



Low Pay

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Low pay and poverty


- **Two debates**
 - Low-paid work
 - Risk of (working) poverty
 - Dynamics of mobility in/out work
- **Incidence of low pay in EU large and persistent, danger of wage dumping**
- **Reasons to reinvigorate attention fo low pay**


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EU policies on low pay?


- **EC Treaty, Art. 137.5:**
 - no harmonizing legislation on pay
 - competence at national level
 - yet, cooperation measures allowed
- **Union policies**
 - to be grounded on national conditions (different social security systems, purchasing power)
 - 2005: ideas on European minimum wage policy related to "decent life" (ESM): $\geq 50\%$ national average earnings (Kaitz index)
 - recent campaigns of international union federations to tackle low pay (f.e. EPSU)


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The Statutory Minimum Wage (SMW)


- **SMW first introduced in USA (1938)**
- **2007: SMW's in 20 of 27 EU member states**
 - not in DK, SW, FI, GE, AU, IT, CY
 - mostly based on national consultation
 - some included in law: BE, GR
 - some index-linked: NL, FR, PL
- **ETUC bargaining report:**
 - in 2002-05 growth of minimum wages in SMW countries \geq inflation


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Low Pay Indicators


- **Risk of poverty threshold (EU)**
 - household income $< 60\%$ median
- **Factual national minimum wage standard (i.e. SMW)**
- **Factual lowest wage scales in collective agreements**
- **Low pay threshold (EU, OECD)**
 - individual worker $< 67\%$ median gross hourly wage

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Incidence of low pay-1

- **Women:**
 - EU-15, 2001: 2 x male incidence
 - WI, 2005: ≥ 2 x male incidence in BE, GE, NL, UK
 - WI, 2005: < 2 x male incidence in DK, FI, PL
- **Low skilled:**
 - EU-15, 2001: 2.5 x incidence among high skilled
 - WI, 2005: ≥ 2 x incidence among high skilled in BE, DK, FI, GE, NL, UK
 - WI, 2005: < 2 x incidence among high skilled in PL

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Incidence of low pay-2

- **Youth (16-24 year):**

- EU-15, 2001: 40%
- WI, 2005: 33-50% in BE, DK, GE, PL, UK
- WI, 2005: 20% in FI
- WI, 2005: 64% in NL

- **Industry:**

- EU-15, 2001: $\geq 40\%$ in hotels/restaurants, retail
- WI, 2005, 13 industries, ranking:
 - No 13: hotels/restaurants/catering
 - No 12: agriculture
 - No 11: wholesale/retail
 - No 10: health care

