

Inequality and Luxembourg

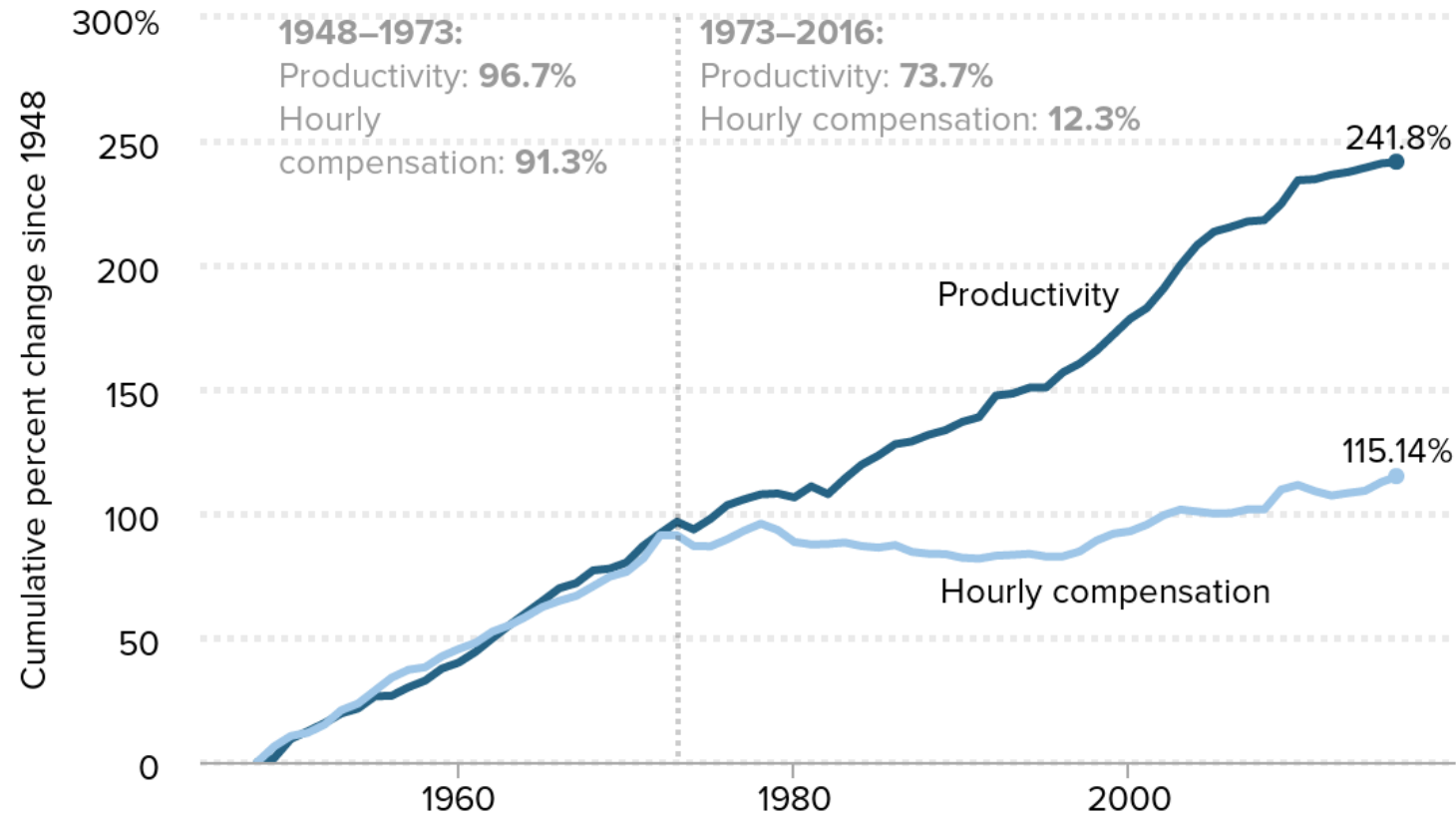
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European Investment Bank

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and the Social and Solidarity Economy

