



FACULTY OF
ECONOMICS AND
ADMINISTRATION

Estimating Living Wage Globally

Martin Guzi



What is living wage?

- Human right (since 1919 defined by ILO)
“ultimate objective is to ensure to workers a minimum wage that will provide a satisfactory standard of living to them and their families”
- In many countries minimum wage is not a living wage, and workers who earn minimum wage cannot afford a decent living standard.
- However there is no accepted definition of what a living wage is and no agreed methodology on how to measure it.
- Living wage as a metric of income adequacy.



- **The Mexican Constitution (1917)** states: *the general minimum wage must be sufficient to satisfy the normal necessities of a head of family in the material, social and cultural order and to provide for the mandatory education of his children.*
- **The Brazilian Constitution (1988)** stipulates: *national minimum wage be capable of satisfying their basic living needs and those of their families with housing, food, education, health, leisure, clothing, hygiene, transportation and social security, with periodical adjustments to maintain its purchasing power.*



Definitions of living wage

- **Global Living Wage Coalition:** “A remuneration received for a standard work week by a worker in a particular place sufficient to afford a decent standard of living for the worker and her or his family. Elements of a decent standard of living include food, water, housing, education, health care, transport, clothing, and other essential needs, including provision for unexpected events”.
- **Asia Floor Wage** “proposes a wage for garment workers across Asia that would be enough for workers to live on”.
- **New Zealand** defines a living wage “as the income necessary to provide workers and their families with the basic necessities of life”.
- Campaign in **Vancouver** defines living wage “on the principle that full-time work should provide families with a basic level of economic security, not keep them in poverty”.



Good World Solutions Fair Wage Guide

GLOBAL
LIVING WAGE
COALITION



**Make
Minimum Wage
A Living
Wage!**



living wage
for families campaign



Living wage estimation (Engel's law)

- Households budget divided to food and non-food spending.
- German statistician Ernst Engel (1857) was the first to notice that poorer families tend to spend a higher share of their budget on food (*Engel's law*)

Living wage calculation:

1. Calculate food expenditure
2. Estimate non-food spending using Engel's law
3. Living wage is then the sum of food and non-food spending

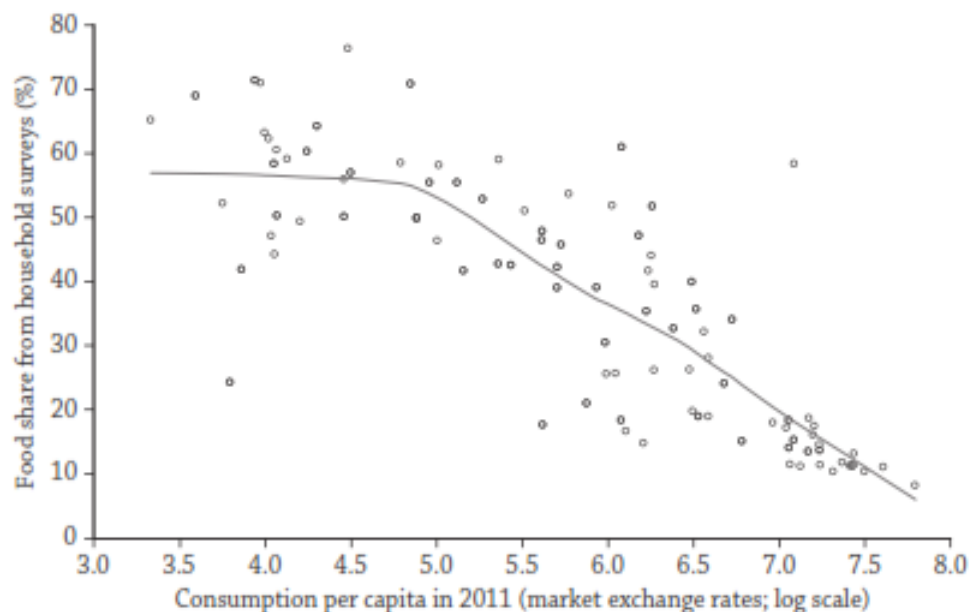
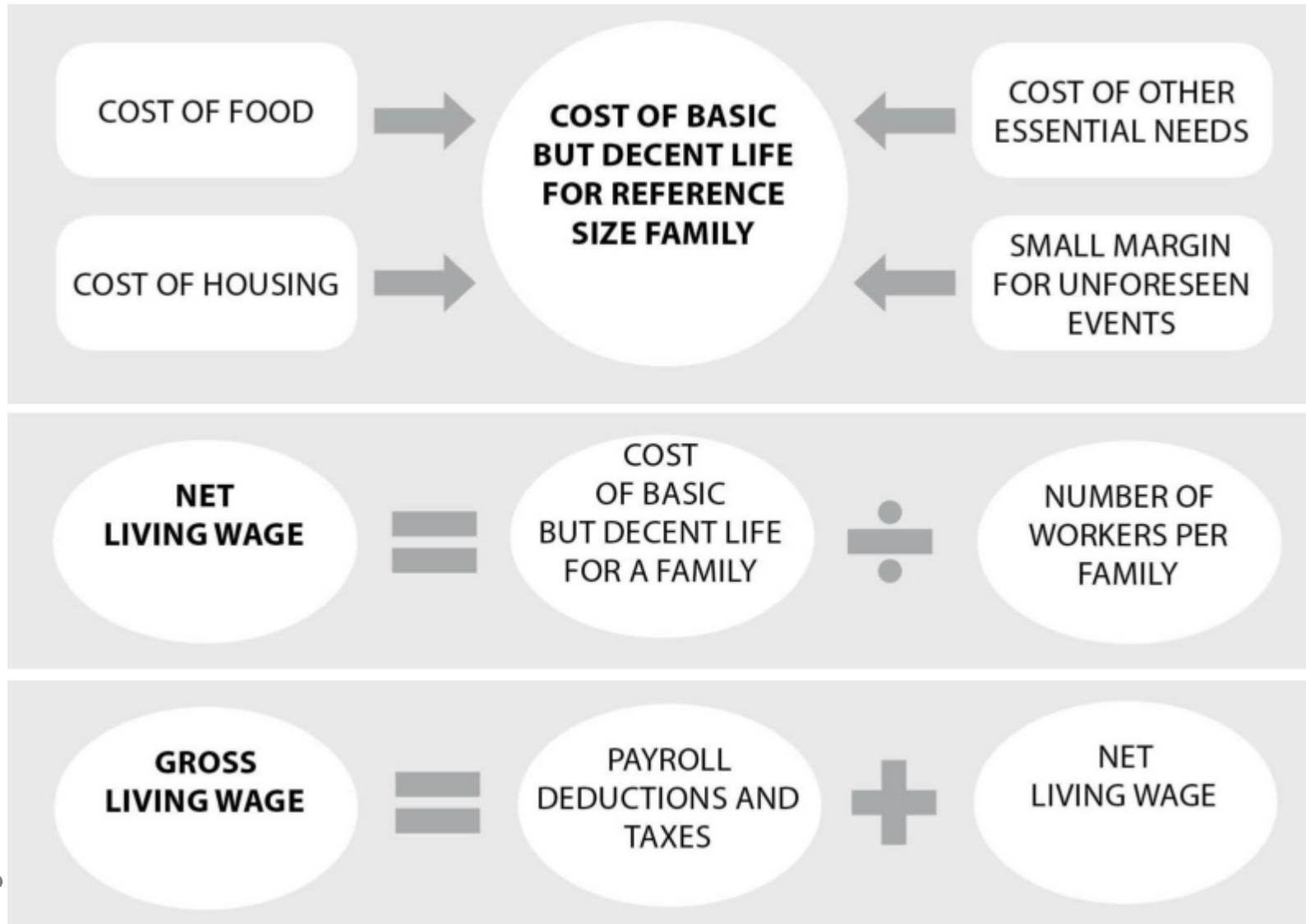


Figure B1.16.2 Empirical Engel Curve for Food across Countries. Source: Ravallion and Chen (2015).

