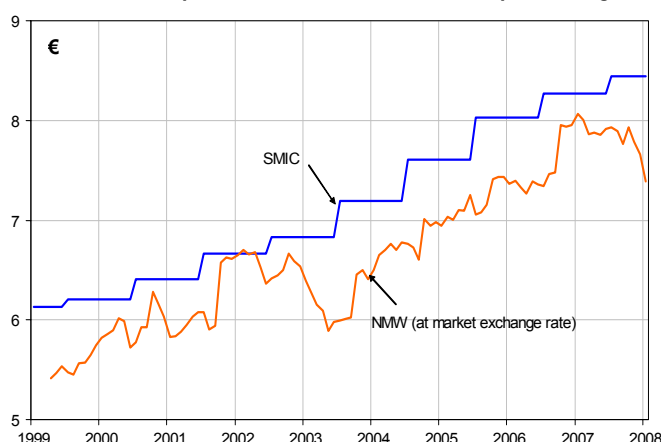


How does the National Minimum Wage compare with the *SMIC*?

This study was prepared under the authority of the Treasury and Economic Policy General Directorate and does not necessarily reflect the position of the Ministry of the Economy, Industry and Employment.

- The British National Minimum Wage (NMW) was introduced in 1999 and rapidly rose to a level close to that of its French equivalent, the *Salaire Minimum Inter-professionnel de Croissance*, or *SMIC*. However the NMW has not affected the operation of the labour market in the same way as the *SMIC*. At first sight, the proportion of workers covered by this minimum wage is distinctly lower in the United Kingdom than in France, and the wage distribution appears to be less constrained by its existence.
- Leaving aside institutional differences such as the scope of application, the basis for calculation, and revision procedures (although these are not to be overlooked), more detailed scrutiny yields deeper insight into this paradox. From the employee's point of view, when redistribution is taken into account, the living standards of a worker on the minimum wage are pretty much comparable on either side of the Channel. Moreover, precise comparison shows that, when measured using the same methods, the proportion of employees effectively earning the *SMIC* is considerably greater than that of employees earning the NMW, but that the difference is less than the share of workers directly affected by the *SMIC* (12.9%) would suggest. Concerning the cost of labour, the hourly cost of workers paid at the level of the British minimum wage is distinctly less than at the level of the *SMIC* (more than 10% less in absolute terms). This is also the case in relative terms, an hour of work at the minimum wage representing less than 34% of the cost of labour at the average wage in the United Kingdom, versus 39% in France.
- The relative newness of the NMW is probably an important factor in any attempt to compare the respective roles of the NMW and the *SMIC* in the current operation of the British and French labour markets. That is because the NMW is less than 10 years old and the UK had never before had a legal minimum wage applicable to the entire economy, whereas the *SMIC* has been in existence for nearly 50 years.
- More particularly, the Low Pay Commission (which is responsible for administering the NMW) seeks to confine the NMW to a small percentage of British workers and to preserve its status as a "floor" in the wage distribution. In contrast, the *SMIC* in France appears to act as the wage norm.

SMIC and NMW expressed in euros (converted at the spot exchange rate)



Source: DARES, Low Pay Commission and ECB.

The British National Minimum Wage (NMW) has been £5.52/hour since 1 October 2007, versus €8.44/hour for the *SMIC* since 1 July 2007. An initial examination yields the following observations:

- the *SMIC* is slightly higher than the NMW in absolute terms;
- the NMW appears to apply to many fewer workers than the *SMIC*;
- increases in the NMW appear to have had no impact on employment, whereas the relatively high level of the *SMIC* is frequently thought to pose a problem for employment in France.

