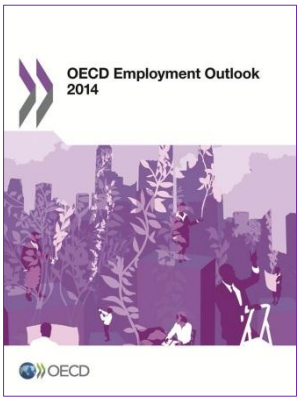


OECD Employment Outlook 2014

Chapter 2. Sharing the Pain Equally? Wage Adjustments during the Crisis and Recovery - Further Material

The following pages provide supplementary material for the analysis presented in Chapter 2 of OECD Employment Outlook 2014. This material reflects data available as of May 2014.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
PARIS, SEPTEMBER 2014

Citation: OECD (2014), "Sharing the Pain Equally? Wage Adjustments during the Crisis and Recovery– Further Material", Annex of Chapter 2 of the OECD Employment Outlook 2014, OECD Publishing, Paris, available online at www.oecd.org/employment/outlook.

TABLE OF CONTENTS

Tables

Figures

ACRONYMS AND ABBREVIATIONS

AUS	Australia	**ISR**	Israel	**CHE**	Switzerland
AUT	Austria	**ITA**	Italy	**TUR**	Turkey
BEL	Belgium	**JPN**	Japan	**GBR**	United Kingdom
CAN	Canada	**KOR**	Korea	**USA**	United States
CHL	Chile	**LUX**	Luxembourg	**EU28**	European Union
CZE	Czech Republic	**MEX**	Mexico	**EA18**	Euro area
DNK	Denmark	**NLD**	Netherlands		
EST	Estonia	**NZL**	New Zealand		
FIN	Finland	**NOR**	Norway		
FRA	France	**POL**	Poland		
DEU	Germany	**PRT**	Portugal		
GRC	Greece	**SVK**	Slovak Republic		
HUN	Hungary	**SVN**	Slovenia		
ISL	Iceland	**ESP**	Spain		
IRL	Ireland	**SWE**	Sweden		

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

ANNEXES 2.A2
ANALYSING DOWNWARD WAGE RIGIDITY

In order to provide additional background to the analysis of downward wage rigidity in the Chapter, Annex Table 2.A2.1 reports information on the incidence of real earnings cuts, the incidence of nominal earnings cuts and the incidence of nominal wage freezes by country and for each year over the period 2005-2010. In order to give a sense of the degree of nominal downward wage rigidity the share of wage freezes over the sum of nominal wage cuts and nominal wage freezes is also included. This provides a measure of nominal downward wage rigidity under the assumption that no wage freezes would occur in the absence of wage rigidity. The figures are based on monthly earnings for full-time workers who stay in the same job from one year to the next using household or labour force surveys for 19 OECD countries. Portugal, Spain and the United Kingdom are included twice, once using the household data from EU SILC and once using administrative data. The figures from the two sources may differ because of the greater importance of measurement error in household data, differences in the concept of earnings (base pay in the administrative data for Portugal and the United Kingdom or all forms of wage compensation otherwise) and dissimilarities in sample coverage (the private sector in the administrative data for Portugal and Spain and the entire economy otherwise).

Table 2.A2.1. **Downward wage rigidity**
Percentage of full-time job stayers, 2005-10

