



THE FRENCH MINIMUM WAGE IN INTERNATIONAL PERSPECTIVE

International Workshop Minimum Wages in Changing Labour Markets

7-8 November 2024, Berlin

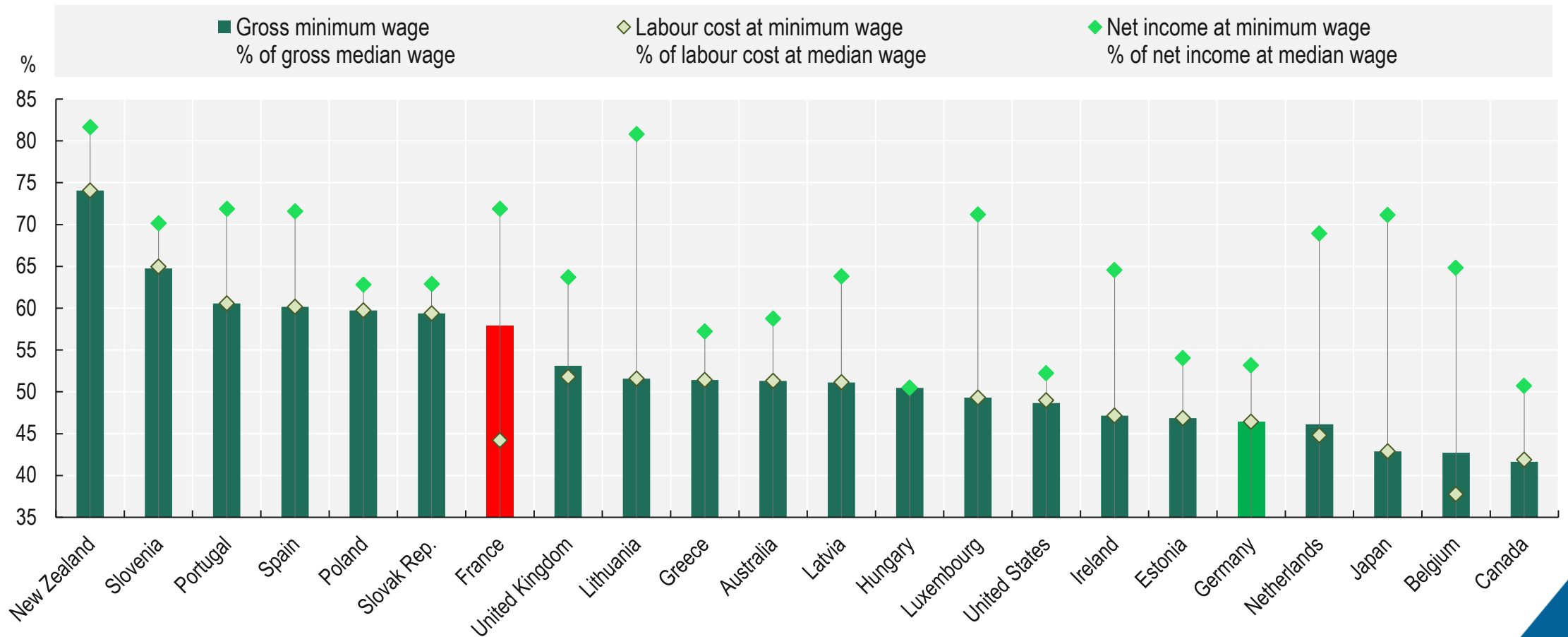
Stéphane Carcillo – President of the French Minimum Wages Expert Group

**Groupe
d'Experts SMIC
France**



Minimum wage is high in France while labour cost at minimum wage is low

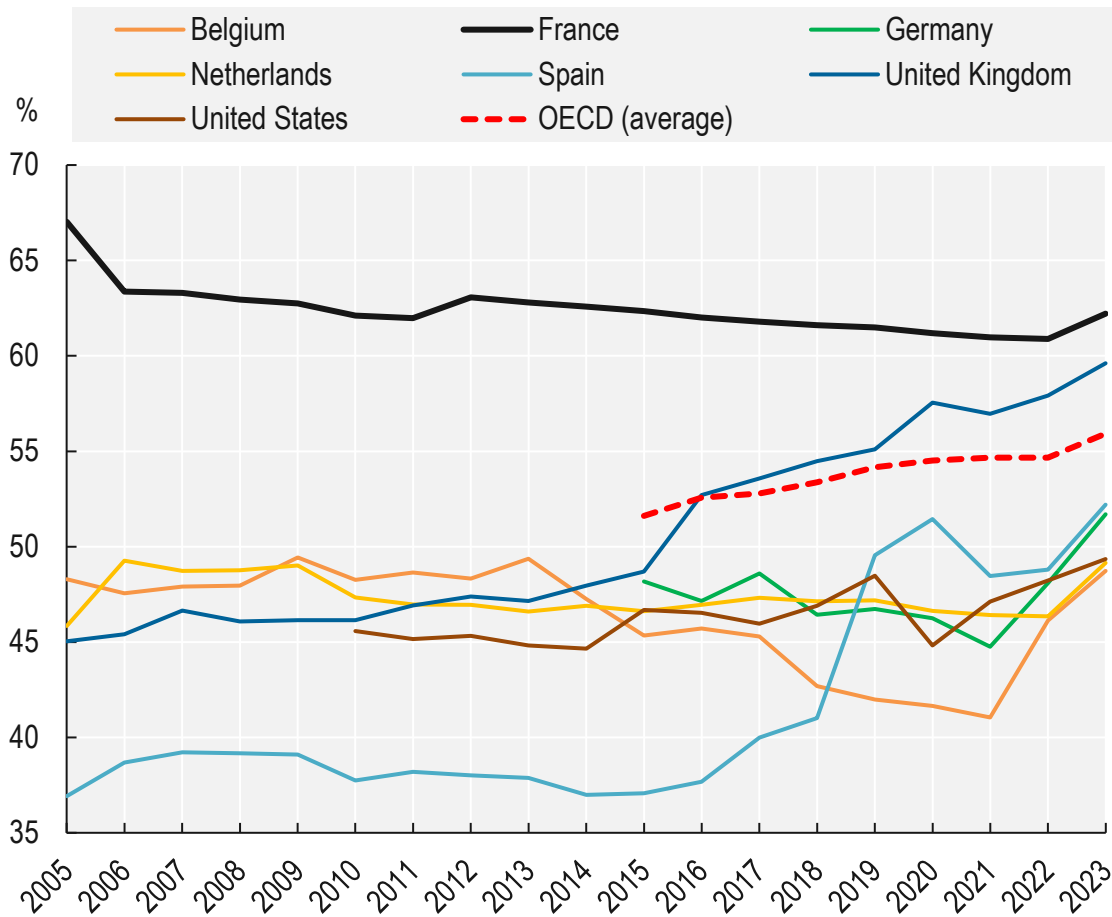
Full-time workers paid at minimum wage, 2023