These observations need to be treated with caution, however. There are similarities between the NMW and the *SMIC*, but there are also major differences, particularly institutional ones:

- the *SMIC* covers all wage-earners (with the exception of trainees, for whom special provision is made, and subsidised contracts that include a training requirement), whereas the NMW distinguishes between a minimum wage (the adult rate) applicable to all employees aged 21 and over, and a lower minimum wage (the development rate) applicable to wage-earners under 21¹; an exemption applies to trainees aged over 18 for the first 12 months of their traineeship²;
- the basis for calculation for the *SMIC*, which is established on a monthly basis, includes benefits in kind

and the various top-ups treated as a wage supplement³, but it excludes reimbursements of expenses, compulsory wage add-ons⁴, incentive and employee profit-sharing schemes, together with certain bonuses⁵. The basis for calculation of the NMW makes no reference to any monthly criteria and includes all remuneration effectively paid, with a flat-rate deduction if the worker is housed by the employer, where applicable;

- increases in the *SMIC* are governed by a rule, but the government can choose to give a further "nudge" to this revision; the NMW is administered by an independent body, the Low Pay Commission (see box 1), which proposes increases in the NMW based on a precise review of the state of the labour market and, more broadly, that of the economy. The Low Pay Commission's most recent report was published on 5 March 2008, recommending a 3.8% rise in the NMW starting in October 2008, which is slightly less than the expected rise in wages as a whole.

Beyond these institutional aspects, which no doubt play a not insignificant role in comparisons between the roles played by the NMW and the *SMIC* in the operation of the British and French labour markets, we confine ourselves here to a precise comparison of quantitative aspects, including absolute and relative labour costs and net take-home pay for labour at the minimum wage, the proportion of workers concerned, etc.

1. In absolute terms, the standard of living provided by the NMW and the *SMIC* for their beneficiaries is more or less comparable, but the hourly cost of labour for workers on the NMW remains lower

Like the *SMIC*, the NMW is defined on an hourly basis. The gross *SMIC* was revised on 1 July 2007 to €8.44/hour and the NMW was increased to £5.52/hour on 1 October 2007 (i.e. €7.93/hour at the average October exchange rate, or €7.89 using the purchasing power parity (PPP) exchange rate⁶). This means that the UK minimum wage remains 6-7% below the French minimum wage⁷. This gap is not without consequences in terms of employment (by way of illustration, taking an elasticity of demand for labour to cost of labour of 1.2 at the level of the *SMIC*, this gap would represent between 120,000 and 140,000 jobs).

However, comparing minimum wages in absolute terms raises certain difficulties:

- given the architecture of social security charges and taxation in each country, the definition of the gross minimum wage tells us little about the standard of living of a worker on the minimum wage on the one hand, and about the cost of labour at the level of the minimum wage on the other. Consequently, instead of comparing the "gross" NMW with the "gross" *SMIC*, we have preferred to compare the purchasing power of one hour of labour paid at the minimum wage and to compare hourly labour costs at the level of the NMW and the *SMIC*;

(1) For wage-earners between 18 and 21, this reduced rate is more than 15% below the standard rate. The NMW also comprises a second reduced rate that is nearly 40% below the standard rate, which is applicable to wage-earners aged under 18 (for those that are above the compulsory school age). Altogether these reduced rates (the development rate for the 16-17s and the 18-21s) cover around 125,000 wage-earners, or 10% of those on the NMW.

(2) The NMW does not apply to trainees aged under 18.

(3) For example: tips or year-end bonus for the month in which it is paid.

(4) For example: additional pay for overtime.

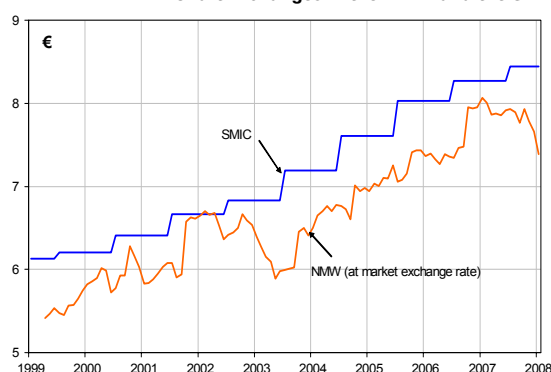
(5) For example: seniority or attendance bonuses.

(6) Taking an indicative purchasing power parity exchange rate of £0.70/€1. According to the OECD, the purchasing power parity exchange rate was £0.72/€1 in 2007 and £0.70/€1 on average over the past five years.