	Real earnings cut						Nominal earnings cut					
	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Australia	39.5	42.4	36.9	46.2	40.1	44.0	27.0	26.6	25.7	28.7	27.8	28.3
Austria	50.0	46.3	43.2	50.0	40.9	46.1	41.9	37.0	37.3	40.6	37.2	37.2
Belgium	48.4	47.7	48.5	51.2	32.5	47.5	35.6	38.4	38.8	34.7	31.0	35.6
Czech Republic	..	42.8	39.0	54.6	53.7	54.1	..	30.7	24.4	30.1	41.0	33.5
Denmark	37.3	34.8	37.2	41.9	36.2	40.6	23.0	22.5	27.0	22.9	28.3	24.3
Estonia	39.1	37.0	33.8	51.5	51.7	64.9	30.8	28.7	25.3	34.4	50.9	41.3
Finland	26.1	32.9	35.2	37.3	30.8	33.5	20.8	23.2	19.0	18.3	28.5	26.4
France*	46.5	43.6	43.5	45.2	43.8	46.9	34.7	31.9	31.7	29.5	36.1	34.7
Germany	50.1	56.0	55.5	54.4	44.9	49.0	30.9	31.8	29.9	28.0	28.5	29.9
Greece*	46.7	39.5	37.1	51.8	56.9	..	17.4	23.5	11.1	18.8	29.6	..
Italy*	41.0	39.6	52.5	54.0	40.8	44.7	29.1	24.9	39.3	34.9	34.0	33.0
Luxembourg	40.3	42.8	44.4	48.9	38.8	44.5	30.1	28.2	28.8	31.1	32.9	34.2
Netherlands	..	33.1	20.5	35.8	29.4	40.6	..	24.9	14.9	20.2	20.6	24.8
Poland	..	37.1	33.1	38.8	45.2	45.3	..	27.8	26.6	27.6	32.2	27.5
Portugal*	29.9	48.5	43.4	45.0	10.1	63.4	11.6	36.5	33.5	29.1	10.2	52.5
Portugal (Adm.)	40.4	71.1	43.4	46.8	1.9	52.2	1.9	2.1	6.9	2.4	2.2	9.2
Slovenia	..	36.1	40.4	37.6	42.5	42.8	..	24.6	24.1	21.3	38.7	32.8
Spain	47.7	47.2	44.3	50.1	41.0	56.6	36.8	32.6	33.8	35.4	40.7	44.6
Spain (Adm.)	..	..	..	40.0	21.0	53.0	..	..	..	18.0	29.0	31.0
United Kingdom	..	42.1	44.7	48.1	44.5	55.5	..	27.6	30.2	28.9	30.0	30.6
United Kingdom (Adm.)	44.3	47.8	29.4	65.8	65.8	60.0	20.2	18.3	19.4	23.5	22.8	23.5
United States	..	47.3	..	49.0	..	51.1	..	34.5	..	35.3	..	39.7
	Nominal earnings freeze						Share of nominal earnings cut[a]					
	2005	2006	2007	2008	2009	2010	2005	2006	2007	2008	2009	2010
Australia	7.7	8.3	7.3	7.4	9.4	9.4	22.3	23.9	22.1	20.5	25.3	24.9
Austria	4.3	7.9	2.6	4.4	3.7	5.3	9.3	17.7	6.5	9.8	8.9	12.4
Belgium	3.9	4.6	4.6	2.7	4.1	4.8	9.8	10.7	10.6	7.2	11.6	11.9
Czech Republic	..	6.1	9.1	8.8	11.6	14.8	..	16.6	27.2	22.6	22.1	30.6
Denmark	5.8	4.1	3.9	4.6	3.3	4.3	20.2	15.3	12.7	16.6	10.4	14.9
Estonia	2.6	2.2	0.9	1.9	8.4	7.4	7.8	7.0	3.6	5.1	14.1	15.2
Finland	4.9	3.3	3.8	3.4	4.3	4.3	19.0	12.4	16.6	15.5	13.2	14.0
France*	7.2	7.8	8.2	8.1	8.8	8.6	17.1	19.6	20.5	21.6	19.5	19.9
Germany	15.4	20.3	19.3	19.3	16.8	17.7	33.3	38.9	39.2	40.8	37.1	37.2
Greece*	9.2	5.4	4.3	5.5	25.3	..	34.6	18.7	27.8	22.6	46.0	..
Italy*	4.8	6.4	6.1	5.4	5.5	5.9	14.1	20.4	13.5	13.3	13.9	15.2
Luxembourg	4.8	6.6	8.2	5.1	6.3	5.3	13.8	19.0	22.2	14.1	16.1	13.5
Netherlands	..	4.5	2.4	3.6	5.2	7.5	..	15.3	13.7	15.2	20.2	23.1
Poland	..	6.1	2.8	3.0	3.5	11.0	..	17.9	9.4	9.7	9.7	28.6
Portugal*	5.7	3.3	5.4	2.5	0.7	4.6	33.1	8.3	13.8	7.8	6.0	8.1
Portugal (Adm.)	28.1	28.9	18.8	24.8	37.0	29.8	93.7	93.2	73.2	91.2	94.4	76.4
Slovenia	..	3.4	2.7	1.8	3.0	3.5	..	12.0	10.1	7.8	7.2	9.7
Spain	3.3	5.6	4.8	4.8	7.0	8.2	8.2	14.6	12.4	11.9	14.7	15.5
Spain (Adm.)	..	..	..	1.8	6.2	8.4	..	..	..	9.2	17.6	21.3
United Kingdom	..	8.5	9.5	8.0	9.6	13.8	..	23.6	23.9	21.7	24.2	31.0
United Kingdom (Adm.)	2.3	2.9	4.6	7.5	7.3	9.1	10.2	13.7	19.2	24.2	24.3	27.9
United States	..	8.1	..	7.6	..	9.8	..	19.1	..	17.7	..	19.7

*: Net hourly earnings (Household and labour force survey data)**.** Adm.: Administrative data.

a. Nominal earnings freeze divided by nominal earnings freeze and nominal earnings cut.

