

HOW TO DOUBLE AVERAGE SALARIES IN 5 YEARS? CORE DECISIONS AND ACTIVITIES

- 1) Establish sustainable and most competitive Labour regulations in Eastern and Central Europe that would react to current Economic situations, satisfy the needs of employees and employers and enable to compete in the international arena for investments and talents. First of all, it is essential in 2016 to adopt the Labour Code amendments proposed by the Government in the initial project submitted to the Parliament which would enable more flexible labour relations. A wider variety of labour contracts, shorter notice terms, balanced severance payments and less administrative burden would allow for higher wages and creation of new workplaces.
- 2) Improving quality of public services by raising wages for civil servants who are ready to improve their work efficiency. This should be implemented by reducing the number of employees in the public sector (with exception of areas where staff reduction in the near future is not feasible, e.g. police patrols, firefighters, etc.). State agencies and institutions that will carry out structural optimization should receive financial incentives.
- 3) Introduce a cap on “Sodra” payments (equal to 4 average wages), taking into consideration not only immediate losses of the budget, but also foreseen increases in consumption and other tax revenues.
- 4) List a part of large state-owned companies’ shares on the stock exchange. This would enhance transparency, promote accountability, as well as revive capital markets and competition for skilled employees and in turn stimulate wage growth.
- 5) Ensure connections by air transport between Vilnius and major European cities, at least on weekdays in the morning (to Vilnius) and in the evening (out of Vilnius). The main focus should be on cities located in countries with potential of investing in Lithuania: Amsterdam, Brussels, Frankfurt, Helsinki, Copenhagen, London (Heathrow or Gatwick), Manchester, Oslo, Paris, Riga, Stockholm, Stuttgart, Tallinn, Warsaw, Vienna.
- 6) Encourage re-migration to Lithuania and attraction of skilled labour force and talents. Create a special talent visa for highly qualified specialists (including start-ups) that are absent in the market. Optimize migration processes for highly skilled specialists by ensuring that processing times will not exceed 1 month and that specialists can bring their families. Also, a dedicated service branch for business and skilled workers should be established.
- 7) Taking into account the projected decrease of EU funding in economically strong regions and the necessity to compete with other megacities and centers of attraction, the majority of 2015-2020 EU structural funds should be focused on improving economic and social environment of most potential cities of Lithuania – Vilnius, Kaunas and Klaipėda.
- 8) In return for a commitment of employers to increase wages, reduce labour taxation: raise the non-taxed income level and transfer payments of basic pension from “Sodra” to the national budget and reduce “Sodra” contribution accordingly. Example – national agreement „Pairtíocht sóisialta“ which has been carried out in Ireland since 1987 and entrenched the agreement between employees, employers and the Government to increase wages in exchange for reduced labour taxation.
- 9) Increase funding for targeted measures for attracting Foreign direct investment.
- 10) Prepare and implement effective education system reform:
 - Increase wages for higher-education lecturers as well as school teachers (by merging small schools and reducing the number of teachers)
 - Improve qualification of teachers by transferring the funding for preparation of teachers to selected higher education institutions that are qualified to complete the task.
 - Financial incentives to encourage mergers of higher-education institutions
 - Financial incentives to encourage students to choose study programs that are essential for Lithuanian labour market and economic development.