

1990 □ 8

### EARNINGS 1989: MARKED DIFFERENCES PERSIST BETWEEN THE MEMBER STATES

*1980-1989: increase in real earnings in most member states.*

*Portugal and Denmark: 1:7 ratio in ecus between the hourly earnings of manual workers in industry.*

*Luxembourg & Germany: earnings highest for non-manual workers (industry and services).*

*Ratio of male to female earnings: ranges from 1.2 (industry in Denmark) to 1.9 (credit institutions in the United Kingdom)*

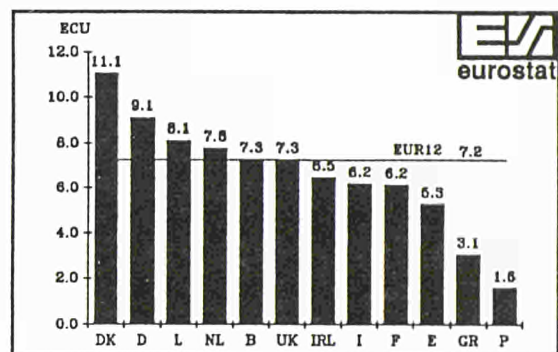
#### EARNINGS OF INDUSTRIAL WORKERS

There are large disparities in the earnings of industrial workers in the Member States.

In April 1989 average hourly gross earnings in Denmark were ECU 11.1, whereas, at the other extreme, average hourly gross earnings in Portugal were ECU 1.6.

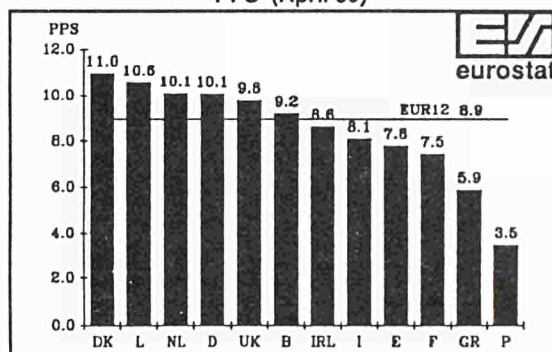
Six countries were above the Community average of ECU 7.2/hr, viz. Denmark, Germany, Luxembourg, the Netherlands, Belgium, and the United Kingdom, the others being below. (graph 1)

Graph 1 : Hourly earnings of manual workers in ecus (April 89).



Italy and France : Eurostat estimates.

Graph 2 : Hourly earnings of manual workers in PPS (April 89)



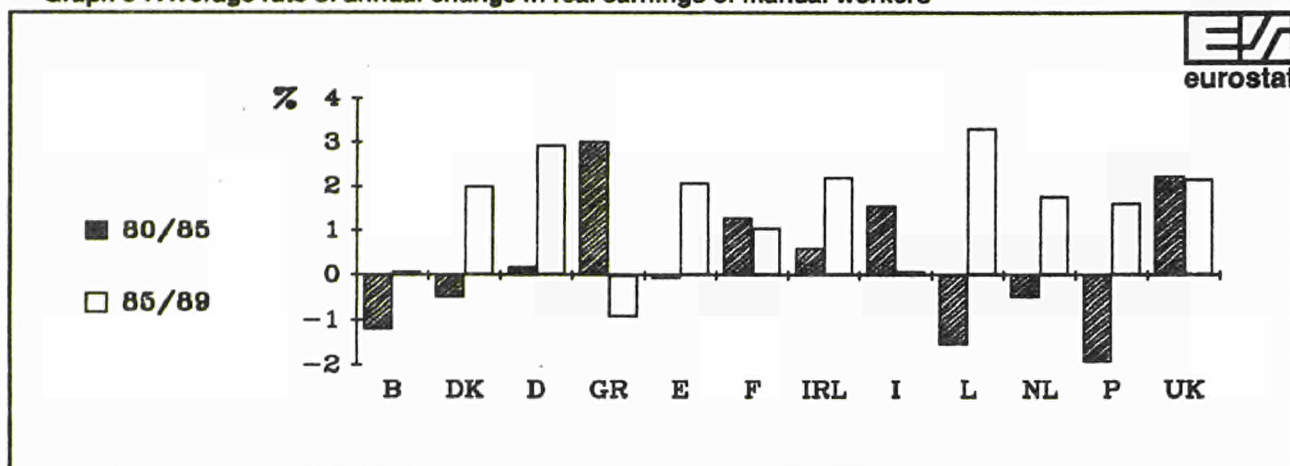
Italy and France : Eurostat estimates.