Source: OECD calculations for household or labour force data: the European Union Statistics on Income and Living Conditions (EU SILC) for European countries, Household, Income and Labour Dynamics (HILDA) for Australia, German Socio-Economic Panel (GSOEP) for Germany, and national labour force surveys for France, the United Kingdom and the United States; calculations using administrative data: for Portugal provided by Pedro Portugal based on the Quadros de Pessoal (2003-2009) and Inquérito Único (2010-2012), for Spain provided by Marcel Jansen, Sergi Jimenez and Jose Ignacio Garcia Pérez based on the Muestra Continua de Vidas Laborales, and for the United Kingdom provided by Michael Elsby, Donggyun Shin and Gary Solon (2013) based on the New Earnings Survey.

ANNEX 2.A3
THE ROLE OF COMPOSITION EFFECTS FOR AGGREGATE WAGE DEVELOPMENTS

Data description

The country coverage of the analysis is largely determined by the availability of longitudinal (panel) data. While the decomposition of wage changes in principle only requires individual wage information in different cross-sections, the present analysis makes use of the longitudinal dimension to avoid picking up changes in sample composition (due to, for example, attrition) in the measurement of overall wage changes and composition effects in addition to changes in workforce composition. Longitudinal data are obtained from national household or labour force surveys for Australia, France, Germany, Korea and the United States and the European Union Statistics on Income a nd Living Conditions for European countries not covered by national data. Full details on sources and the definition of earnings are provided in Annex Table 2.A3.1.

Decomposing changes in mean wages

The Oaxaca-Blinder decomposition allows decomposing differences in real average wages between two groups or two points in time into a composition effect related to differences in the average observable characteristics of workers and a wage-structure effect due to differences in the returns to the characteristics of workers. When analysing average wages over time, as in the present case, the composition effect captures changes in the composition of the workforce in terms of their average observable characteristics due to hires and separations. Any changes in composition related to unobservable characteristics are absorbed by the wage-structure effect. The analysis takes account of both worker characteristics (potential work experience measured in 5-year intervals, education measured as either lower secondary, upper secondary and tertiary education, and gender) and job characteristics (part-time/full-time, type of contract temporary/permanent, occupation).

Assuming that the expected value of log real hourly wages can be represented as a linear combination of observable characteristics by $E(w_t) = X_t\beta_t$ with $E(w_t)$ referring to the expected value of log real hourly wages, X to observable characteristics and β the corresponding wage returns from an Ordinary Least Squares regression and t to time (0 or 1), one can decompose the difference in the expected value of wages between t=0 and t=1 as follows:

$$E(w_1) - E(w_0) = X_1\beta_1 - X_0\beta_0$$

The difference in the expected value of wages can then be decomposed by adding and subtracting $X_1\beta_0$ and rearranging terms as follows:

$$E(w_1) - E(w_0) = \underbrace{X_1(\beta_1 - \beta_0)}_{wage\ structure\ effect} + \underbrace{(X_1 - X_0)\beta_0}_{composition\ effect}$$

The first term on the right-hand side captures the wage structure effect, i.e. the difference in average wages that is attributable to differences in wage returns, whereas the second term captures the composition effect, i.e. the difference in average wages that is attributable to differences in average observable characteristics. The results are reported in Annex Figure 1.A3.1.

Decomposing changes in the distribution of wages

In order to analyse the role of wage and composition effects for the evolution of wages at different points of the distribution (quantiles) and wage inequality, unconditional quantile regression is used as developed by Firpo et al. (2009, 2011). Unconditional quantile regressions differ from the more widely used conditional quantile regressions in that they focus on the impact of covariates on the unconditional distribution instead of the conditional distribution. This is valuable because in general the former is the outcome of interest. For example, understanding the impact of minimum wages on the low-paid using the entire distribution is more relevant for policy than analysing its impact on relatively low-paid workers within experience and education groups (Autor, 2012).