(7) On top of which, a reduced rate applies to wage-earners aged under 21.

- moreover, these different magnitudes must be made comparable, or at least converted into the same currency, or even adjusted for differences in price levels (by converting them at purchasing power parity-PPP) in order to compare the living standards associated with them and productivity gaps in order to compare labour costs. However, it is not possible to measure the productivity of workers on the minimum wage, nor to distinguish it from that of other workers⁸.

Chart 1: changes in the NMW and the SMIC



Source: DARES, Low Pay Commission and ECB.

Box 1: the Low Pay Commission, a new departure in the UK labour market

More than ten years after its inception the Low Pay Commission (LPC) is generally regarded as a success. The introduction of the National Minimum Wage (NMW), probably the most important regulatory intervention in the UK labour market, owes its success to the LPC's caution and pragmatism.

The LPC was set up in July 1997 in order to introduce a minimum wage in the UK. Its membership comprises three independent persons (including its Chairman and two eminent academics), three persons close to the employers, and three closer to the trade unions.

The recommendations of its first report, submitted in June 1998, resulted in a precise definition of the NMW. Since the NMW came into force on 1 April 1999, the task of the LPC has been to advise the government on the minimum wage, and in particular to make recommendations on the appropriate increase in the NMW. These recommendations are made in the conclusions to a report prepared in response to a government request (generally made each year).

In practice, the government regularly (every year in June, generally) asks the LPC for a recommendation. The latter then reports back (usually in March) after a lengthy process of consultations, visits to different parts of the country, hearings and requests for academic studies. Increases in the NMW take effect six months later (in October).

The LPC's reports contain a highly detailed factual analysis of the labour market situation, and a detailed study of the NMW's impact on different worker populations and different sectors of the economy. The final chapter of the report generally presents the LPC's recommendations regarding revisions to the NMW.

While fairly original in form, in fact the LPC is based on the experience of the wage councils. Before their demise in 1993, the UK operated a system of minimum wages agreed through collective bargaining at the level of each industry, the agreements being administered by wage councils comprised in equal numbers of employers' and employees' representatives, together with three independent persons.

The original feature of the LPC lies in the means available to it in order to perform its advisory role in complete independence.

Since its foundation, and under the impetus of its successive chairmen, the LPC has sought to work in a spirit of social partnership. Its successive chairmen have striven to ensure that its reports are prepared in a spirit of broad yet rigorous consensus. In particular, they have consistently secured unanimous approval by its members of the LPC's recommendations.

According to the members of the LPC^a, this spirit of cooperation arises out of a shared vision by all its members of the NMW's role (the NMW being intended to be as high as possible without jeopardising employment) and of the LPC's remit (which is to advise the government on the NMW, and exclusively on the NMW).

Further, its working methods are resolutely empirical, consisting of consultations (in the form both of hearings and regular field visits) and high quality academic research, laying the groundwork for objective, factual and pragmatic debate on the minimum wage.

In addition, the LPC sets great store by its independence from both government and pressure groups. Among the factors promoting this independence are:

- the procedure for appointing members to the LPC: they are never appointed *ex officio* but in a personal capacity;
- a working method that gives priority to objective analysis, enabling the LPC to base its recommendations on factual analysis of undisputed quality;
- the means at the Commission's disposal, in particular a secretariat enabling it to produce and/or supervise studies undertaken to inform the Commission's decisions.

a. On the workings of the LPC, see in particular Brown (2002): "The operation of the Low Pay Commission", *Employee Relations*; Brown (2006): "The Low Pay Commission after eight years" in *Dickens & Neal (eds.), The changing Institutional Face of UK Employment Relations*; Kluwer; Callaghan (2000): "Comment instaurer un revenu minimum national?" (How to institute a national minimum wage?), *revue de l'IREES*; Metcalf (1999): "The Low Pay Commission and the National Minimum Wage", *Economic Journal*; and Metcalf (2007): "Why has the British National Minimum Wage had little or no impact on employment?", *London School of Economics*.

