

WWZ Research Seminar  
Faculty of Business and Economics, University of Basel  
Tuesday, May 18, 2021, 12:30 pm,  
ZOOM or hybrid (subject to change)

Prof. Dr. Daniel Kaufmann,  
Université de Neuchâtel

“Do Sticky Wages Matter? New Evidence from  
Matched Firm-Survey and Register Data”  
(with Anne Kathrin Funk)

### **Abstract**

**Abstract:** We study wage rigidity using novel data on contractual wages from a Swiss firm survey, matched with income and the employment history from social security register data. We exploit the discontinuity around the origin of the employee-level wage growth distribution to identify the causal effects of wage rigidities after an unexpected 1% decline of the price level caused by the unexpected removal of an exchange rate floor policy. Locally, downward nominal wage rigidities cause a 5% decline of income and a 1.2 percentage point increase of the unemployment rate. In the aggregate, we find a 0.4% decline of income and a 2.1% increase of the number of unemployed persons.

**JEL classification:** E30, E40, E50

**Keywords:** Downward nominal wage rigidity, income, employment, unemployment, deflation

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