The gap between productivity and a typical worker's compensation has increased dramatically since 1973

Productivity growth and hourly compensation growth, 1948–2016



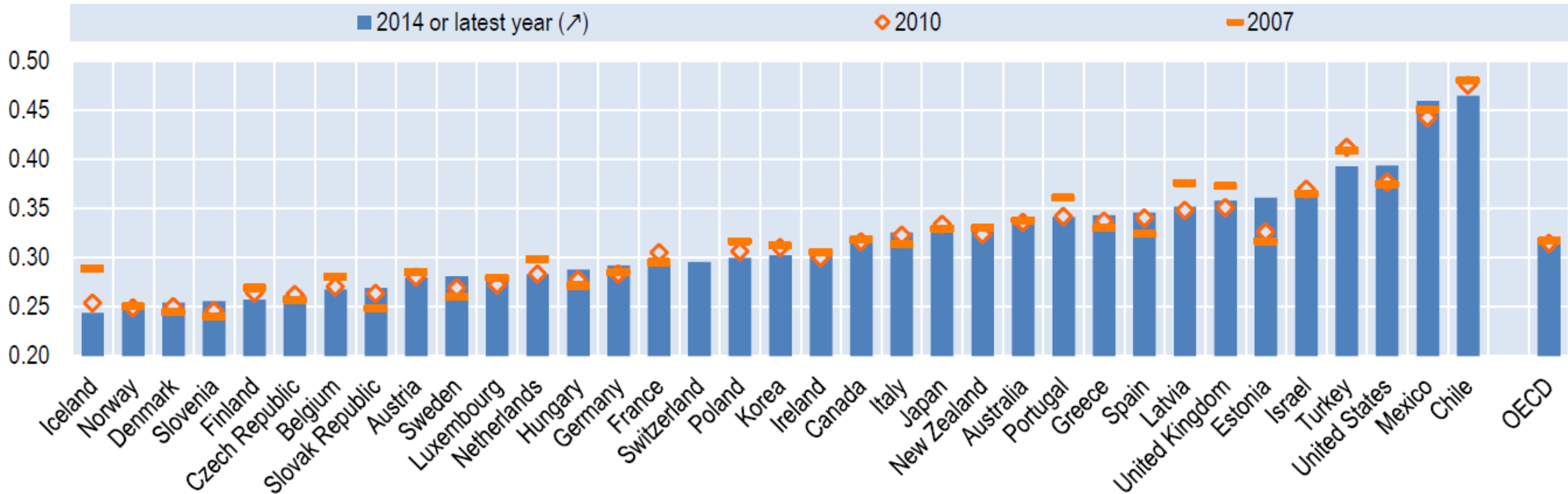
Note: Data are for compensation (wages and benefits) of production/nonsupervisory workers in the private sector and net productivity of the total economy. "Net productivity" is the growth of output of goods and services less depreciation per hour worked.

Source: EPI analysis of Bureau of Labor Statistics and Bureau of Economic Analysis data

Updated from Figure A in *Raising America's Pay: Why It's Our Central Economic Policy Challenge*

1 So far, the economic recovery has not reduced inequality

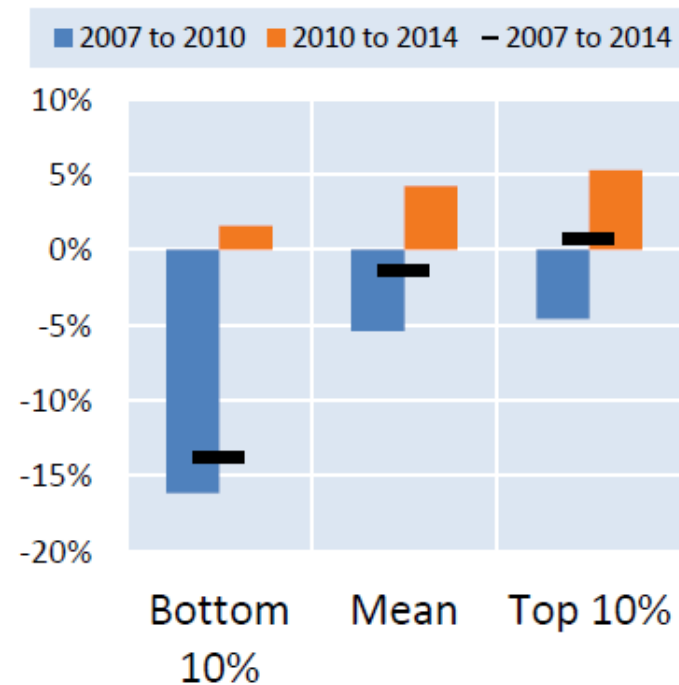
Gini coefficient of disposable income inequality in 2007 - 14 (or latest year), total population



