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Using Price Data to estimate Living Wages

Martin Guzi
Martin Kahanec

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Price data

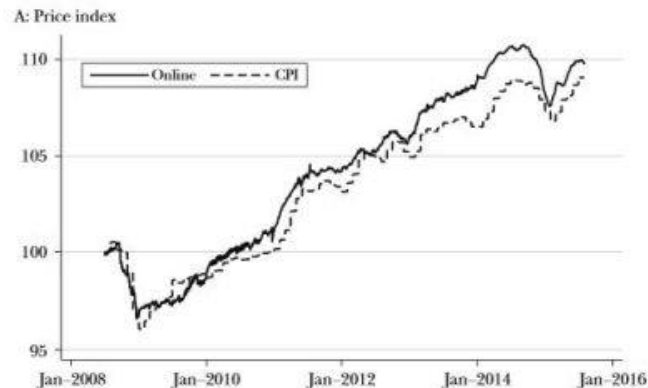
- Required for the calculation of living costs
- No regularly updated price data
- Expensive to collect and regularly update

- Few international projects collect price data
- National stat offices collect prices to calculate CPI but publish only price indices
- Private initiatives

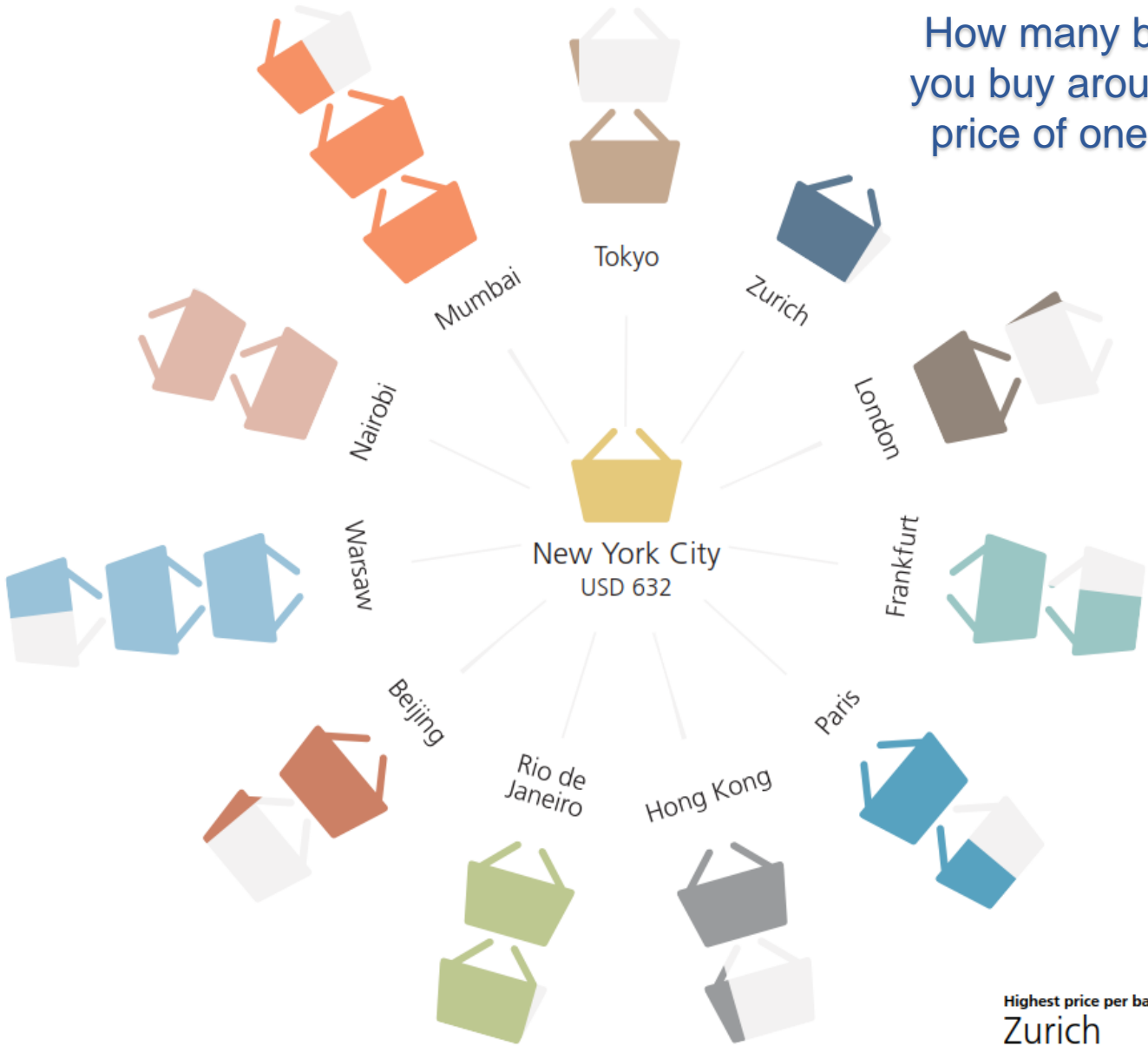
Billion Price Project

- Daily prices for all goods sold by 7 large retailers in Latin America and the US: 2 in Argentina, 1 in Brazil, 1 in Chile, 1 in Colombia, 1 in Venezuela, and 4 in the US. (2007-2010)
- Daily price indices 2008-2015, monthly, and annual inflation rates for Argentina and the US. Monthly data with annual inflation rates for Argentina, Brazil, China, Germany, Japan, South Africa, UK, US,

Figure 2
United States



How many baskets of food can you buy around the world for the price of one in New York City?



Highest price per basket

Zurich
USD 738

Lowest price per basket

Kiev
USD 166

WageIndicator Cost of Living Survey

- Started in January 2014.
- Prices are reported by web visitors, via Cost-of-Living app, via offline surveys.
- Includes prices suitable for living wage calculation
- Prices on 100 food items, rental prices and fees, public transport, education and health family expenditure
- Today we have sufficient data to calculate living wage for 70 countries (2,2 million prices)

Cost of Living Survey

Tusalarario.es

• Usted comparte, nosotros comparamos

