

# Detailed methodological note on minimum wage setting mechanisms

## OECD/AIAS ICTWSS Database

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# OECD/AIAS ICTWSS Database: Note on concepts and sources.

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## Foreword

The database on *Institutional Characteristics of Trade Unions, Wage Setting, State Intervention and Social Pacts* (ICTWSS) has been developed by Prof. Jelle Visser at the University of Amsterdam. It was first released in May 2007. In its initial form, the ICTWSS database combined data from various sources and projects with a main focus on trade union in EU and OECD countries (Visser and Ebbinghaus, 2000<sup>[1]</sup>; Visser, 1991<sup>[2]</sup>; Visser, 2006<sup>[3]</sup>), collective bargaining and employment relations in Europe (European Commission, 2004<sup>[4]</sup>), and social pacts (Avdagic, Rhodes and Visser, 2011<sup>[5]</sup>). After its first release, the database has been updated every second or third year and more variables and countries have been added. According to Prof. Jelle Visser, “*creating this database has been a process of turning texts, like laws, agreements and organisation statutes, as well as descriptions of practices, customs and traditions, into intelligible numbers open to statistical treatment in comparative research and thus adding a third choice to Ronald Coase (1984, p. 230<sup>[6]</sup>) famous quote on institutionalism in economics: ‘Nothing to pass on but a mass of descriptive material waiting for a theory or a fire’*”.

In 2021, the ICTWSS database has been rebranded as the OECD/AIAS ICTWSS database. This new name reflects the joint effort by the OECD and AIAS-HSI to ensure the continuation of the database after Prof. Visser’s retirement. The OECD/AIAS ICTWSS database develops and consolidate earlier versions of the ICTWSS database, notably in providing more detailed information on minimum wage settings in OECD and expanding geographical coverage to Western Balkan countries.

The first version of the OECD/AIAS ICTWSS database has been released in February 2021 and has been produced with the financial assistance of the European Union Programme for Employment and Social Innovation “EaSI” (2014-2020), VS/2019/0185. The work of Janna Besamusca and Hannah Korinth was funded from the European Union’s Horizon 2020 research and innovation programme under Grant Agreement No 730998. The views expressed herein can in no way be taken to reflect the official opinion of the European Union.

This note has been prepared by Janna Besamusca (AIAS), Andrea Garnerio (OECD) and Hannah Korinth (AIAS) and it provides detailed information on definitions and sources on the variables covering statutory minimum wages.

The OECD/AIAS ICTWSS database is publicly available at [www.oecd.org/employment/ictwss-database.htm](http://www.oecd.org/employment/ictwss-database.htm). The previous versions of the ICTWSS database (1-6.1) can be found at the following page <https://www.ictwss.org/downloads>.

For any information or correction, please contact [CollectiveBargaining@oecd.org](mailto:CollectiveBargaining@oecd.org).

## Introduction

Statutory minimum wages are the most direct policy lever governments have for influencing wage levels, especially at the bottom of the distribution. More than two-thirds of OECD countries have a statutory minimum wage of some form in place and minimum wages exist in most non-OECD emerging economies. However, the process of setting the minimum wage varies significantly across countries.

The OECD/AIAS ICTWSS database provides detailed information on minimum wage systems in 56 countries. This includes information on minimum wage rates, including coverage, the structure of the minimum wage, when it was last updated and the existence of differentiated and sub-minimum wage rates (e.g. sectors, occupation, skills etc.). Secondly, the database measures minimum wage fixing machinery, including how and by whom minimum wage rates are updated, and which role different actors play in this process.

This explanatory note provides users of the OECD/AIAS ICTWSS database with an overview of the general coding rules used to classify countries on the minimum wage variables, summarized coding decisions per country, and references to the sources that the coding relies on. All codes pertain to the year of 2019.

## Definitions and measurement

*NMW: Is there a statutory minimum wage in your country?*

2 = yes, there is one or more statutory minimum wage rate that cover(s) all or most employees

1 = no, the statutory minimum wage(s) cover(s) specific sectors, occupations and/or regions only

0 = no

Aim: To be able to distinguish between countries without minimum wages, with minimum wages only where bargaining fails (reactive policy to address indecent working conditions), or with universal minimum wages (wage floor policy).

Coding rules: “Most employees” means there are only minor exemptions that address specific groups (e.g. domestic workers). When entire regions are excluded or when the minimum wage rate refers to clearly non-exhaustive lists of occupations/sectors only, the country is coded as “1”. Eventually, the decision is a function of the share of the workforce independent employment that is excluded from the scope of the MW.

Sources: The coding of NMW relies heavily on the Wage indicator minimum wage database (Tijdens, Ahmad, & Osse, 2021), cross-checked with secondary sources through an online search.

*MW\_yrset: In which year did the current minimum wage rate come into force?*

YYYY

Aim: To be able to determine whether countries are actively using the policy instrument by distinguishing between countries that do and do not update the minimum wage.

Coding rules: Shown is the year that the current minimum wage rate came into force, not the year the decision was adopted. In case of multiple rates, the rate covering most private sector workers is selected. If the selected minimum wage rate was updated more than once (e.g. comes into force in July), the date of the last update is selected.

Sources: The coding of MW\_yrset relies heavily on the WageIndicator minimum wage database (Tijdens, Ahmad, & Osse, 2021), cross-checked with secondary sources through an online search.

*MW\_type: Does the country fix one or multiple minimum wage rates?*

1 = Single

2 = Differentiated rates

-99 = not applicable (if NMW = 0)

Aim: To be able to distinguish between countries that use minimum wages to set a wage floor and those that use it as a more active wage policy (incl. for example improved labour market access through lower rates, cost of living adjustments, and mimicking collective bargaining).

Coding rules: Sub minimum wage rates (e.g. 70% of MW for long term unemployed), geographical/territorial rates (e.g. districts or urban/rural), and hierarchies (e.g. sector, occupation, skill level) are counted as differentiations. Full exemptions from the minimum wage are NOT counted as differentiations. Differentiations based on standard weekly working hours are NOT counted as differentiation unless they are specifically limited to one sector/occupation.

Sources: The coding of MW\_Type relies heavily on the WageIndicator minimum wage database (Tijdens, Ahmad, & Osse, 2021), cross-checked with secondary sources through an online search.

*MW\_Dif: How is the differentiation of the MW structured? List of differentiations*

-98 = not applicable (MW\_Type=1)

-99 = not applicable (NMW=0)

Aim: To map the bases for differentiation in minimum wage rates.

Coding rules: This variable is a string variable listing all identified differentiations. It is derived from a set of binary variables measuring differentiation based on geographical area, sector, occupation, skill/education level, experience, urban/rural, age, domestic workers, agricultural workers, long term unemployed, apprentices/trainees, workers with disabilities, EPZs, small firms, other. Listed differentiations are based empirically on the identified differentiations. It focuses purely on whether a different minimum wage was determined and for which category irrespective of the number of people covered by the differentiated rate.

Sources: The coding of MW\_Dif relies heavily on the WageIndicator minimum wage database (Tijdens, Ahmad, & Osse, 2021), cross-checked with secondary sources through an online search.

*MWDif\_geoar: Are rates differentiated by geographical area?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding Rules: This variable shows whether there are differentiated rates by geographical areas, or regional differences (e.g. for different provinces). It includes countries where policy or legislation explicitly mentions geographical differences as well as countries where geographical differentiation is deduced from the de facto existence of minimum wage rates that are specific to geographical areas.

*MWDif\_sector: Are rates differentiated by sector?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: This variable shows whether there are differentiated rates by industry or sector. It includes countries where policy or legislation explicitly mentions sector as well as countries where sectoral differentiation is deduced from the de facto existence of minimum wage rates that are specific to industrial sectors. The WageIndicator minimum wage database (Tijdens, Ahmad & Osse, 2021) codes specific sectors using the NACE coding system, an industry-standard classification system commonly used in the European Union and referred to as “The Statistical Classification of Economic Activities in the European Community”. This variable is coded as yes (1) if there was a NACE code in the database or if there was a specific sectoral differentiation via the labelling in the database. Additional online research was performed to confirm these findings.

*MWDif\_occu: Are rates differentiated by occupation?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: This variable shows whether there are differentiated rates by occupation or occupational groups. It includes countries where policy or legislation explicitly mentions occupation as well as countries where occupational differentiation is deduced from the de facto existence of minimum wage rates that are specific to occupations. For this variable, the main source are the variables “ISCO0804” to “ISCO0801” from the WageIndicator Minimum Wages Database (Tijdens, Ahmad, & Osse, 2021). ISCO is “International Standard Classification of Occupations” classification structure introduced by the International Labour Organisation to classify structures for categorising jobs.

*MWDif\_skillvl: Are rates differentiated by skill level?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_skillvl shows whether there are differentiated rates by skill level. It includes countries where policy or legislation explicitly mentions skill level as well as countries where skills-based differentiation is deduced from the de facto existence of minimum wage rates that are specific to skill level. In this database minimum wage rates are categorised as differentiated by skill level when minimum wage policies, legislation or rates explicitly mention that the minimum wage is differentiated between skilled and unskilled workers, difficulty of job tasks. In the case of Slovakia, for example, the minimum wage was differentiated based on “difficulty of the job” with a higher minimum wage set for jobs requiring more skill and independence of the employee. Differentiations based on educational

qualifications or experience are not considered skill-based differentiation and measured in two different variables (MWDif\_educ and MWDif\_exp).

*MWDif\_exp: Are rates differentiated by level of experience?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_exp shows whether there are differentiated rates by workers' experience or tenure. It includes countries where policy or legislation explicitly mentions experience as well as countries where experience-based differentiation is deduced from the de facto existence of minimum wage rates that are specific to the level of experience. Experience is defined as, working a set amount of time in a company, job, profession, sector, or the labour market.

*MWDif\_urbrur: Are rates differentiated on the basis of urban or rural differences?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_urbrur shows whether there are differentiated rates by urban and rural locations. It includes countries where policy or legislation explicitly mentions urbanity as well as countries where urbanity-based differentiation is deduced from the de facto existence of minimum wage rates that are specific to urban and rural areas. This variable is coded only if the difference was explicitly mentioned as a rural vs urban difference. When minimum wage rates are specific to states/prefectures/provinces but do no explicit mention that this is due to an urban region, they are not coded as differentiated by urban and rural areas.

*MWDif\_yngw: Are rates differentiated by age?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_yngw shows whether there are differentiated rates by age. It includes countries where policy or legislation explicitly mentions age as well as countries where aged-based differentiation is deduced from the de facto existence of minimum wage rates that are specific to age or age groups. All differentiation based on age is coded, including when age is categorised into different groups (15-18, 19-25, 26-50 etc.) as well as when there is a simple distinction below and over a certain age (e.g. just below 18).

*MWDif\_domw: Are rates differentiated for domestic workers?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_domw shows whether there are differentiated rates for domestic workers. It includes countries where policy or legislation explicitly mentions domestic workers as well as

countries where differentiation for domestic workers is deduced from the de facto existence of minimum wage rates that are specific to domestic workers. In cases where domestic workers receive the same minimum wage, except if they live with the family and accommodation and/or food is provided, the minimum wage is coded as having a differentiated rate for domestic workers. In cases where domestic workers are required to work longer hours for the same minimum wage rate (e.g. 60h for domestic workers, 40h for other workers), the minimum wage is coded as having a differentiated rate for domestic workers. In cases where domestic workers are not covered in the scope of minimum wage legislation (i.e. are not entitled to the minimum wage), this is not coded as a differentiation.

*MWDif\_agriw: Are rates differentiated for agriculture workers?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_agriw shows whether there are differentiated rates for agriculture workers. It includes countries where policy or legislation explicitly mentions agriculture workers as well as countries where differentiation for agriculture workers is deduced from the de facto existence of minimum wage rates that are specific to workers in agriculture. In cases where agriculture workers are required to work longer hours for the same minimum wage rate (e.g. 60h for agriculture workers, 40h for other workers), the minimum wage is coded as having a differentiated rate for agriculture workers. In cases where agriculture workers are not covered in the scope of minimum wage legislation (i.e. are not entitled to the minimum wage), this is not coded as a differentiation.