(8) On average, according to the OECD, hourly labour productivity is significantly higher (on the order of 20%) in France than in the United Kingdom. Nevertheless, the productivity gaps observed at the macroeconomic level tell us nothing about productivity gaps, if any, at the individual level.

1.1 French and UK workers on the full-time minimum wage enjoy comparable living standards

Comparisons of living standards on either side of the Channel are based on net monthly earnings at purchasing power parity exchange rates. Attempts to compare a worker on the NMW and one on the *SMIC* are complicated by the architecture of compulsory levies and transfers. Even so, at the bottom end of the wage distribution their logic is fairly similar, with an earnings top-up in the shape of a working tax credit (WTC) in the UK, and the earned income tax credit (*prime pour l'emploi* or PPE in French) in France, to which are added allowances based on the number of dependent children (respectively the Child Tax Credit or CTC and the French system of family allowances⁹).

In the final analysis, the living standards of a worker without a partner working full time on the minimum wage¹⁰, are roughly comparable in France and the UK. The situation for couples, and in particular for couples with children, appears to be slightly more favourable in the UK (see appendix).

Table 1 below shows net earnings for a worker on the minimum wage in the first half of 2007. Given the uncertainty of perfect comparability (there is no guarantee the transfers and levies in the case of the UK are exhaustive), and insofar as sterling amounts are converted at purchasing power parity at an indicative rate of £0.70/€1, the amounts converted should be treated as orders of magnitude.

Table 1: net monthly earnings of a worker on the minimum wage depending on family situation

	FRANCE	UNITED KINGDOM	
	€	€	€ (PPP)
Person living alone, no children	1091	1123	1083
Couple with one person in work, no children	1204	1322	1275
Household with one person in work, one child	1340	1720	1659
Household with one person in work, one child	1247	1348	1300

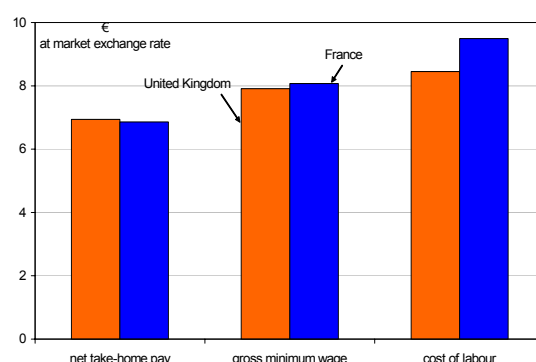
Source: DGTPE (*maquette PARIS—Paris model*) for France, Metcalf (2007) for the United Kingdom.

1.2 The hourly labour cost at the minimum wage remains higher in France despite reductions in social security contributions on low wages

In France, reductions in social security contributions on low wages have definitely helped to contain the cost of labour at the level of the *SMIC* and have made employers' social security contributions progressive. The latter are distinctly less progressive in the United Kingdom¹¹.

However it does appear that, despite France's policy of reducing contributions, the rate of employers' contributions at the level of the minimum wage is still distinctly lower in the United Kingdom (6.9% versus 17.6% in France¹²), so that the hourly cost of labour at the minimum wage in Britain is around 11% lower (see appendix and chart 2).

Chart 2: minimum wage in 2006 in France and the UK



Source: OECD.

This difference in the cost of labour at the minimum wage between France and the United Kingdom could be partially offset by differences in productivity, such that the gap in terms of unit wage costs at the lower end of the wage distribution might be reduced. Nevertheless, it is difficult to distinguish the productivity of workers taken individually (in this case workers paid a wage close to the minimum wage) and that of a firm's work force as a whole. Moreover, it would be misleading to draw conclusions from a comparison in terms of average productivity for the economy as a whole.

- (9) The CTC is means tested, whereas French family allowances are not. Nevertheless 90% of households with children are eligible for the CTC.
- (10) We take here the legal 35h working week in France and the working week adopted by Metcalf (2007) (op. cit.).
- (11) The social security contributions considered here are compulsory contributions paid to public schemes. In the UK employers may also contribute to non-compulsory schemes.
- (12) The rate ranges from 6.9% at the minimum wage, to 9.7% at 2/3 of the average wage, and 10.7% at the average wage (respectively 17.6%, 33.3% and 42.3% in France).

