

Methodology note for International Workers' Day

Figure 1

- (a) Dividend payments grew 14 times faster than worker pay in 31 countries across the world, covering 81% of GDP, between 2020 and 2023.**
- (b) After adjusting for inflation, global dividend payouts climbed by 45 percent (\$195 billion) in 31 countries between 2020 and 2023, while wages grew by just 3 percent.**
- (c) Excluding China, which accounts for most of this wage growth, global real wages in these countries fell by 3 percent during this period.**

Country data on dividend payments was drawn from the Janus Henderson Global Dividend Indexⁱ. Wage data was drawn from Trading Economicsⁱⁱ who use national statistics agencies as their source. GDP data is from the World Bankⁱⁱⁱ and Consumer Prices Indexes (CPI) from the IMF^{iv}.

The Janus Henderson research covers 43 countries; however 2020-2023 wage data was only available on Trading Economic for 31 of these countries. Based on World Bank GDP data we calculated that these countries account for 81% of global GDP.

The dividend and wage figures for each country were adjusted to 2023 prices using the CPI from the IMF and the percentage difference between 2020 and 2023 was calculated. A weighted average based on each country's population was then calculated to give a weighted average increase in dividends of 45.5% or a real term increase of \$195 billion and 3.3% increase in wages. The change in dividends divided by the change in wages is 13.99.

China is an outlier and increases the wage average significantly, when removed (which the ILO also do in their wage report), dividends increased by 53% on average while wages fell by 3.2%.

Figure 2

The richest 1 percent, who now own 43 percent of all global financial assets, pocketed on average \$9,000 in dividends in 2023. This is equivalent to eight months of wages for the average worker.

Wealth-X estimates that the total financial wealth of the wealthiest 1% is US\$87.9 trillion, equivalent to 43% of the total global financial wealth. See page 14 of Inequality Inc. methodology for more information about how these estimates were made.^v According to Janus Henderson, \$1.66 trillion were paid in dividends in 2023. Multiplied by 43% = 718.78bn which divided by 80 million (the number of people in top 1% globally) is \$8,985.

To calculate the global average salary, we use the average monthly salary data from the ILO^{vi} and did a weighted average based on population which gave the global annual average salary of \$13,209. This is 68% of the dividends paid to the 1% which converts to 8.2 months.

Figure 3

Oxfam's analysis of Living Wage Coalition data from countries across Africa, Asia and Latin America, found that:

- a) Only 2 out of 37 countries have a minimum wage above the living wage. Minimum wages on average only provide 38% of the wage needed for a living wage.**
- b) Bangladesh's minimum wage provides 6 percent of a living wage, in Ghana it provides just 12 percent.**

We took the 2023 living wage estimates from the Global Living Wage Coalition^{vii} – information about the methodology used to calculate a living wage using the Anker Methodology can be found on the GLWC website.^{viii} We access the minimum monthly wage data from the ILO^{ix} in a few cases where there wasn't recent data, we used Wage Indicator^x or individual country research.

Using a weighted average based on populations, we found that the average difference between minimum and living wages was 37.9%.

Figure 4

- a) Nearly 1 in 5 workers globally earns a wage below the \$3.65 PPP poverty line.**
- b) 66 percent of workers in low-income countries earn poverty wages —a level of pay that doesn't clear the \$3.65 PPP poverty line. This is a 1 percent increase since 2020, which marked the reversal of a long-term decline.**
- c) Afghanistan (22 percent) and Sri Lanka (9 percent) have seen the largest increases in in-work poverty at the \$6.85 PPP poverty line.**

Using the ILOs modelled estimates for working poverty^{xi} for people earning below the \$3.65 PPP, we found that in 2023 the following percentage of working people below this line:

- 19.1% of people in the world
- 65.8% of working people in low-income countries were earning below this poverty line, a 0.6% increase since 2020.
- Between 2020-2023, a 22.3% increase in Afghanistan, and a 8.6% increase in Sri Lanka (at the \$6.85 PPP poverty line).

ⁱ <https://www.janushenderson.com/download/document/147342>

ⁱⁱ <https://tradingeconomics.com/country-list/wages>

ⁱⁱⁱ <https://data.worldbank.org/indicator/NY.GDP.MKTP.CD>

^{iv} <https://www.imf.org/en/Data>

^v <https://oi-files-d8-prod.s3.eu-west-2.amazonaws.com/s3fs-public/2024-01/Davos%202024%20Methodology%20Note.pdf>

^{vi} https://rshiny.ilo.org/dataexplorer8/?lang=en&id=EAR_4MTH_SEX_ECO_CUR_NB_A

^{vii} <https://www.globallivingwage.org/about/what-is-a-living-wage/>

^{viii} <https://www.globallivingwage.org/about/anker-methodology/>

^{ix} https://rshiny.ilo.org/dataexplorer22/?lang=en&id=EAR_4MMN_CUR_NB_A

^x <https://wageindicator.org/salary/minimum-wage>

^{xi} https://rshiny.ilo.org/dataexplorer6/?lang=en&id=EMP_2EMP_SEX_AGE_CLA_NB_A