

Minimum wages are common but controversial. Three out of four OECD countries use them, and supporting low-wage earners is widely seen as important for promoting inclusive growth. But views differ about whether such support is best provided through minimum wages, or closely related policies, such as government transfers. This policy brief considers three aspects that are central for a balanced assessment of policy choices: The cost of employing minimum-wage workers, their take-home pay, and the number of workers affected.

Strong interest in minimum wages after the crisis

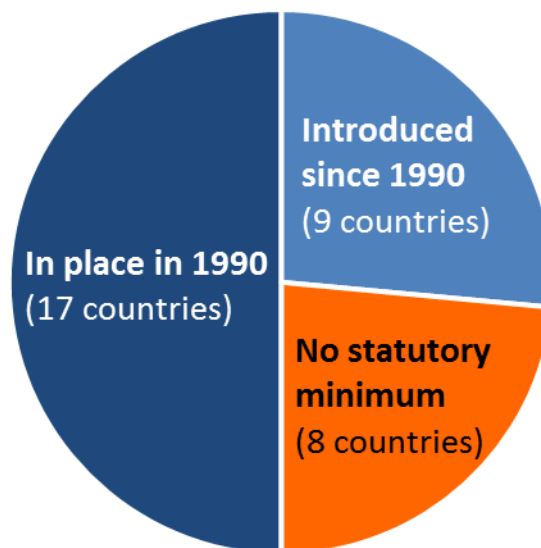
Low pay and in-work poverty were already major policy challenges before the onset of the economic crisis. Since then, these challenges have often become more acute as pay levels have fallen or stagnated in many OECD countries. Although economic output is now well above 2007 levels in a large majority of countries, employment and wage gaps persist, especially amongst disadvantaged groups. In more than one out of three OECD countries, pay in the lower part of the wage spectrum was still lower in 2013 than it had been six years earlier.¹ Both the recent crisis and the longer-running trend of rising inequality have added new momentum to minimum-wage debates.

Legal minimum wages are a government's most direct policy lever for influencing wage levels, especially for workers in a weak bargaining position. They also serve as a basic labour standard, alongside working-hours regulations and related provisions to ensure basic job-quality standards. Currently, 26 out of 34 OECD countries have statutory minimum wages (MW) in place (Figure 1a), as do Colombia and Latvia, who are seeking OECD membership, and a majority of emerging economies.² Since 1990, nine OECD countries, including most recently Germany, introduced a legal minimum. Legal minima exist alongside collectively agreed wage floors, and can sometimes substitute for them when collective bargaining coverage is

low.³ In the eight OECD countries that do not have a statutory minimum, a large part of the workforce is covered by sector-level collective agreements and the wage floors they specify (Nordic countries, Austria, Italy and Switzerland).⁴

1. Statutory minimum wages in the OECD area: Widespread, but much lower in some countries than in others

(a) Legal minimum wage in OECD countries, 2015



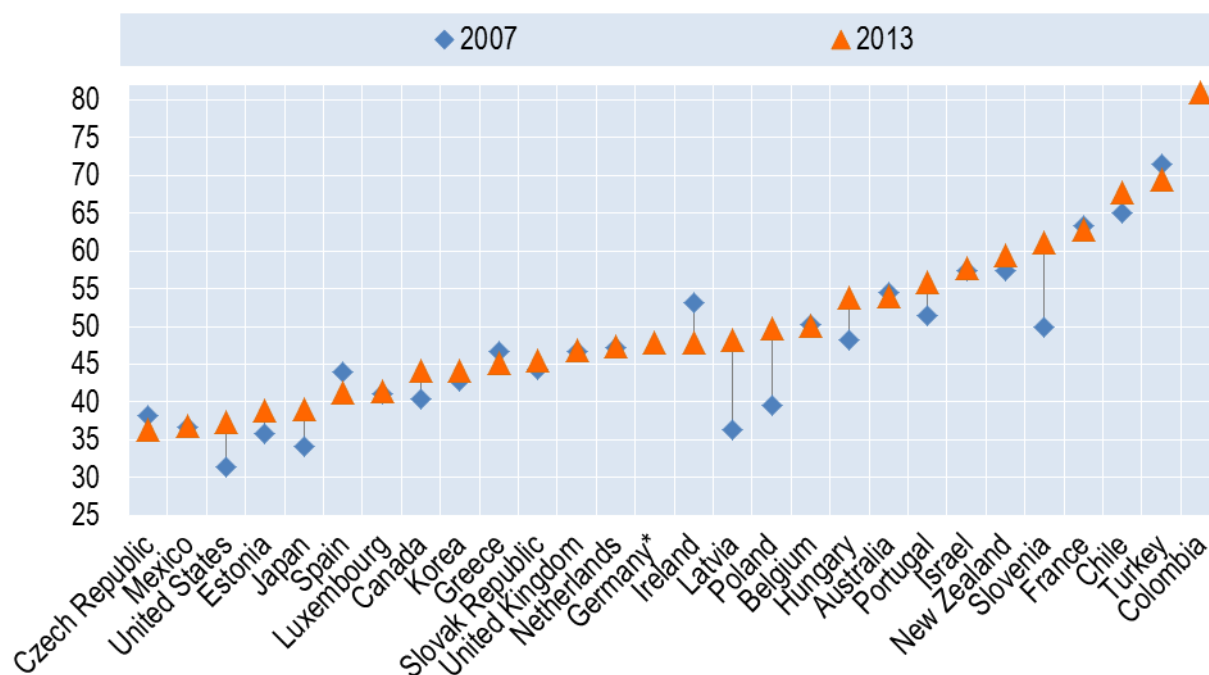
1. OECD Earnings Distribution Database. 2007-2013 comparison is for real-term earnings at the 20th percentile.

2. Information on non-OECD countries: ILO NATLEX database, http://www.ilo.org/dyn/natlex/natlex_browse.home and references listed under "Further reading" at the end of this brief.

3. See Garnero, A., S. Kampelmann and F. Rycx (forthcoming), "Minimum wage systems and earnings inequalities: Does institutional diversity matter?", *European Journal of Industrial Relations*.