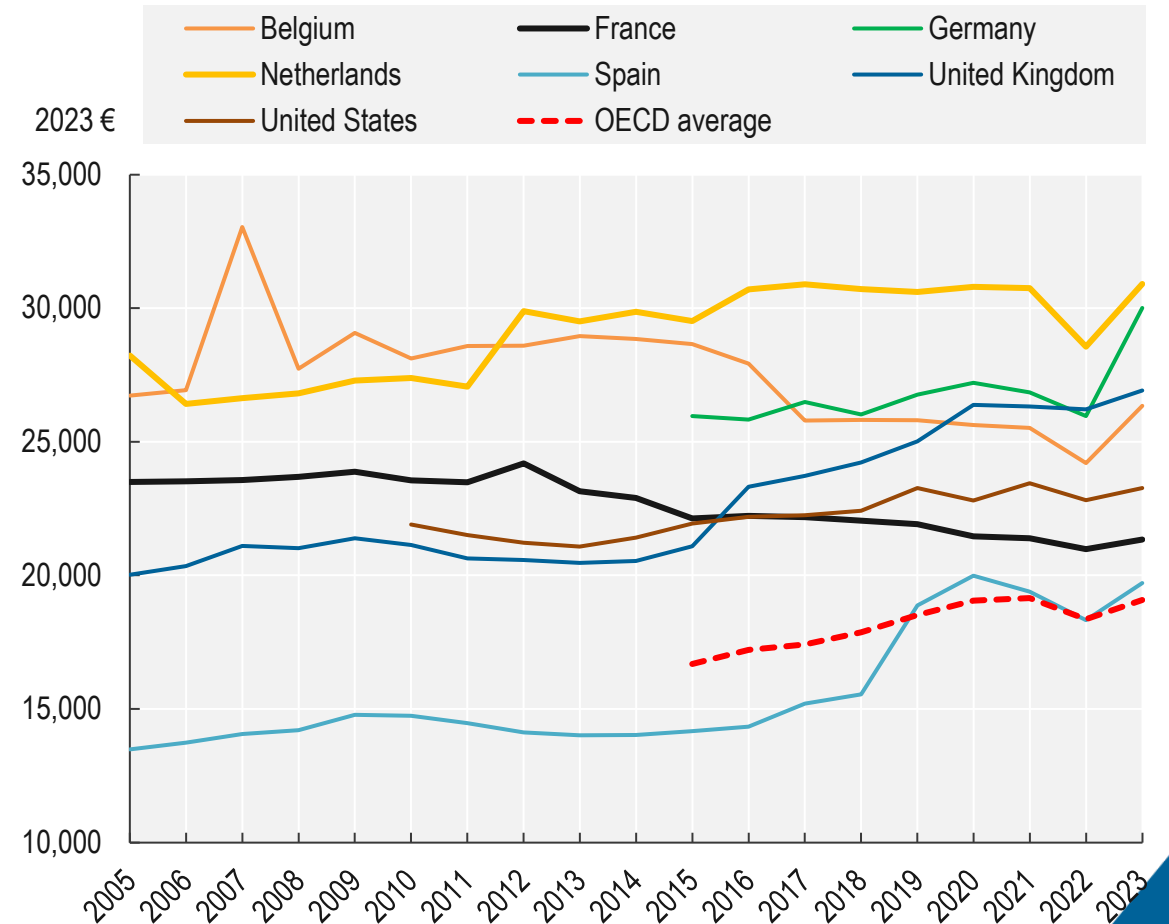


Labour cost at minimum wage used to be higher in France

Gross annual minimum wage as a % of the annual gross median earnings of FT workers, 2005-2023



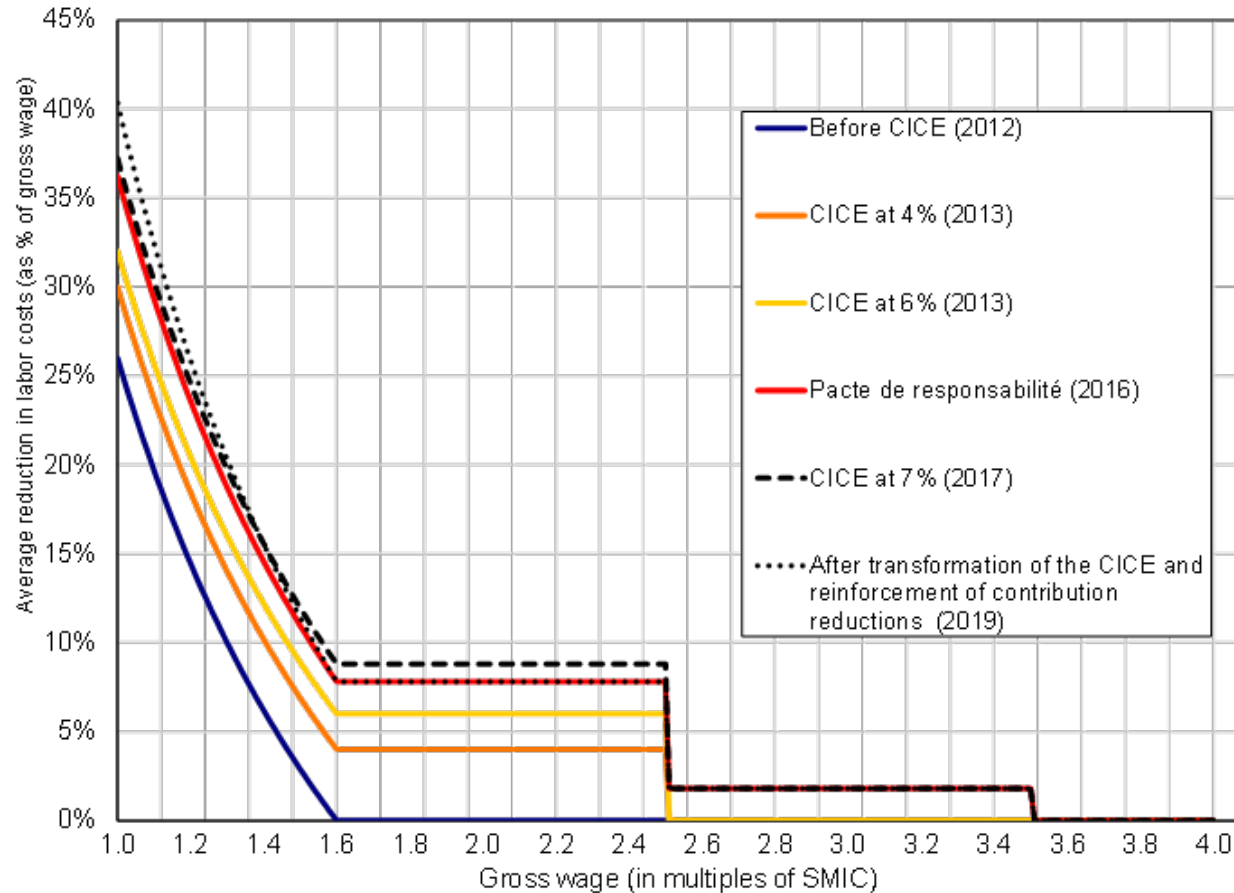
Annual labour cost at minimum wage in 2023 euros Full-time workers