Formally, the method involves estimating a re-centred influence function (RIF), which consists of the unconditional wage quantile, q_T, at quantile T plus a measure of the influence of individual observations on this quantile (called the influence function or IF). This can be formally represented by:

$$RIF(w, q_T) = q_T + IF(w, q_T) = q_T + \frac{T - 1\{w \leq q_T\}}{f_w(q_T)} = c_{1T} + c_{2T}1\{w > q_T\}$$

where $f_w(q_T)$ refers to the probability density function of wages in the neighbourhood of q_T and c_{1T} and $c_{2T}$are constants such that: $c_{1T} = q_T + \frac{1-T}{f_w(q_T)}$ and $c_{2T} = \frac{1}{f_w(q_T)}$. Consequently, one can estimate the RIF in two steps. First, one regresses an indicator variable that equals one if the wage is larger than the wage at quantile T and zero otherwise,$w_T = 1\{w > q_T\}$, on $X\beta_T$ using Ordinary Least Squares. The estimated coefficient gives the effect of a unit increase in X on the probability of the wage being larger than the wage quantile. This regression, therefore, allows calculating counterfactual proportions. Second, to get the effect of a unit increase in X on the unconditional quantile q_T one needs to divide the estimated coefficient by the probability density function in the neighbourhood of wage quantile, q_T. Doing so allows going from proportions to quantiles since the probability density function gives the slope of the cumulative distribution function which relates the cumulative probabilities (the proportions) to the wage quantiles.

The resulting estimates can be rearranged along the same lines as in the standard Oaxaca-Blinder decomposition to get the wage structure and composition effects related to changes in the unconditional wage quantiles over time. The results are reported in Table 1.A3.2.

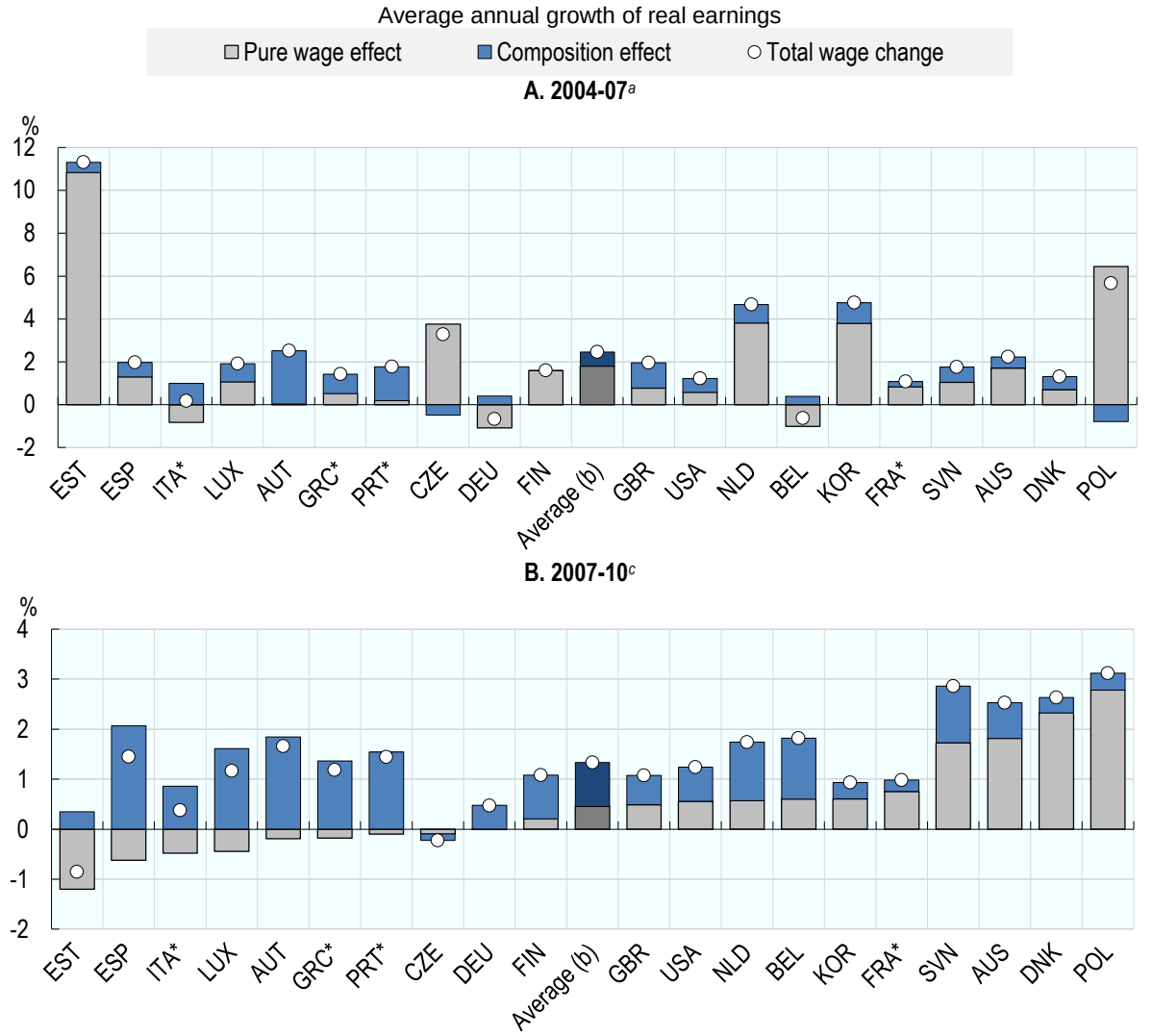
Table 2.A3.1. **Panel data : Source, definition and methodology on earnings statistics**