*MWDif\_itunemp: Are rates differentiated for long term unemployed?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_itunemp shows whether there are differentiated rates for long term unemployed workers. It includes countries where policy or legislation explicitly mentions long term unemployed workers as well as countries where differentiation for long term unemployed workers is deduced from the de facto existence of minimum wage rates that are specific to workers who are long term unemployed. Countries are coded as having a differentiated minimum wage rate for long term unemployed if the minimum wage received by those workers is different from that of other workers. Subsidized employment that reduce costs for employers but do not lower the earned wages by long term unemployed workers, are not considered to be differentiation.

*MWDif\_app&trai: Are rates differentiated for apprentices, interns, people in training?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_app&trai shows whether there are differentiated rates for apprentices, interns and people in training. It includes countries where policy or legislation explicitly mentions apprentices, interns and people in training as well as countries where differentiation for apprentices, interns and people in training is deduced from the de facto existence of minimum wage rates that are specific to

apprentices, interns and people in training. Minimum wage rates are considered differentiated on this basis when they specify different rates for one or several of these groups.

*MWDif\_migrw: Are rates differentiated for migrant workers?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_migrw shows whether there are differentiated rates for migrant workers. It includes countries where policy or legislation explicitly mentions migrant workers as well as countries where differentiation for migrant workers is deduced from the de facto existence of minimum wage rates that are specific to migrant workers. In cases where migrant workers are not covered in the scope of minimum wage legislation (i.e. are not entitled to the minimum wage), this is not coded as a differentiation.

*MWDif\_casuw: Are rates differentiated for casual workers?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_casuw shows whether there are differentiated rates for casual workers. It includes countries where policy or legislation explicitly mentions casual workers as well as countries where differentiation for casual workers is deduced from the de facto existence of minimum wage rates that are specific to casual workers. In cases where casual workers are not covered in the scope of minimum wage legislation (i.e. are not entitled to the minimum wage), this is not coded as a differentiation.

*MWDif\_disabw: Are rates differentiated for disabled workers?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_disabw shows whether there are differentiated rates for workers with disabilities. It includes countries where policy or legislation explicitly mentions workers with disabilities as well as countries where differentiation for workers with disabilities is deduced from the de facto existence of minimum wage rates that are specific to workers with disabilities. This variable is coded for any case in which there is a differentiated rate for disabled workers, regardless the share of all workers with disabilities covered under the lower minimum wage rate. Countries are coded as having a differentiated minimum wage rate for workers with disabilities if the minimum wage received by those workers is different from that of other workers. Subsidized employment schemes that reduce costs for employers but do not lower the earned wages by workers with disabilities, are not considered to be differentiation. In cases where workers with disabilities are not covered in the scope of minimum wage legislation (i.e. are not entitled to the minimum wage), this is not coded as a differentiation.

*MWDif\_EPZ: Are rates differentiated for people working in the Export Processing Zones?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_EPZ shows whether there are differentiated rates for people working in export processing zones. It includes countries where policy or legislation explicitly mentions export processing zones as well as countries where differentiation for workers in export processing zones is deduced from the de facto existence of minimum wage rates that are specific to people working in export processing zones. These zones are economic hubs introduced to create economic growth through favourable taxation and exceptions, occasionally also in the minimum wage regulations. In cases where workers in export processing zones are not covered in the scope of minimum wage legislation (i.e. are not entitled to the minimum wage), this is not coded as a differentiation.

*MWDif\_smfirm: Are rates differentiated for people working in small firms?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_smfirm shows whether there are differentiated rates for people working in small firms, irrespective of the exact thresholds policies set for being considered a small- rather than medium size form. It includes countries where policy or legislation explicitly mentions small firms as well as countries where differentiation for workers in small firms is deduced from the de facto existence of minimum wage rates that are specific to people working in small forms. In cases where legislation, policy or minimum wage rates refer to family businesses, these are coded as differentiation for small firms. In cases where small firms are exempted from the scope of minimum wage legislation (i.e. are not required to pay to the minimum wage), this is not coded as a differentiation.

*MWDif\_other: Are rates differentiated for other options that could not be categorised?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_other shows that there are other differentiations that could not be clearly put into an existing category.

*MWDif\_educ: Are rates differentiated for different education levels?*

0 = No

1 = Yes

-99 = Data missing/not relevant

Coding rules: The variable MWDif\_educ shows whether there are differentiated rates by education. It includes countries where policy or legislation explicitly mentions education as well as countries where education-based differentiation is deduced from the de facto existence of minimum wage rates that are specific to educational qualifications. In this database minimum wage rates are categorised as differentiated by education when minimum wage policies, legislation or rates indicate that people receive different minimum wages according to having a higher education or a certain level of qualifications. Differentiation by education is associated with workers' educational qualifications and not with specific jobs. Differentiations based on the skill level associated with jobs or experience are not considered educational differentiation and measured in two different variables (MWDif\_skilllvl and MWDif\_exp).

*MWDif\_risk: Are rates differentiated for high-risk work?*

0 = No

1 = Yes

-99 = Data missing/not applicable

Coding rules: The variable MWDif\_risk shows whether there are differentiated rates for people whose professions require them to take higher health risks. It includes countries where policy or legislation explicitly mentions health risks as well as countries where differentiation for people whose professions require them to take higher health risks is deduced from the de facto existence of minimum wage rates covering these workers.

*MW\_uprate: How is the level of the uprated minimum wage regulated?*

1 = by indexation

2 = by a mix of indexation and actor discretion

3 = at the discretion of public institution or the body setting the minimum wage

Aim: To determine the level of government/political discretion in the decision on the amount/percentage increase of the minimum wage.

Coding rules: (1) fully automatic indexation or polities in which actors merely confirm amounts based on indexation. (2) polities in which indexation plays a formal role (e.g. setting the minimum increase of the uprate) but actor discretion is allowed and used to top-up or adjust the MW increase. (3) Polities in which either no indexation criteria exist or in which they can be ignored by the public institutions or body setting the MW. In the case of multiple rates, the rate covering most workers is selected.

Sources: The coding of MW\_uprate relies heavily on the annual review of minimum wages published by Eurofound (Eurofound 2019, 2020) for the coding of European countries.

*MW\_comm: Is there a permanent committee or body that is involved in the adjustment of the minimum wage?*

0 = no

1 = Yes, formulates non-binding advice

2 = Yes, formulates binding advice if unanimous

3 = Yes, formulates binding advice

Aim: Identify countries with a committee setting the minimum wage. The variable measures the autonomy of that committee by distinguishing between consultative committees and committees that have decision-making power.

Coding rules: (0) no such committee exists; (1) a consultative committee exists, whose advice may be ignored by legislators; (2) a committee exists and its advice is binding, but it can be ignored by legislators if it does not reach a decision (particularly common among bi-partite committees); (3) a committee exists and its majority decision is a binding advice for legislators. In case of multiple minimum wage fixing institutions exist in a country, the process covering most private sector workers is selected (e.g. federal MW in the US over state/city level).

Sources: The coding of MW\_comm relies heavily on the annual review of minimum wages published by Eurofound (Eurofound 2019, 2020) for the coding of European countries.

*MW\_act\_work: What is the role of workers representatives in the committee?*

0 = not involved

1 = admin support

2 = consulted, no voting rights

3 = co-determines, voting rights

4 = unilaterally determines, veto right

-99 = no committee exists

Aim: This variable aims to measure the degree of involvement of workers' representatives in the permanent committee or body setting the minimum wage, where such a committee or body exists.

Coding rules: The variable is coded only for countries that a non-zero score on the variable MW\_comm and coding reflects the role of actors in the permanent committee or body setting the minimum wage. The role actors may play outside this committee or body is not coded.

(0) the actor not involved in the committee; (1) the actor provides administrative support, such as performing secretariat function, but does not vote or argue its position; (2) consulted may imply the actor is a member without voting rights or that the committee is obliged to consult this actor despite it not being a member of the committee. When actors are consulted by the committee on an ad hoc basis in a specific year, without any legal or statutory obligation to do so, actors are not coded as being consulted; (3) To co-determine actors must be a member of the committee and have voting rights in said committee. Actors who co-determine may be outvoted by other members of the committee; (4) to unilaterally determine, actors must be members of the committee who cannot be outvoted by the other members. This may occur when an actor is the only voting member of a committee or when they hold enough votes so as to make it impossible for the combined other actors to outvote them.

Sources: The coding of MW\_act\_work relies heavily on the annual review of minimum wages published by Eurofound (Eurofound 2019, 2020) for the coding of European countries.

*MW\_act\_empl: What is the role of employers representatives in the committee?*

0 = not involved

1 = admin support

2 = consulted, no voting rights

3 = co-determines, voting rights

4 = unilaterally determines, veto right

-99 = no committee exists

Aim: This variable aims to measure the degree of involvement of employers' representatives in the permanent committee or body setting the minimum wage, where such a committee or body exists.

Coding rules: The variable is coded only for countries that a non-zero score on the variable MW\_comm and coding reflects the role of actors in the permanent committee or body setting the minimum wage. The role actors may play outside this committee or body is not coded.

(0) the actor not involved in the committee; (1) the actor provides administrative support, such as performing secretariat function, but does not vote or argue its position; (2) consulted may imply the actor is a member without voting rights or that the committee is obliged to consult this actor despite it not being a member of the committee. When actors are consulted by the committee on an ad hoc basis in a specific

year, without any legal or statutory obligation to do so, actors are not coded as being consulted; (3) To co-determine actors must be a member of the committee and have voting rights in said committee. Actors who co-determine may be outvoted by other members of the committee; (4) to unilaterally determine, actors must be members of the committee who cannot be outvoted by the other members. This may occur when an actor is the only voting member of a committee or when they hold enough votes so as to make it impossible for the combined other actors to outvote them.

Sources: The coding of MW\_act\_empl relies heavily on the annual review of minimum wages published by Eurofound (Eurofound 2019, 2020) for the coding of European countries.

*MW\_act\_gov: What is the role of government officials in the committee?*

0 = not involved

1 = admin support

2 = consulted, no voting rights

3 = co-determines, voting rights

4 = unilaterally determines, veto right

-99 = no committee exists

Aim: This variable aims to measure the degree of involvement of government or cabinet representatives in the permanent committee or body setting the minimum wage, where such a committee or body exists.

Coding rules: The variable is coded only for countries that a non-zero score on the variable MW\_comm and coding reflects the role of actors in the permanent committee or body setting the minimum wage. The role actors may play outside this committee or body is not coded.

(0) the actor not involved in the committee; (1) the actor provides administrative support, such as performing secretariat function, but does not vote or argue its position; (2) consulted may imply the actor is a member without voting rights or that the committee is obliged to consult this actor despite it not being a member of the committee. When actors are consulted by the committee on an ad hoc basis in a specific year, without any legal or statutory obligation to do so, actors are not coded as being consulted; (3) To co-determine actors must be a member of the committee and have voting rights in said committee. Actors who co-determine may be outvoted by other members of the committee; (4) to unilaterally determine, actors must be members of the committee who cannot be outvoted by the other members. This may occur when an actor is the only voting member of a committee or when they hold enough votes so as to make it impossible for the combined other actors to outvote them.

Sources: The coding of MW\_act\_gov relies heavily on the annual review of minimum wages published by Eurofound (Eurofound 2019, 2020) for the coding of European countries.

*MW\_act\_acad: What is the role of independent/academic experts in the committee?*

0 = not involved

1 = admin support

2 = consulted, no voting rights

3 = co-determines, voting rights

4 = unilaterally determines, veto right

-99 = no committee exists

Aim: This variable aims to measure the degree of involvement of independent and/or academic experts in the permanent committee or body setting the minimum wage, where such a committee or body exists.

Coding rules: The variable is coded only for countries that a non-zero score on the variable MW\_comm and coding reflects the role of actors in the permanent committee or body setting the minimum wage. The role actors may play outside this committee or body is not coded.

(0) the actor not involved in the committee; (1) the actor provides administrative support, such as performing secretariat function, but does not vote or argue its position; (2) consulted may imply the actor is a member without voting rights or that the committee is obliged to consult this actor despite it not being a member of the committee. When actors are consulted by the committee on an ad hoc basis in a specific year, without any legal or statutory obligation to do so, actors are not coded as being consulted; (3) To co-determine actors must be a member of the committee and have voting rights in said committee. Actors who co-determine may be outvoted by other members of the committee; (4) to unilaterally determine, actors must be members of the committee who cannot be outvoted by the other members. This may occur when an actor is the only voting member of a committee or when they hold enough votes so as to make it impossible for the combined other actors to outvote them.

Sources: The coding of MW\_act\_acad relies heavily on the annual review of minimum wages published by Eurofound (Eurofound 2019, 2020) for the coding of European countries.