2. In relative terms, the minimum wage has less "influence" on the wage distribution in the United Kingdom

The role of the minimum wage in the operation of the labour market needs above all to be assessed in relative terms:

- what is the relative proportion of workers directly concerned by changes in the minimum wage?
- to what extent does the cost of labour at the level of the minimum wage constrain the distribution of labour costs?
- what is the relative standard of living of a worker on the minimum wage compared with a worker on the median wage or average wage?

2.1 It is not easy to estimate the proportion of workers directly concerned by the minimum wage

The proportion of employees directly concerned by an increase in the minimum wage is a significant indicator of the "influence" of the minimum wage on the operation of the labour market.

In France, this proportion can be assessed *via* a survey of employers¹³. From this it appears that on 1 July 2007 the **increase in the hourly *SMIC* concerned 12.9% of workers¹⁴, versus 15.1% in 2006¹⁵**.

It should be pointed out, however, that while some workers being paid the minimum wage reach the *SMIC* thanks only to wage supplements additional to their basic wage, other workers on the *SMIC* are actually paid more than the *SMIC* when earnings are expressed in terms of hours worked. As a result, thanks to wage supplements, in 2002 hourly earnings for a quarter of these workers were in fact 1.3 times the *SMIC*¹⁶.

Consequently, while the proportion of workers directly concerned by an increase in the *SMIC* tells us something about the role of the *SMIC* in the French labour market, it does not correspond to the description of the lower bound of the wage distribution.

In the United Kingdom, in the absence of any dedicated survey, only the lower end of the wage distribution is estimated regularly, based on sources comparable to those used in France¹⁷. **From this it emerges that around 5% to 6% of all workers were paid at the level of the NMW in 2007** (to be compared no doubt with fewer than 10% of workers effectively paid at the level of the *SMIC* in France in 2007).

The most recent report of the Low Pay Commission contains an instructive exercise on this last point: in the distribution of wages in spring 1998 (*i.e.* before the announcement of the level at which the NMW was to be introduced, which means this distribution may be considered to be close to the distribution that would have prevailed in the absence of a minimum wage), 5.5% of workers were below the October 1999 NMW (the date on which it was introduced).

On the other hand, if we try to locate the October 2006 NMW within this distribution, assuming that over the period the entire 1998 wage distribution moved in step with the average wage, then 9.7% of workers would have been below the NMW in 2006. This proportion is in no way an estimation of the proportion of workers paid at the NMW in October 2006, but it does suggest that the introduction of a minimum wage significantly influenced trends in low wages.

A study by the London School of Economics¹⁸ also suggests that the NMW has substantially modified the wage distribution¹⁹ in such a way that its role in the British labour market cannot be considered marginal. In particular, Metcalf shows that below-median wages grew less rapidly than the median wage prior to introduction of the NMW, whereas they have grown faster since 1998.

Thus the proportion of workers on the minimum wage is lower in the United Kingdom, but the French and British situations, while different, are not as polarised as the available data suggest at first sight.

(13) The ACEMO survey (supplemented by the ACEMO TPE survey for firms with 1-9 employees).

(14) At 1 July 2007, the increase in the hourly *SMIC* affected 12.9% of employees of non-farm companies and excluding the temporary sector. See DARES (2008): "*Les bénéficiaires de la revalorisation du SMIC au 1er juillet 2007*" (The beneficiaries of the 1 July 2007 increase in the *SMIC*).

(15) See DARES, March 2008: "The proportion of workers earning the *SMIC* fell sharply in 2007, partly due to a lower increase in the hourly *SMIC* that year (+2.1% in 2007 compared with a rise of 3.05% in 2006), and partly thanks to robust growth in basic wages during the year preceding the increase: the basic monthly wage rose 2.9% for manual workers and 2.8% for clerical workers between mid-2006 and mid-2007".