Country	A. Survey description				
	Name	Type of survey	Panel Structure	Notes	Weighting
Australia	Household, Income and Labour Dynamics in Australia (HILDA)	Household Panel Survey	Longitudinal panel survey	-	Longitudinal weight of the survey
Germany	German Socio-Economic Panel Study (SOEP)	Household Panel Survey	Longitudinal panel survey	-	Longitudinal weight of the survey
Korea	Korean Labor and Income Panel Study (KLIPS)	Household Panel Survey	Longitudinal panel survey	-	Longitudinal weight of the survey
France	Enquête-Emploi	Labour Force Survey	Persons are interviewed during six consecutive quarters and consequently 1/6 of the survey is renewed each quarter. Questions relative to earnings are asked in the first and sixth interviews.	Panel structure prepared by the OECD and based on the individual identifier available	No adjustment on cross-section weights available.
United Kingdom	LFS Five-quarter longitudinal dataset	Labour Force Survey	The LFS is intended to be representative of the whole population of the UK, and the sample design currently consists of around 44 000 responding households in every quarter. The quarterly survey has a panel design whereby households stay in the sample for 5 consecutive quarters (or waves), with a fifth of the sample replaced each quarter. Thus there is an 80% overlap in the samples for each successive survey.	File provided by ONS	Two-period longitudinal weights adjusted for sample structure using CALMAR software.
United States	Current Population Survey (CPS)	Labour Force Survey	Every household that enters the CPS is interviewed each month for 4 months, then ignored for 8 months, then interviewed again for 4 more months. Usual weekly hours/earning questions are asked only at households in their 4th and 8th interview. These outgoing interviews are the only ones included in the extracts. New households enter each month, so one fourth the households are in an outgoing rotation each month.	File provided by the National Bureau of Economic research (NBER).	No adjustment on cross-section weights available.
Austria Belgium Czech Republic Denmark Estonia Finland Greece Italy Luxembourg Netherlands Poland Portugal Slovenia Spain	European Union Statistics on Income and Living Conditions (EU-SILC)	Household Panel Survey	The EU-SILC panel is a rotational panel (except for Luxembourg) which is comparable in its structure to the Current Population Survey (CPS). In a rotational panel, the same persons are interviewed for a certain time period (in this case four years4) and each year one quarter of all respondents are replaced by new respondents. The integrated design consists in selecting four panels at the first wave. Each subsequent year, a panel is dropped and replaced by a new replication. This enables us to follow persons over two, three or four consecutive years. From the fourth wave on all respondents can be observed for four years. Therefore, each person is interviewed up to four times (if they do not refuse to participate), while the number of persons stays almost stable over all periods.	For the subsequent analysis, only the two lat year of each wave have been retained in our sample.	Longitudinal weight of the survey

Table 2.A3.1. **Panel data : Source, definition and methodology on earnings statistics** *(Cont.)*