In terms of purchasing power standards (PPS), the differences in hourly earnings between countries narrow substantially (graph 2). Hourly earnings in ecus which in April 1989 were seven times higher in Denmark than in Portugal, are equivalent to hourly earnings in terms of purchasing power standards which are three times higher in Denmark than in Portugal. The number of member states above or below the Community average is similar whether expressed PPS or in ecus.

As regards earnings in ecus, the variation coefficient in countries is 38%, whereas for earnings in PPS it is 25%.

TRENDS IN REAL EARNINGS OF MANUAL WORKERS (1980-1989)

Graph 3 : Average rate of annual change in real earnings of manual workers



Since 1980 real average hourly earnings (deflated by consumer price indices) have not moved uniformly, particularly in the early years of this ten-year period.

Between 1980 and 1985 real earnings decreased in Belgium, Denmark, Luxembourg, the Netherlands and Portugal. Whereas in Germany, Greece, France, Italy, Ireland and the United Kingdom, real earnings increased. In Spain they remained at the same level.

From 1985 there was a narrowing of differences. In terms of average rates, changes ranged from -0.92% in Greece to 3.34% in Luxembourg. The rate of change in earnings increased in real terms in eight member states, compared to the earlier period. In France and in the United Kingdom the average rates of change in the periods 1980/85 and 1985/89 were very similar. Greece was the only country where there was a fall in real hourly earnings between these two periods, in spite of an increase in 1989.

Table 1 : Hourly earnings of manual workers in ecus by industrial groups ( April 89)

	All industry	Mining and quarrying	Manufacturing industry	Metal manufacture	Food drink & tobacco industry	Textile industry	Building and civil engineering
Belgium	7.3	8.0	7.3	7.5	7.1	6.4	7.2
Denmark	11.1	10.7	11.1	11.0	11.8	10.1	:
FRGermany	9.1	9.7	9.1	9.5	8.1	7.3	9.0
Greece	3.1	4.3	3.0	3.5	3.0	3.1	:
Spain	5.3	8.3	5.6	6.0	5.3	4.4	4.5
France (1)	5.9	6.3	5.9	6.1	5.8	4.9	5.8
Ireland	6.5	7.9	6.4	6.3	6.6	5.6	:
Italy (2)	6.2	:	:	:	:	:	:
Luxembourg	8.1	7.4	8.7	7.4	6.2	:	6.8
Netherlands (3)	7.7	9.9	7.7	7.3	7.9	7.0	7.8
Portugal	1.6	1.8	1.6	1.9	1.6	1.3	1.4
United Kingdom	7.3	:	7.3	7.5	7.4	5.6	7.2