Salario

Leyes laborales

Carrera

Buscar



Conoce más sobre tu salario

- ¿Estás seguro de ganar lo que mereces? Compara tu salario
- Encuesta sobre salario y condiciones de trabajo
- Conoce el salario de celebridades



Conoce más sobre tus derechos laborales

- El recibo de la nómina
- El Salario mínimo
- Pensiones y Jubilación
- Leyes y Convenios
- Paro y desempleo
- Despido
- Tus derechos laborales
- Guia Laboral Ministerio Empleo



¿Orientación en tu desarrollo profesional?

- Empleo, Formación y Orientación profesional
- Másteres y otros cursos
- ¿Adicto al trabajo?
- ¿Qué es la orientación laboral?

Cuál es el precio de...:
Papas dulces (1 kg)

Compara tu salario con el de puestos similares en nuestro comparador salarial

Rellena la encuesta sobre salarios y podrás ganar un salario mínimo!

Trabajo Decente Tu trabajo se ajusta a las leyes laborales de la España y a los convenios internacionales?

Cursos para Trabajar

Cuál es el precio de...:
Papas dulces (1 kg)

Si no conoces el precio de algún producto, puedes saltarlo

Encuesta, Salario para vivir

Región

→ **A Coruña (La Coruña)**

Lugo

Ourense

Pontevedra

Asturias

Cantabria

Álava

Guipúzcoa

Vizcaya (Bizkaia)

Navarra (Nafarroa)

La Rioja

Huesca

Teruel

Zaragoza

A Coruña

Ferrol

Santiago de Compostela

Una ciudad pequeña (10,000 - 100,000)

Un pueblo (10000 o menos)

Área rural

Encuesta, Salario para vivir

Región

A Coruña x

Si no conoces el precio de algún producto, puedes:

Papas dulces (1 kg)

SAVE

Supermercado

Leche (regular) 1 lt

Hogaza de pan blanco fresco (500g)

Pan sencillo o pan pita (500 gr)

Arroz (1kg)

Huevos (12)

Queso local (1kg)