Country	B. Earnings variable					C. Hours worked variable				Monthly earnings calculation	Hourly earnings calculation
	Description	Main job ?	Gross/Net	Frequency	Wage supplements (bonus, tips, 13th months etc.) ?	Description	Main job ?	Usual/Actual hours	Frequency		
Australia	Current weekly gross wages & salary - main job ($). Derived and imputed variable (see the HILDA User Manual for details of the method).	Yes	Gross	Weekly	Yes	Hours per week usually worked in main job. Derived variable	Yes	Usual	Weekly	Weekly earnings multiplied by a factor (52/12)	Weekly earnings divided by usual hours worked
Germany	Current gross labor income in euros The variable represents the imputed current gross labor income generated for all SOEP respondents who are employed in each respective wave. Undrrlying question : "Wages or salary as employee (including income received during training (Ausbildung), partial retirement (Altersteilzeit), or sick leave (Lohnfortzahlung))"	Yes	Gross	Monthly	Yes	Agreed weekly working hours. This variable is designed to offer annual data on agreed weekly working hours.The variable takes into account only those persons who were in dependent employment (not self-employed) at the time of the survey. The value (-3) is assigned to employees without set hours and to other non dependent workers. Agreed weekly working time of more than 80 hours per week have been dropped	Yes	Actual	Weekly	-	Monthly earnings divided by the usual weekly hours worked (multiplied by 52/12)
Korea	Amount of average monthly pay.	Yes	Gross	Monthly	Yes	Average weekly work hours for employees working on an irregular working-time schedule and regular weekly work hours otherwise	Yes	Usual (and partly weekly average)	Weekly	-	Monthly earnings divided by the usual weekly hours worked (multiplied by 52/12)
France	Net monthly earnings reweighted for non-response (including annual bonuses).	Yes	Net	Monthly	Yes	Hours per week usually worked in main job and monthly hours worked consistent with earning declared if missing.	Yes	Usual (and partly weekly average)	Weekly	-	Monthly earnings divided by the usual weekly hours worked (multiplied by 52/12)
United Kingdom	Gross weekly pay in main job.	Yes	Gross	Weekly	Yes	Total usual hours worked in main job (including overtime)	Yes	Usual	weekly	Weekly earnings multiplied by a factor (52/12)	Weekly earnings divided by usual hours worked
United States	Weekly earnings before taxes and other deductions and include any overtime pay, commissions, or tips usually received.	Yes	Gross	Weekly	Yes	How many hours per week usually work at this job?	Yes	Usual	Weekly	Weekly earnings multiplied by a factor (52/12)	Weekly earnings divided by usual hours worked for workers not hourly paid, hourly rate for workers paid on an hourly basis.
Austria Belgium Czech Republic Denmark Estonia Finland Greece Italy Luxembourg Netherlands Poland Portugal Slovenia Spain	Employee cash or near cash income Cash income earned in the previous year refers to the monetary component of the compensation of employees, including wages and salaries and any other payment in cash, with the exception of reimbursements for business travel, severance, termination and redundancy payments, and union strike pay	No. Should be considered as annual labour income	Gross Net Net Gross Net Gross	Annual (income reference period)	Yes	Number of hours usually worked per week in main job during the month of interview. If multiple jobs are held, the main job should be the one with the greatest number of hours usually worked. Persons having changed job during the reference week should regard the job at the end of the reference week as their main job. The number of hours corresponds to the number of hours the person normally works in his/her main job. This covers all hours including extra hours, either paid or unpaid, which the person normally works, but excludes the travel time between the home and the place of work as well as the main meal breaks (normally taken at midday).	Yes	Usual	Weekly	Annual earnings divided by the number of months worked during the income reference period (derived from the calendar of activity)	Annual earnings divided by the number of months worked during the income reference period (derived from the calendar of activity) and the usual weekly hours worked reported one year earlier.

Figure 2.A3.1. **Decomposing average real wages**



*: Net hourly earnings.
Note: Countries are shown by ascending order of the pure wage effect in 2007-10.
a. 2005-07 for the Czech Republic, the Netherlands, Poland, Slovenia and the United Kingdom.
b. Unweighted average of countries shown.
c. 2007-09 for Greece and Korea.
Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) for European countries, Household, Income and Labour Dynamics (HILDA) for Australia, German Socio-Economic Panel (GSOEP) for Germany, Korean Income and Labour Panel Study (KLIPS) for Korea, and national labour force surveys for France, the United Kingdom and the United States.