(1) France : April 88

(2) Italy : Eurostat estimates

(3) Netherlands : October 88



## MONTHLY EARNINGS OF NON-MANUAL WORKERS IN INDUSTRY AND THE SERVICE SECTOR

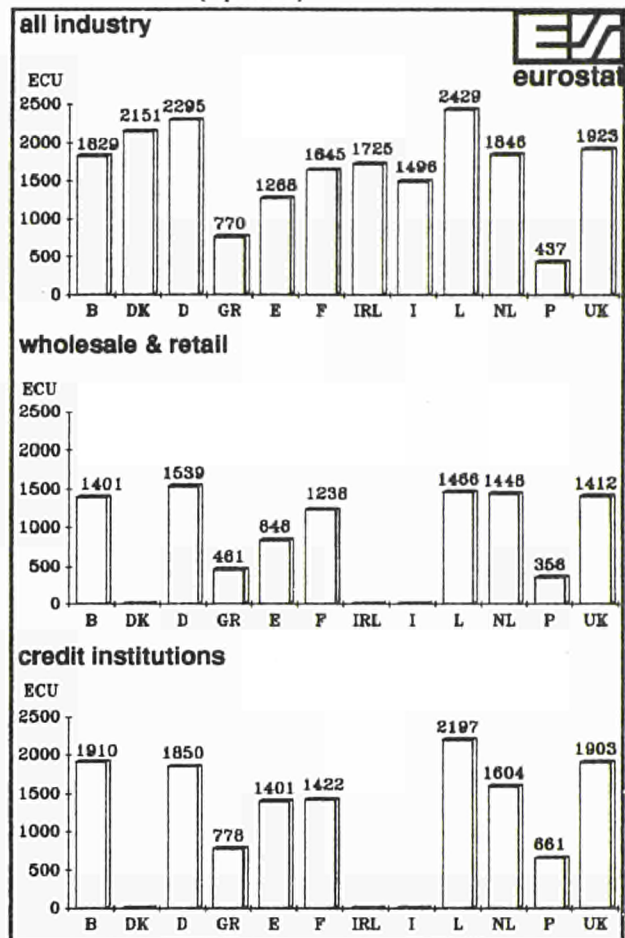
Sector for sector, monthly earnings of non-manual industrial workers are in general higher in industry than in services (Graph 4). This is not the case in Portugal, where the credit institutions and insurance companies have higher salary levels (some 50% higher than in industry), and to a lesser extent Spain, Belgium and Greece where staff of credit institutions also enjoy higher salaries.

In 1989 the highest earnings for employees in industry, the credit institutions and insurance were in Luxembourg, Germany, Denmark (industry only), the United Kingdom, Belgium and the Netherlands.

Earnings were lowest in Portugal in each of the sectors covered. The ratio between average earnings of non-manual workers in Portugal and in the other Community countries was however much more favourable than that for manual workers.

Of all the service sectors, monthly earnings were lowest in the wholesale and retail sector in all the Community countries.

Graph 4 : Monthly earnings of non manual workers (April 89)



France : April 88  
Italy : Eurostat estimates  
Netherlands : October 88

Table 2 : Trends of real wages of non-manual workers (April 1989 , base October 1985 = 100)

	Industry	Wholesale	Retail	Credit institutions	Insurances
Belgium	102.1	106.5	100.9	99.5	104.9
Denmark	107.1				
FR Germany	110.2	106.9	105.6	112.5	111.2
Greece	99.3		93.4		
Spain	108.9				
France	104.9	110.3	97.3	112.1	106.0
Ireland	112.8				
Italy	100.4				
Luxembourg	110.5	112.4	111.3	112.2	112.1
Netherlands	104.8	101.8	95.7	111.4	101.4
Portugal	113.5			108.4	103.7
United Kingdom	115.8	119.0	121.6	119.4	113.5

France : April 88  
Italy : Eurostat estimates  
Netherlands : October 88  
United Kingdom : April 85=100

## TRENDS IN REAL EARNINGS OF NON-MANUAL WORKERS

In those countries where trends in real earnings of non-manual workers in industry and services can be analysed, those for non-manual workers in the credit institutions (apart from Belgium) were more favourable than in the other sectors (Table 2).

The most disadvantaged sector was retail distribution, where the trend in real earnings was downwards in France, the Netherlands and in Greece.

Trends in real earnings were most uniform across all sectors (this also holds for manual workers in industry) in Germany and Luxembourg, with the exception of a poorer performance in the distributive trades in Germany.

In the United Kingdom, the largest increase in real terms was in the distributive trades and credit institutions (approximately 20% since 1985).



