

# REPORT

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## WSI MINIMUM WAGE REPORT 2019

**Time for substantial minimum wage rises and a  
European minimum wage policy**

Thorsten Schulten, Malte Luebker

Minimum wages in most European Union (EU) countries were increased at the start of 2019, with an median increase of 4.8% compared with the previous year, continuing the recent trends towards faster minimum wage growth. Much of this is accounted for by substantial increases in Eastern Europe together with efforts to undertake permanent and structural increases in minimum wage levels in countries such as Spain. There is also a growing debate over the role of minimum wages for the concept of Social Europe, which is expected to play a significant role in the 2019 European Parliament elections. In this context, the German government has indicated that one of its priorities during its EU Council Presidency in the second half of 2020 will be elaborating a framework for a European minimum wage policy.

Minimum wage per hour ...

Luxembourg	11.97 €	
France	10.03 €	
Netherlands	9.91 €	
Ireland	9.80 €	
Belgium	9.66 €	
Germany	9.19 €	

Source: WSI Minimum Wage Database 2019

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## INTRODUCTION

This WSI Minimum Wage Report provides an overview of current developments in minimum wages both in Europe and elsewhere, continuing the series published annually since 2009. It draws on the WSI Minimum Wage Database that holds time series data for 37 countries,<sup>1</sup> including all 22 of the current 28 EU Member States with a statutory minimum wage. Data is also held on seven EU neighbours (Albania, Macedonia, Moldova, Russia, Serbia, Turkey and Ukraine) and eight developed and industrialising economies in the rest of the world (Argentina, Australia, Brazil, Japan, Korea, Canada, New Zealand and USA). As well as changes in nominal minimum wages, the database tracks real values adjusted for inflation. And to enable cross-country comparisons, values are converted at both current exchange rates and using purchasing power parities and also expressed in terms of the relative values of minimum wages in individual countries in relation to median and average wages.

## MINIMUM WAGES IN EUROS (€), AS AT 1 JANUARY 2019

As noted in previous editions of this report, national minimum wages continue to vary very considerably as between countries. Three broad groups of countries can be identified in the European Union, based on the level of their minimum wage (Figure 1).<sup>2</sup> The first group includes those West European

countries in which – except for the UK – the minimum wage is above €9 an hour, often substantially so. The top place is held by the Grand Duchy of Luxembourg with an hourly rate of €11.97. Second is France, where the minimum wage has exceeded the 10-Euro threshold since 1 January 2019 and currently stands at €10.03. This is followed by the Netherlands (€9.91), Ireland (€9.80) and Belgium (€9.66), all with values that are clearly approaching the 10-Euro mark. Germany's minimum wage, at €9.19 an hour, already lags some way behind other Western European countries. The only country in this region with a lower minimum wage is the UK, where the rate, expressed in Euros, is €8.85. This Euro rate is very susceptible to changes the £/€ exchange rate, with the Pound sterling falling markedly against the Euro after the British vote to leave the EU in June 2016. The UK minimum wage will also be substantially increased from 1 April 2019 to a Euro-equivalent rate of €9.28 at the 2018 exchange rate used elsewhere in this report.

The second, intermediate group, comprises just three countries with a minimum wage level of between €4 and €8: this includes Spain (€5.45), Slovenia (€5.10) and Malta (€4.40). The largest group consists of eleven countries in all with minimum wages of between €2 and €4. Aside from Portugal (€3.61) and Greece (€3.39, with an increase to €3.76 as from 1 February 2019), this group consists entirely of Eastern European countries. Of these, four – Lithuania (€3.39), Estonia (€3.21), the Czech Republic (€3.11) and Poland (€3.05) – now exceed

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countries have a very high level of collective bargaining coverage enabling extensive minimum wage protection to be provided through collective agreements: for the most part, these stipulate minimum pay rates above those set by statutory means in Western Europe (Schulten et al. 2016). In Austria, national-level trade unions and employer associations have agreed that collective agreements should provide for a minimum monthly pay level of €1,500 by 2020. Based on an agreed working week of 39 hours (169 per month), this equates to an hourly minimum of € 8.90. And given that Austrian employees receive 14 salaries a year, a monthly minimum of € 1,500 is equivalent, de facto, to an hourly rate of € 10.35.