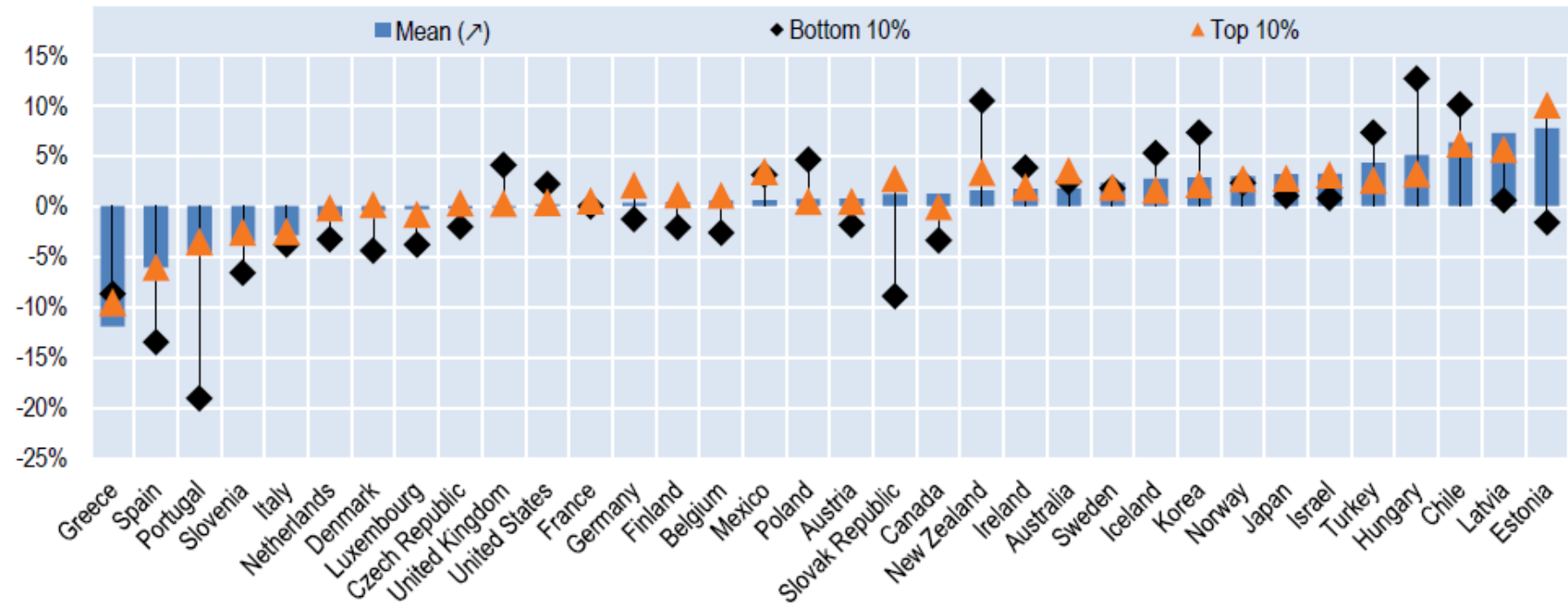
Source: OECD 2016: Income inequality update (November 2016)

3 Since 2010, labour incomes increased less at the bottom of the income distribution

Panel A - Real labour income growth 2007 – 14,
Working-age population, OECD



Panel B – Annual average real labour income growth, 2010 – 2014 (or latest year),
Working-age population