*MW\_act\_othe: What is the role of "others" in the committee?*

0 = not involved

1 = admin support

2 = consulted, no voting rights

3 = co-determines, voting rights

4 = unilaterally determines, veto right

-99 = no committee exists

Aim: This variable aims to measure the degree of involvement of other representatives not included in the previous variables in the permanent committee or body setting the minimum wage, where such a committee or body exists.

Coding rules: The variable is coded only for countries that a non-zero score on the variable MW\_comm and coding reflects the role of actors in the permanent committee or body setting the minimum wage. The role actors may play outside this committee or body is not coded.

(0) the actor not involved in the committee; (1) the actor provides administrative support, such as performing secretariat function, but does not vote or argue its position; (2) consulted may imply the actor is a member without voting rights or that the committee is obliged to consult this actor despite it not being a member of the committee. When actors are consulted by the committee on an ad hoc basis in a specific year, without any legal or statutory obligation to do so, actors are not coded as being consulted; (3) To co-determine actors must be a member of the committee and have voting rights in said committee. Actors who co-determine may be outvoted by other members of the committee; (4) to unilaterally determine, actors must be members of the committee who cannot be outvoted by the other members. This may occur when an actor is the only voting member of a committee or when they hold enough votes so as to make it impossible for the combined other actors to outvote them.

Sources: The coding of MW\_act\_other relies heavily on the annual review of minimum wages published by Eurofound (Eurofound 2019, 2020) for the coding of European countries.

## Countries

### **Albania**

Albania's minimum wage is determined by the government (Council of Ministers) in consultation with the national labour council. The Council of Ministers takes into account economic factors, economic development, production growth and the decrease of unemployment, as well as other social factors that influence the standards of living. The NLC has 27 members - 10 representing the employees' organisations, 10 representing the employers' organisations, and 7 representing the NLC of Ministers.

Sources:

- Eurofound. (2020, October 14). Working and Living in Albania. Retrieved from: <https://www.eurofound.europa.eu/sv/country/albania#actors-and-institutions>

### **Argentina**

The ILO (2014, 2016) reports that MWs have been fixed on a tripartite basis in Argentina by the tripartite Board of Employment, Productivity and Minimum, Vital and Mobile Salary (sometimes called National Council of Employment, Productivity and the adjustable minimum living wage) for all workers outside of agriculture and the domestic sector since 2004 (under decree No. 1095).

The council consists of 48 members (16 each from the Government, Workers and Employers) and its decisions are taken by a 2/3 majority rule (WageIndicator, 2020). If no 2/3 majority is reached within two sessions, the president of the council (being the minister of labour) decides; this means that the Government cannot be outvoted unless all delegates of both trade unions and employers are in agreement, giving it a rather firm control over the council. Nevertheless, all parties have voting rights and are therefore coded as 3 "co-determines, voting rights" on the MW\_Act variables.

Sources:

- Council of Employment, Productivity and Minimum Wage. (n.d.). Accessed on 18 January 2021 Retrieved from: <https://www.argentina.gob.ar/trabajo/consejodelsalario>; <https://www.argentina.gob.ar/trabajo/consejodelsalario/acciones/facultades>
- InfoLeg. (2004.). Decreto 2004 nr. 1095. Retrieved from: <http://servicios.infoleg.gob.ar/infolegInternet/anexos/95000-99999/97774/texact.htm>
- Government Argentina Archive Document. (2019). Description of The Republic of Argentina. Retrieved from: <https://www.sec.gov/Archives/edgar/data/914021/000119312519051894/d711440dex99d.htm>
- ILO. (2016). Labour Institutions and Labour Market Performance in Argentina. Retrieved from: [https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/---ilo-buenos\\_aires/documents/publication/wcms\\_472757.pdf](https://www.ilo.org/wcmsp5/groups/public/---americas/---ro-lima/---ilo-buenos_aires/documents/publication/wcms_472757.pdf)
- Wageindicator. (2020). Decent work check Argentina. Retrieved from: <https://wageindicator.org/documents/decentworkcheck/latinamerica/argentina-english.pdf>

### **Australia**

Australia has a permanent committee that formulates binding advice (Fair Work Australia Minimum Wage Panel). The MW panel consists of 4 members from Fair Work Australia, one representative of the business sector, one of the unions and one from academia. Trade unions, employers and academics are consulted without voting rights. The MW panel's work was established in the Fair Work Act from 2009. The act outlines the responsibilities of the Fair Work Commission but does not set out voting procedures for its

Expert Panel. Statutes for the expert panel were not found. Several rules and regulations are published, but appear to cover the Commission as a whole rather than its expert panel. Seeing as members are appointed by the Government and the FWC is a state institution, this is interpreted as voting rights for the government.

Sources:

- Australian Government. (2009). Fair Work Act. Retrieved from: <https://www.legislation.gov.au/Details/C2020C00318>
- Fair Work Commission. (n.d.). Annual Wage Review. Retrieved from: <https://www.fwc.gov.au/awards-and-agreements/minimum-wages-conditions/annual-wage-reviews>
- Fair Work Commission. (n.d.). Legislation, Regulations and Rules. Retrieved from: [https://www.fwc.gov.au/about-us/legislation-regulations-0#:~:text=The%20Fair%20Work%20\(Registered%20Organisations,registered%20employee%20and%20employer%20organisations.](https://www.fwc.gov.au/about-us/legislation-regulations-0#:~:text=The%20Fair%20Work%20(Registered%20Organisations,registered%20employee%20and%20employer%20organisations.)
- ILO (2018). Institutional underpinnings of the MWFM: the role of social dialogue. Retrieved from: [https://www.iris.sssup.it/retrieve/handle/11382/526715/43761/2018\\_IG%26WAM\\_ILO.pdf](https://www.iris.sssup.it/retrieve/handle/11382/526715/43761/2018_IG%26WAM_ILO.pdf)
- OECD. (2018). Minimum Wages. Retrieved from: <http://www.oecd.org/employment/emp/Minimum%20wages.pdf>

## **Austria**

No statutory minimum wage.

Sources:

- Eurofound. (2020). Living and Working in Austria. Retrieved from: <https://www.eurofound.europa.eu/country/austria#pay>

## **Belgium**

The Belgian minimum wage is set through bipartite collective agreements within the Conseil National du Travail (national labour council). The Government extends agreements. In years that social partners do not reach an agreement over MW adjustment, no variable MW increase will be implemented (fixed increases due to indexation do continue) (Eurofound, 2020). Belgium has a committee working on the MW called the National Labour Council. It is composed of 24 people, equally divided between the representatives of the employers and employees/trade unions. The main function is advisory, either when they are consulted or on its own initiative. The minimum wage base is indexed to the consumer price index. Due to the bipartite nature of the negotiations, the role of the Government in the committee is set to 0 – not involved.

Sources:

- Eurofound. (2019). Minimum Wages in 2019: Annual Review. Retrieved from: [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef19028en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19028en.pdf)
- Eurofound. (2020). Minimum wages in 2020: Annual Review. Retrieved from: [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef20005en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef20005en.pdf)
- Eurofound. (n.d.). National Labour Council - Belgium. Retrieved from: <https://www.eurofound.europa.eu/efemiredictionary/national-labour-council>

## **Bosnia and Herzegovina**

Bosnia and Herzegovina sets two minimum wage rates for the Federation and for the region of Republika Srpska. No permanent committee or criteria for adjusting the minimum wage were identified.

Sources:

- WiiW. (2019). Wage Developments in the Western Balkans, Moldova and Ukraine. Retrieved from: <https://wiiw.ac.at/wage-developments-in-the-western-balkans-moldova-and-ukraine-dlp-5287.pdf>

## **Brazil**

In Brazil, the minimum wage is indexed annually according to a mathematical formula which looks at price inflation and GDP growth. No committee involvement was found.

Brazil's constitution contains a clause about the right to earn a living wage. However, there is no functional policy instrument ensuring this and minimum wage increases are made at the discretion of Congress. Sotomayor (2021) reports that since 2012, increases have been made *“through a formula that accounts for inflation during the year prior to a wage floor increase as well as for GNP growth, with a two-year lag”*. The ILO also confirms the existence of these mechanisms, specifying that the formula for determining adjustments was adopted by law and that it has been renewed in 2016 (for a four-year period). A recent Reuters news report on the 2020 minimum wage hike support this reading, when it quotes government officials explaining why the 2020 minimum wage will be higher than had been previously announced in the state budget: *“The increase is due to the recent surge in meat prices, which lifted the rate of inflation against which the minimum wage is indexed”*, the Economy Ministry said.

Sources:

- ILO. (n.d.). Setting and adjusting minimum wage levels - Brazil. Accessed on 18 January 2021. Retrieved from: [https://www.ilo.org/global/topics/wages/minimum-wages/setting-adjusting/WCMS\\_463095/lang--en/index.htm](https://www.ilo.org/global/topics/wages/minimum-wages/setting-adjusting/WCMS_463095/lang--en/index.htm)
- Lemos, S. E. V. D. S. (2004). The effect of the minimum wage on wages, employment and prices in Brazil (Doctoral dissertation, UCL (University College London)).
- Reuters. (2019, December 31). Brazil hikes minimum wage more than expected, eyes extra fiscal discipline as a result. Retrieved from: <https://www.reuters.com/article/us-brazil-economy-minimum-wage-idUSKBN1YZ1B4>
- Sotomayor, O. J. (2012). Can the minimum wage reduce poverty and inequality in the developing world? Evidence from Brazil. *World Development*, 138, 105182.

## **Bulgaria**

Eurofound (2019, 2020) reports that the establishment of a mechanism for setting the minimum wage in Bulgaria was under debate but not implemented (and that the debate reached a deadlock in 2020). In 2019, Eurofound reported that Bulgaria had no fixed formula, no set of criteria or specific relative targets for updating the minimum wage. In 2018, however, Bulgaria did ratify ILO Convention C131 and further policy developments are to be expected in the upcoming years.

In Bulgaria, tripartite consultations on minimum wage levels take place in the Income and Living Standards Committee of the National Council for Tripartite Cooperation (NCTC). Eurofound (2019) reports that social partners were consulted in the tripartite forum but did not reach a consensus. In fact, Eurofound (2020) reports that 4 out of 5 employers' associations refused to participate in the tripartite meetings about the update for 2020. The decision was taken unilaterally by the government. The ILO (2014) and WageIndicator concur that workers, employers and government are represented on equal footing in the committee.

*Sources:*

- Eurofound. (2019). Minimum wages in 2019: Annual review. Retrieved from: [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef19028en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19028en.pdf)
- Eurofound (2020). Minimum wages in 2020: Annual review. Retrieved from: [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef20005en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef20005en.pdf)
- ILO. (2014). Minimum Wage System. Retrieved from: [https://www.ilo.org/wcmsp5/groups/public/-ed\\_norm/---relconf/documents/meetingdocument/wcms\\_235287.pdf](https://www.ilo.org/wcmsp5/groups/public/-ed_norm/---relconf/documents/meetingdocument/wcms_235287.pdf)
- WageIndicator. (2019). Minimum Wage Regulation - Bulgaria. Retrieved from: <https://wageindicator.org/labour-laws/labour-law-around-the-world/minimum-wages-regulations/minimum-wages-regulations-bulgaria>

**Canada**

The determination of minimum wage rates in Canada is hard to classify because there is no federal/country level minimum wage, only provincial MWs. Langevin (2020) reports that several provinces have indexed their minimum wages to the CPI, whereas others have not. In some provinces, it is indexed to the CPI (Saskatchewan, Newfoundland, New-Brunswick, and Labrador). Nova Scotia is debating indexation to the CPI but hasn't introduced this measure (yet). In such cases, the ICTWSS codes the procedure for the minimum wage covering the largest share of the population, being Ontario. Following political debate, the Ontario government froze the minimum wage in 2018 until 1 October 2020. Starting from 2020, the Ontario MW will be indexed to the CPI. In consequence, MW\_uprate in Canada is coded as 3 in 2019 (actor discretion) and will be coded as 1 (fully indexed) in 2020.