## GAP BETWEEN MALE AND FEMALE EARNINGS

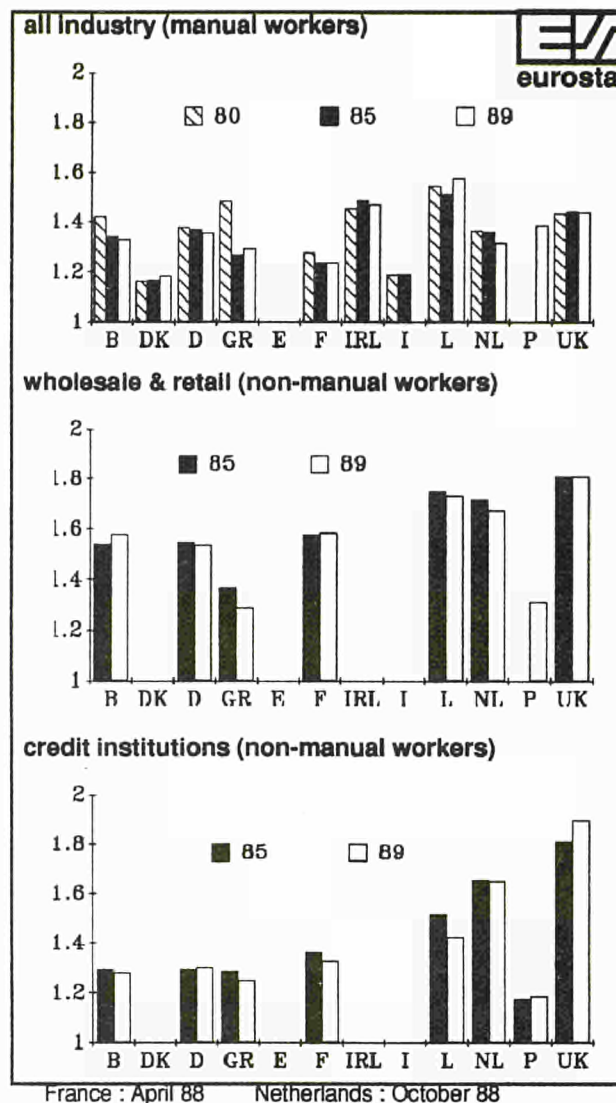
In 1989, the ratio between male and female earnings in industry varied between 1.18 (in Denmark) and 1.58 (in Luxembourg). In the distributive trades, the range of this ratio between male and female earnings was higher, ranging from 1.28 in Greece to 1.81 in the United Kingdom. On the other hand, for credit institutions and insurance the ratio is less unfavourable towards women, except in the United Kingdom, where there is a great disparity (1.90).

Between 1980 and 1989 the gap between male and female earnings narrowed in Belgium, Denmark, Greece, France and the Netherlands. In the countries where there was a large disparity in some sectors in 1980 the situation has barely changed over the subsequent years, e.g. industry in Luxembourg, credit institutions in the Netherlands and in United Kingdom and the distributive trades in all three of these countries.

In Denmark and Italy, where data are available only for industry, the gap between male and female earnings is very small.

These differences should be interpreted with a degree of caution since they are also influenced by the work force structure (average age, seniority, professional qualifications, etc) which plays a not insignificant role in addition to differences strictly in terms of wages.

Graph 5 : Ratio male earnings / female earnings



### Methodology

These data are taken from the harmonized statistics on earnings. Half-yearly information is collected on the hourly gross amounts actually paid to manual workers in industry, and the gross monthly earnings of non-manual workers in industry and services (wholesale and retail distribution, credit institutions and insurance). "Gross earnings" covers remuneration in cash paid by the employer, paid regularly at the time of each wage payment, before tax deductions and social security contributions which are payable by the wage-earners and retained by the employer. The data are broken down according to NACE (General Industrial Classification of Economic Activities within the European Communities). They give systematically all the two-digit headings and a number of more detailed subdivisions. The results of these statistics are given in detail by country and, for some countries, by region (Germany, Italy, the Netherlands, Belgium and the United Kingdom).

**PURCHASING POWER STANDARD (PPS):** Unit of purchasing power parity which allows the elimination of differences in price levels between countries. The purchasing power parity rate between the purchasing power standard and each national currency expresses the number of national currency units required at the time "t" to purchase in each country of the Community the same volume of goods and services as would be obtained with 1 purchasing power standard in the Community.

### For further information:

Eurostat: Earnings, Industry & services (1-1990)

Eurostat: Databank CRONOS domain SOCI

Eurostat: Unit E-2, Living & working conditions, Ana Nobre telephone 4301- 2730