Measures to reduce employers' social contributions have intensified since 2013

Measures to reduce employer contributions as a % of gross wage



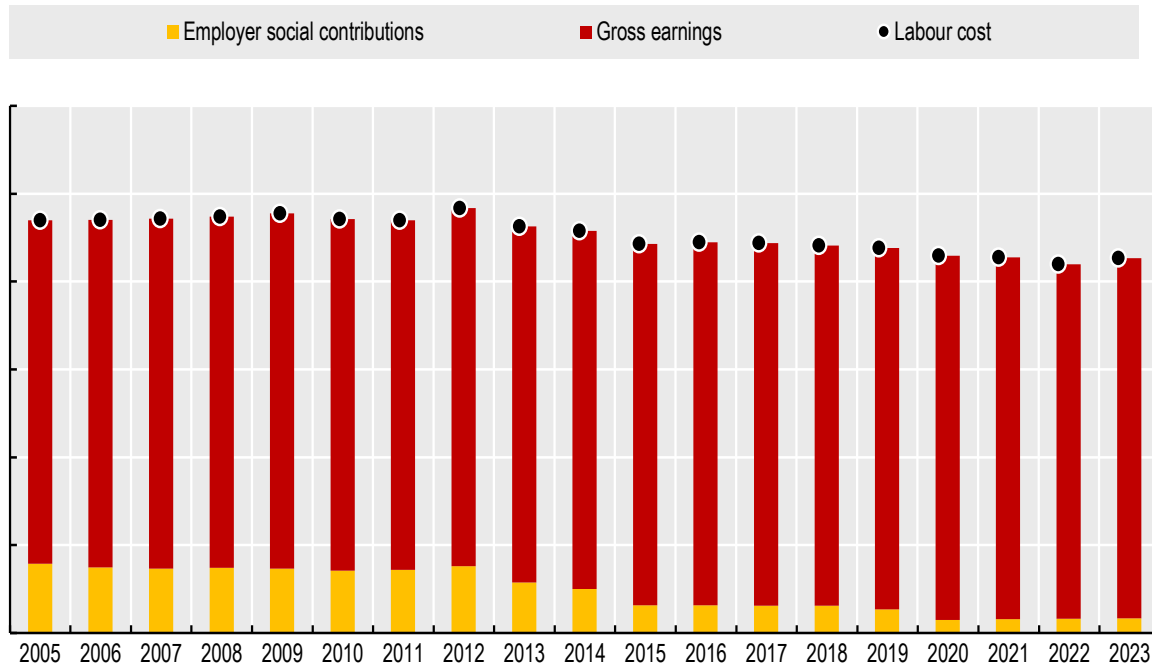
Source: Groupe d'experts sur le salaire minimum interprofessionnel de croissance (2023), DG Trésor calculations.



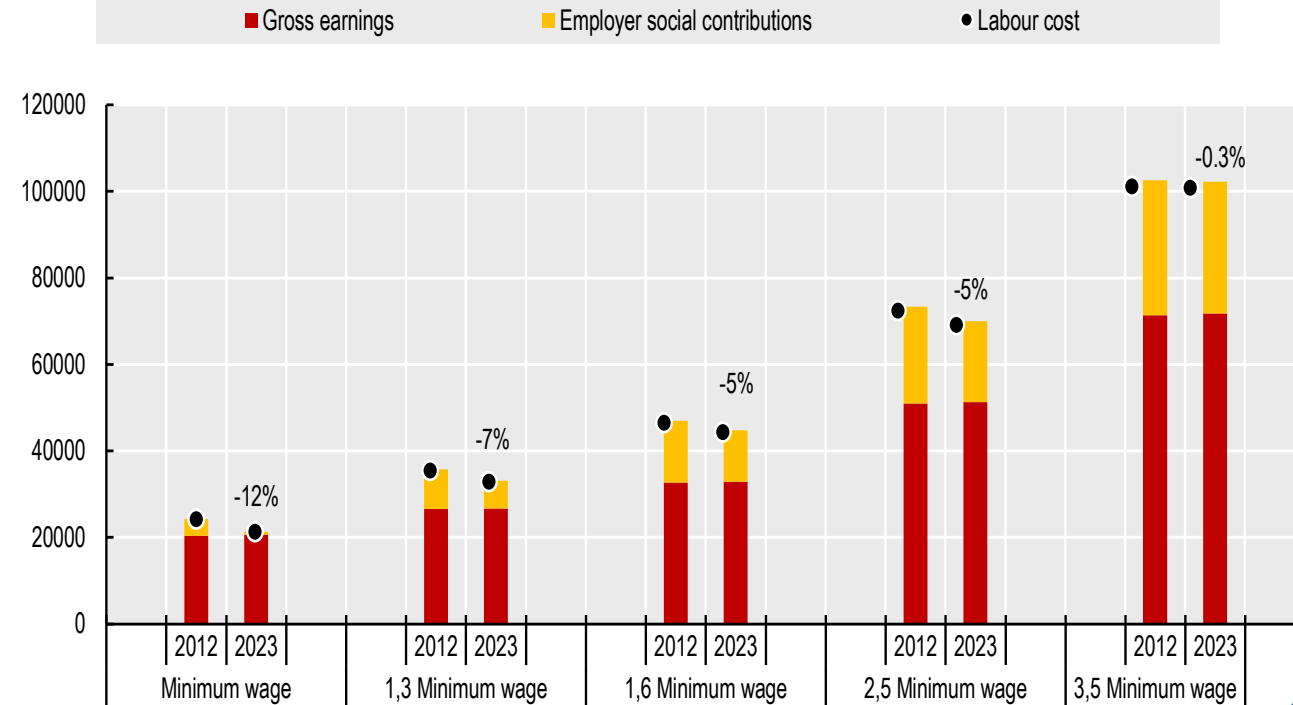
Measures to reduce employers' social contributions taken since 2013 have significantly reduced labor costs up to 2,5 SMIC

