

Using online data for international wage comparisons*

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Abstract

We use a novel dataset from a large freelance website to document international wage differences for performing tasks that can be delivered online. We show large wage disparities across freelancers from different countries working on narrowly defined occupations. These wage differentials across countries cannot be explained by differences in observable worker characteristics. Instead, real exchange rate levels account for about 70 percent of the cross-country-variation in average wages, and the elasticity of relative wages with respect to the real exchange rate is about 0.4. The magnitudes of these findings are pervasive across different country groups and types of jobs.

Keywords: International Comparisons, Real Exchange Rates, Wages, PPP.

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