postdocs)
3. Active **knowledge transfer** (workshops, trainings, conferences)

Collaborative network includes SOEP in DIW Berlin, University of Potsdam (Chair of Marco Caliendo), and the Institute for Employment Research (IAB Nuremberg)

SOEP: Working Hours

The information on contracted hours and hours actually worked is central:

- to compute the hourly wage rate for both full-time and part-time workers
- to identify the possible effects on overtime and intensive margin

SOEP: Survey Extensions

In 2015 the SOEP questionnaire was extended to contain information on:

- Tariff coverage
- Breaks during work
- Changes in the workload
- Hourly wages immediately before the introduction of MW
- Illegal employment

Record Linkage with administrative data: for population at risk (50% response rate)

ML Data Infrastructure: SOEP-based

Enables a quick start with evaluation of MW along multiple dimensions:

- Identification of main variables
- Coverage of the time span 2000-2015
- Calculations of hourly wages
- Identification of population groups excluded from MW-regulation
- Calculation of MW bite
- Link to the regional indicators INKAR
- Link to regional price levels
- Replication of the DIW Weekly Report Nr. 5/2014 by K. Brenke and its extension on more recent years
- Opportunity to start working with the SOEP data before their official release
- Opportunity of collaboration projects with the EVA-MIN Team

EVA-MIN Scholarships

As part of the project, we are offering:

1. **7 research stays for doctorate students starting January 2016** (or later) for up to three months: salary equivalent to TVöD13 (100%).
2. **6 research stays for post-doctorate students starting January 2016** (or later) for up to two months salary equivalent to TVöD14 (100%).

During their research stays, the scholars are expected to cooperate with the researchers in the EVA-MIN project and pursue their own research on minimum-wage policies, ideally with a focus on Germany. The scholars get access to the SOEP data – including the variables from the recently introduced minimum-wage module – and remote access to the IAB databases.

Opinion Poll & Focus Groups

June-July 2015

- (1) Representative Opinion Poll CAPI-BUS: 2013 individuals aged 14+
- (2) Six Focus groups of SOEP population at risk of MW in Berlin, Leipzig, Munich – 4 to 6 participants per group

Main goal: to assess the first evidence on the acceptance of MW in Germany

Overall acceptance of MW is about 86%, with no particular difference by the voting decision in the Bundestag elections 2013

Main Results of the Opinion Poll...

Strong support in favor of the reform

- 25% believe that wage distribution became more fair (10 believe the opposite)
- 80% believe their job is as secure as before the reform

Among the affected:

- 26% still earn less than 8.50 an hour
- 27% report higher living standards
- 40% report that their employers use circumvention measures

... and the Focus Groups

General approval of the MW reform: *“A step away from the modern slavery”*

But the opinions are ambiguous:

- *“A struggle for survival. No one can live off 8.50 €”*
- *“Higher pay means more taxes and social contributions which leaves the net wages same as before.”*
- *“Employment relations will become more stable.”*
- *“Permanent contracts become rare, we all should learn to live with that.”*