4. Austrian social partners have agreed a collectively agreed uniform minimum wage as of January 2009.

(b) Minimum-wage levels before taxes: percentage of median wage, pre-crisis and latest



Notes: Levels refer to full-time workers. Panel (b) also shows data for Colombia and Latvia, who are currently seeking OECD membership.

* Germany: Minimum-wage level 2015 is expressed in percentage of the projected 2015 median wage. Projections are based on earnings data from the OECD Economic Outlook database.

Source: OECD Earnings and Minimum Wage databases, www.oecd.org/employment/database.

MW levels vary markedly across countries. This is often shown by comparing MW to wages in the middle of the wage spectrum (the so-called “median wage”). According to this measure, MW range from 40% or lower in the Czech Republic, Mexico, United States, Estonia and Japan, to more than 60% in Slovenia, France, Chile and Turkey. At more than 80% of the median wage in the formal sector, the MW in Colombia is much higher than in any OECD country (Figure 1b).

In recent years, policy-makers in many OECD countries have adjusted MWs in a context of high and increasingly persistent unemployment, stagnant or even declining average wages and, frequently, falling incomes especially among the poorest families. In the average OECD country, real hourly wages grew at an annual rate of only 0.2% over the four years to 2013, and half of the workers who stayed in their jobs suffered real wage cuts in some post-crisis years.⁵ Greece reduced MW

levels as a crisis-related measure and the minimum-to-median ratio also declined significantly in Ireland, Spain and Turkey. But MW in other countries have sometimes slowed or prevented real wage losses for the lowest-paid workers. The biggest relative increases between 2007 and 2013 occurred in Latvia, Slovenia and Poland, where the gap between minimum and median wages narrowed by more than ten percentage points.

Commonly used country comparisons such as those in Figure 1b provide useful pointers on MW trends across countries. But wage-floor comparisons based on gross MW amounts alone say relatively little about aspects that are crucial for a fact-based discussion of the pros and cons of MW policies: the cost of employing MW workers (the “minimum labour cost”), their take-home pay, and the groups that are most affected by MW provisions.

5. OECD (2014), “Sharing the pain equally? Wage adjustments during the crisis and recovery”, *OECD Employment Outlook*, 54-78.

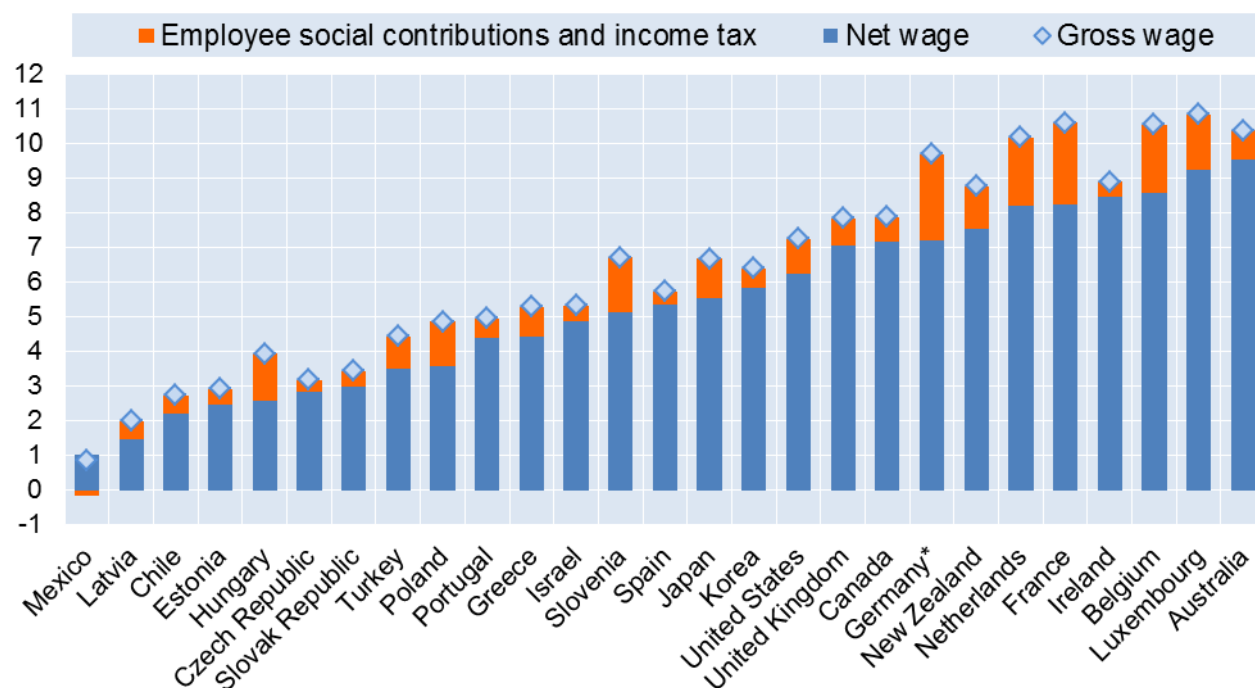
Supporting workers while keeping employer costs in check: The role of taxes and transfers

While MW are intended to support low-wage workers, the cost of employing them can be at the heart of concerns that legal minima might reduce employment, or damage the international competitiveness of domestic firms relying on low-skilled labour. Across countries, absolute values of hourly minimum wages

indeed vary enormously, from less than three US dollars per hour after taxes and social contributions in Mexico, Latvia, Chile and Estonia, Hungary and the Czech Republic to over nine dollars in Luxembourg and Australia (Figure 2). A large part of those disparities reflects country differences in average wage and productivity levels more broadly. But tax burdens play a significant role as well.

2. Very big differences in net minimum wages

Hourly minimum wage before and after taxes, 2013, in US dollars at purchasing power parities



Notes: Social contributions also include any mandatory payments to private insurance for health, retirement pensions, etc. Full-time worker in a single-person household earning the minimum wage at the standard (adult) rate. 'Full-time' refers to statutory full-time hours in each country and includes statutory additional payments, such as holiday pay. See Fact Sheet on last page for country-specific details. USD amounts are calculated using purchasing power parities for private consumption.

* Minimum-wage level in Germany is for 2015. See Figure 1 for calculation details.