Source: OECD 2016: Income inequality update (November 2016)

Table 2. Average annual real disposable income growth per decile and country, mid-1980s to 2008¹

Decile/Country	1	2	3	4	5	6	7	8	9	10
Denmark	0.86	1.03	0.93	0.99	1.05	1.07	1.08	1.10	1.12	1.96
Finland	1.40	1.18	1.41	1.59	1.77	1.90	2.00	2.10	2.24	3.36
France	1.89	1.29	1.40	1.39	1.30	1.23	1.15	1.10	1.14	1.48
Germany	0.21	0.38	0.53	0.52	0.53	0.56	0.60	0.70	0.85	1.64
Greece	4.80	3.29	2.90	2.73	2.66	2.61	2.49	2.38	2.38	2.12
Italy	0.45	0.64	0.63	0.70	0.82	0.85	0.87	0.92	1.01	1.53
Luxemburg	2.07	2.34	2.64	2.72	2.79	2.83	2.82	2.92	3.11	4.37
Netherlands	-0.11	0.65	0.89	1.01	1.09	1.13	1.16	1.20	1.33	2.64
Sweden	1.94	1.49	1.80	2.10	2.33	2.43	2.54	2.59	2.65	3.42
UK	0.46	2.16	2.41	2.39	2.44	2.46	2.50	2.60	2.83	4.17
Weighted EU average	0.87	1.14	1.24	1.27	1.28	1.31	1.34	1.36	1.48	2.23
US	0.08	0.69	0.53	0.51	0.57	0.65	0.72	0.79	0.89	1.75

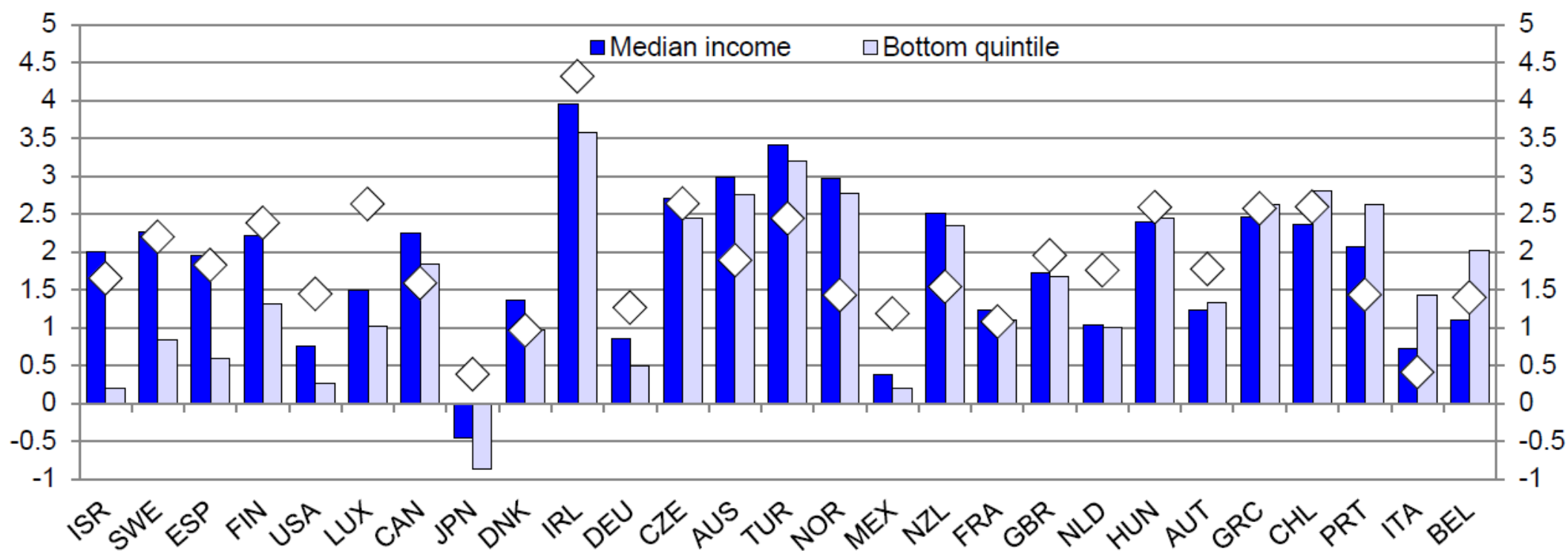
1. Average household income per decile deflated by the consumer price index. EU average weighted with population size.