(16) See DARES (2006): "Workers on the *SMIC* in 2002: one in two works in a small firm, one in four earns more than 1.3 times the hourly *SMIC* thanks to wage supplements."

(17) The Labour Force Survey is a survey of households. In that sense, the Low Pay Commission has done much to improve the reliability of the statistical sources used to analyse low wages.

(18) Metcalf (2007) (*op. cit.*).

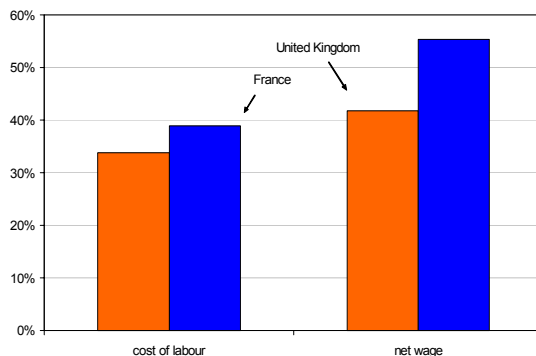
(19) This also emerges from the more precise study by Dickens and Manning (2007): "The National Minimum Wage and Wage Inequality: An Update", *mimeo*.

In this sense Eurostat's regular publication on minimum wages in Europe looks incomplete. In particular it presents as comparable estimates of the fraction of workers receiving the minimum wage, when in fact they are in no way comparable. For instance the 15% proportion in France is compared with a proportion of less than 3% in the United Kingdom, which in fact appears to be the estimate of the fraction of workers paid precisely at the level of the NMW (and not below or equal to it). Moreover, the scopes covered by these two estimations are different (all workers for the British estimate, and workers only in the non-farm sectors, excluding temporary workers, private employers and civil servants in the case of France).

2.2 Measured as the ratio of the cost of labour at the minimum wage to the average cost of labour, the *SMIC* nevertheless continues to exert much greater "influence" than the NMW

Even if the proportions of workers paid at the minimum wage may not be all that different, the NMW and the *SMIC* are clearly distinguished by their relative "influence"²⁰ on the wage distribution. Notably because the precise description of the low end of the wage distribution is so fragile, when measuring the impact of the minimum wage on the wage distribution and more generally on the labour market, the Low Pay Commission prefers to emphasise indicators such as the ratio of the minimum wage to the average or median wage.

Chart 3: minimum wage relative to the average wage

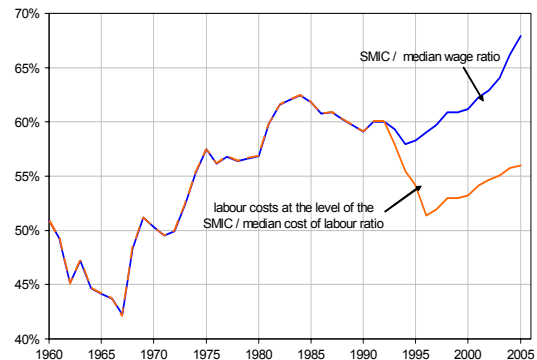


Source: OECD.

A small difference between minimum and average labour costs suggests that the minimum wage is a constraint inasmuch as it raises costs for the employer. Although opinions differ as to the aggregate effect on employment of increases in the minimum wage, a minimum wage that "bites" harder raises the probability that at least certain low-productivity workers will experience difficulty finding work. Similarly, we can expect the difference in cost between low skilled and high skilled workers to have some influence on the distribution by economic sector within a given country.

In that sense, and thanks in particular to reduced social security contributions on low wages (see chart 4 below), the gap between labour costs at the level of the *SMIC* and average labour costs in France is distinctly smaller (the cost of labour at the *SMIC* represents 39% of the average cost of labour) than is suggested by the gap between the value of the gross *SMIC* and the average wage per capita, which is around 50%. As a result reduced social contributions help to contain the French ratio within the OECD norm (see appendix), though without bringing it down to the level of the British ratio (33%).

