

This thesis analyses differences in average earnings across countries, and examines whether they are due to different wages for comparable occupations or to different occupational structure. To separate the effect of these two factors, I use a thought experiment consisting of replacing a country's structure or wages by those of another country and observing the percentage change in the implied average earnings. For the thought experiment, I use data on occupational structure and wages for 26 countries from the International Labour Organisation. The results suggest that most of the difference in average earnings across countries is due to within-occupation differences in wage levels and only a smaller part of them is due to different occupational structure. The structure has a relatively higher impact in countries at low levels of economic development.