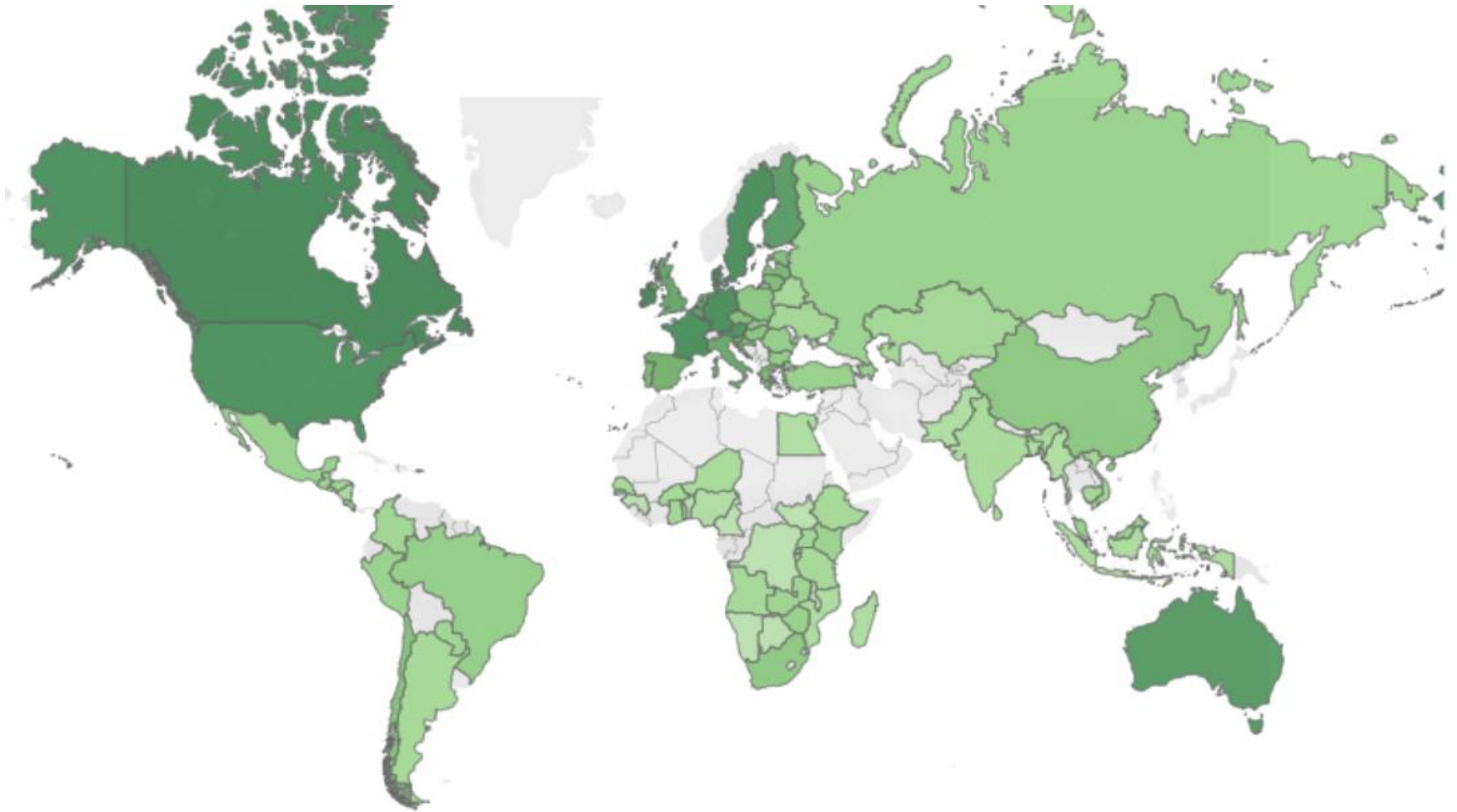
Crema (1kg)

Pechuga de pollo (sin hueso y sin piel), (1kg)

Price cleaning

- Determine median price for each item, and drop prices below $1/3 * \text{median}$ and above $3 * \text{median}$
- Take price at 25th and 50th percentile for each item
- Produce interval estimates of living costs
 - More realistic approach relative to point estimates
 - Accounts for the (regional) variation of prices at which different products are accessible
 - In highly developed countries the upper estimate based on the median prices is preferred.