Source: OECD tax-benefit models www.oecd.org/social/benefits-and-wages.htm, minimum-wage database, www.oecd.org/employment/database, and National Accounts database, http://stats.oecd.org/Index.aspx?DataSetCode=SNA_TABLE4.

Even at the very bottom of the wage ladder, taxes and social levies can strongly reduce take-home pay. At the same time, taxes and other mandatory non-wage labour costs also push up the cost of employing minimum-wage workers. By driving a wedge between labour costs and workers' take-home pay, the size of the overall tax burden has implications for how well MW perform at supporting low-wage workers and low-income families, while avoiding significant job losses. On average

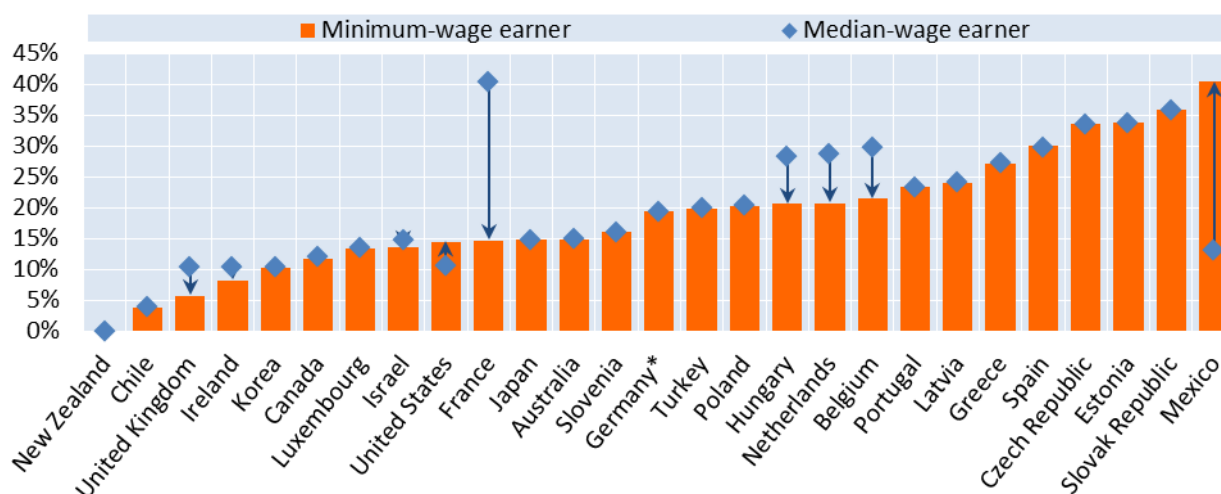
across the OECD, the total burden from income taxes, social contributions and related mandatory payments amounts to one third of the gross MW, with approximately equal shares paid by employer and employee (Figure 3). However, in some countries, the total "tax wedge" can be 45% or more (Czech Republic, Germany, Poland, Estonia, Slovak Republic, Latvia and Hungary). In these cases, tax policy may be as important a driver of net wages and labour costs as "headline" MW levels.

Some countries have adopted specific measures to reduce the gap between the amounts an employer pays and the take-home pay that the worker receives. To lower employers' costs, or to reduce risks of employment losses following MW hikes, some have introduced sizeable payroll-tax rebates for firms employing MW workers. Where tax concessions for low-wage employees are in place, the ratio of minimum to median labour costs will be lower than the minimum-to-median wage ratios shown in Figure 1b. A notable example is France, where employers of median-wage earners pay the highest social levies in the

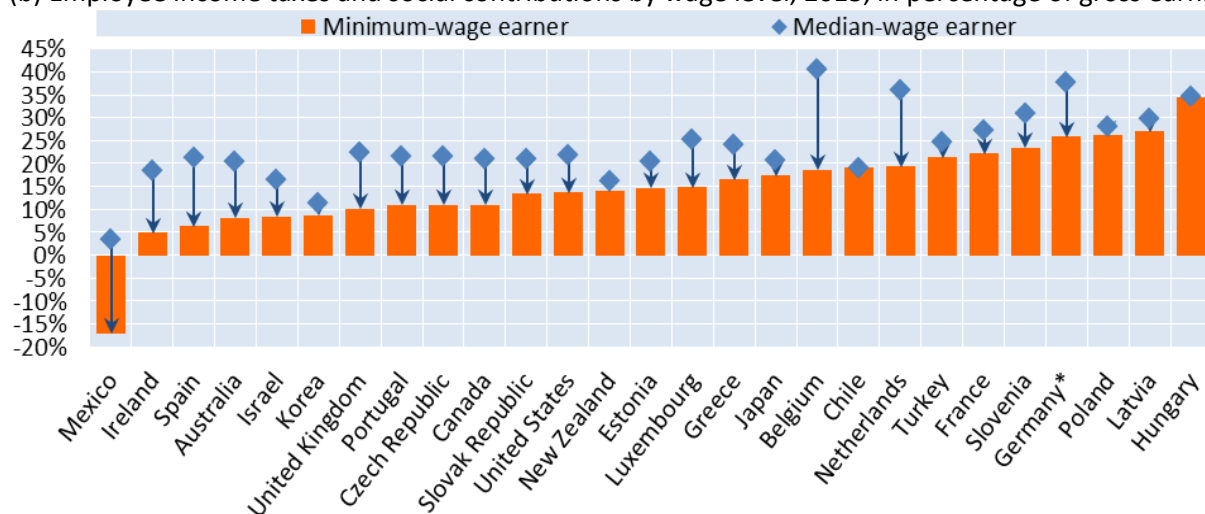
OECD (Figure 3a). But a sizable reduction at lower wage levels reduces these non-wage labour costs to well below the OECD average for MW workers. Hungary, the Netherlands and Belgium – three other countries with relatively high social levies or payroll taxes – also provide targeted reductions for MW earners, as does the United Kingdom. By contrast, social levies or payroll-tax burdens for MW workers in the United States and, more strikingly, in Mexico are higher than for median-wage earners. There are no mandatory social contributions in New Zealand.