*Sources:*

- Langevin, R. (2020). Revisiting the Minimum Wage–Employment Debate for Young Workers: Evidence from Canada.
- Norton Rose Fulbright. (2018, December). Bill 47: Making Ontario Open for Business Act, 2018 – Employment Standards Act, 2000 considerations. Retrieved from: <https://www.nortonrosefulbright.com/en/knowledge/publications/d8bd833e/bill-47-making-ontario-open-for-business-act-2018---employment-standards-act-2000i-considerations>
- Ontario. (2020). Minimum wage. Retrieved from: <https://www.ontario.ca/document/your-guide-employment-standards-act-0/minimum-wage>

**Chile**

The OECD (2018) reports that in Chile the minimum wage is determined by the government. There is a technical committee consisting of representatives of the government, workers and employees that advise on the minimum wage. However, there is no legislation that makes this mandatory, for which reason Chile was coded as having no permanent committee or body involved in updating the minimum wage.

*Sources:*

- General Survey of the reports on the Minimum Wage Fixing Convention, 1970 (No. 131), and the Minimum Wage Fixing Recommendation, 1970 (No. 135)
- OECD. (2018). Minimum Wages. Retrieved from: <http://www.oecd.org/employment/emp/Minimum%20wages.pdf>

## **China**

Chinese minimum wage rates are set at the provincial level but require permission from the central government for implementation. At the provincial level, governments consult proposals (which follow the 5-year plan) in provincial tripartite bodies (Dreger, Kosfeld & Zhang, 2019). The national law mandates the consultation of social partners at the provincial level before the proposal is sent to the central level for approval or adjustment. However, the law does not specify the form of this consultation (Zenglein, 2011). The minimum wage needs to be updated at least once every two years. The local governments are strongly advised to consult with labour and workers representatives, and 31 provincial tripartite bodies exist. However, the determination and effect on the bodies depend on each region. In the absence of such requirements for institutionalized social dialogue and in view of Zenglein's finding that the consultations are often backroom meetings, China is coded as having no permanent committee involved in the adjustment of the minimum wage.

### *Sources:*

- China Briefing. (2020). Minimum Wages in China. Retrieved from: <https://www.china-briefing.com/news/minimum-wages-china-2020/>
- Dreger, C., Kosfeld, R., & Zhang, Y. (2019). Determining minimum wages in China: Do economic factors dominate?. *Review of Urban & Regional Development Studies*, 31(1-2), 44-59.
- Du, Y., & Jia, P. (2020). Minimum wages in china: standard and implementation. In *Minimum Wages in China* (pp. 39-70). Palgrave Macmillan, Singapore.
- Scherrer, C. (Ed.). (2011). *China's Labor Question*. München: Rainer Hampp Verlag.
- Zenglein, M. (2011). Fragmented Minimum Wage System. In Scherrer, C. (Ed.). *China's Labor Question*. München: Rainer Hampp Verlag. Retrieved from: [https://www.global-labour-university.org/fileadmin/books/CLQ\\_full\\_book.pdf](https://www.global-labour-university.org/fileadmin/books/CLQ_full_book.pdf)

## **Colombia**

Colombia has a minimum wage commission (the Permanent Dialogue Commission on Labor and Wages Policies) which is a tripartite body with an equal number of members from the worker's unions, employers' unions and the Government. If the member of the minimum wage commission don't come to an agreement, the government decides. In most cases in the past year, they have not come to an agreement.

### *Sources:*

- Ulandssekretariatet Denmark. (2018). Labour Market Profile - Colombia. Retrieved from: [https://www.ulandssekretariatet.dk/wp-content/uploads/2020/02/Colombia\\_Imp\\_2018.pdf](https://www.ulandssekretariatet.dk/wp-content/uploads/2020/02/Colombia_Imp_2018.pdf)
- Mora, J. & Muro, J. (2014). Informality and minimum wages by cohort in Colombia. Retrieved from: [http://www.scielo.org.co/scielo.php?pid=S0121-47722014000200008&script=sci\\_arttext&lng=pt](http://www.scielo.org.co/scielo.php?pid=S0121-47722014000200008&script=sci_arttext&lng=pt)
- FiP. (n.d.). Human Rights and Business, Country Guide - Colombia. Retrieved from: [http://www.ideaspaz.org/especiales/guia-empresas/colombia\\_country\\_guide\\_\(english\).pdf](http://www.ideaspaz.org/especiales/guia-empresas/colombia_country_guide_(english).pdf)

## **Costa Rica**

In Costa Rica, minimum wages are fixed for the private sector by the National Wage Council and for the public sector through a wage bargaining committee (ILO, 2014). Following ICTWSS coding practices, the private sector machinery is considered when coding this process. The ILO (2014) reports that the National Wage Council adopted criteria for determining the level of minimum wages in 2011. The formula for adjustment, however, can be revised if deemed necessary by actors (e.g. in the case of high inflation). The OECD (2018) reports "The fixed component of the minimum wage is fixed twice a year – during the month of January and a mid-year (July or August). For reviewing the minimum wage, besides inflation, conditions

and the evolution of the labour market (unemployment and wages) and the general conditions and developments in the economy (production and productivity of the workforce) are also taken into account.” This indicates that a methodology and formula for adjustment exist, but actors can adjust the formula under specific conditions and can perform an additional review of the minimum wage level. Since actors are not bound to follow the criteria (i.e. there is no fixed part of minimum wage adjustment that actors have to follow regardless of preferences), the minimum wage adjustment system is coded as reliant on actor discretion.

The ILO (2014) reports that “*in Costa Rica, 87 minimum wages are determined by the National Wages Council, which must consider surveys and studies carried out by its technical department and other competent bodies. It also must organize a programme of hearings with representatives of state institutions, as well as private-sector employers’ and workers’ organizations, to obtain their views to determine a satisfactory minimum wages policy. The Council then communicates its decision to the Ministry of Labour which may approve or refer the matter back to the Council with any observations it sees fit. In the latter case, if the Council upholds its decision, the Ministry cannot refuse its approval. An executive decree fixing the minimum wages is then published.*” The OECD (2018) confirms that the NWC has “legislative powers (binding resolutions)”.

Sources:

- Gindling, T. H., & Terrell, K. (2007). The effects of multiple minimum wages throughout the labor market: The case of Costa Rica. *Labour Economics*, 14(3), 485-511.
- ILO. (2014). *General Survey on Minimum Wage Systems*. Geneva. Retrieved from: [https://www.ilo.org/wcmsp5/groups/public/---ed\\_norm/---relconf/documents/meetingdocument/wcms\\_235287.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_norm/---relconf/documents/meetingdocument/wcms_235287.pdf)
- OECD. (2018). *Minimum Wages*. Retrieved from: <http://www.oecd.org/employment/emp/Minimum%20wages.pdf>
- Jdsupra. (2020, January 14). Private Sector Minimum Salary Increase in Costa Rica valid for 202. Retrieved from: <https://www.jdsupra.com/legalnews/private-sector-minimum-salary-increase-99228/>

## **Croatia**

The MW is set by the government after consultation with the Economic and Social Council of Croatia. The Economic Social Council has 15 members, 5 from each the government, trade unions and employer unions. Its minimum wage is indexed according to the average wages and may not be reduced again.

Eurofound (2019) reports that Croatia has only “broad guidelines to economic and social factors that should be observed during wage-setting”. Article 6, paragraph 3 of the Minimum Wage Act stipulates: “*The Minister, having in mind the increase in the share of the minimum wage share in average gross earnings paid into legal entities from January to July of the current year, taking into account inflation, wage trends, unemployment and employment trends, demographic trends and the state of the economy in total, paying particular attention to low-wage and vulnerable groups of employees after consultation with the social partners, proposes to the Government of the Republic of Croatia the amount of the minimum wage.*”

The adjustment procedure does not include a fixed formula, nor does it index minimum wages directly to any standard. However, the law does direct actors to increase the level of minimum wages as a share of average gross wages. It, therefore, does require minimum wage adjustments to be at least sizeable enough to affect upward changes on the Kaitz index; a requirement that actors need to comply with.

In 2018, Croatia adopted a new Minimum Wage Act, which was implemented for the first time during 2019. Eurofound (2020) describes the new MW fixing machinery as follows: “*The new Minimum Wage Act aims to overcome weaknesses that existed in the consultation process by prescribing that the minimum wage*

level should be determined by 31 October each year. Under the act, consultations with social partners must take place in September and October. In addition, the new act introduces a Commission for Monitoring and Analysis of the Minimum Wage as a new body to assist in the policy process. It consists of trade union and employer representatives, as well as representatives from government and academia. The commission is a consultative body to the Minister of Labour and Pension System, analysing recent trends relevant for minimum wage policy and proposing the minimum wage level for the next year. For this purpose, it has its own funds and resources to monitor and study trends. The commission had five meetings in 2019 and proposed a new rate of the minimum wage for 1 January 2020. The objective was to increase the share of the minimum wage in the average wage slightly, which is explicitly mentioned in the new act. The government is not obliged to follow the commission's proposal, but it has done so in 2020."

English language sources make clear the composition of the committee (trade unions, employers' organizations, government, academics), but not the voting procedures. In the absence of evidence to the contrary, all members are coded as having voting rights on the MW\_act\_\* variables. Prior to the new expert committee, Eurofound (2019) reported that tripartite consultations in Croatia failed to reach a consensus in 2018, leading to a unilateral government decision for the 2019 minimum wage.

Sources:

- Croatia Official Gazette. (2018, December). New Minimum Wage Act. Retrieved from: [https://www.ilo.org/dyn/natlex/natlex4.detail?p\\_lang=en&p\\_isn=109171&p\\_count=5&p\\_classification=12.02](https://www.ilo.org/dyn/natlex/natlex4.detail?p_lang=en&p_isn=109171&p_count=5&p_classification=12.02)
- Eurofound. (2019). Minimum wages in 2019: Annual Review. Retrieved from: [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef19028en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19028en.pdf)
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- ILO. (2003). Employment Policy Review Croatia. Retrieved from: [https://www.coe.int/t/dg3/socialpolicies/socialrights/source/EPRcroatia\\_en.pdf](https://www.coe.int/t/dg3/socialpolicies/socialrights/source/EPRcroatia_en.pdf)
- Mrnjavac, Z. & Blazevic Buric, S. (2014). Is Minimum wage a good policy for poor workers in Croatia. Retrieved from: [https://www.researchgate.net/publication/289799459\\_Is\\_minimum\\_wage\\_a\\_good\\_policy\\_for\\_poor\\_workers\\_in\\_Croatia](https://www.researchgate.net/publication/289799459_Is_minimum_wage_a_good_policy_for_poor_workers_in_Croatia)
- Nestić, D., Babić, Z., & Blažević-Burić, S. (2018). Minimum wage in Croatia: sectoral and regional perspectives, *Economic Research-Ekonomska Istraživanja*, 31:1, 1981-2002, DOI: 10.1080/1331677X.2018.1473787
- Tomic, Rubil, Nestic & Stubbs. (2019). The employment and social situation in Croatia. [https://www.europarl.europa.eu/RegData/etudes/STUD/2019/642345/IPOL\\_STU\(2019\)642345\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2019/642345/IPOL_STU(2019)642345_EN.pdf)

## Cyprus

Cyprus only sets minimum wages in selected occupations in which both unionization, collective bargaining coverage and wages are low. Eurofound (2019) reports that Cyprus formally has a target of 50% of average wages for these occupational minimum wages; however, rates have been frozen since 2012. This indicates the target is not being used or, at least, that actors are able to ignore them.

Minimum wage adjustments are discussed in the Labour Advisory Body. Eurofound (2019) reports: "The levels and occupations covered are subject to a consultation with the social partners within the Labour Advisory Body and are normally reviewed on an annual basis. Due to the difficult state of the economy and

the Memorandum of Understanding agreed in 2013 between the Cyprus government and its creditors, 3 minimum wages from 2013 to 2016 remained at the levels of 2012. However, in 2018, national debates about reforming the current system and introducing a statutory minimum wage advanced the topic.”

WageIndicator reports: “*The recommendations for updating the minimum wage are made by the tripartite labour advisory board with representation from the government, employers and the workers side. The Labour Advisory Board of the Ministry of Labour and Social Insurance appoints a tripartite technical committee. The tripartite technical committee is made up of representatives of the trade unions (SEK, PEO, DEOK), and the employers organisations (OEB, KEBE), and are presided by an Officer or the Director of the Department of Labour Relations.*”

On its website, the ministry reports that the labour advisory board is consulted on labour market policy. In these consultations, the social partners discuss draft legislation presented by the government and voice support and/or objections. The government, however, decides on occupation minimum wages by decree after the consultation.