Table 2.A3.2. **Decomposing the distribution of real wages**

A. Pre-crisis (2004-07[a]),

percentage change

	First decile			Median			Last decile		
	Total	Composition effect	Pure wage effect	**Total**	Composition effect	Pure wage effect	**Total**	Composition effect	Pure wage effect
Australia	**3.0**	0.8	2.2	**1.7**	0.5	1.1	**2.2**	0.3	1.9
Austria	**2.8**	2.9	-0.1	**1.7**	2.2	-0.5	**2.5**	2.5	-0.1
Belgium	**-1.9**	0.3	-2.1	**-0.1**	0.5	-0.6	**-0.4**	0.5	-0.9
Czech Republic	**5.0**	-0.6	5.7	**3.1**	-0.5	3.6	**2.5**	-0.4	2.9
Denmark	**-0.3**	0.3	-0.6	**1.3**	0.6	0.7	**2.5**	1.0	1.5
Estonia	**12.6**	0.5	12.2	**10.3**	0.5	9.7	**10.3**	0.5	9.7
Finland	**-1.5**	-0.7	-0.8	**2.9**	0.0	2.9	**2.9**	0.6	2.3
France*	**2.6**	0.1	2.5	**1.3**	0.2	1.1	**-0.6**	0.4	-0.9
Germany	**0.0**	0.4	-0.5	**-1.0**	0.4	-1.3	**-0.8**	0.4	-1.3
Greece*	**1.5**	0.5	1.0	**1.2**	0.9	0.3	**1.3**	1.4	-0.1
Italy*	**1.4**	1.1	0.2	**-0.4**	1.1	-1.4	**-0.3**	0.8	-1.0
Korea	**4.2**	0.4	3.8	**4.5**	1.1	3.4	**6.2**	1.4	4.8
Luxembourg	**0.8**	0.6	0.2	**2.4**	1.0	1.4	**1.0**	0.8	0.2
Netherlands	**4.9**	0.5	4.4	**4.4**	0.9	3.5	**2.9**	1.0	2.0
Poland	**6.5**	-0.6	7.0	**7.8**	-0.8	8.6	**1.8**	-0.9	2.7
Portugal*	**3.0**	0.2	2.8	**2.5**	1.0	1.5	**1.5**	3.6	-2.0
Slovenia	**2.0**	0.4	1.6	**2.3**	0.6	1.6	**1.6**	1.0	0.6
Spain	**2.3**	0.3	2.0	**3.0**	0.8	2.2	**0.4**	0.8	-0.4
United Kingdom	**1.4**	0.3	1.1	**3.0**	1.5	1.5	**2.4**	1.4	1.0
United States	**2.7**	0.7	2.0	**1.0**	0.7	0.3	**1.9**	0.5	1.4
Average[b]	**2.6**	**0.4**	**2.2**	**2.6**	**0.7**	**2.0**	**2.1**	**0.9**	**1.2**

B. Crisis (2007-10[c])

percentage change

	First decile			Median			Last decile		
	Total	Composition effect	Pure wage effect	**Total**	Composition effect	Pure wage effect	**Total**	Composition effect	Pure wage effect
Australia	**2.7**	1.0	1.7	**2.5**	0.7	1.8	**3.0**	0.5	2.4
Austria	**3.1**	1.6	1.4	**1.3**	1.7	-0.5	**0.2**	1.8	-1.6
Belgium	**1.9**	0.7	1.2	**1.4**	1.4	0.0	**2.9**	1.3	1.6
Czech Republic	**-1.4**	-0.3	-1.1	**1.3**	-0.1	1.4	**-1.0**	0.0	-0.9
Denmark	**2.9**	0.2	2.6	**1.8**	0.3	1.5	**2.8**	0.4	2.4
Estonia	**-1.1**	-0.1	-1.0	**0.4**	0.4	0.0	**0.8**	0.6	0.2
Finland	**0.6**	1.0	-0.4	**1.6**	0.9	0.7	**2.4**	0.6	1.9
France*	**2.0**	0.1	1.9	**1.2**	0.2	1.0	**0.7**	0.4	0.4
Germany	**1.7**	0.8	0.9	**0.5**	0.4	0.1	**1.2**	0.2	1.0
Greece*	**3.6**	0.6	3.0	**0.8**	1.4	-0.6	**0.1**	2.2	-2.1
Italy*	**-0.4**	0.8	-1.1	**1.0**	0.9	0.1	**0.5**	0.9	-0.4
Korea	**0.1**	-0.1	0.3	**0.7**	0.5	0.3	**-0.4**	0.7	-1.1
Luxembourg	**0.0**	0.9	-1.0	**1.9**	2.3	-0.4	**1.9**	1.3	0.6
Netherlands	**1.5**	1.0	0.5	**1.4**	1.2	0.2	**1.6**	1.4	0.1
Poland	**5.6**	0.2	5.4	**4.1**	0.5	3.6	**1.1**	0.2	0.9
Portugal*	**2.9**	0.6	2.3	**-0.5**	1.4	-2.0	**1.2**	3.0	-1.8
Slovenia	**3.2**	0.5	2.6	**3.0**	1.3	1.7	**2.8**	1.3	1.5
Spain	**0.1**	1.3	-1.2	**1.6**	2.4	-0.7	**0.6**	2.4	-1.7
United Kingdom	**1.2**	0.2	1.0	**0.3**	0.6	-0.3	**1.2**	0.8	0.4
United States	**-0.6**	0.6	-1.2	**0.8**	0.8	0.0	**1.5**	0.5	1.0
Average[b]	**1.5**	**0.6**	**0.9**	**1.4**	**1.0**	**0.4**	**1.3**	**1.0**	**0.2**