3 Tax burdens can be high, even at the lowest wage levels

(a) Employer payroll taxes and social contributions by wage level, 2013, in percentage of gross earnings



(b) Employee income taxes and social contributions by wage level, 2013, in percentage of gross earnings



Notes: See notes to Figure 2. Social contributions also include any mandatory payments to private insurance for health, retirement pensions, etc.
 * Minimum-wage level in Germany refers to 2015. See Figure 1 for calculation details.

Source: OECD tax-benefit models, www.oecd.org/social/benefits-and-wages.htm and minimum-wage database, www.oecd.org/employment/database.

Taxes payable by workers can also be high at the lowest wage levels, especially in countries where income tax schedules are flat (e.g., Hungary and Latvia) or where large parts of government expenditures are financed through social contributions (e.g., France, Germany, Poland and Slovenia). Several countries have therefore used special tax concessions or “in-work benefits” to directly support the take-home pay low-wage earners and strengthen the positive impact of MWs on family incomes. For instance, income taxes are negative for Mexican low-wage earners (they receive a wage supplement in the form of a tax credit, (Figure 3b). Generous in-work benefits or reductions in social contributions for all or most low-wage earners are, e.g., also in place in Belgium and the United Kingdom, while several others rely on progressive income taxes to keep tax burdens of low-wage earners well below those applicable to median or higher wages.⁶ By ensuring that a greater share of a given MW ends up adding to household income, such “make-work-pay” measures generally work well in conjunction with MWs. Moreover, the case for MW becomes stronger when in-work benefits are in place, as MW can help to target in-work support to the intended recipients. For instance, one of the stated aims of introducing the UK National Minimum Wage in 1999 was to ensure that in-work benefits will in fact increase incomes of workers (rather than being “pocketed” by employers who might reduce wages by a similar amount).

Policy makers face a potential dilemma, however. Tax concessions or benefits that are tightly targeted to low-wage earners (and are therefore phased quickly out when wages increase above the minimum), make it less attractive for workers to progress to higher-paid jobs. They also create incentives for wage underreporting. By contrast, weakly targeted benefits, that are available over a wider wage range, avoid these adverse incentives. But

6. Other countries also provide sizable in-work benefits, but some of them are limited to certain family situations or are much lower for some low-wage earners. For instance, the Earned Income Tax Credit in the United States is worth about ten times more for families with children than for childless MW earners. See www.oecd.org/els/benefits-and-wages-policies.htm for country-by-country summaries

because they are available to large numbers of workers, they can be very expensive for governments – and these costs will rise further when the MW is increased. The difficulties of targeting are most pronounced when very large shares of workers are within or close to the targeted wage range. As a result, in-work benefits or targeted tax concessions generally work best when MW are set at moderate levels, when the share of MW earners is relatively low, and when authorities have access to reliable information on wages and working time.

Minimum wages and household incomes: A need to co-ordinate across policies

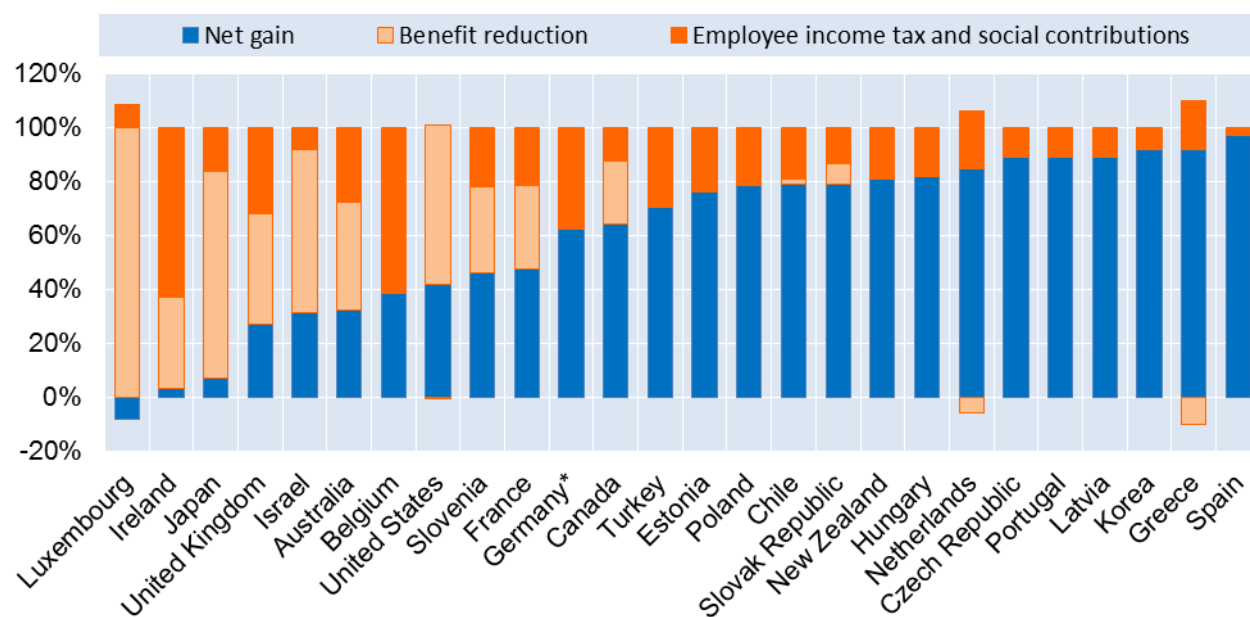
Reducing poverty is not the only objective of MW policy, but it is a prominent one, and rising poverty can trigger or intensify public debates about the role of legislated minima. Moreover, governments may be keen to consider MW increases as an element of poverty-reduction packages, as their direct budgetary cost can be much lower than for alternative measures, such as government transfers.

Like any other policy, however, minimum wages alone are not sufficient as a poverty alleviation strategy, and several factors can reduce the effectiveness of MW in this respect. The first one is the MW level itself. A very low MW may raise incomes but may simply be too low to lift families out of poverty. By contrast, a very high MW may result in job and income losses in some low-income families. Second, not all MW earners are income poor. While in-work poverty is associated with low wage levels, studies generally show that substantial numbers of MW workers live in households with income above the poverty line, and that in-work poverty is often the result of low working hours, rather than low wage levels.⁷ A final factor is a lack of co-ordination between MW policy and other redistribution measures, notably taxes and transfers.