Living wage estimation (Anker methodology)



Minas Gerais
South/Southwestern
Meso Region



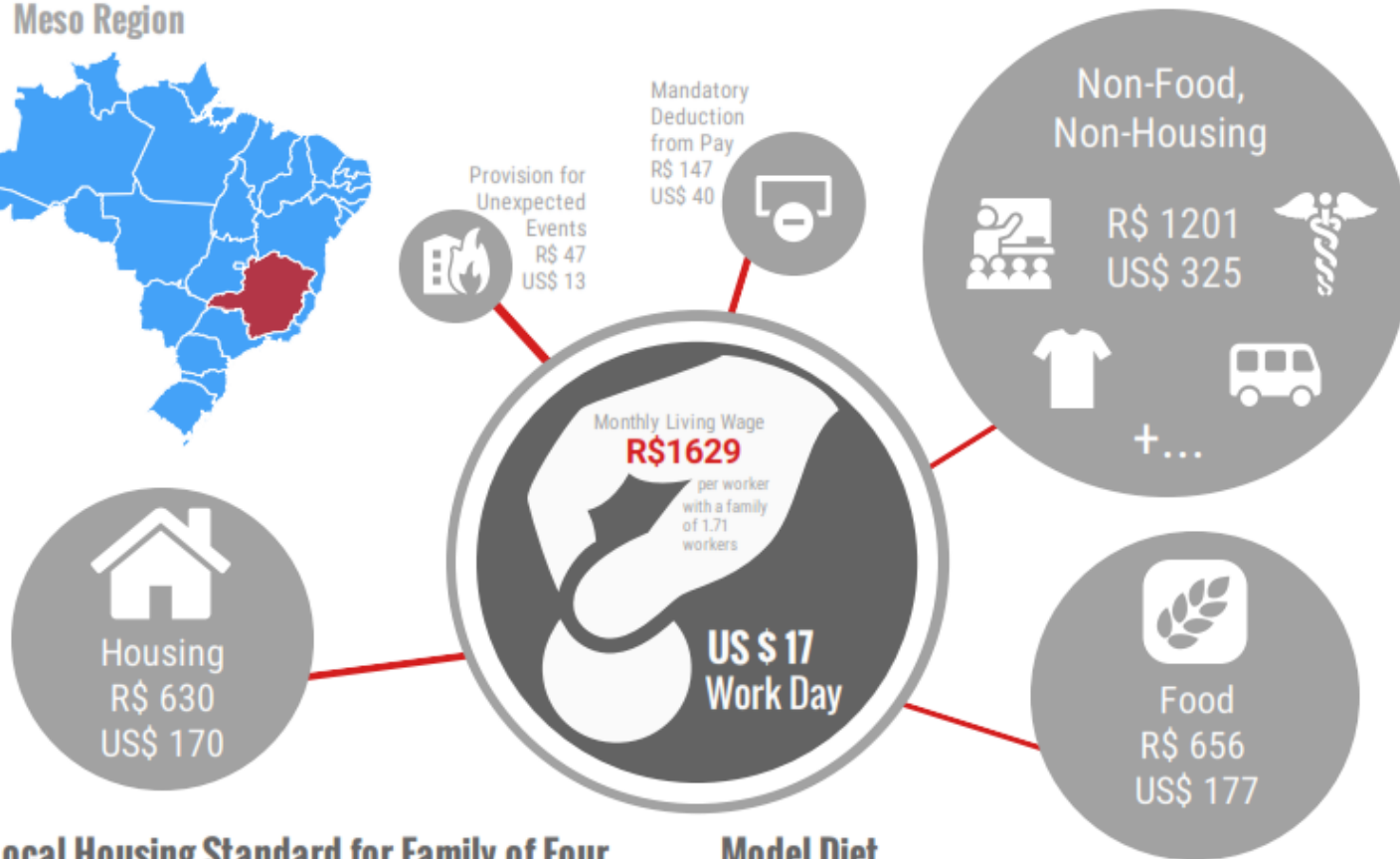
Synopsis of Living Wage Study Conducted By
João Paulo Candia Veiga & Murilo Alves Zaccaro

Living Wage Estimated using the Anker Methodology



Family Size 4 | 2 Adults, 2 Children | 1.71 Workers Per Family

**GLOBAL
LIVING WAGE
COALITION**



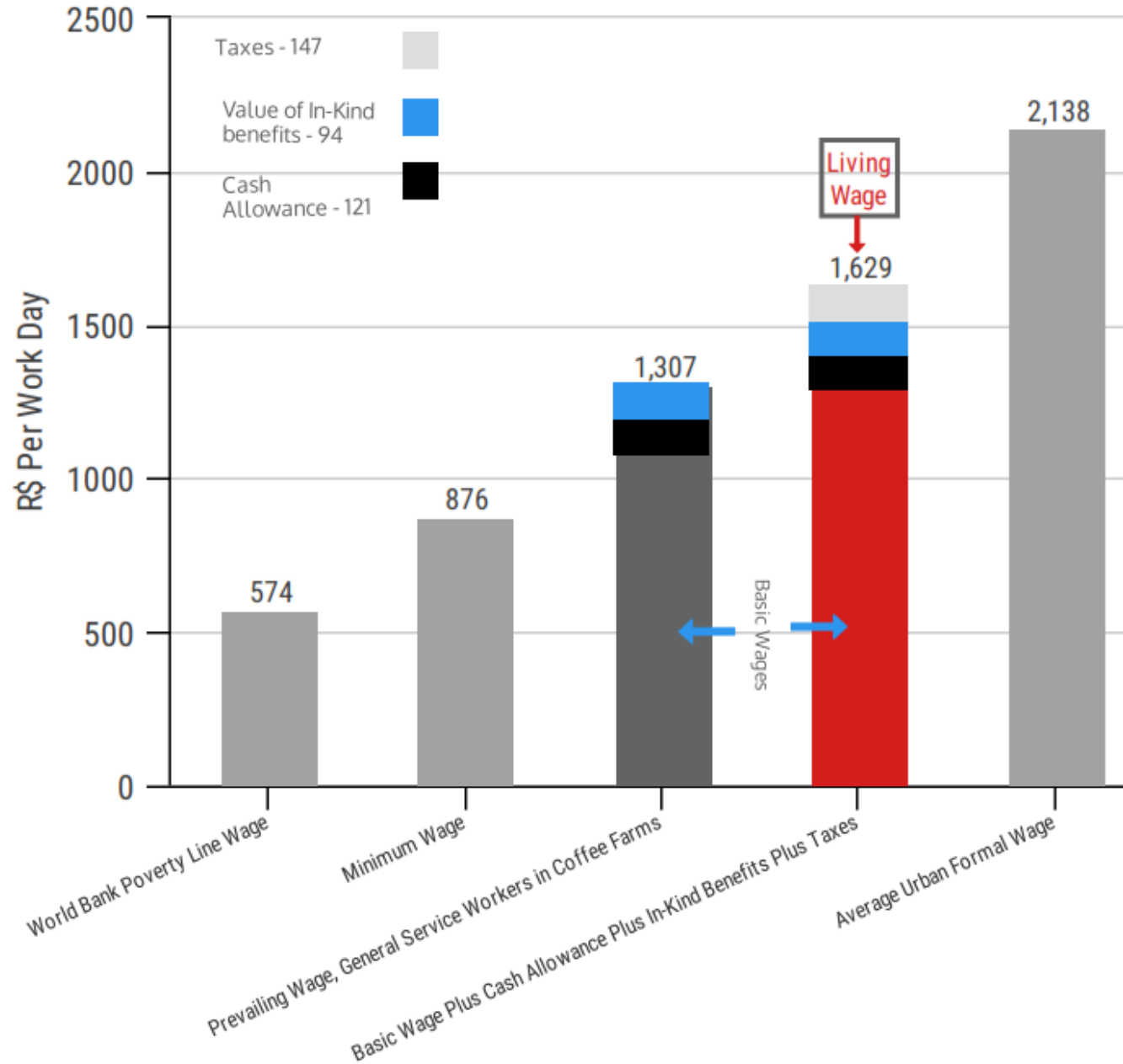
Local Housing Standard for Family of Four

- Housing should provide physical and structural safety and protection from cold, humidity, rain, wind, and other health threats;
- House should have a living room, two bedrooms, an indoor bathroom, and a separate kitchen. Total living space should be at least between the range of the interval of 44.5 to 55 square meters, including outside areas;
- Poor families should not spend more than 30% of their income on rent;
- Walls should be made of brick or plywood, yet stone and adobe walls, if adequately built, meet the standards for outside walls;
- For roofs, concrete slabs, zinc sheets, clay tiles, and plywood are adequate;
- Floors should be cemented, tiled or made of plywood;
- Access to electrical energy;
- Access to water supplied by a water utility;
- Access to a sewer system or, if not, to a sanitary pit and

Model Diet

- 135 g of rice per day (around 1 cup)
- 21 g of maize per day
- 21 g of wheat flour per day
- 56 g of beans per day
- 50 g of bread per day (2 slices)
- 26 g of noodles per day
- 74 g of cassava per day
- 39 g of potato per day
- 123 g of meat per day (10 meals per week for the family)
- 43 g of eggs per day (close to 1 egg per day)
- 197 g of vegetables per day
- 115 g of fruit per day (1 orange or 1 banana)
- 200 g of milk per day (around to 2 glasses for every child daily)
- 24 g of sugar per day (6 teaspoons)
- 30 g of cooking oil per day (equivalent to 2 tablespoons)
- 1 cup of coffee per day for adults

