This article analyzes wage inequalities in some French OR (overseas regions) for the year 2016. We compare the wage distribution between the OR and with mainland France through distributional Social Accounting Matrices (SAM). The construction of our original SAM builds on different data surveys (the Annual Social Data Declarations and regional accounts published by INSEE). It allows to compare wages for three skill levels (less qualified, qualified, very qualified) and two status (public and private) within a coherent and unified accounting framework. To our knowledge, our article is the first using this approach to make such detailed comparisons on wage inequalities between the ORs and between the French ORs and mainland France.

Our work is related to the literature on the French Distributional National Accounts (DNA) (see for instance Accardo, 2020, Accardo et al., 2017 or Amar et al., 2008 and 2021) and on the "International Distributional National Accounts" (DINA) (see for instance Piketty et al. 2018, Bozio et al., 2020 or Alvaredo et al., 2020). The DNA or DINA are based on a method that connects individual data from social statistics to macroeconomic aggregates of national accounts. Distributive accounts are used to study the distribution of national income among households and permits the analysis of redistributive impact of monetary benefits, taxes and public services. They provide a description of the distribution of national income and an estimate of the reduction of inequalities achieved thanks to all public transfers received or paid by households. The DNA also enables international comparability of inequalities by providing a unifying and robust framework.

This article complements a previous work also building on the DNA methodology (Croissant et al. 2024). In this work, we translated the distribution observed at the microeconomic level of each type of resource (labour, capital, transfers and social benefits) and use (taxes, expenditure by consumption item, savings) thanks to the Family Budget Surveys (FBS) into aggregates (disposable income, consumption, savings) thanks to national and regional accounts. The paper was the first in the literature to compare the living standards in the French OR with this method. We showed that the differences between the French OR and mainland France in 2016 are more important in terms of earned income inequalities than overall income inequalities. The major difficulties of professional integration in the OR French territories can explain this result. The present paper allows to give another spotlight on this result.

The decomposition of labour according different levels of qualification builds on an "income" approach by using on the Annual Social Data Declarations (ASDD) employee database. It is carried out by grouping different occupations and socio-professional categories (SPC) in each sector (private and public), in order to be consistent with various stylised facts relating to wages in the French OR. To provide a simple definition of the SPC groupings used, we consider that each group corresponds to a given skill level. These skills are associated, as is common in the literature, with different levels of qualification.

As Boeters and Savard (2011) point out, the vast majority of studies that disaggregate the labour factor by skill level consider only two skills. Two main reasons explain this choice: first its simplicity; second the different links of each level with capital: typically, a skilled job is considered to be complementary to capital and an unskilled job is considered to be substitutable for capital. However, the different functioning of the labour markets associated

with each skill level in the real world is an important an argument for broadening the number of skills to be taken into account in a model. However, there are some caveats for increasing the disaggregation of the labour factor. Firstly, the more skill levels are considered, the harder it is possible to identify the links between labour and capital. Secondly, as most of the papers in the literature, our model is based on the assumption that workers' skills are fixed over time (at least between the initial and final equilibria analyzed), an assumption that is all the more difficult to justify when a large number of skills are distinguished in the model. Finally, arguments relating to simplicity can be put forward: with fewer categories, the computer programs are less cumbersome and it is easier to identify the economic mechanisms at work.

We have thus chosen to focus on three levels of skills:

- the first level, called unskilled, includes unskilled manual and clerical workers;
- the second level, called skilled, includes skilled manual and clerical workers; and
- the third level, called highly qualified, includes intermediate professions, managers and professionals.

It should be noted that in the SPC nomenclature, the distinction between skilled and unskilled workers is easier. It is not the case for employees. To distinguish skilled from unskilled employees, we have used the Burnod and Chenu (2001) nomenclature, which is based on the four-position SPC nomenclature available in the ASDD survey. The main criterion for assigning the SPC to the skilled or unskilled set is determined on the basis of the average wage level paid to employees.

Our work highlights a number of similarities and differences between territories. We show that many differences on wage inequalities between territories are explained by the weight of the public sector, which is higher in the ORs than in France, and by the differences in the level of qualifications of workers employed in each sector, reflecting the specialization differences between the territories: mainland France is mostly specialized in industry and private services while OR are mostly specialized in public services.

Our paper contributes to the literature by putting forward other news results. For example, it's in mainland France and French Guiana that the proportion of highly-skilled wage (which are 55,9% and 53,1% respectively) are the highest among all territories; these proportions are 48,5% in Réunion Island and around 49 % in the French West Indies. The proportion of wages received by skilled workers is fairly similar between the OR (around 32-33%) and significantly higher than in mainland France (28%). We also show that for skilled and highly skilled workers, the wage gap between private and public sector is negative in French Guyana and positive in all the other territories. However, it is very high in mainland France and low in the Antilles and La Réunion.

Our data allow us also to compare the inequalities of the different territories within different sectors. French Guyana appears to be the most atypical territory, since the share of highly qualified salaries is preponderant regardless of the sector. In the industry sector, the proportion of wages paid to highly-skilled workers is highest in mainland France, unlike in the OR (excluding French Guiana), where the highly-skilled capture the highest proportion of total labour income. In the construction sector, skilled jobs account for the majority of jobs in all

regions (excluding French Guiana), but their proportion is higher in OR than in mainland France. In the private services sector, the proportion of highly-skilled jobs is the highest, but it varies between the ORs and between the ORs and mainland France. Finally, the non-market services sector pays the highest wages to the highly-skilled workers, regardless of geography. Since the civil servants in the OR receive an overpayment (between 40% and 53% according to the OR), which mainly concerns the highest skilled workers, the share of salaries of the unskilled is lower in the OR than in mainland France.

Finally, we compare the inequalities between the sectors for each territory. We show that whatever the skill level, the services branches (private and non-private or public) capture the highest proportion of labour income for all geographies. This reflects the very strong tertiarisation of jobs in mainland France and the French OR economies. It also shows that wages proportion for unskilled workers are highest in the private services sector in all regions. Conversely, unlike France, the proportion of wages for skilled employees in the OR is higher in the non-market services sector than in the private services sector. Similarly, the proportion of highly-skilled workers is largely dominant in the non-market sector in the OR, whereas it is highest in the private sector in France.

These comparative analyses suggest that many public policies that are identical in the French OR (wage modulation according to skill levels, changes to dock dues rates like the “octroi de mer”, the end of overpayment, etc.) can have very differentiated impacts on sectors and wage inequalities due to the specific features of each territory. The next step of our research agenda is to build on the present paper to simulate the impacts of such changes by using a Computable General Equilibrium Model. This will undoubtedly make it possible to make more accurate predictions of the economic mechanisms involved in transmitting shocks, in particular substitution and income effects, and may make it possible to recommend adaptation measures specific to each territory and limit their potentially unfavourable redistributive effects for certain categories of households and workers.

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