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1 The WSI Minimum Wage Database is online in German/English at [www.wsi.de/mindestlohn Datenbank](http://www.wsi.de/mindestlohn Datenbank), with extensive tables, charts and an interactive map. Unless noted otherwise, data used here is from this source.

2 This report does not include data for EU member states, such as Austria, Italy and the North European countries, that do not have a general statutory minimum wage. For the most part, these

the 3-Euro threshold. A number continue to have minimum wages below this value: Slovakia (€2.99), Croatia (€2.92), Hungary (€2.69), Romania (€2.68) and Latvia (€2.54). The lowest in the group is Bulgaria, where the hourly minimum, at €1.72, is still below the 2-Euro mark.

In this respect, the minimum wage in Bulgaria is comparable with those in other Eastern European non-EU neighbours, such as Serbia (€1.77), Macedonia (€1.63) or Albania (€1.17).<sup>3</sup> The rate in Turkey, at €2.30, is somewhat above this range. By contrast, the lowest minimum wages are in Moldova and in Ukraine, both at €0.78, and Russia, at €0.88. In Russia, however, there are also numerous regional and local minimum wages, with substantially higher levels in large cities such as Moscow (€1.47) and St. Petersburg (€1.41).

There are also wide variations in levels of minimum wages in countries outside Europe. The highest minimum wage by some margin here is in Australia, which, at a Euro equivalent of €11.98, is comparable with the highest European minimum wage in Luxembourg. The minimum wage in New Zealand is also comparable with Western European levels: in January 2019 in Euro terms this stood at €9.67 and is scheduled to rise to €10.37 from 1 April 2019.

The minimum wage is also relatively high in Canada, in Euro terms at €8.59. This value, however, represents the weighted average (by employee numbers) of regional minimum wages as Canada does not have a single national minimum wage but rather a number of differing province-level rates. These range from €7.19 in Nova Scotia to €9.81 in Alberta. There is a similar system of regional minimum wages in Japan, where these are set by individual Prefectures. The national average is €6.70, with the highest regional rate, at €7.55, in Tokyo.

After several substantial increases, the national minimum wage in the Republic of Korea, at €6.43, is moving towards the Japanese level. Both these Asian countries have now overtaken the United States, where the Federal minimum wage of US\$7.25 (€6.14) has not been increased since 2009. Finally, the minimum wage in the two Latin American emerging markets in the survey stands at €1.05 in Brazil and €1.72 in Argentina, around the level of the EU's Eastern European neighbours.

In the United States, some 29 states now have their own regional minimum wages that exceed the federal rate.<sup>4</sup> The highest of these is \$13.25 (€11.22) in the District of Columbia, followed by California, Massachusetts and Washington, each at \$12.00 (€10.16); Colorado and New York State both have a rate of \$11.10 (€9.40); and Arizona and Maine have a state minimum wage of \$11.00 (€9.31). In addition, several cities also set their own local minimum wages. The highest of these are in the Pacific Northwest cities of SeaTac (\$16.09, €13.62) and Seattle (\$16.00, €13.55) in Washington State. Both these cities were where the trade union and civil society campaign 'Fight for Fifteen', which began at the start of this decade, recorded initial successes (Rolf 2016) and both have since advanced beyond this target. A growing number of US cities have also now set local minimum wages of \$15.00 (€12.70), including New York City and San Francisco.