Sources:

- Eurofound. (2019). Minimum wages in 2019: Annual Review. Retrieved from: [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef19028en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19028en.pdf)
- Cyprus government. (n.d.). Department of Labour Relations: Historical Background. Retrieved from: [http://www.mlsi.gov.cy/mlsi/dlr/dlr.nsf/page08\\_en/page08\\_en?OpenDocument](http://www.mlsi.gov.cy/mlsi/dlr/dlr.nsf/page08_en/page08_en?OpenDocument)
- WageIndicator. (2020). Minimum Wage Regulations - Cyprus. Retrieved from: <https://wageindicator.org/labour-laws/labour-law-around-the-world/minimum-wages-regulations/minimum-wages-regulations-cyprus>

## **Czech Republic**

The Czech government fixes the minimum wage considering the consumer price index. However, the CPI is merely taken into account and there is no regulation for a regular update, implying the minimum wage can be frozen. Since the CPI is only “taken into account”, the variable MW\_uprate was coded as “at the discretion of public institutions (government/parliament/other body) or the body setting the minimum wage” (3).

Although minimum wages resulting from tripartite negotiations are increasingly common, the variable MW\_comm was coded as “no” (1 – no permanent committee), because there is no mechanism to regularly consult the main social partners.

Sources:

- ILO. (2004). National Labour Law Profile: The Czech Republic. Retrieved from: [https://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS\\_158893/lang--en/index.htm](https://www.ilo.org/ifpdial/information-resources/national-labour-law-profiles/WCMS_158893/lang--en/index.htm)
- Eurofound. (2020, October 14). Living and working in Czechia. Retrieved from: <https://www.eurofound.europa.eu/country/czechia#pay>
- Pernica, M. (2014). Conditions of Minimum Wage Indexation in Czech and Slovak Legislation in the Context of Business Economics. Retrieved from: [https://www.researchgate.net/publication/312033392\\_Conditions\\_of\\_Minimum\\_Wage\\_Indexation\\_in\\_Czech\\_and\\_Slovak\\_Legislation\\_in\\_the\\_Context\\_of\\_Business\\_Economics](https://www.researchgate.net/publication/312033392_Conditions_of_Minimum_Wage_Indexation_in_Czech_and_Slovak_Legislation_in_the_Context_of_Business_Economics)

## **Denmark**

No statutory minimum wage.

*Sources:*

- Eurofound. (2020). Living and Working in Denmark. Retrieved from: <https://www.eurofound.europa.eu/country/denmark#pay>

**Estonia**

The classification of the Estonian minimum wage fixing machinery within the coding scheme of the ICTWSS is not straightforward. As acknowledged by the OECD (2018), Eurofound (2019, 2020), ILO (2014) and in the literature (e.g. Earnets & Tiwari, 2019; Vasilev & Manev, 2020), the minimum wage is set through bipartite agreement and then extended by the Government. These negotiations between social partners, however, are not embedded in a named council or committee.

Nevertheless, Eurofound (2020) describes Estonian minimum wage fixing machinery as an institutionalized dialogue. The minimum wage increase has been negotiated by social partners and extended every year since 2002 (website). In 2020, when these negotiations almost failed, the 'national conciliator' was called in to hammer out a compromise. An agreement was subsequently reached and implemented. Earnets & Tiwari (2019) report that the state arbitrator was also called in in 2015. Agreements are always negotiated between the peak confederations EAKL (trade unions) and ETTK (employers).

As such, the Estonian system appears to be one of bi-partite negotiations, like Belgium. However, it lacks a formal 'body' involved in the adjustment of the minimum wage. In view of the institutionalized nature of these negotiations, Estonia is coded as '2 – yes, formulates binding advice if unanimous', despite the absence of a permanent committee or body.

*Sources:*

- Earnets, P., & Tiwari, A. K. (2019). Minimum wage in Estonia and its impact on employment and wage distribution. *ifo DICE Report*, 16(4), 37-43.
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**Finland**

Eurofund found no statutory minimum wage.

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**France**

In France, both the National Committee on Collective Agreements (CNNC) and a council of independent experts provide non-binding advice. The CNNC consists of four representatives each from government, workers, and employers. In addition, the government receives non-binding advice from an independent group of experts. The legisocial website reports that since 2008, the expert committee evaluates the development of the minimum wage, submits its opinion to the plenary of the national committee and to the government. The CNNC then also submits its opinion to the government. Since the expert committee is

leading in this process by publishing its research and advice, which is then referred to the government and on which the CNNC is consulted, the ICTWSS codes the expert group as the permanent body involved in fixing the minimum wage.

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## Germany

When Germany introduced its statutory minimum wage, it also established a minimum wage Commission. Bosch (2018) describes this as follows: *“The Minimum Wage Act provides for the establishment of a minimum wage commission. In contrast to the UK model, however, the three representatives of the social partners are appointed by their respective organisations and not selected as individuals by the government. The two academic members of the commission are proposed by the social partners but, unlike their UK counterparts, do not have voting rights. The government appoints an independent chair proposed by the social partners. In the government’s bill, the value of the minimum wage was originally to be frozen until the end of 2017. In order to prevent the minimum wage rising too sharply in 2018 after three years of stagnation, a joint initiative from the trade unions and the employers’ associations during the parliamentary hearing ensured that the date for the first increase was brought forward to 1 January 2017. Every two years, the commission submits a proposed increase to the government, which can then implement it by statutory order but cannot alter the proposed amount, unlike in the UK. As jointly proposed by the social partners, the benchmark for any increase in the minimum wage is the average increase in collectively agreed rates of pay, in order to make it clear that it is collective bargaining that sets the pace for increases in the minimum wage. The minimum wage commission’s standing orders stipulate that a two-thirds majority is required for any divergence from this quasi-indexation. Contrary to normal practice, these standing orders had already been agreed between the social partners and the Ministry of Labour before the Minimum Wage Act had been passed by parliament and were the basis for the joint agreement. The social partners adopted this approach also in order to avoid energy-sapping disputes and votes, in which the chair ultimately casts the deciding vote. Some of the trade unionists involved said, ‘The less the minimum wage commission has to meet, the better things will be’. The employers’ associations also saw this as an opportunity to depoliticise future increases in the minimum wage.”*

As Bosch outlines, the Commission has elaborate voting rules to avoid deadlocks. These are also confirmed to exist on the website of the commission ([https://www.mindestlohn-kommission.de/EN/Commission/Commission\\_node.html#:~:text=Germany%20established%20a%20general%20statutory,9%2C35%20gross%20per%20hour.](https://www.mindestlohn-kommission.de/EN/Commission/Commission_node.html#:~:text=Germany%20established%20a%20general%20statutory,9%2C35%20gross%20per%20hour.)). Unanimity is not required for a decision.

Section 11 of the Act Regulating a General Minimum Wage says *“The Federal Government may make the adjustment to the minimum wage proposed by the Minimum Wage Commission legally binding on all employers and workers by way of a statutory instrument not requiring the consent of the Bundesrat. The statutory instrument enters into force on the day specified by the Minimum Wage Commission in its*

*resolution, at the earliest, however, on the day following its promulgation. The statutory instrument shall have legal force until such time as it is replaced by a new statutory instrument.”*

The commission has its own staff. The Government appoints the chairperson but only at the proposal of trade unions and employers. The coordination office of the MW commission, however, is paid for by the Government and is an independent organizational unit of the Federal Institute for Occupational Safety and Health. However, it falls under the supervisory control of the chairperson of the minimum wage commission.

Sources:

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## **Greece**

Eurofound (2019) states that Greece “[has] no fixed formulas, but broad references to economic and social factors within their minimum wage legislation that should be observed during wage setting.” As there are neither targets nor a fixed formula, the uprate is at the actors’ discretion.

Until 2012, when the MW was lowered as a part of the Troika interventions, Greek MWs had been set through bipartite agreements. This was followed by a period in which the minimum wage was decided by the Government and the Troika. From 2019, Greece has implemented a new MW fixing mechanism, which strengthens the role of the Government. Eurofound (2019) describes as follows: “*In Greece, the process of setting the level of the minimum wage begins with a step-by-step consultation process. This process lasts approximately four months and involves social partners and their institutions, specialised public agencies, scientific institutions and related bodies. The consultation is run by a coordinating committee, which is specifically set up for this purpose and consists of the President of the Organization for Mediation and Arbitration (OMED), one representative from the Ministry of Labour and one from the Ministry of Finance. The stages are as follows.*

1. *A dossier with proposals is created.*
2. *Social partners and their scientific bodies produce studies/memorandums, including the results of a tripartite meeting/dialogue held by the coordinating committee.*
3. *The Centre of Planning and Economic Research (KEPE), a research centre supervised by the Ministry of Finance, processes all material.*
4. *The KEPE drafts a proposal or recommendation on the level of the minimum wage, in conjunction with a committee of independent experts appointed by the Ministries of Labour, Finance and Development.*
5. *The KEPE’s proposal is discussed in the Council of Ministers before the Minister of Labour decides on the level of the minimum wage. Exceptionally for the year 2019, the process started on 21 August 2018 and concluded on 31 January 2019.”*

Since the KEPE merely drafts a proposal for discussion by the Council of Ministers but has no legislative rights, the committee formulates a non-binding advice.

In 2020, Eurofound considers the Greek MW fixing machinery to be an expert-led system in which social partners are not members of the committee adjusting the minimum wage but are consulted by the committee. In the context of the ICTWSS, this presents a coding issue. The MW\_Act\* variables code the role of the various actors in the committee, rather than in the minimum wage adjustment process as a whole. Coding the social partners as “0 – not involved” would deny that the involvement of the social partners in the deliberations of the committee is legislated (they have a right to be consulted and to be heard). Since a status of being “2 - consulted, no voting rights”, does not require actual membership of the committee according to the coding rules trade unions and employers are coded as being “consulted without voting rights” in the committee. Academics and experts are considered to have voting rights in the committee, since they essentially draft the proposal in step 4. The role of the government is opaque – technically it co-ordinates the process and thus performs the secretariat function (1 – admin support). However, the coordinating committee consists only of government officials and the KEPE research centre is under the direct supervision of the ministry of finance.

Sources:

- Eurofound. (2019). Minimum Wages: Annual Review. Retrieved from: [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef19028en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19028en.pdf)
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## Hungary

The tripartite Permanent Consultation Forum (VKF) is consulted on minimum wage increases. On its website, Eurofound reports that the involvement of VKF in the determination of MW rates is based on a 2012 tripartite agreement “on the establishment of the VKF and its standing orders”. Its role is not otherwise legislated but has been respected since 2012. Eurofound reports: “*In practice, VKF is the terrain of wage negotiations, partly as a legacy of the National Interest Reconciliation Council (Országos Érdekegyeztető Tanács, OÉT), the former national tripartite body, which used to have a co-determination right on the minimum wage. If the parties to VKF agree on the minimum wage, this decision becomes a proposal to be presented by the Government to NGTT (national economic and social council) for consultation. If no agreement is achieved within VKF, the Government can put forward its own proposal. In both cases the final decision on the minimum wage rests with the government, taking into consideration the outcome of the usually rather formal discussion within NGTT.*”

Hungary thus has two permanent bodies that are consulted: the VKF and the NGTT. Eurofound (2019, 2020) considers the VKF the primary tripartite body for MW setting. In its 2014 report, however, the ILO refers to the NGTT. Article 153 of the Labour Code (as amended in 2018) recognizes only the NGTT, which has the right to be consulted by nothing more. As the VKF is the committee putting forward the proposal for the MW adjustment, this is the committee that is coded.

In a 2018 report for the ILO, Guardiancich and Artale classify Hungary as a “bi-partite plus” minimum wage fixing regime, indicating the primacy of minimum wage adjustments lies with social partners. Given the lack of legal base for the committee and Eurofound’s interpretation that the final decision lies with the government, regardless of whether the VKF reaches an agreement, the committee does seem to make non-binding recommendations.

According to information on the ministry website, the VKF functions as follows: “*Board meetings are prepared by the VKF Monitoring Committee, which is chaired by the Secretary of State for Employment Policy, composed of the Deputy Secretary of State for Taxation, the Deputy Secretary of State for the Budget, a representative of trade unions and employers’ organizations and invited experts. It carries out its duties according to a six-month schedule, meets every two months and can be convened at any time*

at the request of 4 members. Its function is listed above, primarily as a central governing body. The Government provides the financial background for the operation of VKF. Their board meeting is held annually or even several times. The board meeting discusses the issues on the agenda, expresses an opinion, makes recommendations, but its meeting is closed. The Government provides the financial background for the operation of VKF.”