Wage Ladder for Brazil



Living wage (minimum wage), 2016

- \$20.64 (10.85) in Vancouver (livingwageforfamilies.ca)
- 11.50 (9.15) EUR in Ireland (livingwage.ie)
- £8.45 (7.20) United Kingdom (livingwage.org.uk)
- £9.75 (7.20) in London
- \$19.80 (\$15.25) in New Zealand (livingwage.org.nz)
- 1,571 EUR (1,480) per month in France



Living wage in the US

- US Federal poverty level is \$23,050, **\$10.60** per hour, minimum wage of **\$7.20** per hour
- **The living wage in the United States is \$15.12 per hour in 2015**, before taxes for a family of four (two working adults)
- Example: **Seattle**, Washington (livingwage.mit.edu)

| | | 1 Adult 1 Child | 1 Adult 2 Children | 1 Adult 3 Children | 2 Adults (1 Working) | 2 Adults (1 Working) 1 Child | 2 Adults (1 Working) 2 Children | 2 Adults (1 Working) 3 Children | 2 Adults (1 Working Part Time) 1 Child* | | 2 Adults 1 Child | 2 Adults 2 Children |
|--------------|---------|--------------------|-----------------------|-----------------------|-------------------------|------------------------------------|---------------------------------------|---------------------------------------|--|--------|---------------------|------------------------|
| Hourly Wages | 1 Adult | | | | | | | | | | | |
| Living Wage | \$12.19 | \$25.62 | \$29.99 | \$38.75 | \$19.55 | \$23.84 | \$26.29 | \$31.65 | \$28.09 | \$9.21 | \$14.04 | \$16.29 |
| Poverty Wage | \$5.00 | \$7.00 | \$10.00 | \$11.00 | \$7.00 | \$10.00 | \$11.00 | \$13.00 | | \$3.00 | \$5.00 | \$5.00 |
| Minimum Wage | \$9.47 | \$9.47 | \$9.47 | \$9.47 | \$9.47 | \$9.47 | \$9.47 | \$9.47 | | \$9.47 | \$9.47 | \$9.47 |

The Living Wage Map

King County, Washington

Parent with Spouse and Two Children 

| | | |
|----------------|---------------|----------------|
| \$24.09 | \$9.32 | \$14.77 |
| LIVING WAGE | MINIMUM WAGE | THE GAP |

Single Parent with One Child

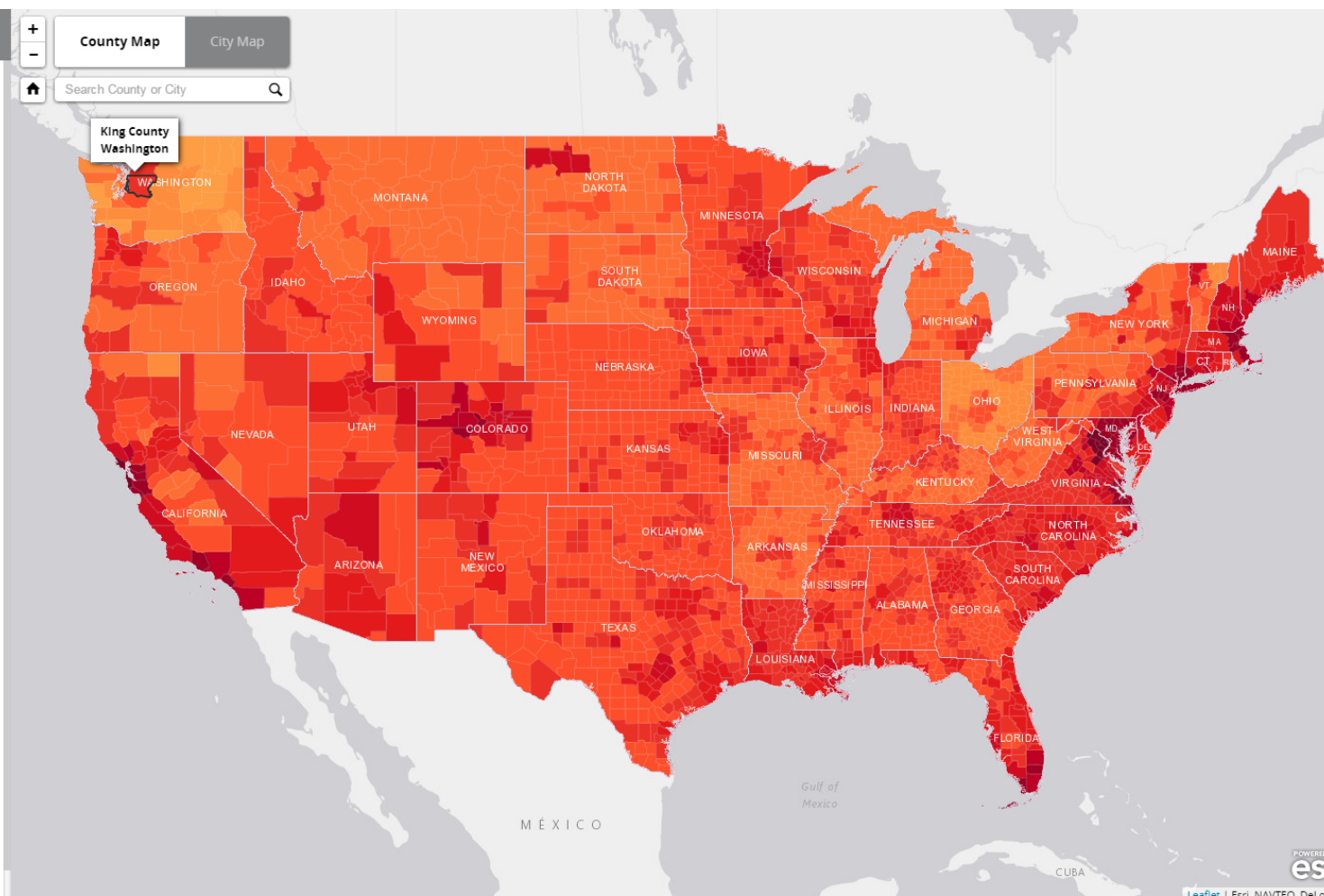
| | | |
|----------------|---------------|----------------|
| \$23.48 | \$9.32 | \$14.16 |
| LIVING WAGE | MINIMUM WAGE | THE GAP |

Single Adult

| | | |
|----------------|---------------|---------------|
| \$11.19 | \$9.32 | \$1.87 |
| LIVING WAGE | MINIMUM WAGE | THE GAP |

MIT's [Living Wage Calculator](#) estimates the cost of living ("living wage") in each of the nation's counties and major metropolitan areas, and compares it to the minimum wage for a variety of household types. Mapped here are three types: parent with spouse and two children, single parent with one child, and single adult.

Variations in the gap between living wage and minimum wage occur for a variety of reasons. A city with a relatively high minimum wage, for instance, may still show a large gap due to a high cost of living. Conversely, living expenses tend to be lower in rural areas, making even a relatively low minimum wage come closer to meeting basic



<http://storymaps.esri.com/stories/2015/living-wage-map/>

Living Wage

We propose a method to calculate the living wage for a large number of countries with these characteristics:

1. Normatively based
2. Estimates sensitive to national conditions
3. Based on transparent principles and assumptions
4. Easy to update regularly
5. Estimates published online at



Elements of living wage

The living wage is defined as the amount of money sufficient to cover:

1. food expenses,
2. accommodation costs,
3. transport expenses,
4. provision for unexpected events,
5. mandatory contributions and taxes.

Living wage is calculated for different household types.

The approach is consistent with the Anker methodology used by the Global Living Wage Coalition.



Data

FAO food balance sheets include the national food consumption patterns in per capita units, distinguished for about 50 food groups.

Wage Indicator Cost-of-living survey started in January 2014.

- Prices are reported by web visitors
- Prices on 50 food items, rental prices, public transport, education and health expenditure
- Today we have sufficient data for 54 countries (more than 1,730,000 prices)
- Housing prices complemented from Numbeo.com

World Bank data on fertility and employment rates.

Cost of Living Survey

Tusalarario.es

• Usted comparte, nosotros comparamos

Salario

Leyes laborales

Carrera

Buscar



Conoce más sobre tu salario

- ¿Estás seguro de ganar lo que mereces? Compara tu salario
- Encuesta sobre salario y condiciones de trabajo
- Conoce el salario de celebridades



Conoce más sobre tus derechos laborales

- El recibo de la nómina
- El Salario mínimo
- Pensiones y Jubilación
- Leyes y Convenios
- Paro y desempleo
- Despido
- Tus derechos laborales
- Guia Laboral Ministerio Empleo



¿Orientación en tu desarrollo profesional?