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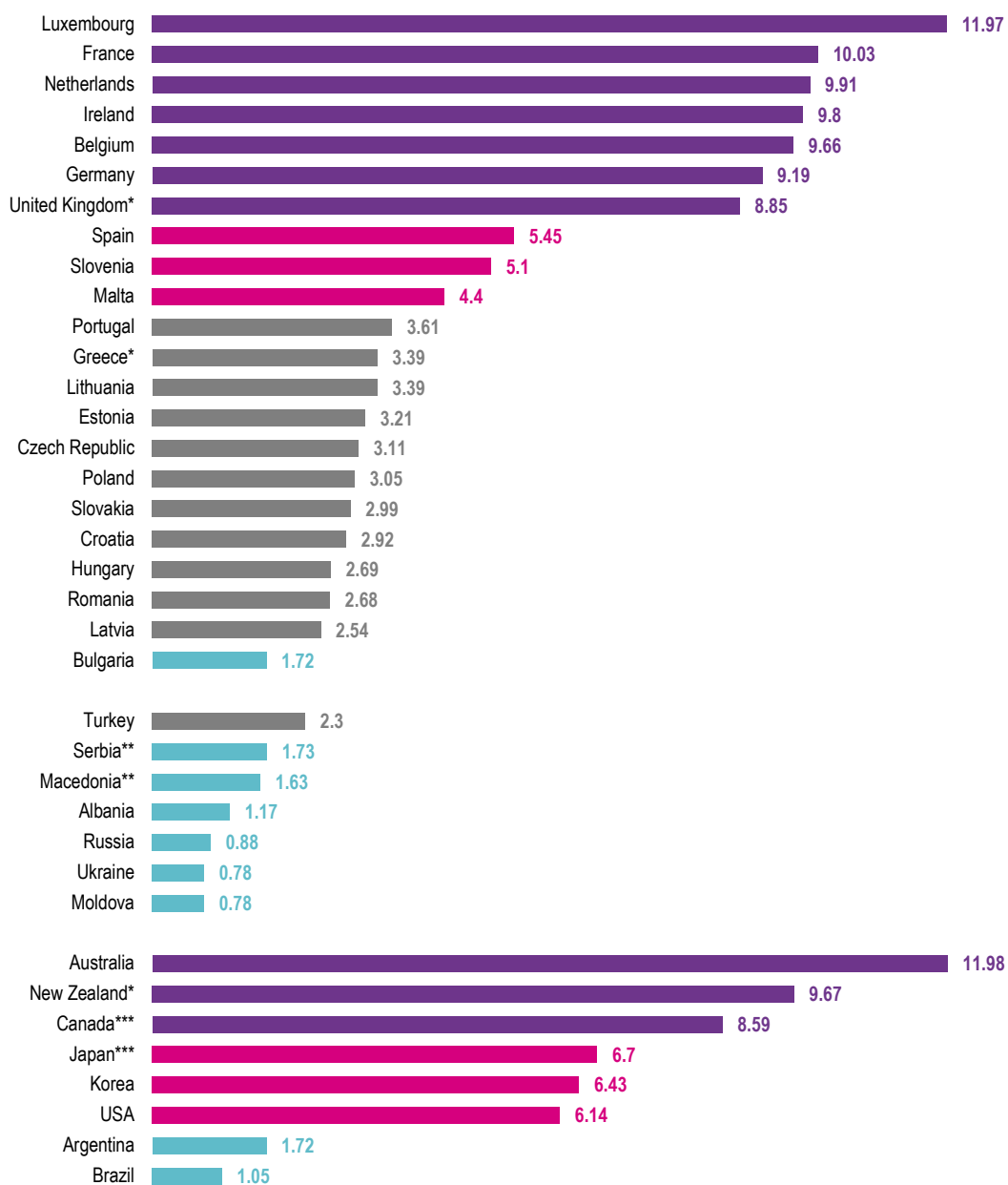
3 These are estimated values for Serbia and Macedonia as the minimum wage in both countries is expressed in net rather than gross terms.

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4 See the online database of the Economic Policy Institute, which contains data on all state- and local-level minimum wages in the United States at <<https://www.epi.org/minimum-wage-tracker/>>.

## Statutory minimum wages, as at 1 January 2019

In Euro per hour



8.00 Euro and above    4.00 - 7.99 Euro

2.00 - 3.99 Euro    below 2.00 Euro

Notes:

Converted into Euros (€) at average exchange rates for 2018.

\* From 1.2.2019: Greece, €3.76; from 1.4.2019: UK, €9.28; New Zealand, €10.37.

\*\* Estimated value, as the minimum wage is specified as a net wage.

\*\*\* Weighted average of regional minimum wages.

