Minimum wages worldwide

AIAS annual conference
Wages in Global Perspective
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1 September 2017
ILO conventions Minimum Wage Fixing

- **ILO Conventions challenge countries to implement minimum wage-fixing mechanisms**
  - ILO Convention C026 (1928): Members will take measures to ensure that MWs are paid (in 2015 ratified by 104 of 186 ILO members (56%))
  - ILO Convention C131 (1970): Minimum wage shall have the force of law (in 2015 ratified by 52 of 186 ILO members (28%))

- **ILO monitoring**
  - ILO monitors ratification, but not implementation of a Statutory Minimum Wage (SMW), apart from a few once-only studies, showing that many more countries apply SMW than have ratified

- **Minimum wages are important for wage-setting**
  - In any country MW is important for wage-setting processes
  - They provide a floor in wage-setting
What do we know about minimum wages worldwide?

- **Institutions with databases about MW rates**
  - Worldbank: MW rates per year for 180 countries (one rate per country)
  - WSI about MW rates per year for European countries
  - WageIndicator Minimum Wages Database

- **Institutions with databases about MW fixing**
  - ILO databases about countries with MW fixing mechanisms (irregularly updated, mostly 100+ countries)
  - ICTWSS/Eurofound about (51 – 28) countries with MW fixing mechanisms
  - WageIndicator Minimum Wages Database, see [http://www.wageindicator.org/main/salary/minimum-wage](http://www.wageindicator.org/main/salary/minimum-wage)
Research objective 1
Collecting and merging databases

• **Databases with MW information**
  – We found 12 databases with scattered information about minimum wage-fixing mechanisms, coverage and rates
  – Scattered: not for all countries/years, not the same definitions
  – The 2010s best covered: we merged the databases for 2011 – 2015

• **Merged database**
  – In total for 195 countries, for 97 countries observations in all five years
  – In case of inconsistent codes we applied coding rules
  – We merged the databases to study how many countries worldwide applied a Statutory Minimum Wage in 2011 – 2015
• **Minimum wage setting through legislation**
  – For 195 countries: 86% - 93% apply minimum wage-fixing mechanism
  – For 97 countries: 91% had SMW in 2011, 94% had so in 2015

• **Minimum wage setting through Collective bargaining**
  – For 195 countries: 3% - 13% have MW fixing through collective bargaining
  – For 97 countries: 8% had MW_CB in 2011, 6% had so in 2015
Which countries apply MW by CB?

• **MW setting through Collective Bargaining in Europe**
  - Predominantly found in Scandinavian countries:
    • Denmark, Iceland, Norway, Sweden, Finland plus Estonia
  - Middle-European countries:
    • Austria and Germany, but not from 2015 on
    • plus Italy, Belgium (mixed coding), Greece (scattered data only)

• **MW setting through Collective Bargaining outside Europe**
  - Four African countries according to very scattered data:
    • Chad, Gambia, Madagascar and Namibia

• **In countries without a SMW**
  - If employee covered by a collective agreement, minimum wages are set
  - If not covered, it is fully market-driven wage-setting
• Do counties have single MW fixing mechanisms and rates
  – Worldbank and ILO databases suggest one MW fixing mechanism and one MW rate per country, but ....

• or differentiated MW fixing mechanisms and rates?
  – If a country applies SMW, is this applied to the entire dependent labour force, or are some groups in- or excluded or are MWs differentiated?
  – WageIndicator MW database shows 40 of 76 countries differentiated MW breakdowns by 9 characteristics: Industry, Geo, Occupation, Age, Skill, Grade, Tenure, Firm size, Education
  – India applies differentiated MWs, but is not yet included in the database

• Findings
  – Differentiated MWs most frequent in North America, least so in Europe
  – Differentiated by industry most common, less so by region
Differentiated MW in 40 countries

• **Industry – typical divisions (18 countries)**
  – Agriculture vs non-agric.
  – Specific industries, eg garment

• **Geo – typical divisions (11 countries)**
  – Capital city vs rest, urban vs rural
  – Economic zones

• **Occupation (11 countries)**
  – Specific MWs for drivers, foremen, gardeners, general workers, housekeepers, lashers, merchandisers, order pickers, etc
  – Supplement MWs for teachers, skilled workers, domestic workers (5 cntrs)

• **Multiple characteristics**
  – 4 countries apply so (2+): Madagascar by 3, Ethiopia by 4, Kenya by 5 and South Africa by 7
Minimum Wages in Hungary with effect from 01-01-2017 to 31-12-2017

Last update: 28-12-2016  
Currency: HUF (HU Forint)

### National Minimum wage

<table>
<thead>
<tr>
<th>Minimum Wage per Hour</th>
<th>Minimum Wage per Day</th>
<th>Minimum Wage per Week</th>
<th>Minimum Wage per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>725.28</td>
<td>5,802.27</td>
<td>29,026.35</td>
<td>127,650.00</td>
</tr>
</tbody>
</table>

### 'Guaranteed Minimum Wage' for Professional Workers

<table>
<thead>
<tr>
<th>Minimum Wage per Hour</th>
<th>Minimum Wage per Day</th>
<th>Minimum Wage per Week</th>
<th>Minimum Wage per Month</th>
</tr>
</thead>
<tbody>
<tr>
<td>916.19</td>
<td>7,329.55</td>
<td>36,647.73</td>
<td>161,250.00</td>
</tr>
</tbody>
</table>

### Notes / Footnote

1. In Hungary the official working time is 8 hours/5 days.
Many institutions collect scattered MW data

No single institution is fully responsible for global data collection and for maintaining time series concerning MW-fixing mechanisms, MW rates and MW coverage

More than nine in ten countries apply a SMW (N=97)

When applying differentiated MWs by occupation, grade or industry, countries mimic collective bargaining

When applying differentiated MWs by geo-characteristics, countries adapt MW to cost-of-living differences within countries

WageIndicator Minimum Wages database provides detailed insides in MW setting, elsewhere not available
Thank you for your attention 😊