- Empleo, Formación y Orientación profesional
- Másteres y otros cursos
- ¿Adicto al trabajo?
- ¿Qué es la orientación laboral?

Cuál es el precio de...:
Papas dulces (1 kg)

Compara tu salario con el de puestos similares en nuestro comparador salarial

Rellena la encuesta sobre salarios y podrás ganar un salario mínimo!

Trabajo Decente Tu trabajo se ajusta a las leyes laborales de la España y a los convenios internacionales?

Cursos para Trabajar

Cuál es el precio de...:
Papas dulces (1 kg)

Si no conoces el precio de algún producto, puedes saltarlo

Encuesta, Salario para vivir

Región

→ **A Coruña (La Coruña)**
Lugo
Ourense
Pontevedra
Asturias
Cantabria
Álava
Guipúzcoa
Vizcaya (Bizkaia)
Navarra (Nafarroa)
La Rioja
Huesca
Teruel
Zaragoza

A Coruña
Ferrol
Santiago de Compostela
Una ciudad pequeña (10,000 - 100,000)
Un pueblo (10000 o menos)
Área rural

Encuesta, Salario para vivir

Región

A Coruña x

Si no conoces el precio de algún producto, puedes:

Papas dulces (1 kg)

SAVE

Supermercado

Leche (regular) 1 lt

Hogaza de pan blanco fresco (500g)

Pan sencillo o pan pita (500 gr)

Arroz (1kg)

Huevos (12)

Queso local (1kg)

Crema (1kg)

Pechuga de pollo (sin hueso y sin piel), (1kg)

Food expenses

- Household food expenses are equal to the cost of a food basket valued at the current prices.
- Account for approx. 50 food groups.
- Food basket is scaled to 2,100 kcal/person/day
Handbook on poverty and inequality, World Bank 2009
- The food basket is checked whether it is consistent with WHO balance diet.

Food basket

Brazil

| Food group | Food costs | | Gram per day | Kcal per day | Price per item | |
|---|------------|------|--------------|--------------|----------------|------|
| | Low | High | | | Low | High |
| Beer | 25.1 | 35.8 | 119.4 | 42.7 | 7.0 | 10.0 |
| Meat (pigmeat, poultry, bovine, others) | 50.1 | 65.8 | 168.8 | 279.7 | 9.9 | 13.0 |
| Seeds and kernels | 0.0 | 0.0 | 0.0 | 0.6 | 5.0 | 8.0 |
| Roots, Other | 0.0 | 0.0 | 0.0 | 0.0 | 3.0 | 5.0 |
| Sugar (Raw Equivalent) | 11.9 | 18.8 | 104.3 | 273.8 | 3.8 | 6.0 |
| Sunflowerseed Oil | 0.1 | 0.1 | 0.5 | 5.2 | 4.0 | 5.0 |
| Cassava and products | 4.6 | 6.9 | 76.4 | 64.7 | 2.0 | 3.0 |
| Oranges, Mandarines | 6.2 | 9.3 | 103.0 | 27.8 | 2.0 | 3.0 |
| Onions | 0.7 | 1.1 | 12.4 | 5.2 | 2.0 | 3.0 |
| Groundnuts (Shelled Eq) | 4.1 | 5.7 | 27.1 | 42.1 | 5.0 | 7.0 |
| Grapefruit and products | 0.0 | 0.1 | 0.5 | 0.0 | 3.0 | 4.1 |
| Citrus, Other | 0.0 | 0.0 | 0.0 | 0.0 | 2.5 | 3.5 |
| Rice (Milled Equivalent) | 4.5 | 5.5 | 60.7 | 224.6 | 2.5 | 3.0 |
| Cream | 0.0 | 0.0 | 0.0 | 0.0 | 3.0 | 8.0 |
| Milk - Excluding Butter | 16.7 | 20.1 | 267.5 | 164.4 | 2.1 | 2.5 |
| Lemons, Limes and products | 0.4 | 0.7 | 7.3 | 1.3 | 2.0 | 3.0 |
| Yams | 0.1 | 0.2 | 1.1 | 1.3 | 4.0 | 5.2 |
| Peas | 0.0 | 0.0 | 0.4 | 1.3 | 3.0 | 4.0 |
| Pulses, Other and products | 0.0 | 0.0 | 0.4 | 1.3 | 2.6 | 4.0 |
| Butter, Ghee | 0.7 | 0.9 | 6.0 | 42.7 | 4.0 | 5.0 |
| Apples and products | 1.0 | 1.3 | 9.9 | 5.2 | 3.5 | 4.5 |
| Plantains | 0.0 | 0.0 | 0.0 | 0.0 | 2.0 | 3.0 |
| Olives (including preserved) | 0.1 | 0.2 | 0.9 | 0.6 | 5.0 | 9.0 |
| Wine | 1.8 | 2.7 | 3.7 | 2.6 | 16.0 | 24.0 |
| Sweeteners, Other | 0.0 | 0.1 | 0.7 | 2.6 | 2.0 | 3.0 |
| Bananas | 4.1 | 5.0 | 55.2 | 35.0 | 2.5 | 3.0 |
| Maize and products | 4.1 | 5.2 | 43.1 | 134.6 | 3.2 | 4.0 |
| Coffee and products | 1.0 | 1.2 | 5.5 | 2.6 | 6.0 | 7.5 |
| Wheat, barley and cereals | 11.9 | 22.9 | 99.1 | 258.3 | 4.0 | 7.7 |
| Beans | 3.1 | 3.8 | 29.1 | 97.7 | 3.6 | 4.4 |
| Oils (soyabean, olive, palm, other) | 2.7 | 3.6 | 30.3 | 269.9 | 3.0 | 4.0 |
| Sweet potatoes | 0.2 | 0.3 | 2.1 | 1.9 | 3.0 | 4.0 |
| Tomatoes and products | 3.8 | 4.6 | 36.2 | 7.8 | 3.5 | 4.2 |
| Eggs | 0.1 | 0.2 | 15.6 | 20.7 | 0.3 | 0.3 |
| Soyabeans | 1.0 | 1.4 | 6.7 | 12.3 | 5.0 | 7.0 |
| Honey | 0.1 | 0.1 | 0.2 | 0.6 | 10.0 | 15.0 |
| Potatoes and products | 2.6 | 3.4 | 34.1 | 22.7 | 2.5 | 3.3 |
| Vegetables, Other | 4.2 | 5.6 | 47.0 | 11.7 | 3.0 | 4.0 |
| Fish products | 8.5 | 11.3 | 18.8 | 10.4 | 15.0 | 20.0 |
| Tea (including mate) | 0.4 | 0.6 | 3.5 | 1.3 | 4.0 | 6.0 |
| Total | 176 | 244 | 1461 | 2100 | 169 | 243 |

Housing cost

- The cost of housing for a one-member household is approximated by the monthly rental rate for a one bedroom apartment.
- The housing cost for a family with children is derived from the rental rate for a 3-bedroom apartment.
- The housing cost includes utility and other housing costs
- We also use large database of reported housing prices from Numbeo.com (wisdom of the crowd)
- Because the quality of housing varies largely we predict prices.