Source: WSI Minimum Wage Database 2019

## MINIMUM WAGES IN PURCHASING POWER TERMS, AS AT 1 JANUARY 2019

The approach of comparing minimum wages internationally by converting them to Euro values has two important limitations. Firstly, exchange rates between Euro and non-Euro countries can fluctuate considerably.<sup>5</sup> Appreciation and depreciation on the part of national currencies can artificially boost or depress the value of minimum wages when expressed in Euros. In recent years, for example, the national currencies of the United Kingdom, Argentina, Brazil, Russia and Turkey have experienced relatively sharp depreciations, pushing down minimum wage levels in these countries in Euro terms.

Secondly, any comparison made in Euros does not take into account the fact that there are major cross-national differences in the cost-of-living, leading to substantial variations in the purchasing power of minimum wages beyond what would be signalled by their Euro equivalents. To control for this, at least to some extent, the WSI Minimum Wage Report also calculates the value of national minimum wages by expressing them in purchasing power standards (PPS). In addition to Eurostat, the World Bank also provides the purchasing power parities (PPP) that allow such a conversion, with the advantage that these are available for all countries included in this study. The following sections therefore make use of the World Bank PPP data.<sup>6</sup>

Using purchasing power standards does lead to a modest reduction in the gap between minimum wages in the European Union, but does not entirely eliminate the considerable divergences between levels (Figure 2). For example, the average minimum wage in the EU Member States with the five highest minimum wages, expressed in Euros, is four times greater than in those countries with the five lowest minimum wages. On a PPS basis, this gap falls to 2.3 times. In general, as consequence, a lower minimum wage usually reflects lower living costs.

Even after these price level adjustments, however, substantial differences remain, with the three EU clusters: a Western European group with PPSs of between €7.46 in the UK and €9.18 in Luxembourg; a group of Southern and Eastern European countries with PPSs between €5.09 in Romania and €5.81 in Slovenia; and a further group, also comprising countries in South and Eastern Europe, with PPSs between €3.42 in Latvia and €4.35 in Hungary. Whereas the intermediate group consisted solely of Southern European countries and the third group of Eastern European countries when the WSI first reported on minimum wage developments in 2009 (Schulten 2009), there is now more of a mixture within these two groups, evidence of a clear process of catching up on the part of some Eastern European countries (such as Poland, Lithuania and Romania), but stagnation in some Southern European countries, and notably Greece.

Calculating minimum wages in PPS terms can also lead to substantial shifts in the ranking of individual countries. For example, despite many years of stagnation the Greek minimum wage measured in Euros is still in 12th place; when measured in PPS, however, it drops to 20th. Conversely, the minimum wage in Romania is in 20th place measured in Euros, but moves up to 12th when measured in PPSs. Germany too has slightly improved its position from 6th (in Euros) to 4th (in PPS). Within the leading Western European group, Ireland and the United Kingdom have fallen behind the BENELUX countries, France and Germany in PPS terms because of their relatively high price levels. Such shifts are evident in non-EU countries once minimum wages have been calculated in PPSs.

