

Draft:Minimum wage in France

Minimum wage in France known in France as the *salaire minimum interprofessionnel de croissance*^[1] or *SMIC* (Interprofessional minimum growth wage) and formerly known as the *salaire minimum interprofessionnel garanti* (fr) (*SMIG*, interprofessional minimum guaranteed wage) is the minimum hourly wage for all adult employees in France. It is re-evaluated at least once a year on New Year's Day.

Unlike the *SMIG*, the *SMIC* is not re-adjusted based on annual inflation but is rather revalued to at least half of the increase in purchasing power of a basic hourly wage worker before social contributions or social benefits. The French government can provide additional increases to the *SMIC*.

In July 2013, 13% of the French population in employment were paid minimum wage. In January 2017, 1.65 million individuals employed in the competitive sector (outside of apprentices, interns, and temporary workers) were paid minimum wage, or 10.6% of the population, 44.8% of them men.^[2]

As of January 1st 2018, the hourly wage is 9.88€ per hour, (against 9.76€ the previous year), a monthly gross income of 1,489.50€ for a standard 35-hour work week^[3] (151.67 hours per month^[4]) and a monthly net of 1,198.80€.^{[5][6]}

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History

The idea of the minimum wage emerged with the end of liberalism in the 1930s. The Great Depression was linked to insufficient demand and economists considered it necessary to raise wages to stimulate demand.^[7]

The *SMIC* had succeeded the *SMIG* after a decree issued by Prime Minister Jacques Chaban-Delmas on January 2nd 1970, instituted by the law of February 11th 1950 (https://www.legifrance.gouv.fr/affichTexte.do?cidTexte=JORFTEXT000000693160&categorieLien=id) and took effect the following 23rd of August. After 12 years of frozen wages, the *SMIG* once again allowed for the free negotiation of collective bargaining agreements. In addition to freeing wages, the law proposed that "the high commission on collective bargaining shall be in charge of composing a standard budget to determine the interprofessional minimum guaranteed wage." Aiming to reinvigorate consumption and combat against poverty, this base wage was established by the government at the following rates^[8]: for a 45-hour work week, a wage of 78 French francs (in Paris only, rates for provincial wages remained lower), a weekly salary of 3,510Fr (wages were paid weekly at the time) an average a monthly salary of 15,210Fr^[9]. Between 1950 and 1958, the rate of inflation in France, despite its noticeable progression, remained inferior to the rate of growth; however, the franc saw a series of devaluations, notably in 1958, which led to the creation of the new franc. In 1960, the *SMIG* was 220 new francs, equal to 22,200 old francs.

In 1968, the Grenelle agreements increased the *SMIG* to 600Fr per month. In 1981, after two oil crises, the *SMIC* reaches 3,000Fr.

The *SMIC* experienced strong increases between 1997 and 2005, leading to it quickly surpassing the average wage of the whole population^[10] and subsequent "squashing of wage hierarchies." The proportion of workers paid minimum wage went from around 10% in between 1987 and 1996 to more than 16% in 2005. On average, the purchasing power of minimum wage workers grew quicker than that of other workers; in particular, lower wages were quickly caught up to by the growth of the *SMIC* due to their slow increase.

Throughout the 1990s and 2000s, the government had also lowered contributions made by low-wage workers in order to limit their associated labor costs, particular the cost of *SMIC* workers, and in order to promote employment. This had the negative effect of increasing the amount of minimum wage workers and creating a "low salary trap."

The reduction of work hours from 39 to 35 hours a week between 1997 and 2002 created five different *SMICs*. These levels were unified from 2003 to 2005 by the Fillon law on work hour reduction(fr) with a method of convergence leading to a strong increase in the *SMIC*, which rose by a little more than 5.5% on average each year between 2003 and 2005.^[11]

Exceptions to the *SMIC*

In certain cases, the amount received by a worker is subject to reduction:

- Minors aged 16 to 17 with less than 6-months experience in a given sector can earn 20% less than *SMIC* (i.e. 7.69€ an hour gross) and minors above 17 may earn 10% less than *SMIC* (i.e. 8.65€ an hour gross)
- Young workers in apprenticeship contracts earn between 25% and 78% of *SMIC* based on their age and their seniority within the apprenticeship contract. There were 340,000 such cases in 1997.
- Young workers in a professional training contract cannot earn less than 55% of *SMIC* for those under 21 years of age and cannot earn less than 70% of *SMIC* for those 21 years of age and above. These percentages cannot fall below 65% and 80%, respectively, upon receiving a new title that is at least equivalent to a baccalauréat professionnel or equivalent diploma.
- Interns receive no wage but rather earn an obligatory bonus for a contract of more than two consecutive or non-consecutive months, counting from the first day of the first month of the internship. It is dispensed monthly. As of September 1st 2015, the minimum bonus is 554.40€
- In the department of Mayotte, the *SMIC* was 7.26€ as of January 1st 2015 and evolved at the same proportions as the *SMIC* in the rest of the country.

Employees with disabilities in an ordinary field or in "adapted" employment (any employer that hires at least 80% handicapped workers) cannot earn below *SMIC* and the employer may receive assistance from the state based on the handicap of the employee.^{[12][13]} In specific establishments geared to handicapped employee re-insertion, payment can be inferior to *SMIC* but with a limit of 55%; such establishments also benefit from state aid.^[12]

Part-time employees, fixed-contract employees, and substitute employees may not earn below *SMIC*.

Expense claims, supplementary hours, and bonuses linked to working time are excluded from calculations.

Collective agreements among nannies allows for remuneration below the *SMIC*, and this is often the case. The CAF suspends assistance to employing parents once payment of the nanny exceeds 5 hours of *SMIC* for one 8-hour day of work. Aside from collective agreements, French child subsidy payments also limit remuneration to a level inferior to *SMIC*. Hourly pay of 2.87€ is commonplace.

Yearly increase calculation

The *SMIC*'s yearly increase corresponds to at least the inflation of the prior year based on the development of the Consumer price index of "urban households whose head is a laborer or employee, outside of 'tabacs'," plus 50% of the increase of the purchasing power of a basic hourly wage worker.^[14] The government also has the ability to provide additional increases but has not done so since 2007.

Additionally, if the inflation as of January 1st and the last-known month (N-1) exceeds 2%, the increase is automatically calculated to at least N+1 of the percentage of the inflation.

The General Confederation of Labour states that minimum salaries are an issue for unions and have demanded a *SMIC* of 1,700€ a month.

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External links

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