Living Wages in 70 countries



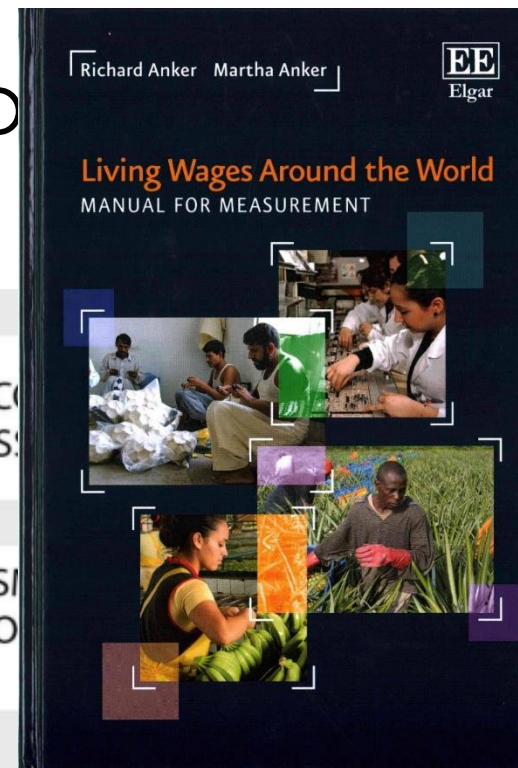
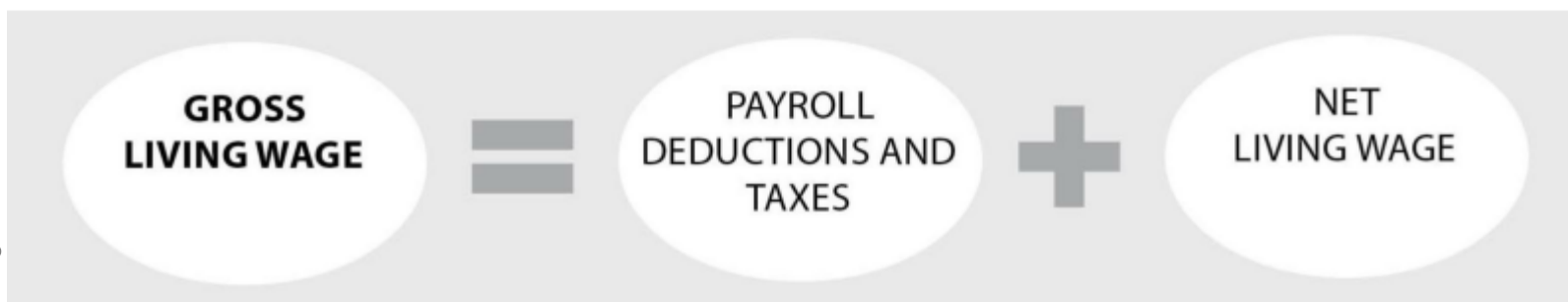
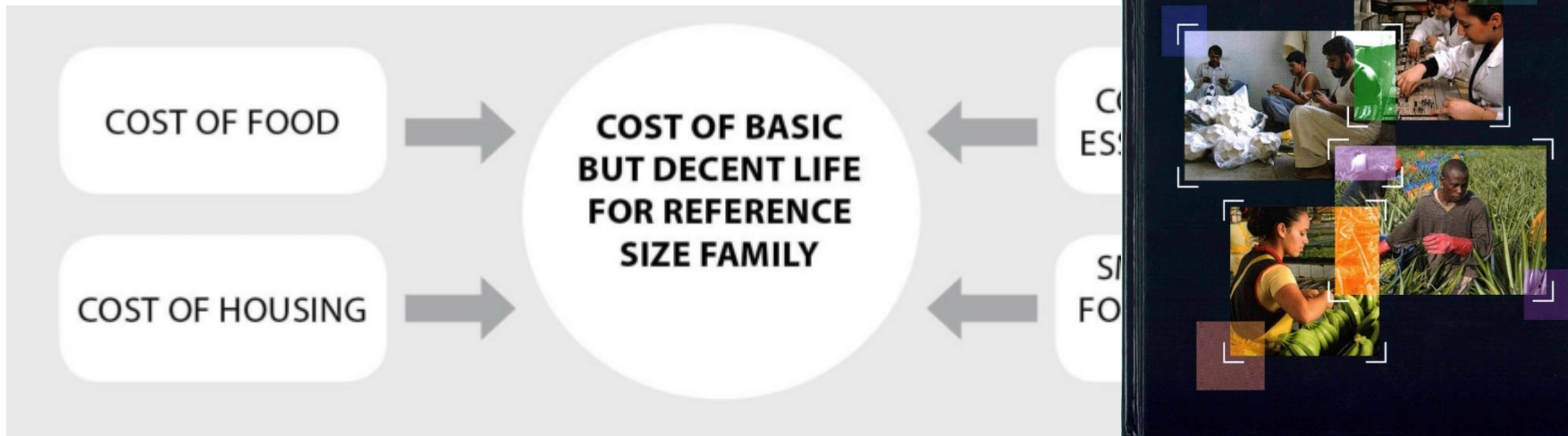
- <https://wageindicator.org/salary/living-wage>

Example of food basket in Slovakia

- FAO food balance sheets to construct a food basket
- Food basket is scaled to 2,100 cal/person/day
- Adults and children have same consumption