Transport costs

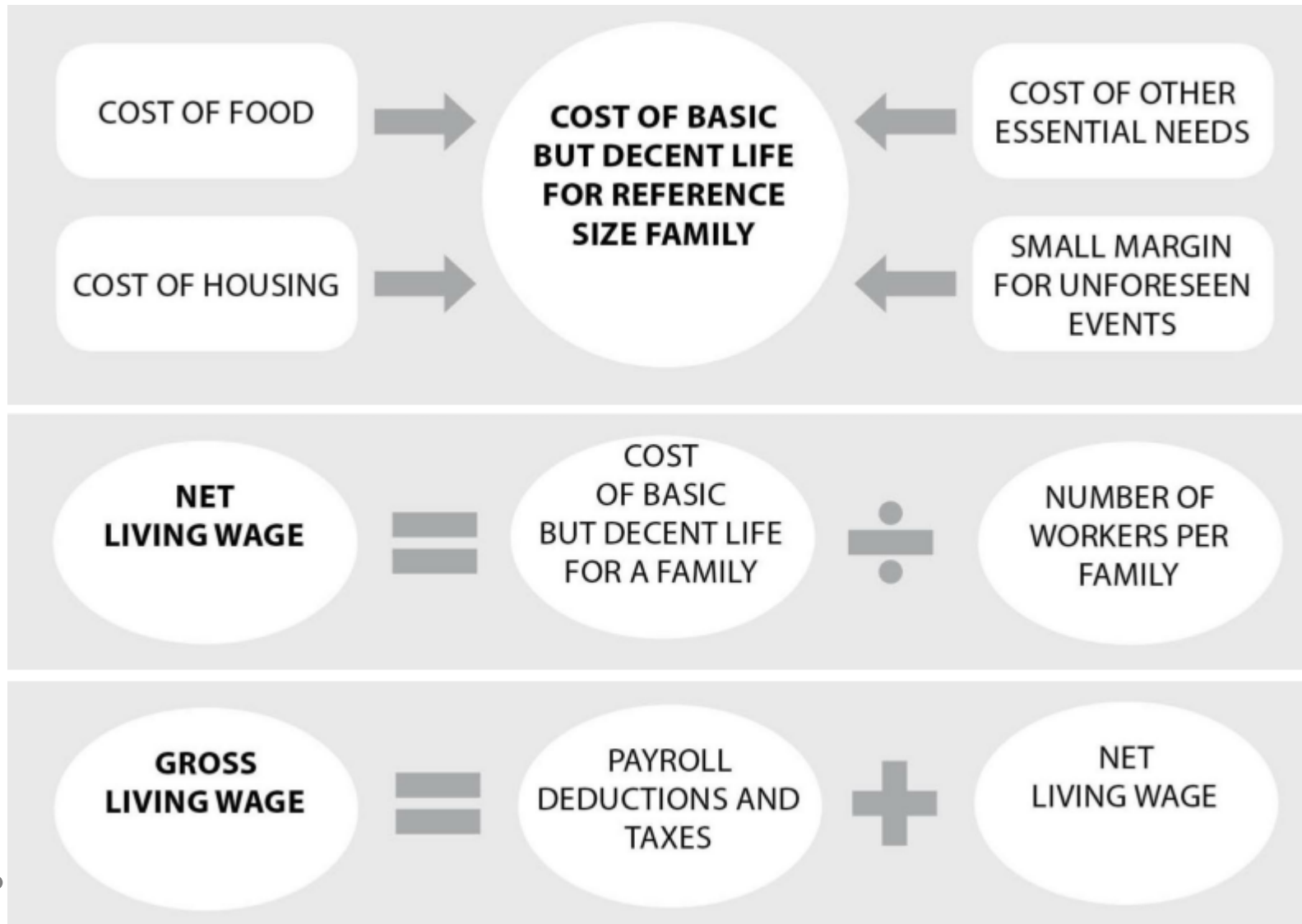
- Most people commute for work or travel for their daily activities (e.g. shopping).
- The price of a regular monthly public transportation pass is taken as the cost of transport.
- Children are assumed to travel for free.
- We use prices on public transportation from [Numbeo.com](https://www.numbeo.com).



Taxes and mandatory deduction

- WageIndicator asks respondents about their gross and net earnings. Using this information we calculate the share of earnings spent on taxes and mandatory deductions of low income workers.
- Gross living wage is constructed using this information.

Living wage estimation (Anker methodology)

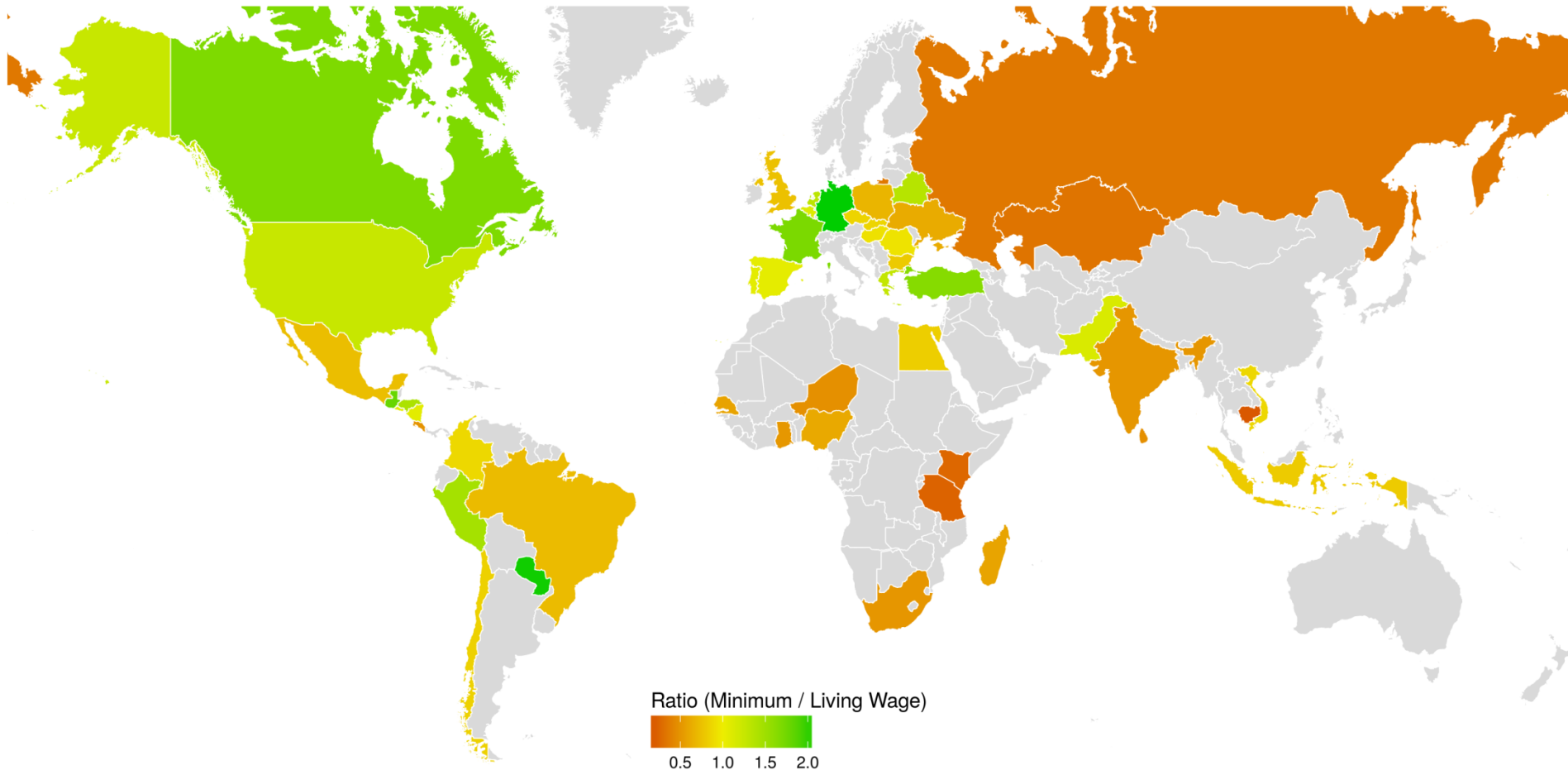


Wages in context: Brazil

| Brazil | Individual | | Family 2+2 | | Family 2+2 |
|-------------------------|-------------------|------|-------------------|------|-------------------|
| | Low | High | Low | High | Anker |
| World Bank poverty line | 123 | | 468 | | |
| National poverty line | 450 | | | | |
| Minimum wage | 880 | | | | |
| Wage low skill | 970 | 1270 | | | |
| Wage medium skill | 1280 | 1780 | | | |
| Wage high skill | 2460 | 4130 | | | |
| Living wage | 1240 | 1610 | 1690 | 2220 | 1629 |