Annual labour cost in 2023 euros, full-time workers, France

Over time, at minimum wage



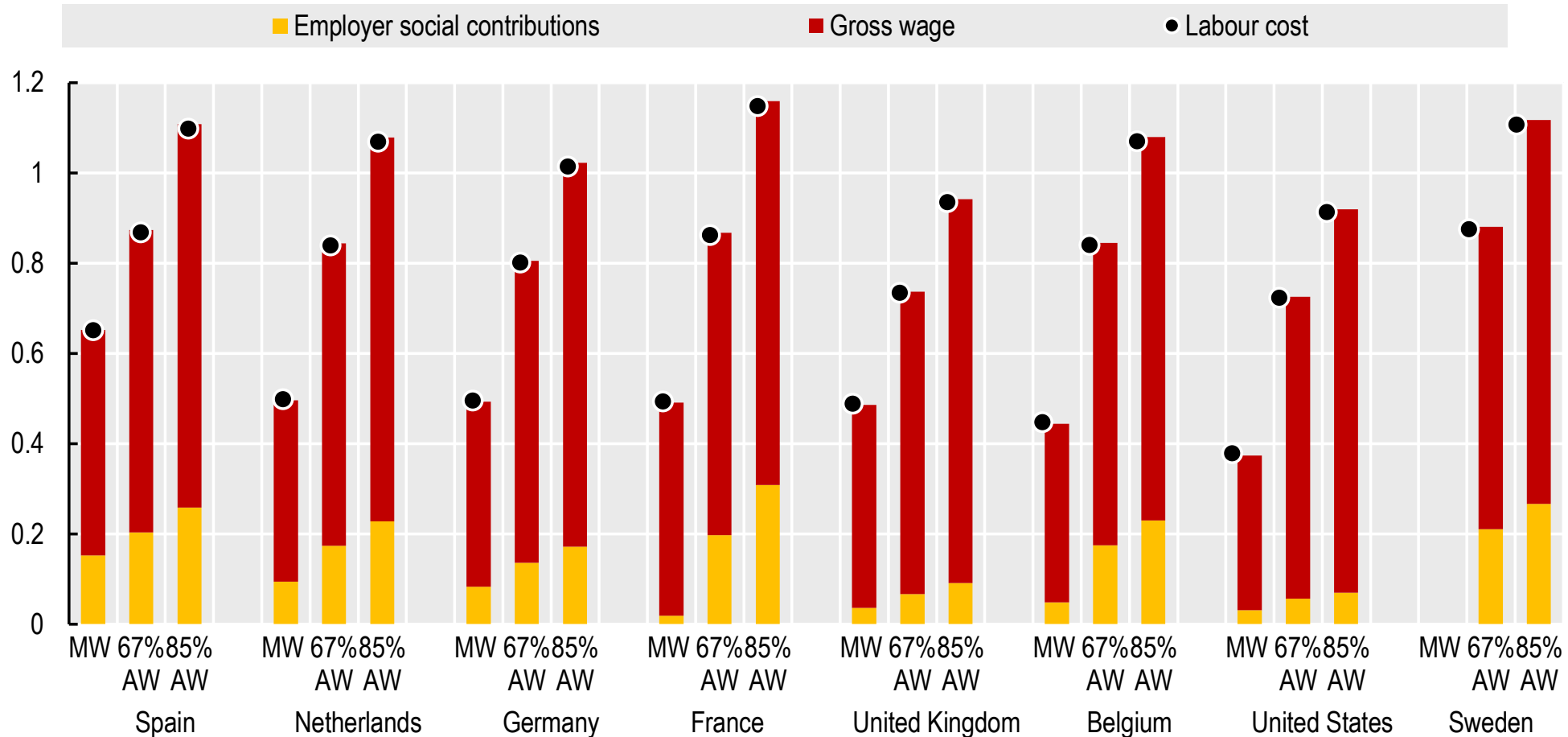
By wage level, between 2012 and 2023





As a result, if labour cost at minimum wage in France remains moderate, it rises fast with wage due to employer contributions

Annual labour cost as a share of average wage at full-time minimum wage (MW), 67% of average wage (AW) and 85% of AW , 2023