Food item	Grams per day	Energy (kcal)	Price per kilo
Wheat, barley and cereals products	275	728	1.4-2
Rice	6	22	.9-1
Meat (beef, pork, poultry)	113	169	4.5-6
Oils (soyabean, olive, palm)	19	172	1-1.3
Sugar (Raw Equivalent)	69	245	.6-.7
Maize and products	0	0	1.6-2
Milk - Excluding Butter	292	135	.5-.6
Vegetables, Other	95	25	1.2-1.5
Potatoes and products	106	69	.4-.6
Butter, Ghee	31	201	4.6-5.2
Groundnuts (Shelled Eq)	9	27	2-2.4
Pulses, Other and products	1	4	.8-1
Egg (price per 10 eggs)	33	45	1.1-1.4
Sunflowerseed Oil	4	37	1.3-1.8
Fish products	18	12	5-7
Beer (0.5 liter/pint)	145	71	1.2-1.6
Sweeteners, Other	30	66	.7-1
Beans	1	2	1-1.6
Sweet potatoes	0	0	1-2
Bananas	13	8	1-1.3
Soyabeans	0	0	2-4
Apples and products	21	9	.7-1
Tomatoes and products	16	3	1-1.2
Onions	12	4	.5-.8
Oranges, Mandarines	33	7	1-1.5
Plantains	3	2	1-1.6
Peas	1	4	.8-1
Roots, Other	0	0	1-1
Seeds and kernels	2	5	2-4.1
Wine (bottle)	8	6	4-4
Pineapples and products	2	1	-
Cream	3	6	1.6-4
Olives (including preserved)	1	2	4.9-6
Honey	2	7	4.9-6
Citrus, Other	1	0	1-1.2
Lemons, Limes and products	5	1	1-1.2
Tea (including mate)	0	0	2-4
Grapefruit and products	2	0	1-1.2
Coffee and products	10	4	5-10

Living wage calculation method (Anker methodology)



Minas Gerais
South/Southwestern
Meso Region



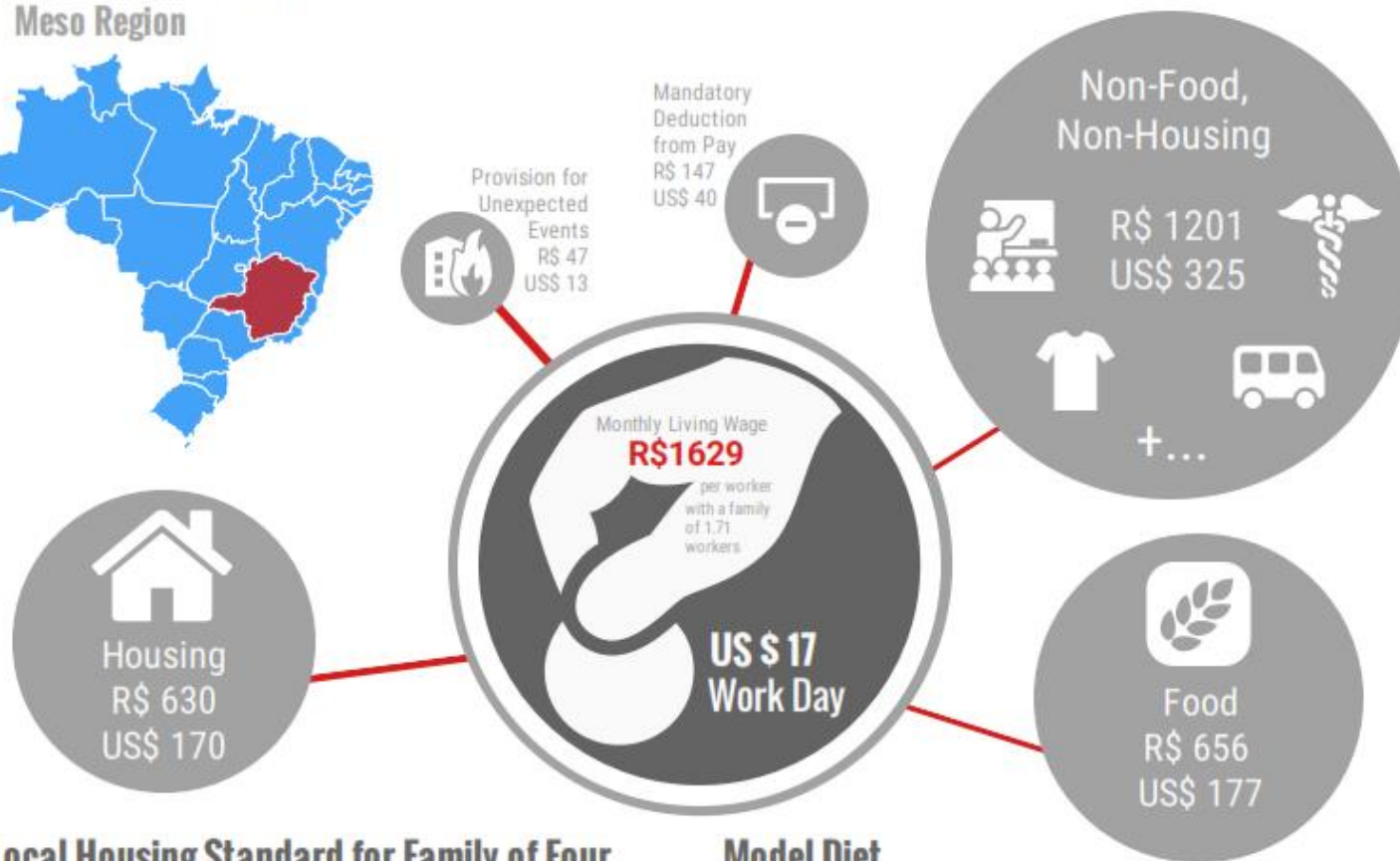
Synopsis of Living Wage Study Conducted By
João Paulo Candia Veiga & Murilo Alves Zaccaro