Source: OECD Income Distribution and Poverty Database.

Source: Bonesmo Fredriksen, K. 2012: "Income Inequality in the European Union", *OECD Economics Department Working Papers*, No. 952, OECD Publishing, Paris.

Figure 2. In many OECD countries, low-income households have benefited little from GDP gains

Real average annual growth rates of GDP, median and bottom quintile incomes across OECD countries (per cent)



1. Mid 90s refer to 1995 except for Austria for which the data refer to 1993, for Czech Republic, France, Luxembourg and Chile for which the data refer to 1996, for Greece, Ireland, Mexico, Turkey and the United Kingdom for which the data refer to 1994. Late 2000s refer to 2009 except for Australia, Canada, Denmark, France, Germany, Israel, Mexico, the Netherlands, Norway, Sweden, the United Kingdom and the United States for which the last available observation is 2010, for Korea for which it is 2011 and for Switzerland for which it is 2008.

Source: OECD Income Distribution Database.

Source: OECD (2015), "Growth and income inequality: trends and policy implications", OECD *Economics Department Policy Notes*, No. 26 April 2015.

At-risk-of-poverty before and after social transfers, by different breakdowns.

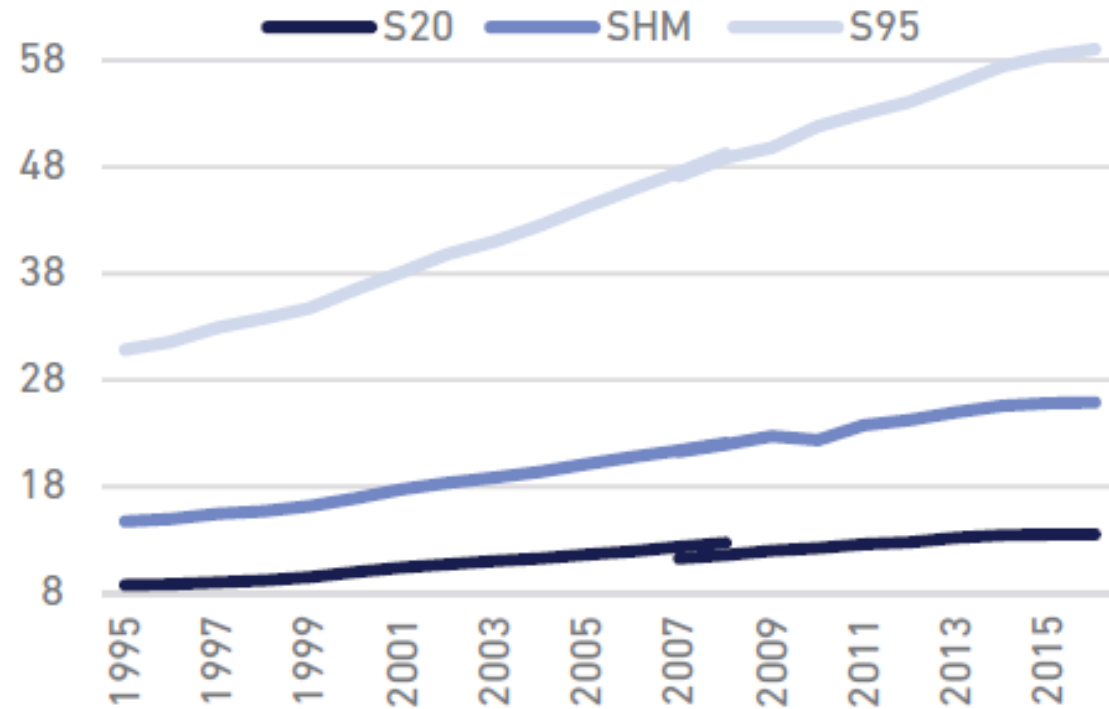
(source: Fumarco et al (2017): PIBien-être: The report, Statec.)