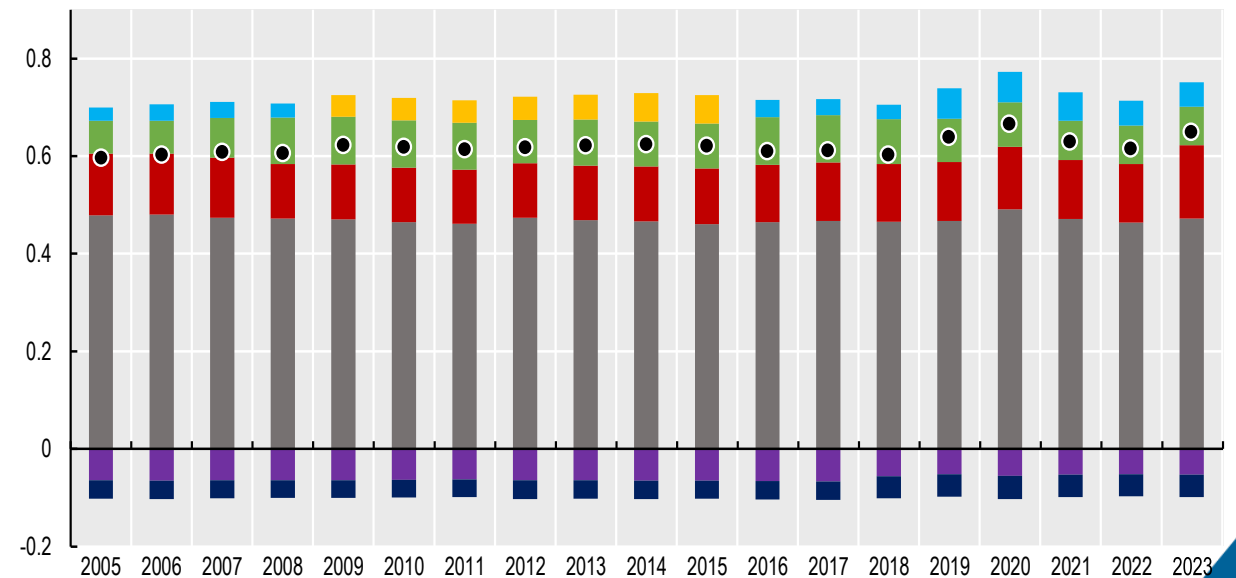
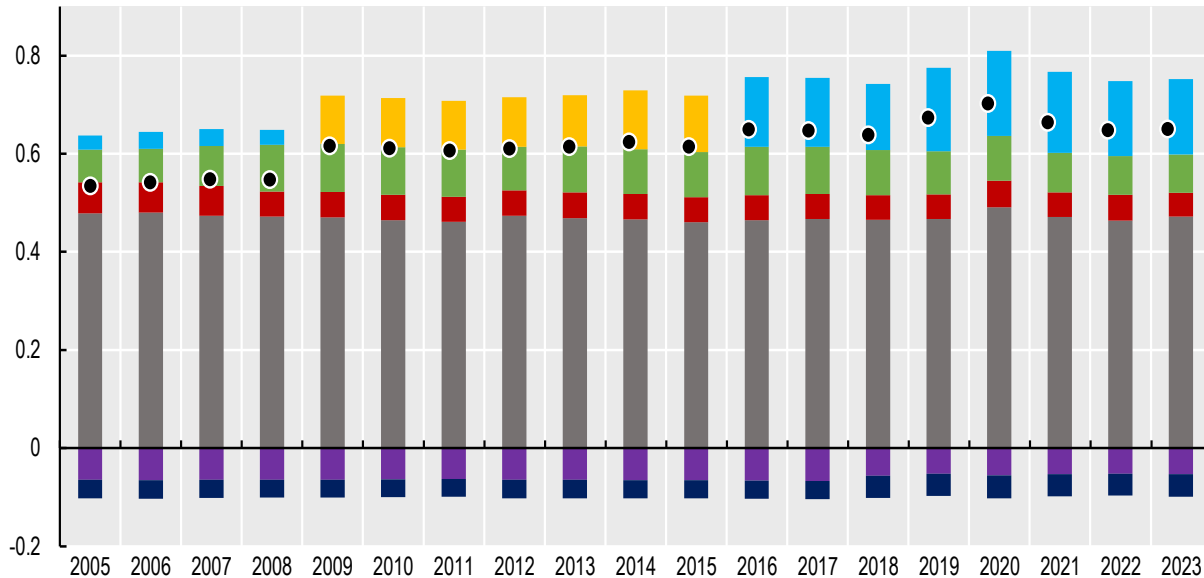


The net income of low-wage workers has increased over time thanks to the Tax / Benefit system