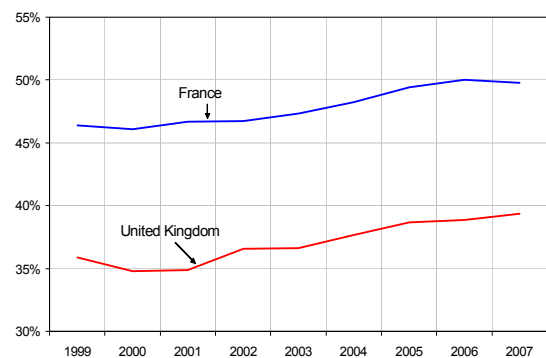
Chart 4: the impact of reduced social security contributions in France



Source: DGTPE calculations.

2.3 In terms of pay for work, the "influence" of the *SMIC* is such that it represents the wage norm, whereas the NMW is intended as a floor

Chart 5: ratio of minimum wage to average gross wage



Source: INSEE, Low Pay Commission and Office for National Statistics (ONS).

Due to the progressivity of tax systems, minimum wages expressed as a percentage of the average wage are higher in net terms than in gross terms. In France, this progressive character plays a major role in boosting the earnings of workers on the minimum wage relative to those on the average wage. This is also the case in the United Kingdom (see appendix), albeit to a slightly lesser extent. Nevertheless, due both to greater redistribution and a slightly lower living standard for the average worker in France, the *SMIC* yields a net take-home pay closer to the average (more than 55%) than the NMW (slightly less than 42%).

(20) The Low Pay Commission speaks of the "bite of the minimum wage", measured notably by the ratio of the minimum wage to the median or average wage.

Ultimately, it looks as if the minimum wage remains a floor in the United Kingdom, whereas in France it appears to be the wage norm. Thus, while it is common to measure the prevalence of low wages as the proportion of workers whose gross wage is less than 66% of the median gross wage (slightly fewer than 21% of workers are in this situa-

tion in the UK), it is not possible to define a comparable indicator in France, since the *SMIC* is at that level. Given that the *SMIC* and the NMW are relatively close to each other, **the reason for this phenomenon is that the median wage is higher in the United Kingdom than in France.**

3. It is still difficult to assess the role of the NMW due to its relative newness and to the recent sharp increases

A little over ten years after its inception, and eight years after the NMW was effectively introduced, the Low Pay Commission can legitimately claim to have succeeded in instituting a fairly high minimum wage without harming employment²¹.

One is bound to admit nevertheless that the NMW (especially at its present level, coming after sharp increases in 2004, 2005 and 2006) is a very recent introduction into the British labour market. While there has been a great deal of research on the institution of the NMW and its first increases, suggesting that possible prejudicial effects on employment have been limited, we lack sufficient hindsight to assess the longer term impact of the NMW on the operation of the labour market. This is because of the inevitable lead times necessary to conduct ex post evaluations, and also because of the precise dates of NMW increases. A number of unanswered questions remain:

- will all stakeholders (trade unions, employers, etc.) continue to view the NMW as a minimum and not as a norm?

- how will the NMW modify longer term wage practices?
- more generally, how will these modifications affect the operation of the labour market in terms of wages and employment?

While it is likely that the UK labour market has not yet fully adapted to the existence of a fairly high minimum wage (*i.e.* one that "bites"), answers to these questions depend very largely on how the NMW is administered in the coming years. Under the Low Pay Commission's cautious and pragmatic approach it could continue to act as a safety net. More aggressive increases, or an ill-judged timetable, could turn it into a wage norm fairly akin to the existing *SMIC* (especially as the scale of the increases and their timing with regard to the state of the economy appear to be critical; in that sense, the UK economy's high growth rate since the late-1990s has doubtless helped to "absorb" the NMW).

Jean BOISSINOT

Appendix: minimum wage, labour costs, and net earnings in the OECD

This appendix briefly summarises the arguments assembled in the special study on "The Tax Treatment of Minimum Wages", in the 2005-2006 edition of the OECD report on "Taxing Wages". More precisely, we have used here the corrigendum to this study published in July 2007 to present a series of indicators concerning minimum wages in the OECD member countries (see charts on following page).