Sources:

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## **Iceland**

No statutory minimum wage.

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## **India**

India sets minimum wages at the central (federal) and local (state) level. On the state level Wage Boards are made up of equal representatives of employers, workers, and independent members. The central level applies to industries and occupations under direct authority of the government (e.g. mining, railways, ports). However, central rates are not limited to the public sector and cover a wide range of scheduled occupations. Therefore, for the purpose of the ICTWSS, India’s central MW fixing machinery is coded in the ICTWSS.

This minimum wage fixing machinery is updated in consultation with social partners too but follows a different procedure than the state level wage boards. Central rates are not revised regularly. When they are, the labour ministry appoints a committee to revise the minimum wages. This committee, however, is not a standing committee and a new one is appointed for each revision. Therefore, the MW\_Comm variable is coded as “0- no permanent body or committee”.

Sources:

- Ministry of Labour and Employment of India. (2019). Report of the Expert Committee on Determining the Methodology for Fixing the National Minimum Wage. Retrieved from: [https://labour.gov.in/sites/default/files/Committee\\_on\\_Determination\\_of\\_Methodology.pdf](https://labour.gov.in/sites/default/files/Committee_on_Determination_of_Methodology.pdf)

- Satpathy, A., Estupinan, X., & Malick, B. K. (2020). Wage code and rules—Will they improve the effectiveness of minimum wage policy in India?. Available at SSRN.
- Consulted expert: Rupa Korde, Assistant Professor at FLAME university

## Indonesia

The Indonesian minimum wage fixing machinery has undergone substantial change in the last years. Regional minimum wage councils were closed and the adjustment of the MW was largely replaced by a fixed formula (Ulandssekretariat, 2020). The WageIndicator website describes this as follows: *“New Formula to Calculate Minimum Wage: The Indonesian government has enacted a new mechanism to determine minimum wages. Government Regulation (PP) No. 78/2015 concerning wages, takes effect immediately, after being postponed for around 12 years. The regulation stipulates a measured annual wage increase that takes into account the current fiscal year’s inflation and gross domestic product (GDP) growth rates. Formula to determine annual minimum wage increase is as follows: Previous minimum wage + previous minimum wage x (%annual inflation rate during the year + %GDP annual increase during the year). The Formula is not applicable to eight provinces where minimum wage is still below the government determined basic cost of living and which will instead be granted an extra 5 per cent rise every year for the next four years (i.e. until 2019).”*

The National Wage Council (NWC) continues to exist and reviews proposals on MWs. The exceptions in eight provinces indicate that there is some space for political action, though how much is hard to ascertain. ASEAN brief reports that in 2019, the national ministry of labour simply issued a ‘circular’ authorizing provincial governors to increase the MWs by an exact percentage (8.51%).

In the year of the new law, 2015, the Jakarta Post (2015) reports on the new law with the clear expectation that it will shut down tripartite negotiations over minimum wages. This is in line with trade union complaints of being excluded from MW negotiations by the law. This view is also supported by Caraway, Ford & Nguyen (2019), who study the transformation of the wage councils in the 21st century and conclude that *“[the] balance of power on the wage councils no longer mattered because councils could do no more than rubber-stamp raises determined by the new formula”*.

Since the wage councils no longer produce any kind of advice but merely implement the minimum wage, and in some readings were even closed, the variable “MW\_comm” was coded as no permanent committee or body involved in the adjustment of the MW (score 0 – No). In consequence, the scores on the MW\_act\_\* variables are set to -99.

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- ASEAN briefing. (2020, January 14). Minimum Wages in ASEAN: How Are They Calculated? Retrieved from: <https://www.aseanbriefing.com/news/minimum-wages-in-asean-how-are-they-calculated/>
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- Ulandssekretariat. (2020). Labour Market Profil - Indonesia. Retrieved from: [https://www.ulandssekretariatet.dk/wp-content/uploads/2020/04/lmp\\_indonesia\\_2020\\_final\\_version-1.pdf](https://www.ulandssekretariatet.dk/wp-content/uploads/2020/04/lmp_indonesia_2020_final_version-1.pdf)
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## **Ireland**

The Low Pay Commission is run by the ministry of enterprise, trade and employment and does not have its own locations, the government performs the secretariat function.

In its own report, the commission describes the support as follows: “*The Commission has a small secretariat which drafts its reports, arranges meetings, administers its budget and finances and oversees research and data collection. The secretariat also serves as the liaison with the Department under whose aegis the Commission operates (the Department of Jobs, Enterprise and Employment for the period 2015 to September 2017 and since then the Department of Employment Affairs & Social Protection). The secretariat provides input to the business of the Department when required in the form of data and information for parliamentary questions, memos to the Government, briefing material and financial audits.*”

The budget for the Commission comes from the Department.

### **Sources:**

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## **Israel**

Two Experts describe the updating process of the Israeli minimum wage as follows: The minimum wage is updated every year (April 1) according to an automatic mechanism (47.5% of the average wage), and the government does not have to go through any type of additional procedure before the rate is updated.

The law also states that the hourly minimum wage is calculated by dividing the monthly minimum wage by a factor of 186 hours.

At present, the minimum wage according to the mechanism prescribed by the automatic mechanism is 4,953 NIS and the hourly wage is 26.6 NIS. But this is not the actual minimum wage in Israel.

In a parallel process, the Histadrut negotiated (with the government and or the confederation of employers' organizations in Israel) twice in the past decade, a higher minimum wage. The negotiations led to ad-hoc legislation setting the higher minimum wage. The automatic mechanism keeps working as a “shadow” until it “catches up with the ad hoc legislated rate.

Currently, the minimum wage set in this agreed legislation is 5,300 NIS per month. It is approximately 51% of the average wage.

Drucker, Mazirov & Neumark (2019) confirm this. They state “*The first collective labour agreement regarding minimum wages in Israel was signed in 1972, setting the minimum wage as a percentage of the average wage in the economy. Since 1987, instead, the minimum wage level is set by legislation, with the initial statutory constraint that the minimum wage cannot fall below 39% of the average wage, raised to 45% in April 1988 and 47.5 in April 1997. However, indexation to the average wage was not done*

*consistently; rather, the ratio was used as guidance when there was a change in the nominal value of the minimum wage.”*

This suggests that the indexation mechanism functions as a floor for uprating of the minimum wage but is not deterministic. Israeli minimum wage adjustment mechanisms are therefore coded as a mix between indexation and actor discretion.

Sources:

- Drucker, L., Mazirov, K., & Neumark, D. (2019). Who Pays for and Who Benefits from Minimum Wage Increases? Evidence from Israeli Tax Data on Business Owners and Workers (No. w26571). National Bureau of Economic Research. Retrieved from: [https://www.nber.org/system/files/working\\_papers/w26571/w26571.pdf](https://www.nber.org/system/files/working_papers/w26571/w26571.pdf)
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- Consulted expert: Bat-Or Hofman, a researcher at the Institute for economic and social research at Histadrut,
- Consulted expert: Assaf Bondy, Tel Aviv University

## **Italy**

No statutory minimum wage.

Sources:

- Eurofound. (2020, October 14). Living and Working in Italy. Retrieved from: <https://www.eurofound.europa.eu/fr/country/italy>

## **Japan**

According to the WageIndicator Decent Work Check (2020) Japanese minimum wages are set at the regional level. Each level has a regional minimum wage council. Nakakubo (2009) notes that there is a central minimum wage council, but it does not regularly fix wages. Recent news articles, however, suggest that the Central Minimum Wages Council does propose rates for the deliberation of the 47 regional councils (Japan Times, 2019).

WageIndicator describes the process as: *“Based on the deliberation of the Regional Minimum Wage Council in each prefecture, and determined by the chief of the prefectural labour bureau, the minimum wage is comprehensively applied to all types of employees in each prefecture.”* The ILO (2014, 2018) sees the Japanese MW fixing regime as a social dialogue system in which a “bipartite-plus” council formulates a proposal. This indicates that the social partners have the initiative, but do not make the final decision (as opposed to “consultation with social dialogue institution” or “decision by social dialogue institution”).

The WageIndicator decent work check describes the process following the council’s opinion as follows: *“Upon receipt of the Minimum Wages Council’s opinion, the Minister or Directors can request another inquiry of the Council or give public notice of the summary of the opinion. If a public notice is given, interested workers and employers may then file objections within 15 days of the public notice. Any objections received must be referred to the Minimum Wages Council for its opinion concerning the objection. Once the period for filing objections has passed and, if relevant, the Minimum Wages Council has submitted its opinion on any objections raised, the Minister or Directors shall make a decision in relation to the minimum wage and give public notice of its decision. The decision for setting a revised minimum wage comes into effect 30 days after the date on which public notice is given and for abolishing the minimum wage.”*

While the regional authorities can send questions back to the Minimum Wages Council, its decisions appear to be followed if they are unanimous (if they are not, only public statements are issued by the council, not decisions or recommendations). Kawaguchi (2019) confirms the view of Wage Council recommendations as decisions and confirms that this procedure is still in force in 2019.

The MWCs consist of representatives of workers, employers, and people 'representing the public interest'. Since the last is not the same as being a government representative, the government is set to performing merely a secretariat function in the actor variable.

#### Sources:

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- Okudaira, H., Takizawa, M., & Yamanouchi, K. (2019). Minimum wage effects across heterogeneous markets. *Labour Economics*, 59, 110-122.

### **Korea**

Korea is characterized as a “decision by social dialogue institution” in a 2018 ILO comparison of minimum wage fixing systems.

*“Resolution of disagreements over minimum wage fixing in the Republic of Korea, the Minimum Wage Council of the Republic of Korea, which is charged with fixing the minimum wage each year, begins deliberations when requested by the Minister of Labour and Employment. The Council has 90 days to submit a proposal to the Government. Once received, the Minister must immediately announce the proposal publicly. Subsequently, national level representatives of workers and employers have ten days to raise any objections to the proposal by sending a letter to the Minister. If the Minister considers a submitted objection to be reasonable or believes that there are issues with the minimum wage proposal received from the Minimum Wage Council, the Minister will request that the Council deliberate the proposal once again and subsequently submit a revised version. The Council then has the option of either changing the initial proposal or confirming it in a period of no less than ten days. In order for a confirmation of the initial proposal to be completed, there are strict requirements: if the Minimum Wage Council votes with all members present and a two-thirds majority, then the Minister of Labour is obliged to fix the minimum wage in accordance with the proposal. The minimum wage shall then come into force on 1 January of the following year.”*

The WageIndicator Decent Work check (2020) concurs and describes the procedure as follows “*The national minimum wage is determined by the Minister of Employment and Labour by 5th August each year, in accordance with a minimum wage proposal deliberated and decided by a Minimum Wage Commission.*”

The Commission consists of representatives of workers, employers, and public interest groups (9 commissioners each from the groups). Public interest groups are appointed from among (former)

academics/researchers and (former) civil servants. They are coded as academics and “other actors” in the MW\_Act variables.

Sources:

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### **Kosovo**

In Kosovo, the minimum wage is by law set to indexation by a number of factors such as cost of living. Additionally it has a committee (the Economic and Social Council) to provide recommendations on the level of the minimum wage. However, data shows that the minimum wage has not to be updated in years and has only been indexed once.

Sources:

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### **Latvia**

Eurofound (2019) reports that Latvia made a three-year agreement on minimum wage adjustment in 2017, which excludes full indexation as a coding option. Eurofound (Ibid) also lists Latvia as one of five European countries that does not have “any fixed formulas, sets of criteria or specific relative targets” for setting the MW rate. While an order was issued in 2003 to list the MW to 50% of the national average wage by 2010, this order was repealed in 2011, leaving the target in place (WageIndicator 2020).

The last MW adjustment agreement in Latvia stems from 2017 and was reached through a tripartite agreement (Eurofound, 2019). In 2020 Eurofound refers to the agreement as a “social partner agreement within the tripartite committee”. This refers to the National Tripartite Cooperation Council (NTSP). The NTSP consists of the representatives of Cabinet Ministers, representatives of Trade Union Confederation and representatives of Employers' Confederation (WageIndicator, 2020). The government, however, appears to be able to circumvent the committee, as described here: “*The LBAS asked the government to increase the minimum wage in 2020, while the LDDK asked the government to adhere to the previous agreement, which the government did. Social partners asked the government to initiate the tripartite dialogue on the 2021 increase, as stipulated in the previous agreement, but the government did not initiate this process. Later in the year, however, the government announced its intention to increase the minimum*

wage to €500 in 2021, which raised social partners' anger, as they regarded this as a unilateral decision without prior consultation within the official framework of the tripartite NTSP (Eurofound, 2020)."