Living Wage Estimated using the Anker Methodology



Family Size 4 | 2 Adults, 2 Children | 1.71 Workers Per Family

**GLOBAL
LIVING WAGE
COALITION**



Local Housing Standard for Family of Four

- Housing should provide physical and structural safety and protection from cold, humidity, rain, wind, and other health threats;
- House should have a living room, two bedrooms, an indoor bathroom, and a separate kitchen. Total living space should be at least between the range of the interval of 44.5 to 55 square meters, including outside areas;
- Poor families should not spend more than 30% of their income on rent;
- Walls should be made of brick or plywood, yet stone and adobe walls, if adequately built, meet the standards for outside walls;
- For roofs, concrete slabs, zinc sheets, clay tiles, and plywood are adequate;
- Floors should be cemented, tiled or made of plywood;
- Access to electrical energy;
- Access to water supplied by a water utility;
- Access to a sewage system or, if not, to a public pit and

Model Diet

- 135 g of rice per day (around 1 cup)
- 21 g of maize per day
- 21 g of wheat flour per day
- 56 g of beans per day
- 50 g of bread per day (2 slices)
- 26 g of noodles per day
- 74 g of cassava per day
- 39 g of potato per day
- 123 g of meat per day (10 meals per week for the family)
- 43 g of eggs per day (close to 1 egg per day)
- 197 g of vegetables per day
- 115 g of fruit per day (1 orange or 1 banana)
- 200 g of milk per day (around to 2 glasses for every child daily)
- 24 g of sugar per day (6 teaspoons)
- 30 g of cooking oil per day (equivalent to 2 tablespoons)
- 1 cup of coffee per day for adults

Housing cost

- Cost of Living Survey asks about the rental price of apartment with 1 and 2 bedrooms, the location and utilities included in the rent (electricity, water, garbage collection, Internet, and taxes).
- Add housing prices from Numbeo.com (wisdom of the crowd)
- Drop housing prices below $1/5$ *median and above 5 *median
- We **estimate housing equation to produce a harmonized estimate of a reference apartment** (Goedemé et al. 2015).
- The housing cost for a family (an individual) is then a typical rent for a 2-bedroom apartment (1-bedroom apartment) in an average urban area, outside the city center.
- The housing equation also captures regional differences.

We ask directly about education and health family expenditure

- We asks respondents about the **minimal monthly expenses on personal and health care** for a 2+2 family
- Expenses for other households are proportionally adjusted
- We ask about the **minimal monthly expenses on education** (assuming that children attend public school) for a 2+2 family.
- We take reported expenditure at 25th and 50th percentile.



Transportation cost

- Most people commute for work or travel for their daily activities (e.g. shopping).
- The price of a **regular monthly public transportation pass** is taken as the cost of transport.
- Children are assumed to travel for free.

Taxes and mandatory deduction

- Aim is to construct Gross living wage
- WageIndicator wage survey asks respondents about their gross and net earnings. The **ratio of gross/net income** is used to calculate the share of earnings spent on taxes and mandatory deductions of low-earning workers.
- For EU countries: the gross/net ratio at the minimum wage

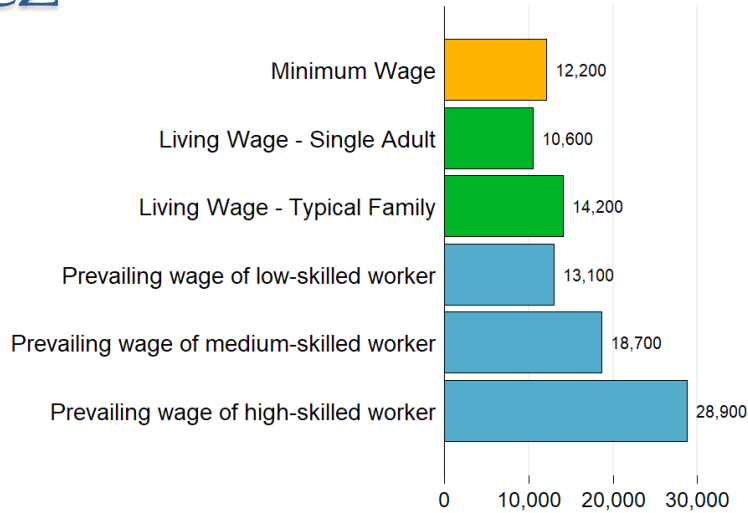
Expenditure and Living Wage calculation, in EUR