7. See references listed under “Further reading” at the end of this brief.

4. Without policy co-ordination, increasing the minimum wage may do little to bolster family incomes

Share of an MW increase that adds to net income, after accounting for taxes and benefit reductions, lone-parent family, 2013



Notes: Calculations refer to a 5% minimum-wage increase and a single-adult household with two children. They assume that all tax and benefit provisions remain as they were before the increase, and account for minimum-income and other means-tested benefits that are primarily income related and are typically accessible for low-income families. For Japan, calculations reported in this figure use minimum wages for Tokyo and social assistance rates for Tokyo grade 1-1. Other than family type, further details are as in Figure 2.
* Minimum-wage levels in Germany are for 2015. See Figure 1 for calculation details.

Source: OECD tax-benefit models, www.oecd.org/social/benefits-and-wages.htm and minimum-wage database, www.oecd.org/employment/database.

For those who would potentially benefit from higher MW, higher taxes and reduced benefit entitlements can consume large parts of any MW increase. Depending on a families' tax situation and benefit entitlements, higher MWs may then add little to their net resources and living standards. Figure 4 shows that, without accompanying measures such as raising means-tested benefits in line with MW, less than a tenth of a MW increase would end up in the pockets of single-parent MW earners in Ireland and Japan. In Luxembourg, a MW increase could actually make a single parent worse off, as benefit reductions and higher social contributions would outweigh the wage increase. The specific mechanics of the complicated interaction between wages, taxes and benefits differs from one family to another. However, the main lesson emerging from these patterns is that MW changes need to be carefully co-ordinated with tax and benefit provisions. For instance, welfare and social security benefits in the Netherlands are closely linked to minimum-wage levels, while the

Minimum Wage Act in Japan requires authorities to maintain consistency between minimum wages and public assistance. Without effective co-ordination, MW hikes may not result in significant income gains for the targeted individuals, especially in countries where tax burdens on low-wage earners are sizeable, or were means-tested out-of-work transfers provide a comprehensive income safety net.

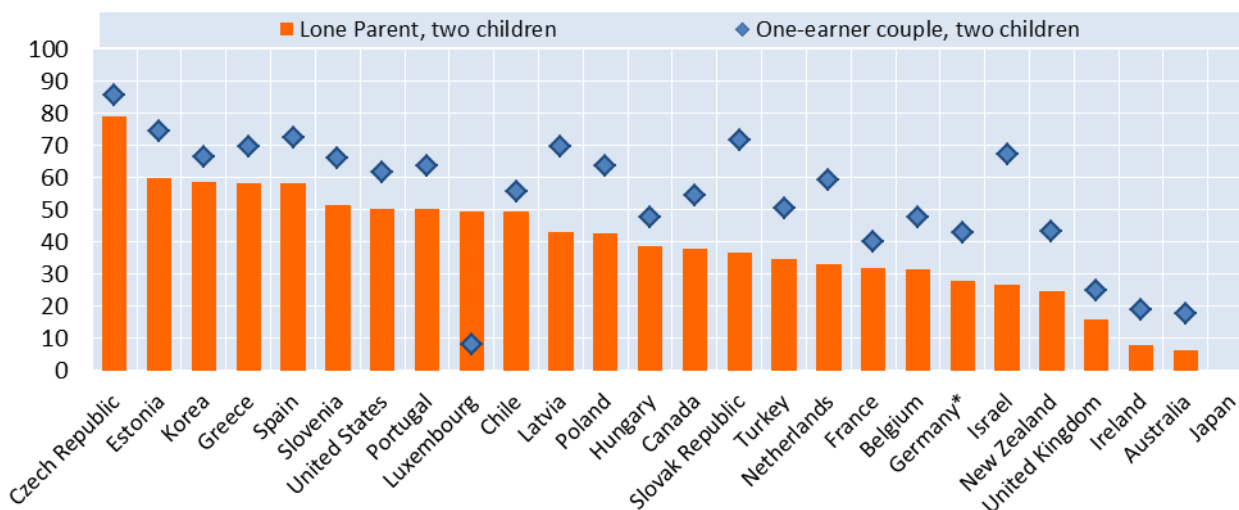
For families, what matters is the income that a minimum-wage job brings after accounting for tax burdens and government transfers. On this measure, countries differ enormously and in some countries incomes of full-time minimum-wage earners can be well below commonly used poverty lines. In these cases, even working very long hours may not enable families to escape income poverty as conventionally measured. Figure 5 shows that a half-time MW job in Australia, Ireland and the United Kingdom can be sufficient to take a family with two children out of poverty, and out-of work benefits in Japan provide income above

the poverty threshold even when no-one in a two-parent family works. However, in most countries, a single full-time MW job leaves two-parent families below the poverty line and employment of both parents is needed to ensure that children do not grow up in poverty.

In the Czech Republic, Estonia, Greece, Korea and Spain, the working hours required to escape poverty on a minimum wage are unrealistic for lone parents in particular; they would need better income support, or wages significantly above the MW to work their way out of poverty.

5. A floor for wages, a ceiling on hours?

Weekly working hours needed at minimum-wage to move above a relative poverty line, 2013



Notes: The poverty line is 50% of each country's median net household income. Net incomes are calculated by subtracting incomes taxes and mandatory social or private contributions payable by workers, and adding family benefits, as well as minimum-income and other means-tested benefits that are primarily income related and are typically accessible for low-income families. For Japan, calculations reported in this figure use minimum wages for Tokyo and social assistance rates for Tokyo grade 1-1.

* Minimum-wage levels in 2015 (Germany). See Figure 1 for calculation details.

Source: OECD tax-benefit models, www.oecd.org/social/benefits-and-wages.htm, minimum-wage database, www.oecd.org/employment/database and income distribution database, www.oecd.org/social/income-distribution-database.htm.