On its website, Eurofound writes "The Ministry of Welfare prepares the proposal for a minimum wage in each budget period at the beginning of each year. The proposal is discussed between the government and social partners in the NTSP. The decision of the NTSP is indicative." Similarly, the WageIndicator (2020) suggests the NTSP has the right to be consulted on MW legislation, but not to co-determine.

Regarding the composition of the committee, Eurofound reports that "According to its Statutes, NTSP is formed on principles of parity from representatives of the Cabinet of Ministers (the government), LDDK and LBAS... the Secretariat ... is operated by the State Chancellery (VK). The secretary of the Council is subordinated to the State Chancellery in institutional matters and to President of Ministers in functional matters."

Sources:

- Eurofound. (2019). Minimum Wages in 2019: Annual Review. Retrieved from: [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef19028en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19028en.pdf)
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## **Lithuania**

On its website, Eurofound states that according to Article 141 of the Labour Code, the minimum hourly pay and the minimum monthly wage in Lithuania is determined by the LRV on the recommendation of the LRTT (Tripartite Council of the Republic of Lithuania, TCRL). For the 2020 minimum wage rate (set in 2019), Eurofound (2020) reports that the rate was determined unilaterally by the government after social partners failed to reach an agreement in the LRTT.

In Lithuania, the government sets the rates based on a recommendation of the Tripartite Council of the Republic of Lithuania (TCRL). The second of two meetings of the TCRL in April and May 2019 ended with the recording of a difference of opinion between the social partners. The government and trade unions proposed an increase of the rate to €607, based on a formula agreed by the TCRL in 2017 and referring to the midpoint of a target range in relation to average wages (47.5%). Employers suggested €580 (45% of average wages), voicing doubts whether regional employers would be able to pay even this level of minimum wages (TCRL, 2019; Žilionis, 2019). Despite the disagreement, the government set the rate as proposed.

The online cooperation of the economic and social councils, a network of socio-economic councils, reports that the LRTT's recommendations are non-binding. The website also shows that trade unions, employers and the government are represented equally (7 members each). In addition, the government performs the secretariat functions. This is confirmed by the Eurofound site.

Sources:

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- Eurofound. (2020, October 14). Living and Working in Lithuania. Retrieved from: <https://www.eurofound.europa.eu/country/lithuania#pay>

## **Luxembourg**

The OECD (2018) reports that “*Upratings of minimum wages are decided unilaterally by the government and are based on consumer price indexation. They have a fixed and a variable component of which the fixed component is updated annually.*” Eurofound (2019) reports that Luxembourg “*experienced greater political influence, with proposals on higher increases in the future or other measures to increase take-home pay being put forward by several parties.*” Eurofound describes the adjustment of the minimum wage in 2019 as follows: “*In Luxembourg, the government adjusted the minimum wage from 2019 onwards in line with the increase in average wages between 2016 and 2017. In addition, it announced other measures to increase the net value of the minimum wage. The new (current) government made a commitment to increase the minimum wage so that every minimum wage earner would receive €100 more per month, starting 1 January 2019. This is to be accomplished by increasing the minimum wage by 1.1% (which has already been done) and again by 0.9% (yet to be done), as well as giving a tax reduction for that category of employees (also yet to be done).*”

Furthermore, Eurofound notes in a footnote: “*In addition to the automatic indexation, the Luxembourg government must produce a report every two years for the country’s parliament, addressing the general evolution of salaries and the national economy – accompanied, if necessary, by a legislative proposal to increase the minimum wage by way of law. Such additional change is a commonly followed long-standing practice.*”

This confirms that the indexation not only leaves room for political decision making but effectively requires actor discretion to be considered, as well as there being a tradition of additional adjustments to the minimum wage.

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## **Malta**

Eurofound (2019) describes the Maltese adjustment process as follows: “*a tripartite committee directs the calculation of the Retail Price Index, which enables the government to calculate cost of living increases. These increases – termed ‘cost of living adjustment’ (‘COLA’) – are then added to the minimum wage.*” Eurofound also notes that the COLA adjustments are not linked to a specific target (like 50% of median) – they thus follow the market but do not guarantee a certain Kaitz ratio or standards of living. The formula is described in more detail by Eurofound (2019): “*The minimum wage is adjusted annually on the basis of the cost of living adjustment (COLA). The latter is determined by the change in the retail price index (12-month moving average rate). This percentage is applied to a weekly base rate that was set in 1990 and that has increased every year by the amount of COLA. The result is rounded and reduced by the amount of social benefits that the state may grant during the year (commencing on the effective date of the cost of living increase).*”

While the tripartite committee is involved in “supervising and directing the calculation of consumer price levels”, there is no indication their mandate in minimum wage adjustment exceeds this technical role

(Eurofound, 2020). In addition, in the past 10 years, Malta made exactly 10 updates – following the frequency set for the fixed formula precisely.

Sources:

- Eurofound. (2019). Minimum Wages in 2019: Annual Review. Retrieved from: [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef19028en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19028en.pdf)
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### **Mexico**

Mexico is characterized as a “decision by social dialogue institution” in a 2018 ILO comparison of minimum wage fixing systems, as well as by the WageIndicator Decent Work Check. The Decent work check reports that the Commission (Comisión Nacional de los Salarios Mínimos or CONASAMI) consists of representatives of workers, employers, and the government. The ILO (2018) notes that external experts are invited for consultations, but do not vote.

Sources:

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### **Montenegro**

In Montenegro, the minimum wage is set by the tripartite body, the social council. It is set by the council, however the government needs to agree on it. The social council consists of representatives of the government, trade unions and employers.

Sources:

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### **Netherlands**

The Dutch minimum wage is updated on a half-yearly basis following a fixed formula, which leans heavily on the development of collectively agreed wages. “The Dutch Central Planning Agency (CPB) applies a

standard formula, which is also based on predicted wage developments for the next six months and uses that to establish the new minimum wage (among others). A basket of collectively agreed wages is part of the equation. (Eurofound, 2019)”

Eurofound also notes that the adjustments are not linked to a specific target (like 50% of median) – they thus follow the market but do not guarantee a certain Kaitz ratio or standards of living. Only being linked to developments in collectively bargained wages, it is possible for Dutch minimum wages to follow wage developments while falling behind the median wage and falling behind in terms of purchasing power.

In principle, Dutch law allows for the additional variable adjustment of the minimum wage. An evaluation by the tripartite socio-economic council (SER) is supposed to take place every four years to evaluate the appropriateness of the level of the MW. However, no adjustment has followed from this evaluation since the 1970s (de Beer, Been & Salverda, 2017). In the last 10 years, exactly 20 adjustments were made to the minimum wage rate, in accordance with the fixed schedule and formula for updates. Recent debates pushed by the largest trade union confederation, FNV, to lift the MW to 14 euro per hour might bring change in the next few years. However, the current policy practice (for the last 50 years) has been one of full indexation.

*Sources:*

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- Government of the Netherlands. (n.d.). Entitlement to statutory minimum wage. Retrieved from: <https://www.government.nl/topics/minimum-wage/entitlement-to-statutory-minimum-wage>

### ***New Zealand***

New Zealand's minimum wage is set by the government, with individual consultation with the employer and employee representatives, however there is no official body/committee in which these consultations take place.

*Sources:*

- Government New Zealand. (2019). Cabinet Paper - Minimum Wage Review 2019. Retrieved from: <https://www.mbie.govt.nz/assets/minimum-wage-review-2019.pdf>

### ***North Macedonia***

North Macedonia sets one minimum wage. At the time of the introduction of the minimum wage in 2012, lower wage rates were set for textiles, apparel, and leather. However, these rates were abolished in 2017. The minimum wage is determined by the Law on minimum wage and adjustments are based on the national average salary increase (one-third), the living costs index increase (one-third), the real GDP growth (one-third). These factors are considered for the previous year, according to data from the State Statistical Office.

*Sources:*

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## **Norway**

No statutory minimum wage.

Sources:

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## **Poland**

In 2019, Eurofound reports that Poland has a minimum threshold target for its minimum wage, which prescribes that the minimum wage may not be less than 50% of average wages. The rule provided by the law is as follows: If, in the year in which the negotiations within the Social Dialogue Council take place, the minimum wage will be less than half of the level of average salary, the degree of its growth is increased in addition by 2/3 of the forecast real growth rate of output GDP growth (Eurofound, 2019).

In 2019, Eurofound lists Poland as one of the countries where the Government unilaterally determined the minimum wage after tripartite negotiations failed to come to an agreement. Negotiations in the tripartite Social Dialogue Council (RDS) reached a deadlock. On its website, Eurofound describes the minimum wage fixing machinery as follows: *“The national minimum wage is set annually in accordance with the Minimum Wage Act of 2002. The Social Dialogue Council (RDS) determines the wage for the next year based on proposals submitted by the government. The decision has to be made unanimously by the social partners and the government. The figure proposed by the government must not be less than the current minimum wage, adjusted to the Consumer Price Index (CPI) forecast for the next year. If the current minimum wage is lower than 50% of the national average pay, the following year’s proposed minimum wage also has to be increased by two-thirds of the percentage growth in GDP forecast for the following 12 months. If the RDS fails to reach consensus, the government takes the decision unilaterally, yet the wage cannot be lower than the original proposal. In 2016, the minimum wage increase for 2017 agreed in RDS was further raised by the unilateral decision of the government, the first such case since the inception of the Minimum Wage Act. In 2018, social partners failed to agree to the minimum wage increase again, so the ultimate decision was taken by the government.”*

This indicates that the committee’s advice can be ignored if it is not unanimous. While the Government has tended to follow unanimous advice from the RDS, the 2017 case shows that it does not have to. The committee thus appears to provide non-binding advice. Due to the requirement of unanimity, all actors are considered to have voting rights on the MW\_Act\_\* variables.

Sources:

- Eurofound. (2019). Minimum Wages in 2019 - Annual Review. Retrieved from: [https://www.eurofound.europa.eu/sites/default/files/ef\\_publication/field\\_ef\\_document/ef19028en.pdf](https://www.eurofound.europa.eu/sites/default/files/ef_publication/field_ef_document/ef19028en.pdf)
- CESLink. (n.d.). Social Dialogue Council - Poland. Retrieved from: <https://www.eesc.europa.eu/ceslink/en/escs-in-member-states/poland-rds>

## **Portugal**

In Portugal, social partners are commonly consulted on minimum wage adjustments. Eurofound reports there is neither a fixed rule for adjustment nor a permanent expert committee. There is, however, a Standing Committee for Social Concertation (Comissão Permanente de Concertação Social – CPCS),

which is consulted. Consultation was interrupted in the years of the economic crisis (due to Troika interventions) but was re-started in 2014 according to Eurofound (2020). In regard to the 2020 minimum wage rate, Eurofound (2020) reports that the Government put forward a proposal to initiate tripartite negotiations on minimum wages with the aim of increasing the minimum wage to 750 euro by 2023, which was referred to the CPCS for consultation.

The European Commission (2016) concludes in its report on the role of social partners in policymaking that the influence of Portuguese social partners is highly dependent on the Government in power. However, the CPCS is a standing committee that is consulted as a rule on Government proposals on the minimum wage (even if their advice might be ignored). The CPCS is thus a committee which produces non-binding advice and altogether lacks initiative in the policymaking process.

The CPCS is a part of the socio-economic council, but its decisions do not require approval from the SEC plenary. The CES reports that the standing committee consists of CGTP and UGT (unions' representation), four employers' associations (CAP; CIP, CTP, CCP) and representatives from several government ministries (pm, finance, labour, economy, and agriculture). The CPCS statutes (art. 11) say its plenary can "discuss and approve" opinions, proposals, and recommendations. Article 17 of the statutes say decisions are taken by simple majority. While the decisions of the CPCS don't carry any weight, they are the result of a vote inside the committee. All members have one vote. Therefore, they are all (unions, employers, govt) coded as 3 – co-determine.