Net income in % of average wage, full-time workers at minimum wage, France

One-earner couple with two children

Single individual with two children

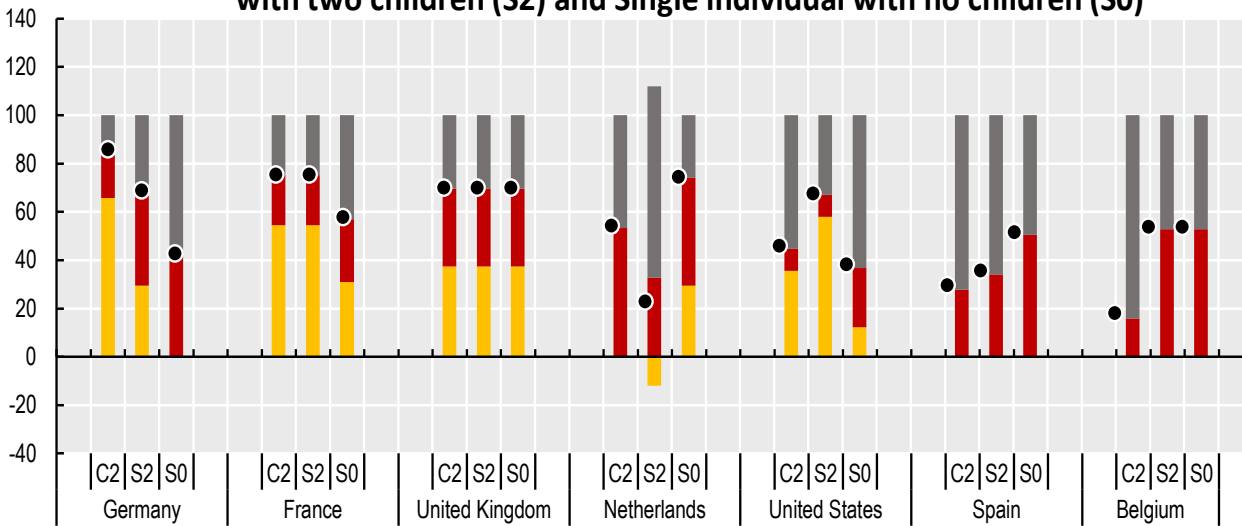




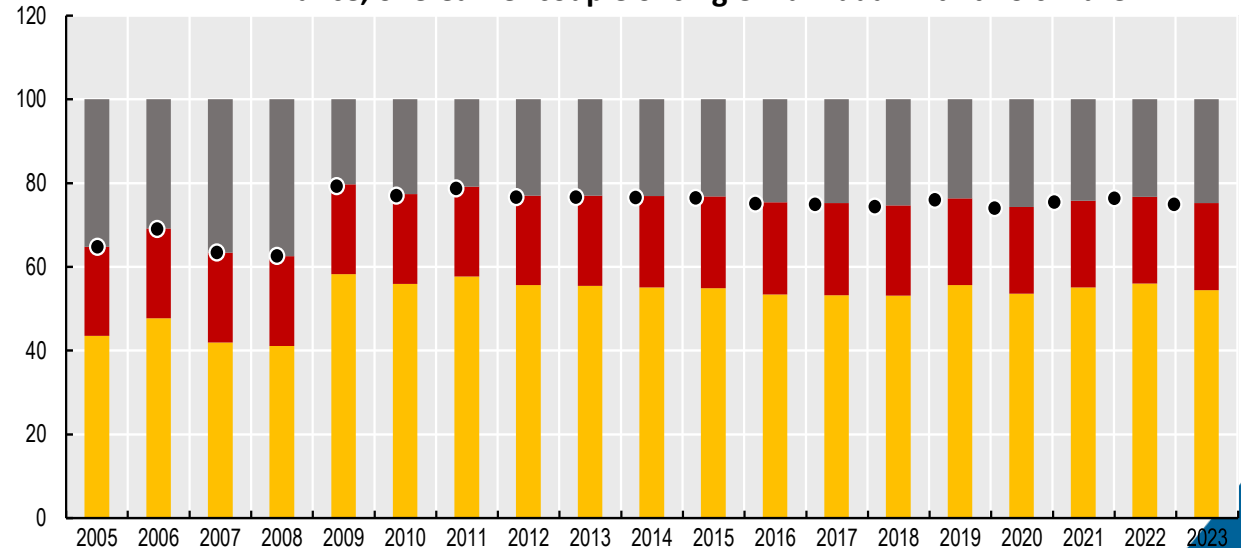
Since the creation of RSA Activité, a significant part of wage increases is absorbed by benefit losses at min wage

Portion of a 10% gross wage increase *lost* for a full-time worker initially at the minimum wage

■ Portion lost due to decreased benefits
 ■ Portion lost due to increased taxes
 ■ Net gain
 ● METR
A. 2023, One-earner couple with two children (C2), Single individual with two children (S2) and Single individual with no children (S0)



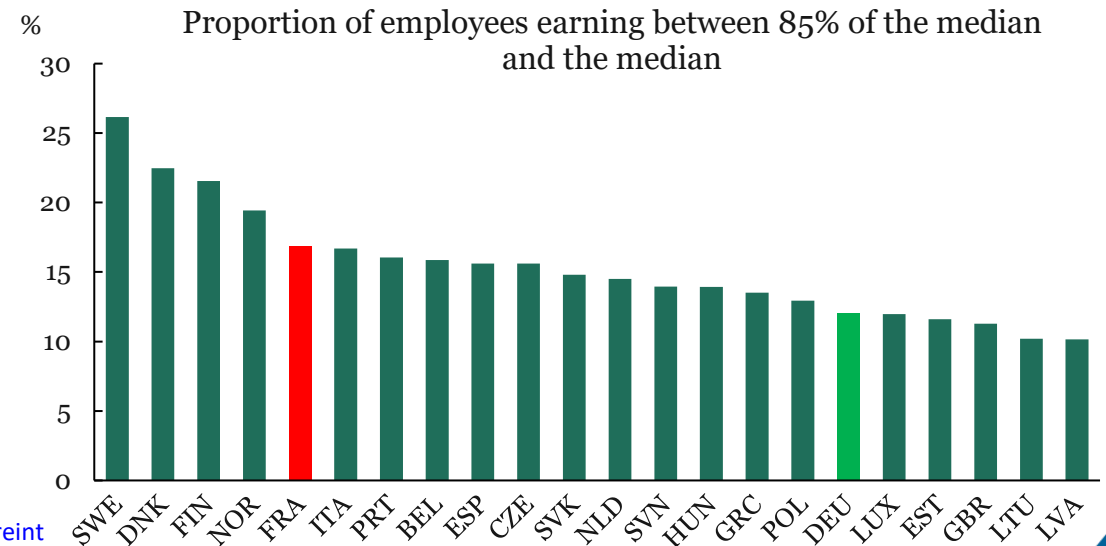
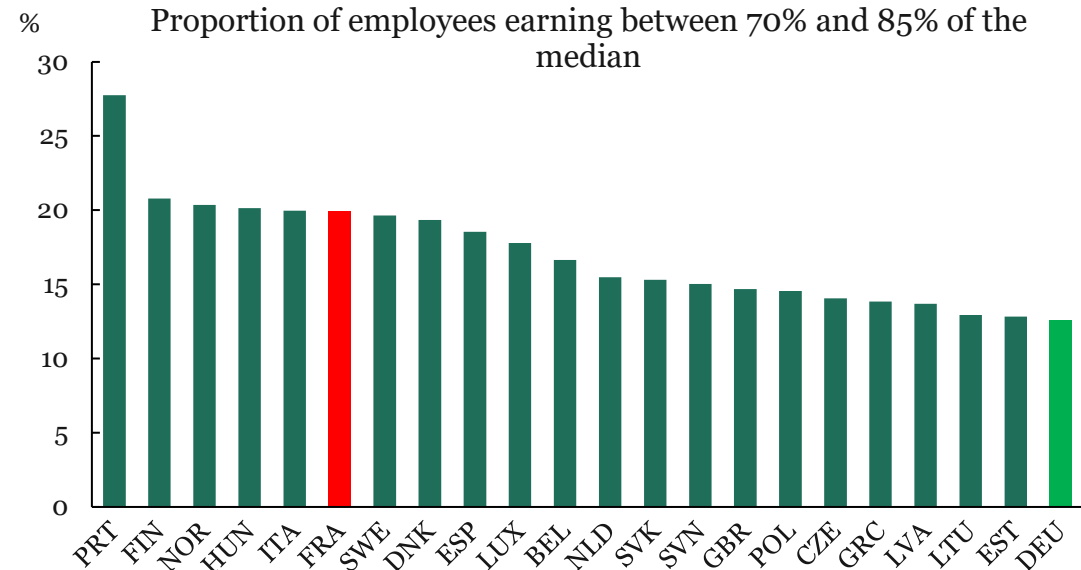
■ Decrease in benefits
 ■ Increase in taxes
 ■ Net gain
 ● METR
B. France, one-earner couple or single individual with two children





This tax-benefit framework has contributed to the compression of the wage distribution at the bottom in France

