

BRAIN-IPSWICH

KICK-OFF FOLLOW-UP COMMITTEE, BELSPO, 19/06/2017

ATTENDING

- Catherine Mathieu, BELSPO
- Guy Van Gyes, KU Leuven
- François Rycx, ULB
- Jeroen Horemans, UA-CSB
- Sem Vandekerckhove, KU Leuven
- Stephan Kampelmann, ULB
- Anne-Cathérine Guio, LISER
- Hannah Vermaut, UNIA
- Magali Plovi, Lutte contre la pauvreté
- Bea Cantillon, UA-CSB
- Maarten Goos, KU Leuven
- Ive Marx, UA-CSB
- Alain Piette, SPF ETCS
- Bastien Castiaux, CCE
- François Ghesquière, IWEPS
- Frederic Poupinel De Valence, SPF ETCS
- Renaat Hanssens, ACV
- Sarah Scheepers, ELLA vzw

Members not present (pre-arranged):

- Emmanuelle Bourgeois, BELSPO
- Sile O'Dorchai, IWEPS
- Torsten Müller, ETUI
- Wiemer Salverda, AIAS

AGENDA

TOUR DE TABLE

Presentation of the attending members of the follow-up committee.

INTRODUCTION TO THE PROJECT

Sem Vandekerckhove, KU Leuven

Refreshing the goals and targets of the project, and the mid-term status (see slideshow).

NON-STANDARD WORK AND IN-WORK POVERTY

Jeroen Horemans, CSB (see slideshow).

- Employment increases do not guarantee decreases in poverty
- Poverty risks increase for target groups, but the target group shrinks in size
- Non-standard work increases poverty risks: part time work, temporary work, self employment
- Figures still underestimation due to EU SILC methodology (e.g. no illicit labour)
- Earnings at the household level – simulation of low-wage consequences if individual workers have to provide for a whole family
- Comparison BE-NL (pension, non-standard work)
- Increasing benefits in Belgium: time credit, temporary unemployment
- Self-employed: mainly poverty risk based on declared income, not material deprivation, and only for self-employed without employees.
- To maintain employment incentives, wages should be higher when replacement incomes increase.

Questions:

- Increasing risks in target groups: composition effect of shrinking? – Not possible to tell from the data.
- Poverty at the household level: poverty risks change when splitting, but aggregated income is the same. This implies winners and losers from a split-up.
- In NL: benefits to employee, in BE to the employer: should this change?
- LISER has a revision of the material deprivation metric.
- Question regarding the gap between household members is still hanging.
- Focus more on shifting family patterns.

- Self-employed: trade-off wage and happiness? – Not in the data.
- Gender bias, children? – Focus rather at the household level.
- Isn't poverty above all a gender issue? – Recognition of individual versus household approach is needed.

DISCRIMINATION, DIVERSITY AND WORKER PRODUCTIVITY

Stephan Kampelmann (see slideshow)

- Foreign workers and women paid below productivity?
- Analysis at the firm level (SBS), aggregating individuals.
- The stock of migrants is increasing.
- Data up to 2010, firms of over 10 employees.
- Test rejects endogeneity (no need for GMM-IV).
- In paper: discrimination stronger when no firm-level collective bargaining.
- No significant difference between gender pay discrimination of native and foreign women relative to native men.

Questions:

- Discrimination: being pushed out of profitable firms rather than self-selecting into non-profitable firms?
- If the profit share increases, conclusion: poverty? Not necessarily: analysis tests within effects only.
- Conclusion: significant or unsubstantial discrimination: provided the controls, emphasis on significant and conservative estimates. E.g. second/third generation migrants counted as natives.
- Could the institutional wage floor be the cause of absence of double hit for migrant women?
- Possible reason for relatively favorable situation of migrant women: selection bias?

THE EFFECT OF MINIMUM WAGES ON EMPLOYMENT AND THE SHARE OF LOW-WAGE WORK

Sem Vandekerckhove, KU Leuven (see slideshow)

- The share of low-wage work is stable over time, but varies over sectors.
- Revision of the effect of minimum wages on wage dispersion.
- Distinction between sectoral and national minimum wage.
- Message: minimum wages not exogenous.
- No disemployment effects, on the contrary: increased dynamics (in/outflow) and positive net effect.
- Analyses at the individual and sectoral level.
- Simulated effect on the share of low-wage work for incumbent workers: raising sectoral floors by 10% would reduce low-wage work by 2.5%. Raising the national minimum wage only has a smaller effect.
- Recommendation: intra-sector wage compression more than compensates for inter-sector wage differentials. We probably cannot impose a national minimum wage.
- Robustness checks to be done using the new data. Obtaining the data took longer than expected and the prices was much higher than allotted.

Questions:

- Is there a different minimum wage effect for foreigners? – We can only test for foreigners still residing in their home country, which is mostly FR, NL, DE. There is a possibility to extend the data with more background information, but the budget on data now is spent.
- Non-linearities: the minimum wage effect on employment should appear with a higher squared Kaitz index.
- Do the analyses tell that the optimal level of bargaining is the sectoral level?
- What differences between sectors might exist?

CLOSING

The planning is maintained:

- **2017** March - Internal meeting; June - Follow-up committee; November - Internal meeting
- **2018** February - Follow-up committee; March - Conference