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## Romania

The National Tripartite Council for Social Dialogue (Consiliul Național Tripartit pentru Dialog Social, CNTDS) is a national-level consultative body that includes representatives from trade unions and employers' organisation as well as the government, the National Bank and the Economic and Social

Council. Eurofound (2019) does report consultations take place. They are, however, characterized as follows: “*The minimum wage has been determined by the same mechanism since 2000. The increase is usually established arbitrarily by the government, after formal consultations with social partners. It is based on economic development, and social and economic objectives (e.g. reducing in-work poverty, and increasing labour participation and social equity – as mentioned in the government’s programme for 2018–2020).*”

Like in Portugal, the Romanian government drafts a proposal for minimum wage adjustment, which is then referred to the CNTDS for a non-binding consultation. Article 76 of law 62 (2011) dictates that the CNTDS consists of the presidents of nationally representative employers’ and trade union confederations, representatives of the Government from each ministry, a representative of the national bank, the president of the socio-economic council (in which the CNTDS is embedded) and any other agreed members. The prime minister chairs the council. The law (art 78a), however, merely mandates the council to “ensuring the consultation framework for establishing the minimum wage guaranteed in payment”. There is no evidence that the CNTDS produces any kind of advice or agreements.

The European Commission (2016) also notes that any form of co-decision by social partners was abolished in the 2011 amendments to the labour code and social dialogue law. The European Commission (Ibid) states that the Government may now at its discretion establish the national minimum salary, a matter on which, before 2011, it was bound to accept a certain type of co-decision with the social partners.”

Considering that the CNTDS does not formulate any form of advice and even lacks clearly laid out voting procedures (at least in the law), this does not constitute a body involved in the adjustment of the MW as understood in the coding scheme of the ICTWSS.

#### Sources:

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### **Russian Federation**

The OECD (2018) reports that article 134 of the Russian Federation labour code dictates that the minimum wage is subject to indexation taking into account the inflation rate, as well as that the minimum wage cannot be less than the subsistence level for working citizens. The subsistence level requirement does not appear to be respected, as Gimpelson (2019) notes that Kaitz index was 20% by the end of 2017. Gimpelson also reports that “upward adjustments to minimum wage levels were implemented only when they were considered to be politically beneficial, and usually coincided with upcoming elections.” Bolsheva (2012) also marks this: “*Thus, since 2002, the amount of the national minimum wage ought to be increased in line with the national subsistence minimum (Labour Code of Russian Federation 2001). However, the*

*government interpreted this legal provision as the long-term goal; the law has not been adopted, and the difference between the minimum wage and the subsistence minimum has therefore continued up to now.*

Lukiyanova and Vishnevskaya (2016) largely concur with this assessment: *“The Labour Code adopted in 2002 set an explicit target to increase the level of the minimum wage and equalise it with the national subsistence minimum. This provision was a result of bitter negotiations between the government and trade unions. When introduced into the legislation, it did not take into consideration any economic factors. At the same time, the Labour Code states that this legislative provision should be implemented by a special legal act, which has been constantly delayed. This delay has been used as an indirect way to take account of economic conditions. Actually, the process of minimum wage fixing still lacks a binding target. The legislation has not identified the periodicity of minimum wage adjustments. Since the early 1990s, adjustments of the minimum wage have been irregular and have varied greatly in size.”*

None of the analyses of Russian minimum wage developments mention indexation to inflation. A criterion for subsistence wages is acknowledged, but all authors concur that it has not been followed. What is more, the lack of a legislated frequency of minimum wage adjustments leaves the government with the discretion to refrain from uprating the minimum wage. Therefore, the conclusion is that minimum wage uprating in Russia happens at actors’ discretion.

The OECD (2018) reports that “Minimum wages in Russia at the federal level are setup only by the government and at regional levels are established by three-side agreements between representatives of trade unions, owners and local authorized bodies.” Lukiyanova and Vishnevskaya (2016), however, take a different view: *“Formally, the value of the mandatory minimum wage is set by a law passed by the parliament based on the proposal by the federal government. However, first of all a consensus about the level of minimum wage must be achieved within a tripartite Commission, which consists of representatives of employers’ associations, trade unions and the federal government. The tripartite Commission sits on a permanent basis, but it is especially active during the preparations for and signing of a 3-year general agreement. The process serves as the ideological symbol of social partnership in Russia. According to the classification of Boeri (2012), the Russian system of minimum wage determination is a ‘consultation process’ where the new level of the wage minimum is the result of negotiations between the state and the social partners. It should be admitted that in comparison with the centrally planned economy, the role of the social partners is no longer merely formal. At the same time, Russian trade unions and employers’ organisations have not become equal partners to the government. The government still plays the leading role in the tripartite Commission in deciding the level of the wage floor.”*

Bolsheva (2014) describes the tripartite committee as an unequal body: *“The national minimum wage is to be fixed by federal law. However, there is an institutional procedure for determining minimum wage policy. It is the subject of negotiations in the Russian Tripartite Committee, and particularly the subject of the General Agreement between the employers’ association, trade unions and the government of the Russian Federation. The General Agreement usually contains general provisions concerning minimum wage policy, but not concrete measures regarding the minimum wage level, criteria, increases etc.”*

Given the absence of decision-making powers of the tripartite committee but the presence of a requirement for its consultation, the MW\_Comm was coded as “1 - Yes, formulates non-binding advice”. Given the inequality of social partners versus the government in the committee, as indicated by Lukiyanova and Vishnevskaya (2016), the government’s involvement was coded as “4 – unilaterally determines” and the social partners as “2 – consulted, no voting rights”.

Sources:

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### **Serbia**

The Serbian minimum wage is set by the Social and Economic Council if a consensus is reached. The council consists of 18 members, 6 of whom are representatives of the government, with 6 trade union representatives and 6 employer representatives. In the absence of a consensus in the council, government fixes the updated minimum wage rate unilaterally.

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### **Slovak Republic**

In Slovakia, the social partners take the initiative in negotiations over minimum wage adjustments. These negotiations take place in the Economic and Social Council on a bipartite basis. Failing an agreement between social partners, the Ministry of Labour, Social Affairs and Family makes a proposal for the adjustment of the minimum wage. The Government then sets the minimum wage. In 2019, social partners did not reach an agreement in the economic and social council, after which the government set the level unilaterally (Eurofound, 2019). Eurofound (2020) reports that negotiations in the socio-economic council fail most years and the Government is thus used to setting the minimum wage unilaterally. This will change from 2021 onwards, when social partners' failure to negotiate an agreement will result in the minimum wage being set at 60% of the average nominal gross wage.

According to paragraph 7 of the law 63/2007 on minimum wages, the bi-partite negotiations take place every year according to a pre-set time schedule (to start by 1 April latest and be concluded by 15 July latest). Since the Government can only make a proposal for minimum wage adjustment after the failure of these negotiations and since these negotiations take place within the socio-economic council, this is coded as a permanent committee. As their proposal, or the proposal of the government in its absence, is then referred to the plenary of the socio-economic council for consultation, the advice could be considered non-binding.

The law, however, is ambiguous. This is solved by the 2020 agreement, which clearly states (para 7.2) that a bilateral agreement being reached means that it will become the legal minimum wage. However, the previous version of the law still suggests that this agreement may be referred to the Economic and Social Council (the section isn't quite clear about this provision affecting only government proposals or also the bipartite proposals). However, the European Commission (2016) characterizes government action as "merely a fall-back option when social partners fail to bilaterally agree."

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**Slovenia**

The OECD (2018) reports that according to the Minimum Wage Act four factors should be taken into consideration in the adjustment of the minimum wage: 1) a rise in consumer prices 2) wage trends 3) economic conditions or economic growth and 4) employment trends. In reality, the minimum wage increases more or less with inflation.

According to Eurofound (2019), Slovenia has no fixed formula for adjustment, but provides “*broad references to economic and social factors within their minimum wage legislation that should be observed during wage setting.*” There was, however, debate on the introduction of such a formula in 2020: “*An agreement on implementing a new formula-based approach has been reached. From 2021 onwards, the adjustment will be predominantly linked to the minimum living costs (and, to some extent, inflation, wages, employment, and GDP growth may be taken into account). From January 2020, all allowances will be exempt from the minimum wage.*” Eurofound (2019) also speaks of a relative target “*No target in relation to wages, but: the minimum wage amount should surpass the level of minimum living costs by 20–40%.*” These agreements were reached in the context of the introduction of the Minimum Wage Act in 2018, which was first implemented in 2020 (Eurofound, 2020).

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**South Africa**

The current and first National Minimum Wage Commission is described on the government website as consisting of independent experts (4 academics, one of whom chairs the committee), 3 business representatives, 3 labour representatives, and 3 community representatives. No mention is made of unequal voting rights or lack thereof in the minimum wages act. The only mention of this is in article 12, which states that the chairperson may not cast a vote. The minimum wages act art. 13 sets out that the Minister must provide the commission with a secretariat, thus performing secretariat functions.

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## **Spain**

In Spain, the minimum wage was significantly increased in 2019 following a political agreement between political parties PSOE and Podemos. This clear evidence of actor discretion excludes full indexation as a viable classification for Spain. Eurofound (2019) furthermore reports that Spain knows neither a fixed formula nor relative targets for adjustment of the minimum wage. The Workers Statute does direct decision-makers to take into account consumer prices, productivity, the contribution of labour to GNI and the general economic context but provides no weighting for the consideration of these potentially contradictory factors.

In 2020, Eurofound reports that Spain is considering a target of 60% of average wages by 2024, but this has not resulted in legislative action.

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## **Sweden**

No statutory minimum wage.

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## **Switzerland**

While Switzerland has no history of either national or regional minimum wages, the canton of Neuchâtel introduced a CHF19.78 per hour minimum wage in January 2018. The introduction was at the direction of the Supreme Court and followed a seven-year legal battle over the constitutionality of such a law. The Neuchâtel minimum wage was still in effect in 2019 (and was raised in 2020). The Jura and Ticino cantons have also introduced statutory minimum wages. The case does present a new consideration in that Switzerland only has statutory minimum wages that are set by sub-national governments. This might qualitatively differ from countries in which national governments set a statutory minimum wage for only a part of the country.

Following ICTWSS policy, the minimum wage fixing variables are coded based on the minimum wage with covers most private sector workers. This is Ticino. In Ticino, the MW is set using lower and higher

thresholds which are found using indexation, indicating a mix of indexation and actor discretion. There is a tripartite committee, but the law shows its only function is to monitor implementation. The actual adjustment is done by the Canton's parliament (*gran consiglio*) on the proposal of the executive according to article 11. Thus, there is no committee. This is coded as 0, as are all the actor variables.

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## **Turkey**

In Turkey, the Minimum Wage Determination Committee sets the minimum wage by majority vote (WageIndicator 2020). The OECD (2018) describes this as follows: “*The Minimum Wage Determination Committee sets the minimum wage rates of the country. This Committee is composed of fifteen members: an equal number of representatives of the government, employee’s organisations representing the majority of employees, and employer’s organisation representing the majority of employers. The minimum quorum is 10 members. Decisions are taken under the majority of votes of its members, and in the event of a tie, the chairman of the Committee has a casting vote.*”

Aslan Gurdal (2019) confirms the active voting role of the Government representatives, explaining that due to disagreements between workers and employers’ representatives, the government delegation tends to cast the deciding vote.

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## United Kingdom

The Low Pay Commission (LPC) makes annual recommendations regarding the adjustment of the minimum wage. One of its members, Brown (2009), writes about the committee's challenge to formulate advice that the government would follow without changing the amount. Eurofound (2019) also notes in its report in 2019, that the "government followed the LPC's recommendations", suggesting it did not need to. Dickens (2015) concurs, adding the LPC's strategy to make unanimous recommendations is meant to make the proposed rates more acceptable to the Government.

In the UK if the Commission is unanimous, the Government must either follow the advice or explain to the Parliament why it is not following the advice. This happened only once for the apprentice rate. So de facto, the UK LPC fixes the minimum wage. However, things have partially changed since 2015 when the Government has given a target to the LPC for the adult rate (60% by 2020) and the LPC is only tasked to find the best path to reach this target. Still the Government would need to argue why the proposed rate is not good and the LPC remains in charge of the other rates. If the LPC is not unanimous, then they have to write a majority and a minority report and the Government can choose (never happened).

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## United States

The US's federal minimum wage is set by the Wages and Hours Division of the Department of Labor following a vote in the US congress. Although most states have their own state minimum wages, some with their own committees, the federal minimum wage is decided at discretion of the government.

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