Table 2.A3.2. **the distribution of real wages** *(Cont.)*

C. Change between 2004-07[a] and 2007-10[c]

percentage-points change

	First decile			Median			Last decile		
	Total	Composition effect	Pure wage effect	**Total**	Composition effect	Pure wage effect	**Total**	Composition effect	Pure wage effect
Australia	**-0.3**	0.2	-0.5	**0.9**	0.2	0.7	**0.8**	0.3	0.5
Austria	**0.3**	-1.3	1.6	**-0.4**	-0.4	0.0	**-2.2**	-0.7	-1.5
Belgium	**3.8**	0.5	3.3	**1.5**	0.9	0.6	**3.3**	0.8	2.5
Czech Republic	**-6.5**	0.3	-6.8	**-1.8**	0.4	-2.2	**-3.4**	0.3	-3.8
Denmark	**3.2**	-0.1	3.2	**0.6**	-0.3	0.8	**0.3**	-0.6	0.9
Estonia	**-13.8**	-0.6	-13.2	**-9.8**	-0.1	-9.8	**-9.5**	0.1	-9.5
Finland	**2.1**	1.7	0.4	**-1.3**	0.9	-2.2	**-0.5**	0.0	-0.5
France*	**-0.6**	0.0	-0.6	**-0.2**	0.0	-0.2	**1.3**	0.0	1.3
Germany	**1.7**	0.4	1.3	**1.5**	0.1	1.4	**2.0**	-0.3	2.2
Greece*	**2.1**	0.1	2.1	**-0.4**	0.5	-1.0	**-1.2**	0.8	-2.0
Italy*	**-1.7**	-0.4	-1.3	**1.4**	-0.2	1.6	**0.8**	0.1	0.6
Korea	**-4.1**	-0.5	-3.6	**-3.7**	-0.6	-3.1	**-6.6**	-0.7	-5.8
Luxembourg	**-0.8**	0.3	-1.1	**-0.5**	1.3	-1.8	**0.9**	0.5	0.4
Netherlands	**-3.4**	0.5	-3.9	**-3.0**	0.3	-3.3	**-1.4**	0.5	-1.8
Poland	**-0.9**	0.8	-1.6	**-3.7**	1.3	-5.0	**-0.7**	1.1	-1.8
Portugal*	**0.0**	0.4	-0.4	**-3.1**	0.4	-3.4	**-0.4**	-0.6	0.2
Slovenia	**1.2**	0.1	1.1	**0.8**	0.7	0.1	**1.2**	0.3	0.9
Spain	**-2.1**	1.0	-3.2	**-1.4**	1.6	-3.0	**0.3**	1.5	-1.3
United Kingdom	**-0.2**	-0.2	0.0	**-2.7**	-0.9	-1.9	**-1.2**	-0.6	-0.7
United States	**-3.2**	-0.1	-3.2	**-0.2**	0.1	-0.3	**-0.4**	0.1	-0.5
Average[b]	**-1.2**	**0.2**	**-1.3**	**-1.3**	**0.3**	**-1.6**	**-0.8**	**0.1**	**-1.0**

*: Net hourly earnings.

a. 2005-07 for the Czech Republic, the Netherlands, Poland, Slovenia and the United Kingdom.

b. Unweighted average of countries shown.

c. 2007-09 for Greece and Korea.

Source: OECD calculations based on the European Union Statistics on Income and Living Conditions (EU-SILC) for European countries, Household, Income and Labour Dynamics (HILDA) for Australia, German Socio-Economic Panel (GSOEP) for Germany, Korean Income and Labour Panel Study (KLIPS) for Korea, and national labour force surveys for France, the United Kingdom and the United States.

ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT
PARIS, SEPTEMBER 2014