Who is paid the minimum? A need to focus on disadvantaged groups

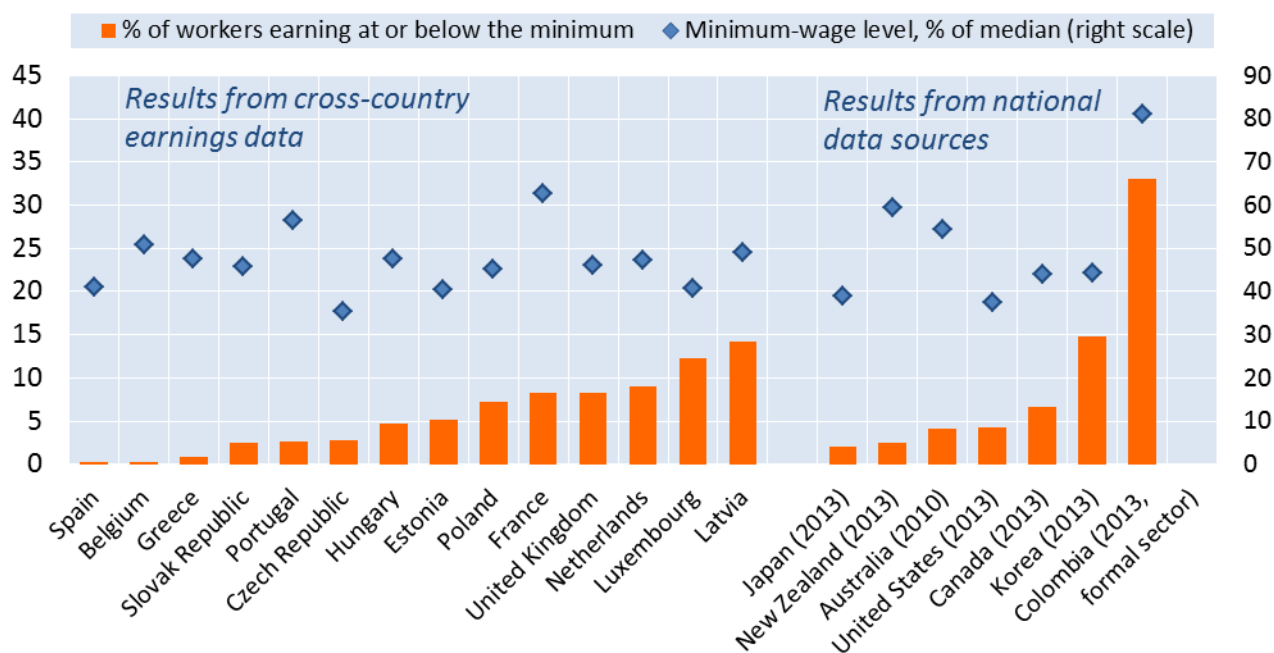
Governments may decide to legislate minimum wages when individual or collective wage agreements result in undesirably low pay, e.g., if collective agreements have limited reach or their coverage is declining. The coverage of statutory MW is, however, not universal either. Self-employed workers are outside the scope of MW provisions altogether; this includes the so-called “falsely self-employed”, who do similar work as regular employees but whose contracts are not protected by the same safeguards and regulations. In addition, most countries exclude certain forms of dependent employment (e.g., civil service) from MW provisions, and some of them exclude further specific groups (see Fact Sheet on last page). Enforcement and compliance problems can also lead to workers

being (illegally) paid below the minimum, e.g., through underreporting of working hours.

The share of MW earners therefore depends not only on MW levels and the “reach” of MW can be high even when their levels are low or moderate. Data reported in Figure 6 show that around 15% of Latvian workers are earning at or close to the legal minimum, despite a significantly lower ratio of minimum to median wages than in France, New Zealand, Australia or Portugal. Weak collective bargaining and wage-underreporting may explain why minimum wages in Latvia appear to be more binding than in countries with comparable or higher statutory minima. In Belgium, where MW levels are relatively high, few employees are actually paid the minimum, in part because of widespread use of collective agreements setting wage floors above the statutory minimum.

6. Even when the minimum wage is generous, few people may actually receive it

Number of minimum-wage earners and minimum-wage levels, 2010 or as noted.



Notes: The number of minimum-wage earners cannot usually be established with certainty and can vary between data sources and studies. Counts of minimum-wage earners are commonly based on survey data, which are affected by measurement error, both in earnings and in working hours. It is therefore common to include those with wages below the minimum and slightly above it. Data sources and approaches differ however. Results reported in the “cross-country” group are from the EU Structure of Earnings Survey (SES) and refer to those earning less than 105% of the legal minimum applicable to each worker’s age group. Importantly, SES data exclude workers in small firms with fewer than 10 employees. As minimum-wage workers tend to be overrepresented in small firms, shares can often be higher than reported when small firms are included. “Country-specific” results are from a range of sources as specified below and generally include employees in smaller firms, but may not include workers paid less than the minimum. Results for Colombia refer to the formal sector only.

Source: Minimum-wage levels as in Figure 1. Shares of minimum-wage workers: European Structure of Earnings Survey and the following national sources and studies, adapted and updated from Cahuc, P, S Carcillo and A Zylberberg, 2014, *Labour Economics*; Australia: J.R. Bray, 2013 *Reflections on the evolution of the minimum wage in Australia: options for the future* (tables 3 and 5 and figure 5); Statistics Canada, 2014, “The ups and downs of minimum wage”, Insights on Canadian Society, based on the Canadian Labour Force Survey; Integrated Household Survey (Gran Encuesta Integrada de Hogares, GEIH) of the Colombian Statistical Office (DANE); Japan Ministry of Health, Labour and Welfare; Korean Minimum Wage Council; New Zealand Minimum Wage Review, 2013 (tables 6 and 8); United States Bureau of Labor Statistics, based on CPS data (BLS, 2014, “Characteristics of Minimum Wage Workers, 2013”, Report 1048).

Workers with lower productivity, weak bargaining power, or specific employment barriers (such as care responsibilities) are paid less and are therefore most strongly affected by MW provisions. More than 20% of Dutch workers with no more than lower secondary education are paid at or below the MW. For the better educated, the share of MW earners is under 5% (Figure 7). In other countries, low-educated workers are also overrepresented among MW earners, as are youth and workers on temporary contracts (Figures 7b and 7c). But in some countries, the differences are untypically small. For instance, in Estonia and Latvia, MW are more common among workers aged 30+ than among younger adults. This suggests that, for many workers, earning potential remains low well beyond the early stages of their career. It may also indicate that

some of them may receive additional compensation on top of formerly declared earnings (e.g., in the form of “envelope wages”).