	Year							
	2009	2010	2011	2012	2013	2014	2015	Total
	%	%	%	%	%	%	%	%
Sex								
male	26.6	29.2	26.2	28.5	29.1	27.0	27.4	27.7
female	27.4	28.9	28.2	29.5	29.7	28.3	27.1	28.4
Age group								
below 16	39.4	42.5	40.6	45.9	43.8	41.7	37.9	41.7
16-24	36.9	39.3	35.5	37.0	37.5	36.6	35.5	36.9
25-34	27.1	24.7	24.3	28.2	25.5	23.9	24.5	25.5
35-49	25.9	30.7	28.3	28.2	29.8	28.2	27.6	28.4
50-64	23.3	24.3	23.8	23.5	25.9	25.1	25.8	24.6
65-74	10.9	11.0	7.6	9.3	9.3	9.2	12.7	10.0
above 75	6.5	9.6	8.4	8.5	9.8	8.7	10.5	8.9
Household type								
1 pers. hhd	19.6	24.6	23.1	20.2	23.8	21.8	26.5	22.9
2 ads, 0 ch.	10.6	12.0	11.2	11.6	11.4	11.5	14.3	11.8
sing. par. hhd	65.1	63.6	64.8	65.9	66.4	59.0	57.7	63.0
2 ads, 1+ ch.	33.3	37.1	34.3	37.9	35.5	34.9	32.1	35.0
oth. hhds, ch.	26.6	25.4	23.9	28.4	29.1	26.0	24.2	26.3
Occupation (ISCO-08, 1 digit)								
man., prof., tech. (1,2,3)	8.3	10.0	7.9	9.4	8.9	7.6	9.0	8.7
clerks, sales (4,5)	24.9	25.9	26.4	25.5	23.6	25.0	24.5	25.1
skill. agr., craft (6,7)	32.8	34.2	30.4	32.7	39.6	34.6	34.6	34.1
mach. oper., elem. (8,9)	39.2	41.8	42.6	43.1	46.5	44.0	43.8	43.0
Country of birth								
resid. country	16.2	17.2	15.7	16.7	16.8	16.6	15.9	16.5
euro. country	31.0	31.1	29.0	29.5	33.0	29.6	28.9	30.2
other country	50.0	57.5	54.3	54.1	54.8	50.6	57.7	54.2
Total	27.0	29.1	27.2	29.0	29.4	27.6	27.2	28.1