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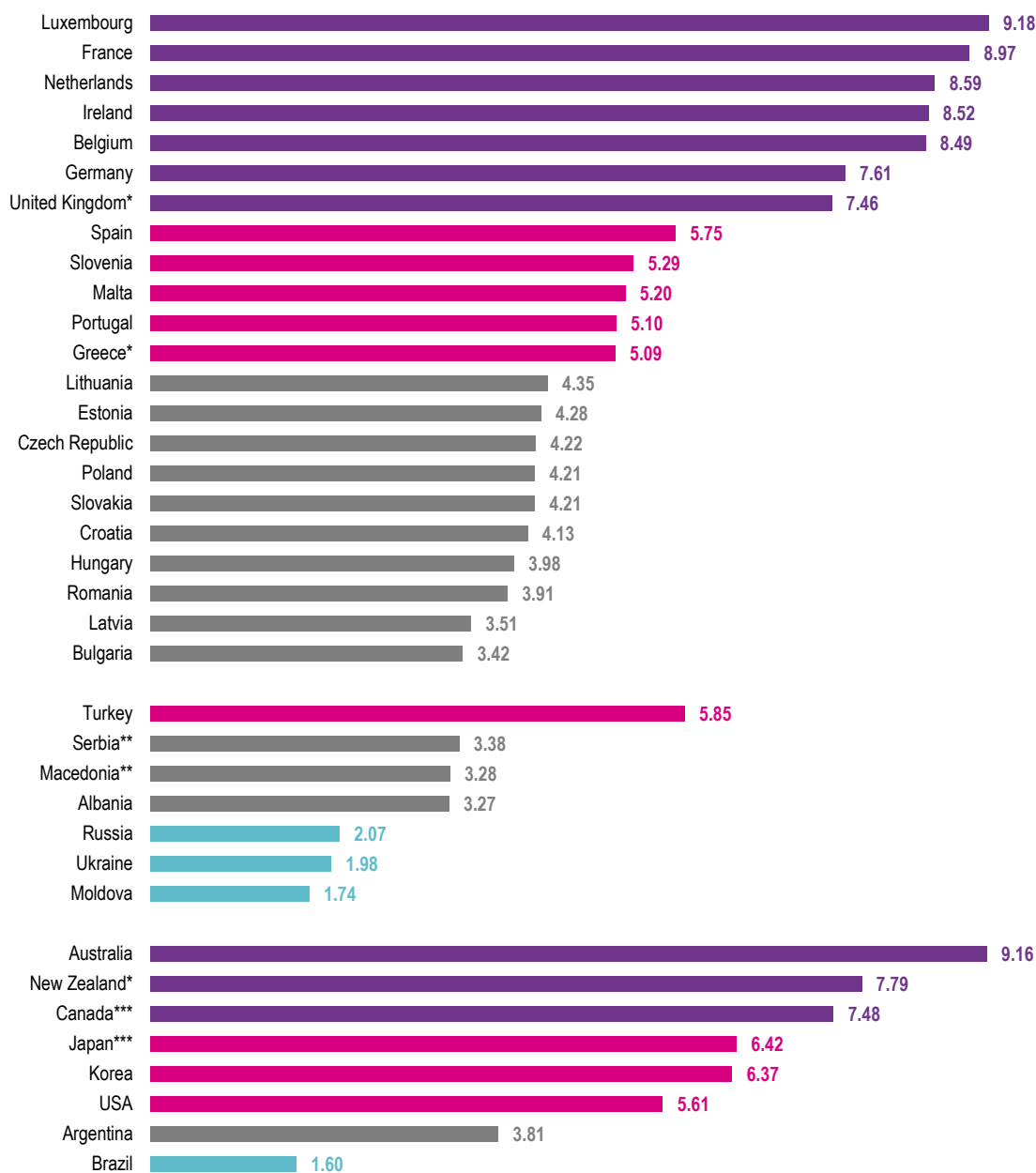
<sup>5</sup> The WSI Minimum Wage Database uses the average exchange rate for the previous year (in this report 2018). Taking a longer reference period eliminates some of the exchange rate volatility. For this reason, it is not possible to compare minimum wages expressed in Euro terms between different editions of the WSI Minimum Wage Report, as the data will have used differing exchange rates. Longitudinal analyses in the WSI Minimum Wage Database are therefore always based on data expressed in national currencies.

<sup>6</sup> National minimum wages are first converted into PPS in US \$ terms and then recalculated in Euros. Both calculations are online on the WSI Minimum Wage Database; the differences are minimal ([www.wsi.de/mindestlohn Datenbank](http://www.wsi.de/mindestlohn Datenbank)).

Figure 2

### Purchasing power of statutory minimum wages, as at 1 January 2019

In PPS\* (€ basis) per hour



7.00 PPS and above    5.00 bis 6.99 PPS    3.00 - 4.99 PPS    below 3.00 PPS

#### Notes:

\* Minimum wages in nominal terms converted into PPS in € using 2017 World Bank purchasing power parities for private consumption.

\*\* Estimated as the minimum wage is set as a net wage.

\*\*\* Weighted average of regional minimum wages.