	Total living costs		Food		Housing		Living wage		Minimum
	from	to	from	to	from	to	from	to	wage 2018
Bulgaria	524	733	248	299	141	245	371	516	261
Czech Rep	737	1066	232	309	368	546	511	741	476
Hungary	563	792	207	266	183	310	463	651	436
Poland	580	1079	232	281	186	418	446	827	488
Romania	400	566	195	257	113	172	306	432	400
Russian Fed	351	494	179	245	60	93	224	316	127
Slovakia	565	828	240	320	200	320	395	580	480
Ukraine	214	313	107	142	60	102	146	214	122

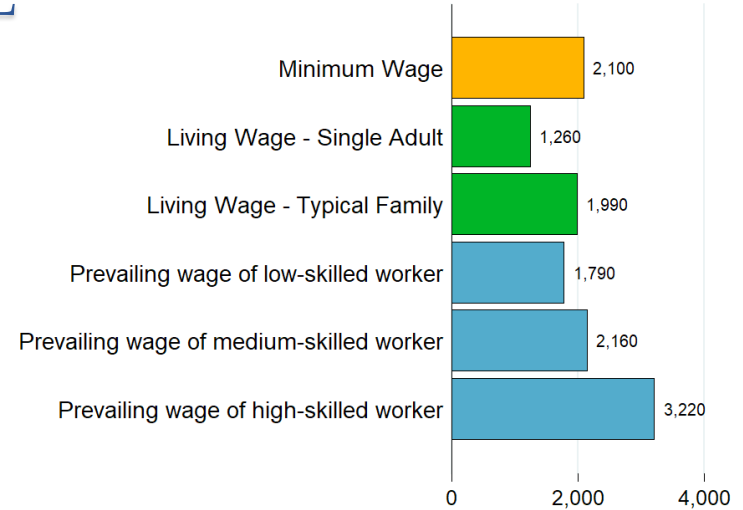
Living Wage is calculated for a 2+2 family. The family employment rate is 1.8 (one adult is a full-time worker and the second adult works 4 days per week). The total living costs are obtained by summing the costs of food, housing, travel, health and education. The 5% margin is added on top. Housing cost is the rent of a two-bedroom home. EUR exchange rate is taken on March 1, 2019.