Any desired or undesired effects of MW provisions are felt most strongly among women, youth and other groups who are typically overrepresented in the low-wage sector. For lower-educated or temporary workers, MWs frequently amount to more than two thirds of the average pay in these groups, highlighting the need to set and adjust MW with care:⁸ Too low a minimum may result in undesirably low wages

8. European Structure of Earnings data show that minimum wages in France, Hungary, Latvia, Luxembourg, Netherlands, Poland, Portugal, Slovak Republic and the United Kingdom amount to at least 66% of the median wage of these two groups.

for large numbers of workers, especially for workers without representation in the wage-setting process and others with a particularly weak bargaining position. Yet, setting MWs too high leaves little room for rewarding employees in line with productivity, and may lead to job losses, informal work or reduced working hours for some. Empirical studies show that moderate MW increases have typically not caused significant job losses overall and there is some evidence that may be able to raise worker productivity instead. But employment of disadvantaged groups, such as youth, can suffer. Job losses are more likely when MW are high to start with, and when labour markets are already weak, e.g., after economic downturns.⁹

Moving from a uniform MW to more differentiated MW structures can alleviate some of these tensions. Indeed, less than a third of OECD countries with a MW in place specify a single minimum for all covered employees (see Fact Sheet on last page). About half of the countries have put in place reduced MW levels for younger workers, apprentices or new labour-market entrants. Several others differentiate MW levels by region or other characteristics. A lower but well enforced minimum for youth can help maintain minimum pay standards, while compensating for specific barriers that young people face when entering the labour market. Increasing MW with age in several small steps, as done in Australia, the Netherlands and the United Kingdom, avoids large jumps in labour costs from one year to the next, and helps to lower the risk that employers would base hiring and firing decisions primarily on age or seniority.

Set-it-and-forget-it? Adjusting the minimum wage

Like other types of employment regulations, legislated minimum wages represent a substantial intervention in the labour market. The consequences of these interventions depend on the labour-market context, and changing labour-market conditions therefore normally require a review of MW provisions.

Most OECD countries review and adjust minimum wages every year or almost every year. And, during the recent period of economic crises, governments in a few hard-hit countries have reduced MW levels, for instance to keep them in line with average wage developments (Figure 1b). But in some countries, MW levels may not be reviewed regularly. In the absence of a transparent and specific schedule for MW reviews, MW adjustments are likely to be driven, in part, by political considerations and public pressure. The resulting adjustments are likely to be unpredictable and may also not be well aligned with prevailing labour-market conditions. For instance, before rising (in steps) by some 40% just before and during the Great Recession, the federal minimum wage in the United States had remained at the same nominal value since September 1997, even as average wages rose by 80%.¹⁰

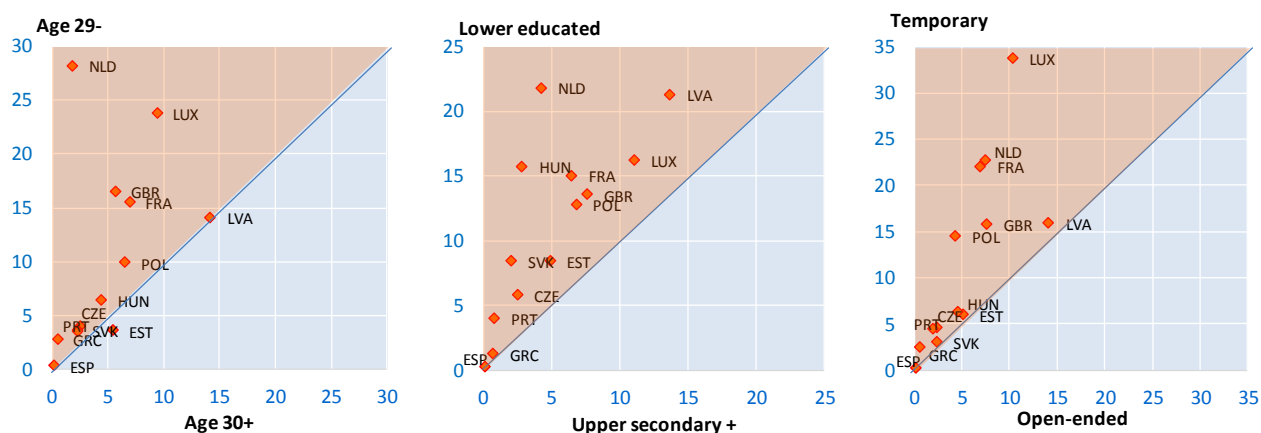
MWs should be reviewed frequently; but doing so mechanically, e.g., by increasing them in line with average wages, fails to account for labour-market conditions and the specific situation of intended beneficiaries. Independent expert commissions, which exist in different forms in several OECD countries (including Australia, France, the United Kingdom and several US States), are well placed to consider a wide range of economic and social factors and make the necessary links between MW policy and related policy areas, such as taxes and transfers. Public consultations and a requirement to publish recommendations promote minimum-wage adjustments that are transparent and predictable for both businesses and workers.

9. Key arguments and results are summarised in the studies listed under “Further reading” at the end of this brief.

10. The average-wage increase relates to full-time workers in the private sector.

7. Minimum-wage policies must pay special attention to disadvantages groups

Percentage of workers with hourly wage at the statutory minimum, by education, age and contract type, 2010



Notes and sources: See Figure 6. 'Lower educated': lower secondary education or below; 'Higher educated': upper secondary or above.

Follow-up:

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Further reading:

OECD (2015), "Recent labour market developments – Special section on the role of minimum wages", *Employment Outlook*, Paris: OECD Publishing, forthcoming.

Broecke, S., A. Forti and M. Vandeweyer (2015), "The effects of minimum wages on employment in emerging economies: A literature review", OECD Social, Employment and Migration Working Paper, forthcoming.

Congressional Budget Office (2014), *The effects of a minimum-wage increase on employment and family income*. Washington, D.C., Congressional Budget Office.