Source: WSI Minimum Wage Database 2019

## THE RELATIVE VALUE OF THE MINIMUM WAGE

Calculating in purchasing power standards enables international comparisons of national minimum wages to be made against a more tenable yardstick. This does not provide any information, however, as to whether national minimum wages might be regarded as 'appropriate' for their national contexts: for instance, whether they are sufficient to provide a certain minimum standard of living in line with ILO Convention 131 on minimum wage fixing or the European Social Charter adopted by the Council of Europe (Zimmer 2018). Currently, the issue of whether minimum wages are sufficient for a minimum acceptable standard of living has been discussed at national level in terms of appropriate 'Living Wages'. For the most part, these discussions have come to the – critical – conclusion that national minimum wages are not Living Wages but have been

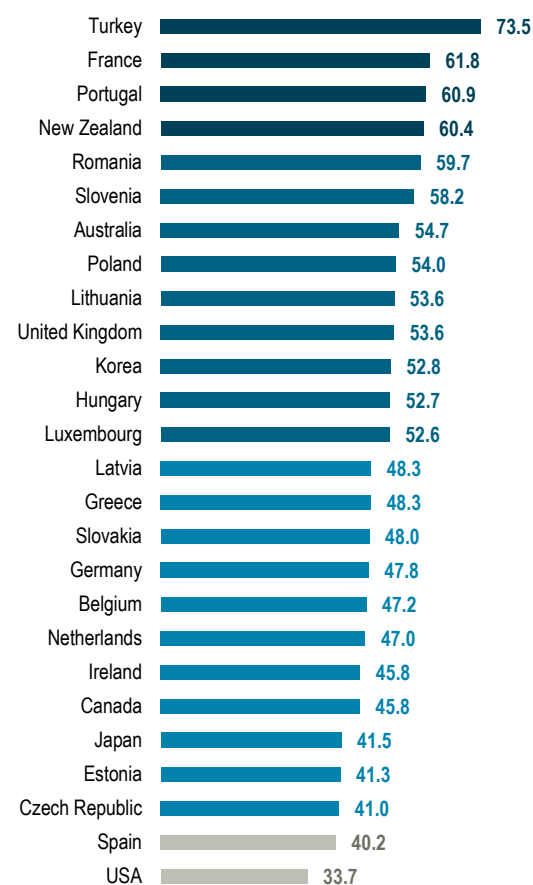
set at such a low level that they fail to provide an income sufficient to allow recipients to meet their basic needs. International comparisons are made difficult by the fact that there is no generally accepted definition of Living Wages; rather, definitions vary from country to country (Hurley et al. 2018; Schulten and Müller 2017).

Discussion of the appropriateness of minimum wages in internationally comparative terms often draws on the Kaitz index. This index, proposed by the American labour statistician Hyman Kaitz (1970: 43), measures the relative value of the minimum wage in terms of its relationship to actual earnings in a country. In his original paper, Kaitz used average earnings (that is, the arithmetic mean) as the yardstick but the approach used more typically since then has been to benchmark the minimum

Figure 3

### The relative value of the minimum wage (Kaitz-Index) 2017

Minimum wage as a percentage of the median wage



60 percent and above 50 - 59.9 percent  
40 - 49.9 percent < 40 percent

Note:

No data was available for the following countries: Albania, Argentina, Brazil, Bulgaria, Croatia, Malta, Macedonia, Moldova, Russia, Serbia und Ukraine. Values rounded to the nearest tenth of a percentage.

Source: OECD Earnings Database

WSI

Figure 4

### The relative value of the minimum wage (Kaitz-Index) 2017

Minimum wage as a percentage of the average wage



45 percent and above 40 bis 44.9 percent  
35 - 39.9 percent < 35 percent

Note:

No data was available for the following countries: Albania, Argentina, Brazil, Bulgaria, Croatia, Malta, Macedonia, Moldova, Russia, Serbia und Ukraine. Values rounded to the nearest tenth of a percentage.