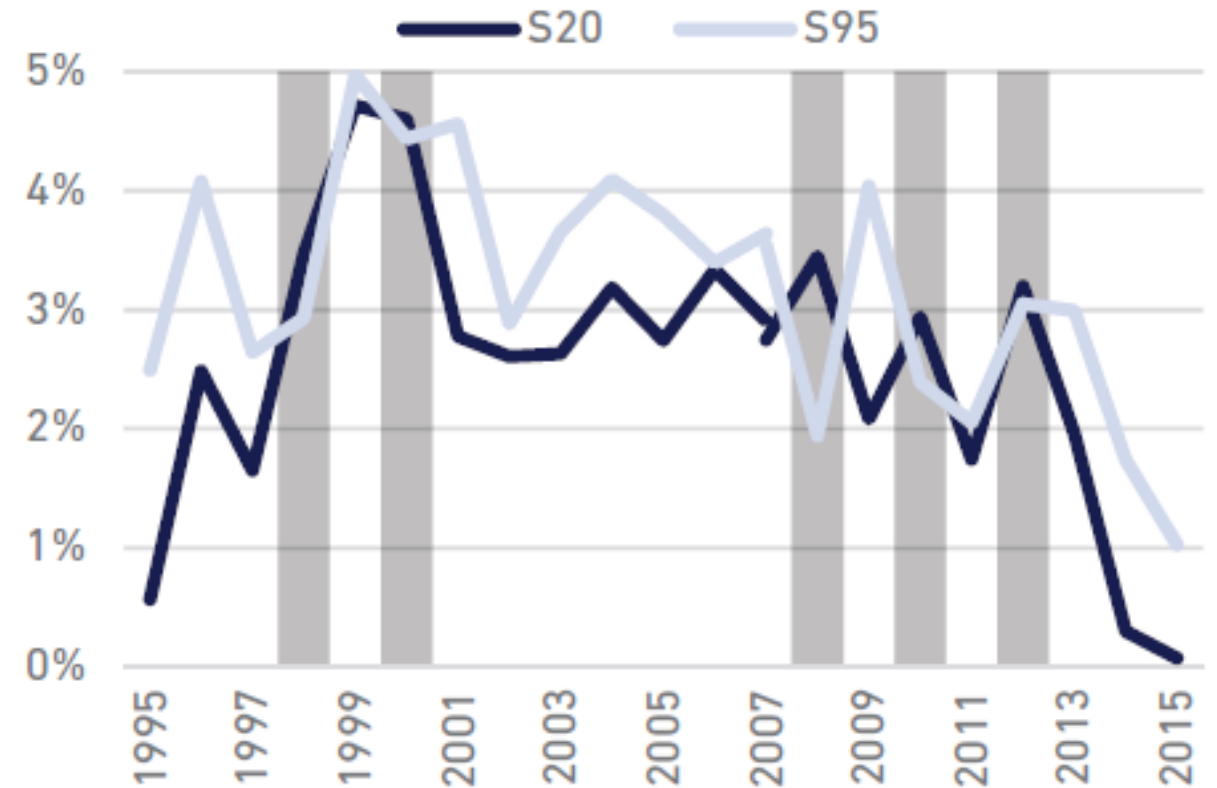
	Year							
	2009	2010	2011	2012	2013	2014	2015	Total
	%	%	%	%	%	%	%	%
	13.8	14.6	12.7	14.7	15.7	16.3	15.0	14.7
	16.0	14.4	14.5	15.6	16.0	16.6	15.7	15.5
	21.6	21.4	19.9	22.1	23.3	24.8	20.8	22.0
	23.1	18.5	18.7	21.0	22.0	23.9	23.0	21.5
	14.0	13.6	12.1	14.1	14.1	14.1	13.9	13.7
	14.2	15.6	14.8	15.4	15.3	16.3	15.1	15.2
	11.6	10.9	10.3	11.7	13.1	13.6	12.7	12.0
	6.3	5.2	4.2	6.0	5.6	5.7	8.2	5.9
	5.1	6.8	5.3	6.6	7.0	7.2	7.8	6.6
	16.1	16.4	15.4	14.9	15.7	15.3	18.7	16.1
	5.3	6.3	5.2	5.8	5.6	6.7	6.8	6.0
	52.3	46.4	45.5	46.9	46.1	44.6	44.6	46.5
	16.1	16.9	15.8	17.1	17.4	19.8	16.0	17.0
	13.8	10.7	10.6	15.0	15.3	13.8	13.5	13.3
	4.4	4.3	3.0	4.2	4.5	4.1	4.6	4.2
	14.1	14.0	12.8	13.8	12.5	13.8	13.2	13.5
	15.9	16.6	14.3	17.3	21.0	20.1	19.4	17.8
	20.7	20.9	22.7	23.1	25.2	26.8	24.8	23.4
	8.5	8.1	7.0	7.4	8.9	9.3	8.1	8.2
	16.1	15.0	13.6	16.6	17.7	17.0	15.6	16.0
	34.4	33.6	36.2	35.3	31.6	35.4	39.4	35.2
	14.9	14.5	13.6	15.1	15.9	16.4	15.3	15.1

Hourly wages at the top (S95), bottom (S20) and median (SHM)

in euros



yearly variation



Thank you for your attention