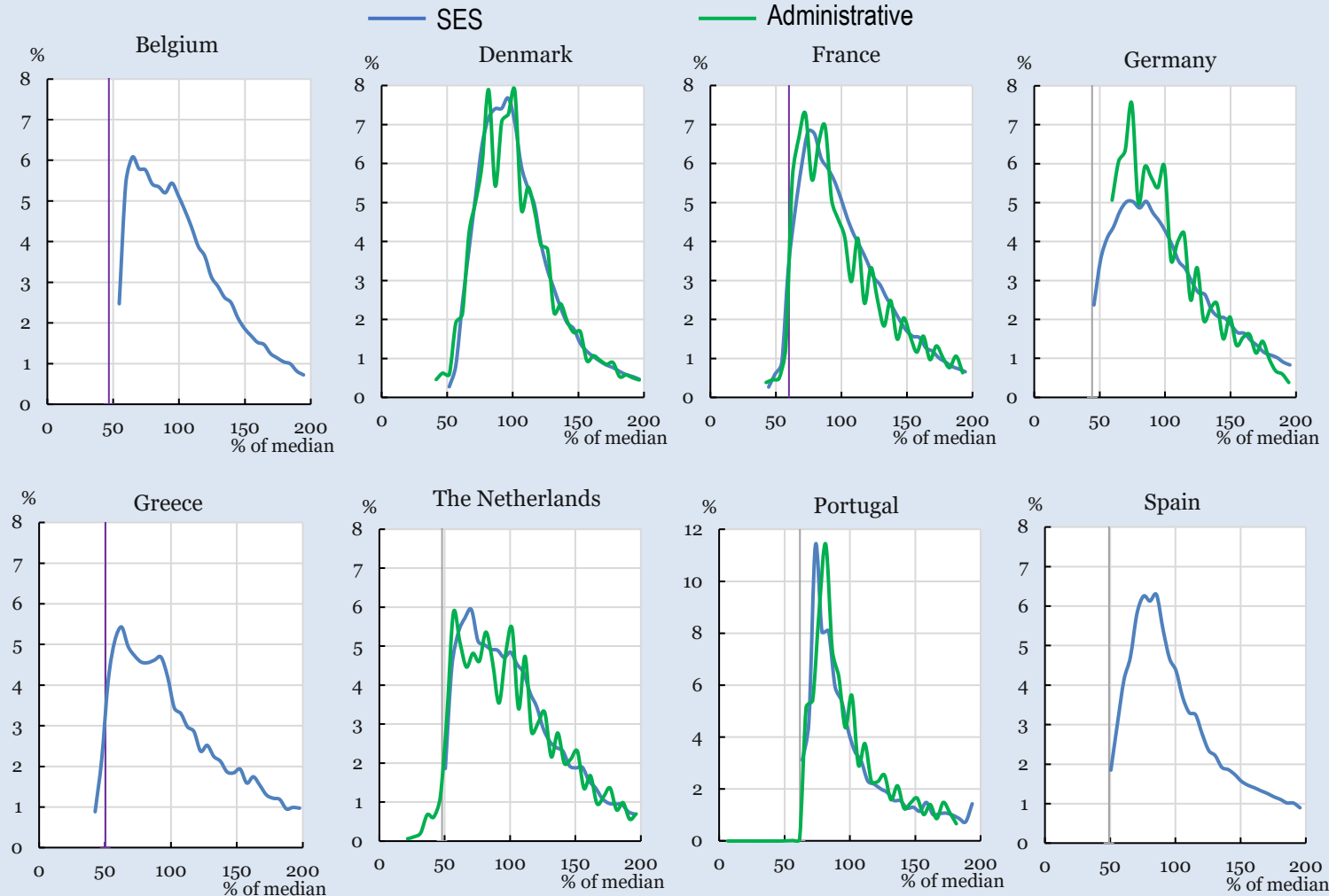
2018





This can also be seen looking at the wage distributions from Structure of earnings surveys or national administrative data

Distribution of hourly wages in terms of percentages of the median, 2018



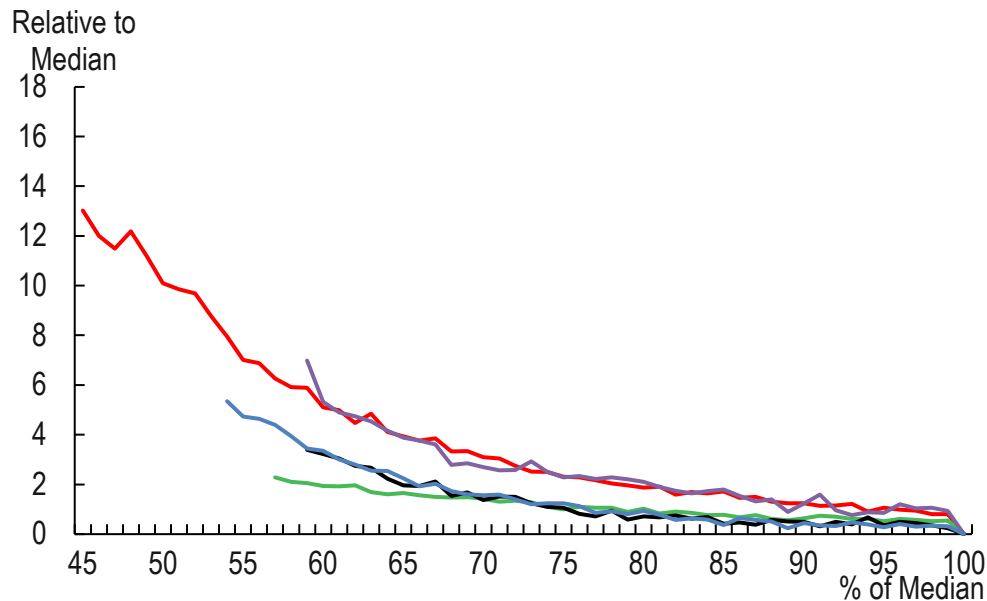


Still, low-wage workers have no greater difficulty climbing up the wage ladder in France than in other countries