Low Pay Commission (2015), *National Minimum Wage: Low Pay Commission report*, London: Low Pay Commission.

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OECD (2007), "Special feature: The tax treatment of minimum wages", *Taxing Wages*, Paris: OECD Publishing.

Source:

Please source this note as: OECD (2015), "Minimum wages after the crisis: Making them pay".

This document can be downloaded via www.oecd.org/social/Focus-on-Minimum-Wages-after-the-crisis-2015.pdf from www.oecd.org/els/social.

Figures and underlying data can be downloaded via www.oecd.org/social/Focus-on-Minimum-Wages-after-the-crisis-Figures-Data-2015.xls.

Note:

The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.

Fact sheet: Minimum-wage levels and differentiation across groups

		Statutory minimum in national currency, 2013 ¹					Lower or higher minima for specific groups	Standard adult rate from age ...	Youth rate, % of adult rate	
		Hourly	Daily	Weekly	Monthly	Annual ²				Typical annual total ³
Australia	AUD	15.96				31,537	31,537	National minimum wage varies by age. Plus lower rates for apprentices and workers with disabilities. Higher award wages by occupation and industry.	21	36-97
Belgium	EUR				1,559	18,713	18,713			
Canada ⁴ national average	CAD	10.15				21,112	21,112	Varies by province / territory, by industry in some provinces, and by occupation.	-	-
Chile	CLP				210,000	2,520,000	2,520,000	Varies by age: Lower rates for youth and elderly.	18	74
Colombia	COP				589,500	7,074,000	7,920,000	-	-	-
Czech Republic	CZK				8,000	96,000	96,000	Varies by health status: Lower rates for people with disabilities.	-	-
Estonia	EUR				320	3,840	3,840	-	-	-
France	EUR	9.43				17,163	17,163	Varies by age, seniority and employment contract: Lower rates (55-85% of standard rate) for youth on a training contract ("Contrat de professionalisation"), for those on vocational training (at any age, 25-78%), and for youth under 18 and less than 6 months of employment in the sector (80-90%).	rates vary by age and other characteristics	
Germany* 2013 equivalent of 2015 value	EUR	8.03				16,694	16,694	Possibility to deviate from the MW by collective agreement until the end of 2016. Youth below 18 exempted. Long-term unemployed exempted during first 6 months of new employment.	-	-
Greece ⁵ Blue collar workers	EUR				568.79	6,825	7,963	Varies by occupation and age. Higher rates for white-collar workers, lower rates for youth and long-term unemployed taking up new employment.	25	89
Hungary	HUF	564.00			98,000	1,176,000	1,176,000	Varies by occupation / job content: Higher rate for jobs requiring at least upper secondary education.	-	
Ireland	EUR	8.65				17,992	17,992	Varies by age: Lower rates for youth.	18	70
Israel	ISL	23.12				48,090	48,090	Varies by age: Lower rates for youth.	19	70-83
Japan ⁴ national average	JPY	749.00				1,557,920	1,557,920	Varies by region and industry sector (industry-specific minima are higher). Results in this report refer to regional minima.	-	-
Korea	KRW	4,860				10,108,800	12,188,880	Varies by contract type: Lower rate for apprentices during first 3 months of apprenticeship.	-	-
Latvia	LVL				200	2,400	2,400	Same monthly minimum for youth but youth work fewer hours, so <i>youth hourly wage is higher</i> .	18	114
Luxembourg	EUR	10.67				22,194	22,194	Varies by age and skill level: Lower for youth, 20% higher for workers with professional qualification.	18	75-80
Mexico Mexico City (geographic zone A)	MXN	64.76				20,205	20,205	Varies by region and occupation: lower rates for the two zones other than Mexico City. 86 different occupational minima.	-	-
Netherlands	EUR				1,469	17,633	19,043	Varies by age: Lower rates for youth. Government may decide to lower minimum for certain firms/sectors in case of economic difficulties.	23	30-85
New Zealand	NZD	13.75				28,600	28,600	Varies by age, contract type, health status: Lower rates for youth, apprentices in case of a disability.	18	80
Poland	PLN				1,600	19,200	19,200	Varies by seniority: 80% for the first year of employment when taking up a first job.	-	-
Portugal	EUR				485	5,820	6,790	Varies by age, region and contract type: Lower rates for youth. Higher for Açores and Madeira. Lower for apprentices and in case of disability.	18	75
Slovak Republic	EUR	1.94				4,037	4,037	Varies by health status: Lower rates for people with disabilities.	22	80-90
Slovenia	EUR				784	9,404	9,404	-	-	-
Spain	EUR				645	7,744	9,034	-	-	-
Turkey	TRY		34.05			12,258	12,258	-	-	-
United Kingdom	GBP	6.19				12,875	12,875	Varies by age: Lower rates for youth.	21	59-80
United States federal	USD	7.25				15,080	15,080	Varies by state: In 2014, 21 States and the District of Columbia had state-level minima above the federal minimum wage. Lower federal rates for youth in their first 90 calendar days of employment.	20	58
United States*, government proposed 2016, in 2013 equivalent	USD	9.39				19,532	19,532			

Notes: "-" refers to not applicable. Entries in **bold** typeface indicate amounts typically referenced in national legislation. Annual or monthly amounts are used as input into tax and benefit results reported in this Brief.

* 2013 equivalents for Germany were calculated using projected changes in average wages between 2013-15, see notes to Figure 1 for calculation details.

1. Provisions as of July 2013 (June for Australia).
2. Annual values are calculated for 52 weeks of paid work on the basis of a statutory work week of 40 hours per week, except in Australia, Belgium (38), France (35), Chile (45), Ireland (48), Korea (48 per week, 209 per month, including 8 hours per week paid holiday). Calculations in Greece and Turkey assume 5 paid days per week and 30 paid days per month respectively.
3. Typical annual totals were used as input into tax and benefit calculations reported in Figures 2-5. They include additional statutory payments and bonuses: 8% holiday pay in the Netherlands, two monthly payments in Greece, Portugal and Spain, 8 hours holiday pay per week in Korea, a monthly transport allowance (COP 70,500) in Colombia.
4. Averages of regional minimum wages weighted with employment shares.
5. Blue-collar workers (craftsmen/technicians).