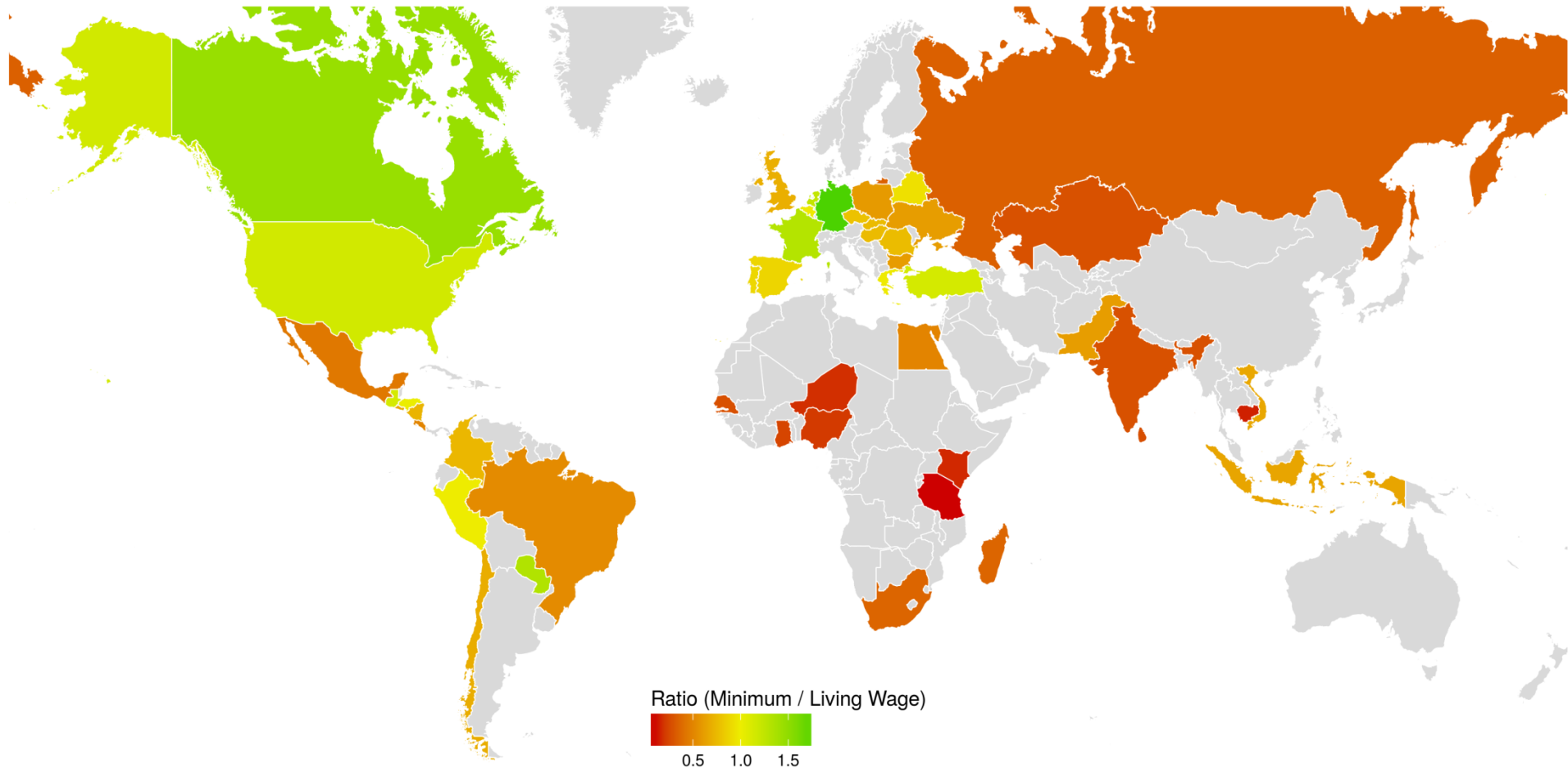
The adequacy of minimum wage for one member household

The ratio of minimum and individual living wage



The adequacy of minimum wage for 2+2 household

The ratio of minimum and family living wage



| Country | Minimum wage | Living wage Individual | | Living wage 2+2 family | | Country | Minimum wage | Living wage Individual | | Living wage 2+2 family | |
|-------------|--------------|------------------------|---------|------------------------|---------|----------------|--------------|------------------------|---------|------------------------|---------|
| | | low | high | low | high | | | low | high | low | high |
| Angola | 15003 | 39500 | 63600 | 93400 | 134800 | Kazakhstan | 24459 | 76600 | 100100 | 90300 | 123500 |
| Argentina | 8060 | 5680 | 7060 | 7500 | 9310 | Kenya | 5437 | 21800 | 29400 | 37300 | 52000 |
| Australia | 2915 | 1850 | 2260 | 2050 | 2580 | Madagascar | 144003 | 249100 | 354200 | 410800 | 571400 |
| Austria | 1387 | 886 | 1040 | 1090 | 1320 | Mexico | 2433 | 3370 | 4960 | 5600 | 7910 |
| Azerbaijan | 105 | 340 | 444 | 382 | 538 | Netherlands | 1125 | 844 | 1100 | 900 | 1200 |
| Bangladesh | 1500 | 6120 | 8930 | 12200 | 18000 | Nicaragua | 3481 | 3240 | 5110 | 4860 | 7120 |
| Belarus | 265 | 194 | 269 | 284 | 397 | Niger | 30047 | 64600 | 97100 | 184600 | 246200 |
| Belgium | 1051 | 946 | 1120 | 1080 | 1340 | Nigeria | 18000 | 29600 | 43400 | 93400 | 132300 |
| Brazil | 880 | 1240 | 1610 | 1700 | 2230 | Pakistan | 14000 | 12300 | 17000 | 23200 | 30500 |
| Bulgaria | 460 | 578 | 767 | 767 | 1000 | Paraguay | 1964507 | 958200 | 1326000 | 1464900 | 2009300 |
| Cambodia | 120000 | 668300 | 1091000 | 926500 | 1341900 | Peru | 850 | 578 | 849 | 859 | 1210 |
| Canada | 2184 | 1290 | 1520 | 1490 | 1780 | Poland | 1344 | 2000 | 2470 | 2280 | 2800 |
| Colombia | 737717 | 847300 | 1167800 | 1008200 | 1388400 | Portugal | 530 | 496 | 626 | 596 | 765 |
| Costa Rica | 286467 | 590400 | 787200 | 589600 | 824400 | Romania | 1400 | 1490 | 2000 | 1860 | 2410 |
| Czech Repu | 11000 | 12900 | 15800 | 14000 | 17700 | Russian Fed. | 7500 | 22200 | 35500 | 22700 | 34000 |
| Egypt | 1200 | 1470 | 2180 | 2460 | 3570 | Senegal | 38054 | 66500 | 97600 | 141600 | 181200 |
| El Salvador | 200 | 189 | 273 | 306 | 441 | Slovakia | 435 | 507 | 644 | 581 | 727 |
| Finland | | 957 | 1220 | 1110 | 1460 | South Africa | 2603 | 5230 | 7220 | 7460 | 10000 |
| France | 1458 | 855 | 1060 | 1100 | 1370 | Spain | 655 | 616 | 871 | 747 | 1050 |
| Germany | 1839 | 892 | 1150 | 1030 | 1430 | Sri Lanka | 10000 | 21800 | 30900 | 38500 | 55600 |
| Ghana | 238 | 472 | 748 | 1040 | 1410 | Sweden | | 8590 | 11100 | 10300 | 12700 |
| Greece | 511 | 399 | 475 | 522 | 623 | Tanzania | 40000 | 171700 | 262400 | 437200 | 648200 |
| Guatemala | 2418 | 1340 | 2090 | 2110 | 3170 | Turkey | 1778 | 1080 | 1660 | 1550 | 2410 |
| Honduras | 5870 | 4110 | 5250 | 5770 | 7930 | Ukraine | 3200 | 5170 | 7550 | 5310 | 7770 |
| Hungary | 127650 | 138100 | 180000 | 170400 | 230100 | United Kingdom | 598 | 804 | 1040 | 863 | 1150 |
| Chile | 264000 | 316200 | 407800 | 388100 | 521800 | USA | | 991 | 1410 | 1070 | 1500 |
| India | 4160 | 8350 | 12100 | 15300 | 21000 | Vietnam | 2580000 | 2982600 | 4011400 | 3939000 | 5790500 |
| Indonesia | 1337645 | 1672000 | 2843300 | 2081400 | 3181200 | Zambia | | 2040 | 2420 | 3150 | 4450 |
| Italy | | 709 | 940 | 881 | 1190 | Zimbabwe | | 259 | 411 | 306 | 490 |

• All figures in national currency on a monthly basis. Data 2014-2016. •

Living wage summary

- We proposed the method to calculate the living wage for the large number of countries.
- The calculation is sensitive to country characteristics (e.g. food consumption, price variations, family composition, labor market conditions)
- Living wage could serve as an indicator of economic adequacy and a practical basis to set minimum wages.
- When information on prices is sufficient we calculate living wage for at regional level.
(currently we can estimate for 54 countries, 220 regions)



Working poor

- Growing discrepancies between wages and labor productivity growth in a large number of countries.
- Working poor with a job but at risk of poverty.
9.5 % of the working EU population was at risk of poverty in 2014.
- Properly designed minimum wages, are an effective policy tool which can provide a decent wage floor.
- Targeted social security benefits to low-income households.