Presentation of Living wages in context

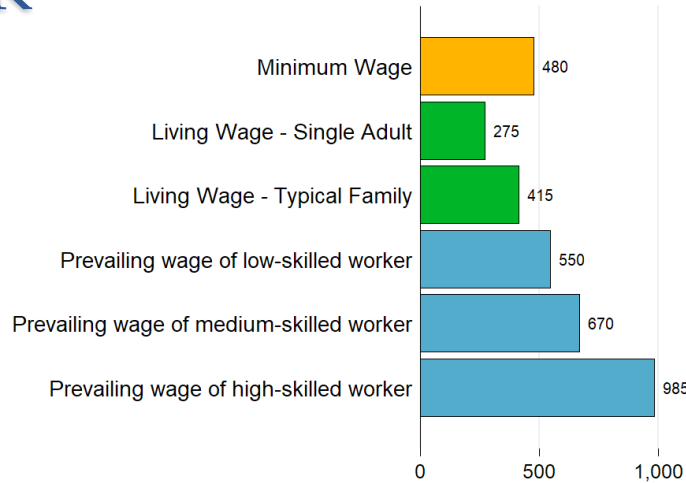
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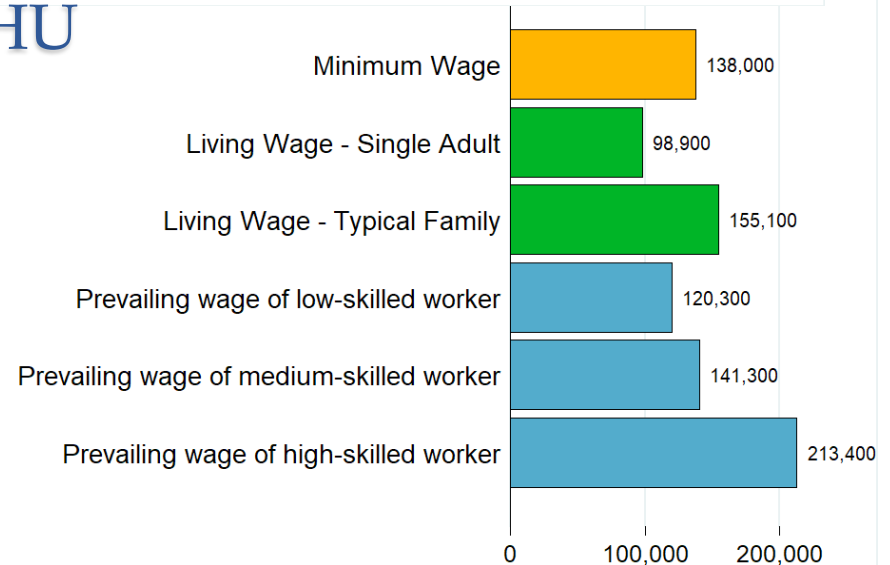
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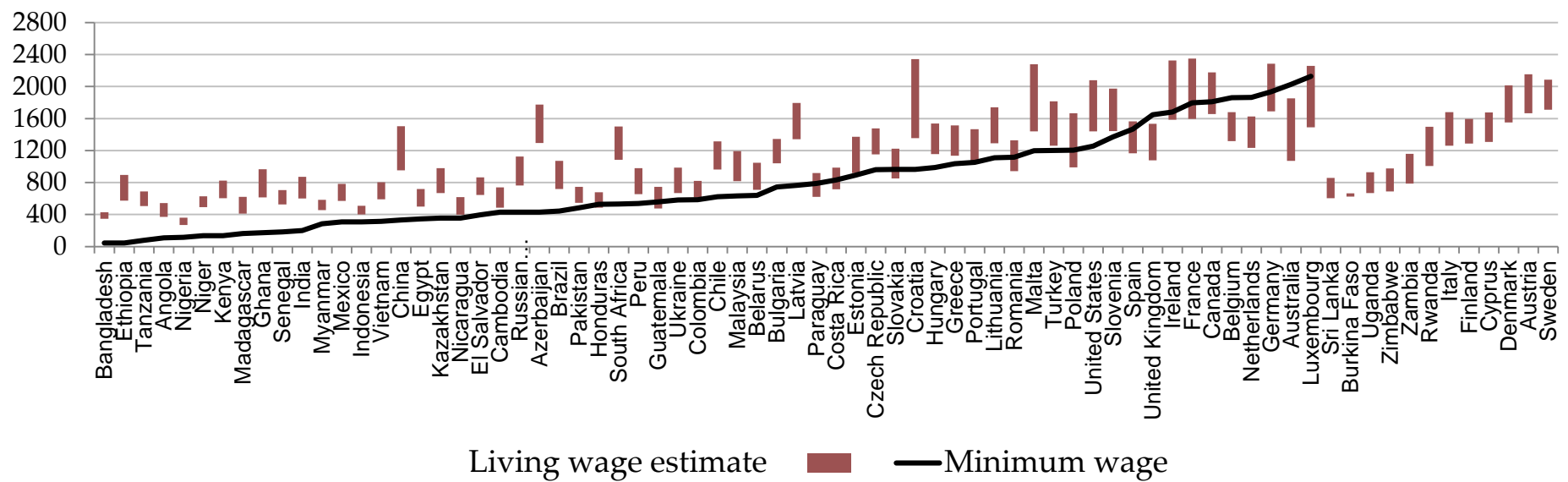


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● Note: Prevailing wages of workers are taken from WageIndicator global dataset on work and wages.

Living wage vs minimum wage



Note: The figure compares the calculated Living Wage based on living standards with the legislated minimum wage. All rates are expressed in PPP USD dollars.

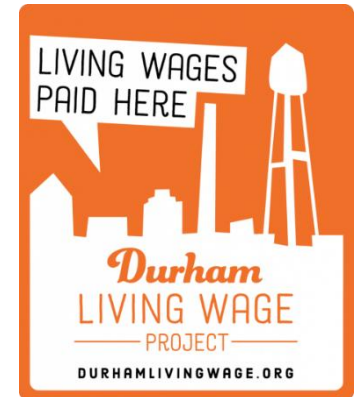
Living Wage characteristics

- The living costs cover food expenses considering national food preferences, housing expenses, education and healthcare expenses, travel expenses.
- Living Wage is calculated for different household types and under different assumptions about working hours
- Based on transparent principles and assumptions
- Easy to update regularly (prices are collected continuously)
- Estimates published online





Comments are welcome:
martin.guzi@econ.muni.cz





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