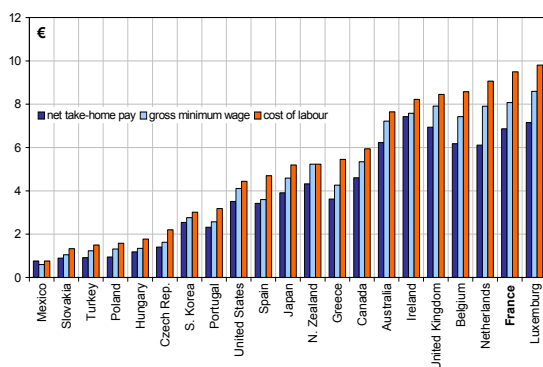
Legal or quasi-legal minimum wages apply in 21 OECD countries. Collectively negotiated minimum wages exist in some of the 9 OECD member countries that do not apply legal minimum wages. However, while in some cases a high proportion of workers is covered by these agreements (e.g. in Austria, Germany and Scandinavia), the negotiated minima often vary considerably between sectors of the economy or regions, or depending on the nature of the employer (for example there are currently more than 140 different collective agreements in Finland). Consequently the study does not take into account wage floors resulting from bargaining unless they are quasi-legal in character^a.

The cost of labour is calculated as the super gross cost of one hour of labour paid at the minimum wage. Net take-home pay is estimated for a person without a partner and with no children and working full time. Countries also apply a number of measures with respect to taxation and benefits for low-income earners in other family circumstances, in particular those with dependent children. These measures are not dealt with here since they also reflect tax policy objectives with respect to households, even though they are obviously liable to be important to minimum wage earners.

- a. If the law does not set them directly, decisions by judicial bodies or agreements between employer and employee representatives can lead to the setting of legally binding wage floors or ones that are equivalent to legal minimum wages, in terms of their scope of application and universality, as in the cases of Australia, Belgium and Greece.

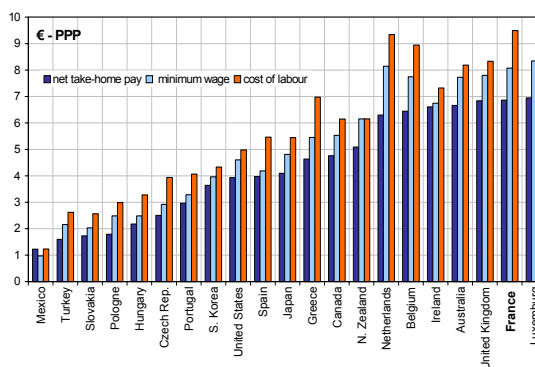
(21) William Brown calls the introduction of the NMW "the most intrusive labour market intervention in the United Kingdom". See Brown (2006): "The Low Pay Commission after eight years" in Dickens & Neal (eds.) *The changing Institutional Face of UK Employment Relations*, Kluwer.

Chart 6: minimum wage, net take-home pay and cost of labour in 2006 (in euro converted at the market exchange rate)



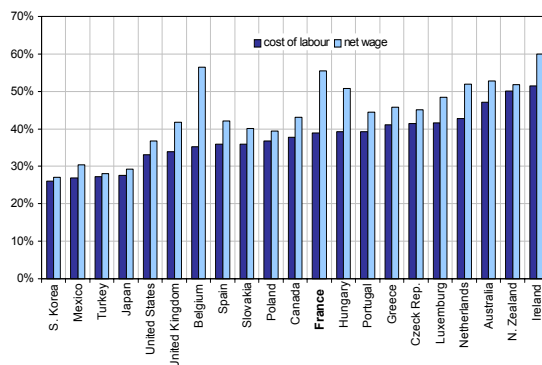
Source : OECD.

Chart 7: minimum wage, net take-home pay and cost of labour in 2006 (in euro converted at PPP)



Source : OECD.

Chart 8: labour cost and net take-home pay at the minimum wage in 2006 (as a percentage of average labour cost and take-home pay)



Source : OECD

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