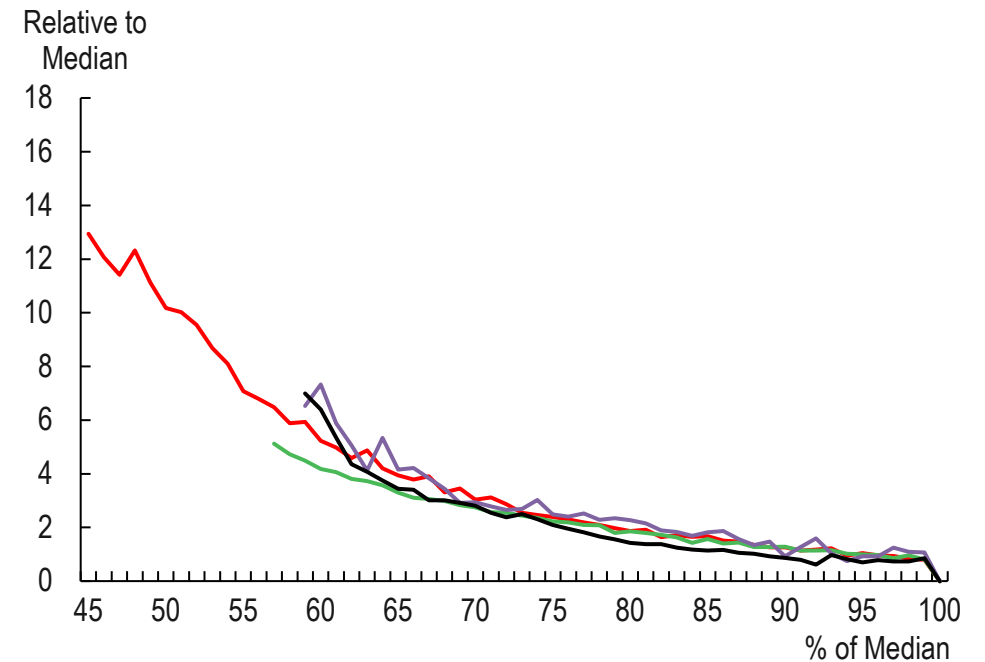
Annualised growth in hourly wages, 2014-2019



Full-time workers



All workers

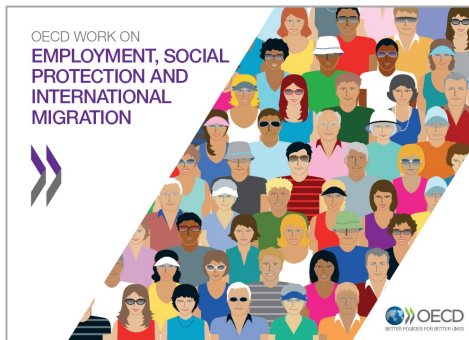




Thank you

Contact: stephane.carcillo@oecd.org

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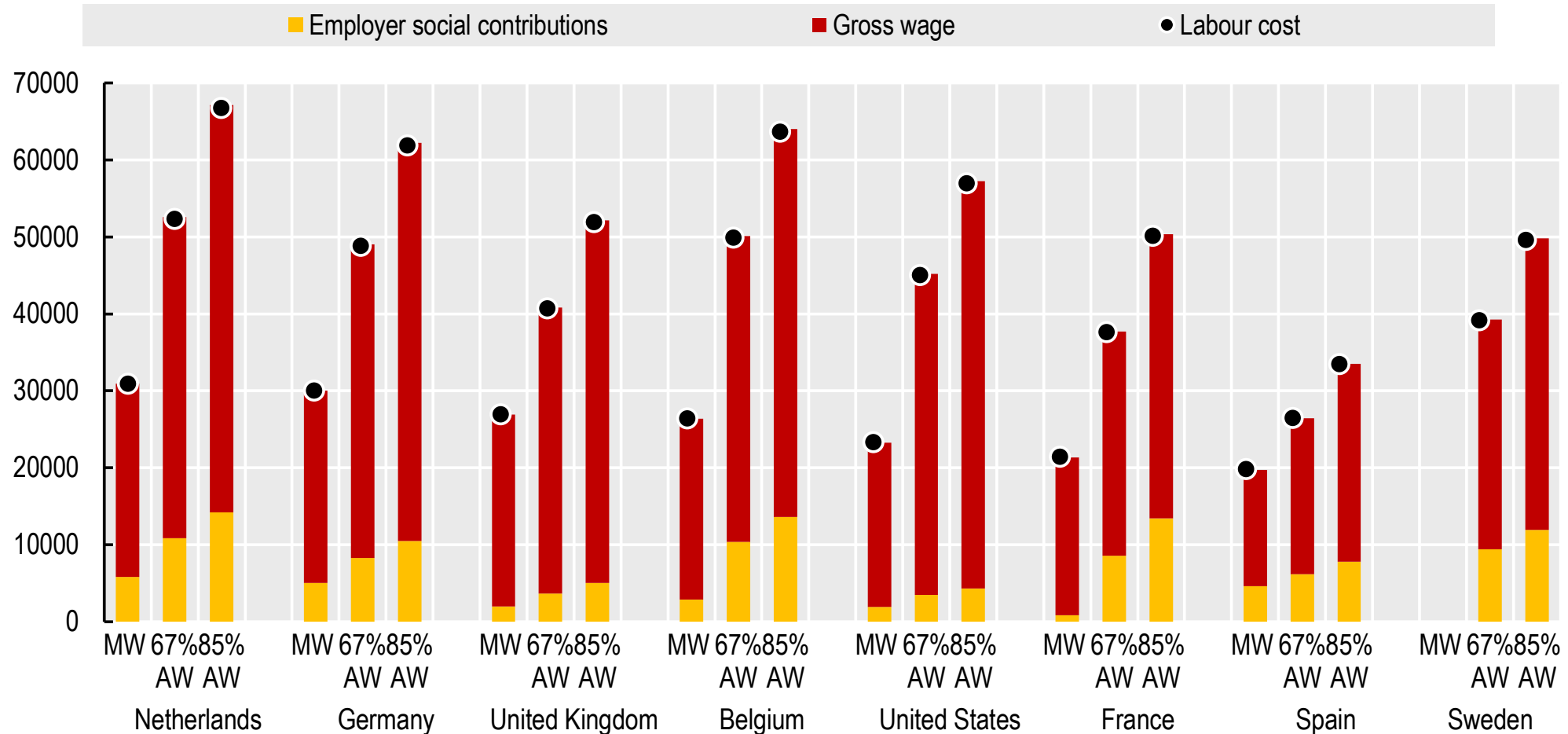


Appendix



The same pattern holds in absolute terms, although the level of labour costs appears lower in France compared to other countries

Annual labour cost in euros at full-time minimum wage (MW), 67% of average wage (AW) and 85% of AW , 2023





The same holds in hourly terms

Hourly labour cost at minimum wage (MW), 67% of average wage (AW) and 85% of AW, in euros, 2023