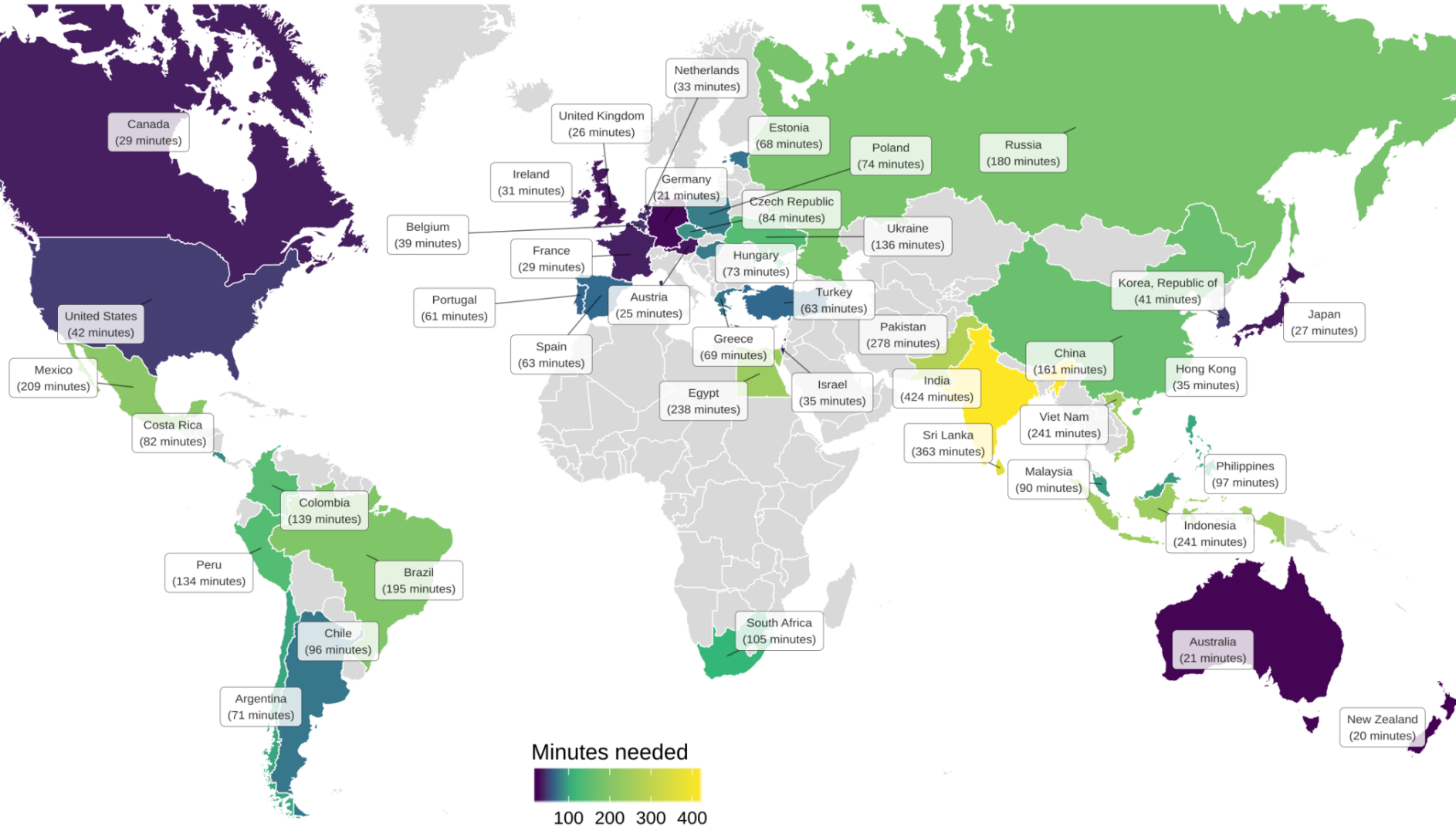
Minimum wage (MW)

- A minimum wage is the lowest hourly, daily or monthly remuneration that employers may legally pay to workers.
- Defined and updated by politicians therefore does not reflect increases in prices.
- Supporters say MW increases the standard of living of workers, reduces poverty, reduces inequality, boosts morale and forces businesses to be more efficient.
- Opponents say MW increases poverty, increases unemployment (particularly among low productivity workers) and is damaging to businesses.



Minutes Of Minimum-Wage Work To Buy A BIG MAC

How many minutes a minimum-wage worker would have to work to earn enough money to buy a Big Mac burger?



Notes: Big Mac prices are taken from The Economists and minimum wages are collected by Wage Indicator. The calculation assumes 173 working hours in the month.



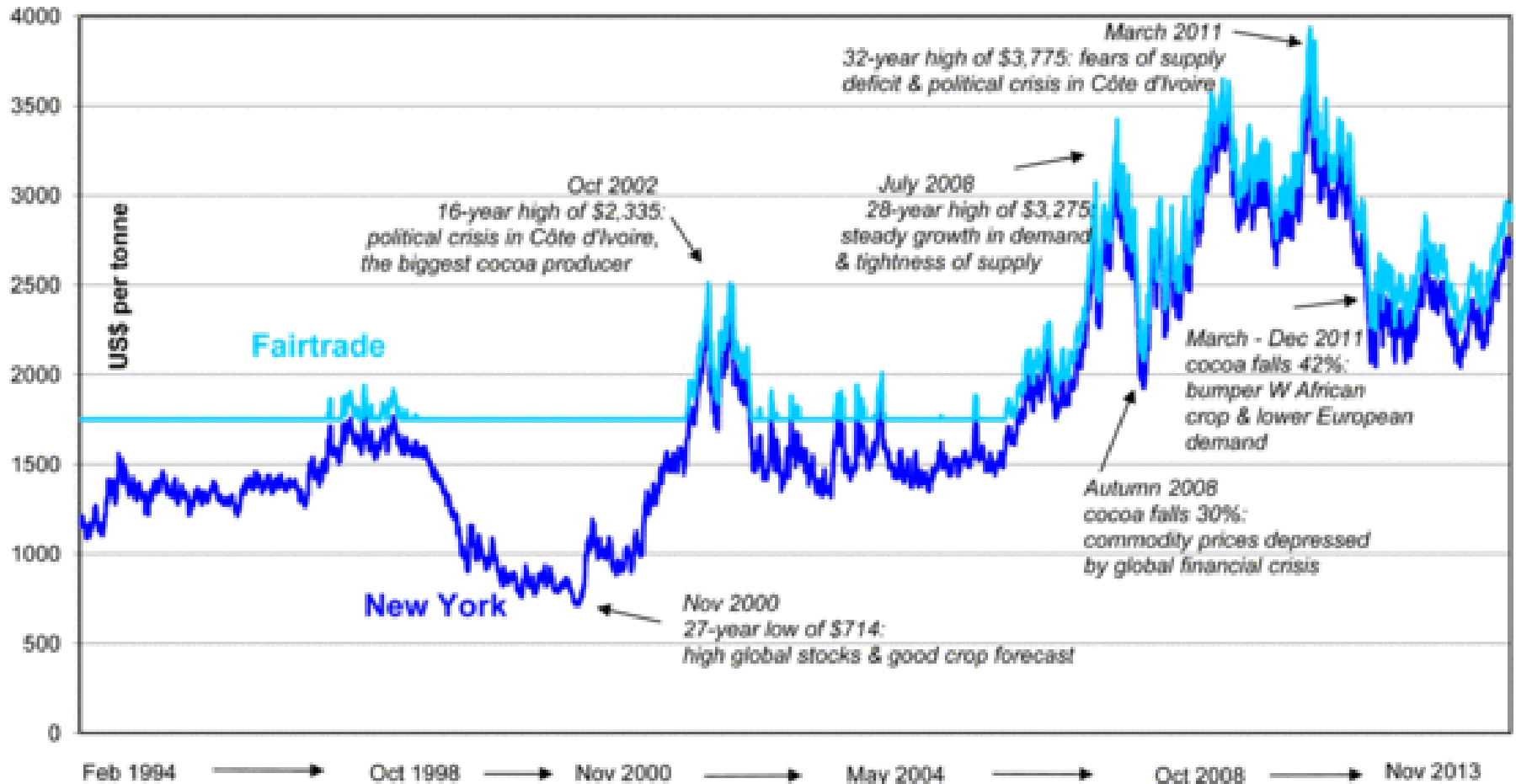
Cocoa production

- Growers in West Africa receive between 3.5 to 6.4 percent of the final value of a chocolate bar.
- Many small producers struggle to sell enough to earn a sustainable income.
- Fairtrade cocoa offers farmers an opportunity to make a real living, when a Fairtrade Premium is added to the purchase price.
- Fairtrade cocoa producers are regularly audited against the strict child labour standards
- Fairtrade certified production represents just a fraction of total production (3.5 million tons).





