Session 1: Introduction: conceptual and methodological issues

Session 2: Indicators for measuring inequality and social mobility

Session 3: Main drivers of inequalities and barriers to social mobility in the Western Balkans

Session 4: Small Group Work - Identification of different social, political, financial, policy, related, and institutional mechanisms contributing to specific inequality and mobility issues.

Session 5: Small Group Work - Systematic integration of key barriers and opportunities for improvement of equity and social mobility in Western Balkan countries.

Session 6: Work on Plenary Presentation - Formulation of recommendations for improvement of equity and social mobility in Western Balkan countries; Evaluation of the Stream.
Objectives:

- To describe the main drivers of inequality of educational opportunities in the Western Balkans
- To understand the effect of education on inequality of social mobility
- To understand the effect of labour market and its institutions on inequality of social mobility

Speakers:

- Nermin Oruc, CREDI
- Jeton Mehmeti, GAP Institute
- Cristina Mereuta, European Training Foundation

Outputs: Understanding of the main drivers of inequality of social mobility in the Western Balkans
LABOUR MARKET INSTITUTIONS AND WAGE INEQUALITY IN EX-YUGOSLAV COUNTRIES

Countries covered: BiH, Croatia, Serbia, Slovenia

Divergent paths in inequality during transition

LMI covered:
- Employment protection legislation
- Minimum wages
- Trade unions and collective bargaining

YUGOSLAV COUNTRIES
LABOUR MARKET INSTITUTIONS AND WAGE INEQUALITY IN EX-
MOTIVATION

Milanovic (1999) argues that the observed increase in inequality in transition countries is driven mainly by higher wage inequality. The authors argue that union density, employment protection, tax wedges, levels and duration of benefit replacement, and labor market institutions and policies account for much of the change in wage inequality. Keane and Prasad (2002) also find that the reallocation of workers from the public sector with a compressed wage distribution to the private sector with much higher wage inequality accounts for the bulk of increased inequality in wage distribution during transition. Koeniger et al. (2007) show that labor market institutions and policies affect the wage differential.
INSIDERS VS. OUTSIDERS

Private sector

Precautionous work

Regular work

Formally employed

Informally employed

Employed

Unemployed (and discouraged)
In the I-O framework, we need to distinguish between the:

1. "within-group effect"
2. "between-group effect"

1. **Within-group effect**: More protection of insiders can increase their wages and consequently the wage gap.
2. **Between-group effect**: Protects insiders, increases unemployment and precarious work (i.e. size of outsiders), and consequently increases between-group inequality.

So, the overall effect is a combination of the two, plus the relative share of each group.
EFFECT OF EPL ON INEQUALITY

1. Within-group effect: More protection of insiders can increase their wages and consequently the wage gap.

2. Between-group effect: Processes insiders, increases unemployment and precarious work (i.e., size of outsiders), and consequently increases between-group inequality.
EFFECT OF MINIMUM WAGES ON INEQUALITY

1. Within-group effect: Compresses wage distribution. In case of ex-YU, may not necessarily be the case, due to the “multiplier” system (koeficijent).

2. Between-group effect: Increases inequality, as it affects only insiders. In addition, may increase unemployment.

The employment effects of a rise in the minimum wage are likely to depend on its level.
In theory, the influence of the wage bargaining system on the dispersion of wages is ambiguous and depends on the number of workers who are covered by collective agreements, the strength of unions as manifested in their wage effects, the level at which bargaining takes place (e.g. firm, industry or economy-wide level) and the degree of administrative extensions of collective agreements (e.g. through union membership or through agreements between employers and unions).
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<thead>
<tr>
<th>Description</th>
<th>BiH</th>
<th>Croa</th>
<th>Slove</th>
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<td>Minimum wage</td>
<td>Low</td>
<td>High</td>
<td>Increasing</td>
<td>Low</td>
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<tr>
<td>Within-group effect</td>
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EFFECT OF LMI ON INEQUALITY IN EX-YU COUNTRIES
SESSION 4: SMALL GROUP WORK

Objective: To identify different social, political, financial, policy related, and institutional mechanisms contributing to specific inequality and mobility issues, based on discussions from previous sessions.

Outputs:
- Key stakeholders?
- Actions needed?
- Main drivers?

Main drivers?