UNDERSTANDING THE DRIVERS OF MINIMUM WAGE-SETTING: AN ANALYSIS OF 201 COUNTRIES

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What is an effective Minimum Wage?

- **Rules of guidance → ILO Convention 131:**
  - Take into account needs of workers and their families: “wage floor guaranteeing a decent life…”
  - Take into account economic factors in country at stake (risks of inflation, negative employment effects)
  - Important roles for unions and employers (-associations) → have to work towards realistic, transparent and enforceable SMW

- **Insight in detailed MW rates is missing**
  - World Bank and ILO maintain MW database with 1 rate per country per year
  - WagelIndicator MW Database has multiple rates p/country p/month → allows to reconstruct countries’ MW policies
Why WageIndicator MW Database?

- **WageIndicator websites**
  - 2006: website in India published MW rates >> visitors were searching for this
  - 2007-13: teams in many countries published MW rates on their websites → Wage Boards are qualified for decision making, but less so for communicating their decisions → demand from the public for this information

- **WageIndicator MW Database**
  - 2013: systematic collection of MW rates for websites in approx. 80 countries
  - 2018: tool MW_APP, publishing MW rates directly on the national web pages
  - 2021: MW database included rates for 201 countries, totalling to 20,842 entries
What are MW levels across countries?

- 168 countries and their lowest MW rate in standardised US Dollar
  - 73 countries have a MW rate of less than 2 USD per hour
  - 42 have so for 2 – 4 USD per hour
How complex are MW rates by country?

- Do most countries have 1 MW rate for the whole country?
  - 77 of 201 countries have 1 MW rate only
  - 53 have 2-10 different rates
  - 3 countries have even 1,000+ rates: Ecuador, Pakistan, India (13508 rates)
What is the gap between lowest and highest rate?

- India: Highest rate is 30 * higher as lowest rate
- Brasil: Highest rate is 19 * higher as lowest rate
- USA: Highest rate is 8 * higher as lowest rate
How often do countries update the rates?

- 32 countries updated in JAN 2021
- 22 countries updated in 2020
- 77 countries did only update before 2016
How do countries differentiate MW rates?

- Four dimensions in countries’ MW policies
  - Full versus partial coverage: 120 countries
  - Purchasing power policies: 25 countries, e.g. by province, city, urban-rural
  - Mimicking collective bargaining: 57 countries, e.g. by industry or occupation
  - Addressing special interest groups:
    - 8 countries have specific rates for EPZ workers
    - 10 countries have specific rates for age groups
    - 19 countries have specific rates for domestic workers
Thank you for listening

• Questions?

See [https://wageindicator.org/salary/minimum-wage](https://wageindicator.org/salary/minimum-wage)

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