The Cocoa Market 1994 - 2013: Comparison of Fairtrade & New York Prices



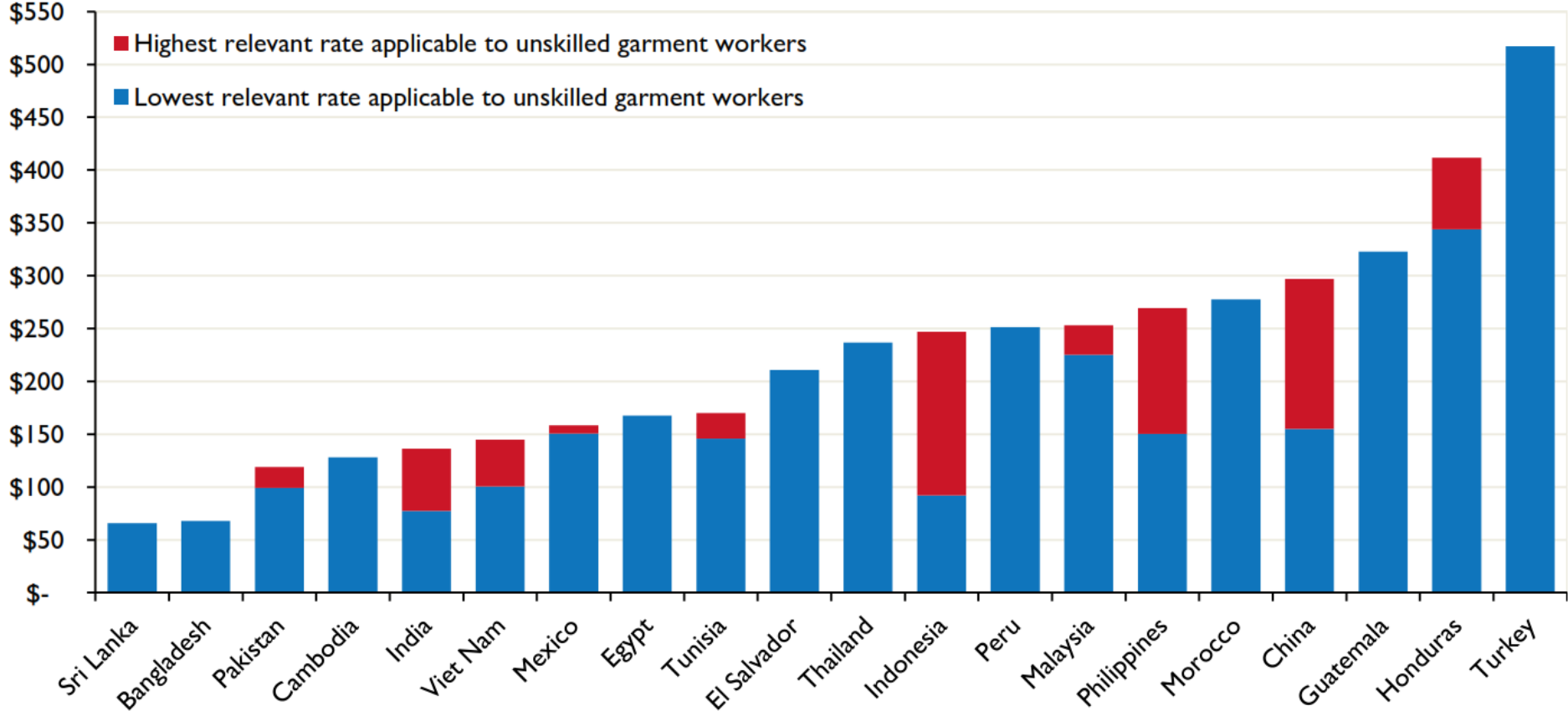
NB From 1 Jan 2011, Fairtrade Price = Fairtrade Minimum Price of \$2000/tonne + \$200/tonne Fairtrade Premium (revised from \$1600/tonne + \$150/tonne)
 When the New York price is \$2000 or above, then the Fairtrade Price = New York price + \$200 premium
 The New York price is the daily settlement price of the 2nd position Cocoa Futures contract at ICE Futures U.S.

Garment industry

- Factory-made clothing, sold in finished condition and in standardized sizes (ready-to-wear)
- Bangladesh's most important industry sector with the share over 80% in total export (2014)
- The industry employs at around 80% women. (age of 19, unmarried, with little education).
- Women earn 60% of their male colleagues and only 1.8% are members of union.
- Weak job protection and various forms of violence, abuse and harassment.

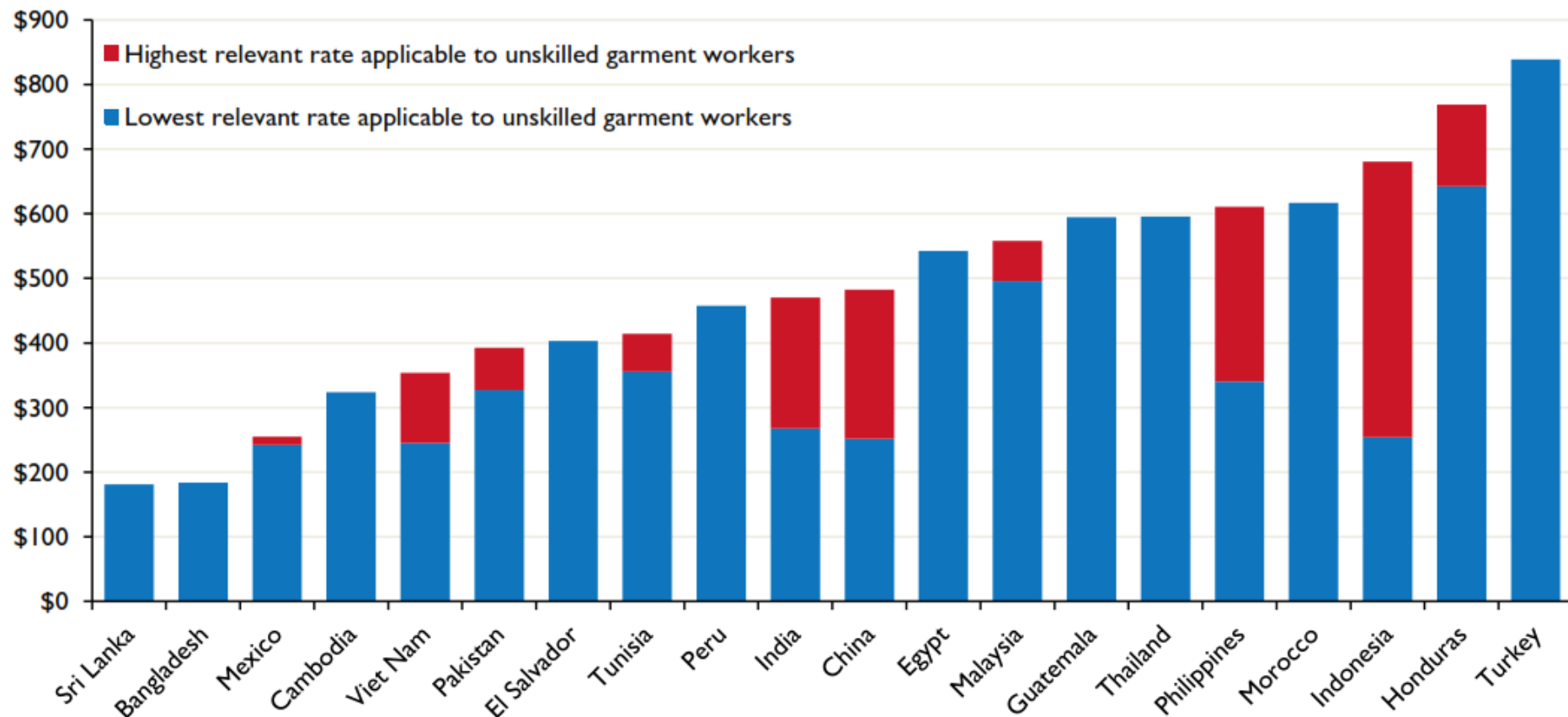


Figure I: Monthly minimum wages in for the top 20 apparel-exporting middle and low income countries, in US\$ as of 1 January 2015 (lowest and highest relevant rate applicable to unskilled workers)



Note: All rates refer to the lowest skill grade and new entrants; see Table I for further details.
Source: ILO compilation based on national sources. Exchange rates are from IMF and, where not available from the IMF, from xe.net.

Figure 2: Monthly minimum wages for the top 20 apparel-exporting middle and low income countries, in PPP US\$ as of 1 January 2015 (lowest and highest relevant rate applicable to unskilled workers)



Note: All rates refer to the lowest skill grade and new entrants. Cambodia's minimum wage is specified in US dollar terms. Here it is converted to Cambodian riels at market exchange rates, then to international dollars using the PPP conversion factor for Cambodia.

Source: ILO compilation based on national sources. PPP conversion factors (private consumption, LCU per international \$) for 2014 from World Development Indicators, World Bank (12 Nov 2015 update) were used.

WHAT DOES THAT \$14 SHIRT REALLY COST?



workers receive 12 cents per shirt—or just 2 percent of the wholesale cost.



Comments are welcome:
Martin.Guzi@econ.muni.cz