Source: OECD Earnings Database

WSI

wage against median earnings. The latter has the advantage that, as the midpoint of the wage distribution, it is unaffected by extremely high or low values. The two charts in Figure 3 therefore set out the Kaitz Index using both methods of calculation, based on data from the OECD Earnings Database.<sup>7</sup>

For the 26 countries for which the most recent data available was for 2017, the Kaitz index ranged from 33.7% (USA) to 73.5% (Turkey) of the median wage. There were also fairly high minimum wages with a Kaitz index of over 60% of the median wage in France (61.8%), Portugal (60.9%) and New Zealand (60.4%). Romania (59.7%) and Slovenia (58.2%) were just below the 60% threshold. Overall, however, even those countries with relative high values for the minimum wage were below the low-pay threshold, usually set at two-thirds of the median wage in line with the OECD definition.

In 22 of these 26 countries, minimum wages in 2017 were below the 60% threshold, so that, analogous to the approach adopted in poverty research, it would be reasonable to view these as wages that exposed recipients to the risk of being poor.

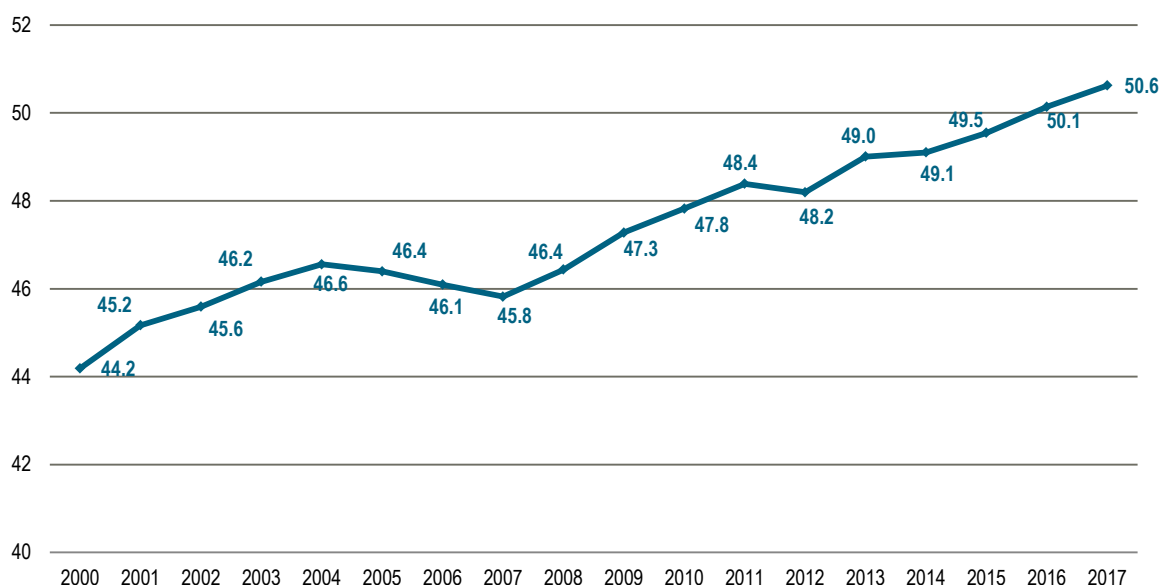
In 16 countries, minimum wages did not even reach 50% of the median wage, in effect poverty wages insufficient for basic needs. This includes Germany, where the minimum wage was only 47.8% of the median wage. The lowest minimum wages by far, alongside the USA (33.7%), were in the Czech Republic (41.0%) and Spain (40.2%), although the minimum wage here has since been substantially increased (see Section 5). Measured using the average wage, the Kaitz index varies between 24.3% (USA) and 51.8% (New Zealand), with most countries between 35% and 45%.

The assessment that minimum wages fail to provide for a socially acceptable standard of living has prompted intense political debates in many countries, eventually leading to above-average increases. Within the EU, there has been a discernible trend towards a steady rise in minimum wage levels since the early-2000s (Figure 4), with the Kaitz index for the (unweighted) EU average rising from 44.2% in 2000 to 50.6% by 2017.

Figure 5

#### Change in relative value of the minimum wage (Kaitz index) for the EU average, 2000-17\*

Minimum wage as percent of the median wage



\* Unweighted average of national Kaitz indices for 19 EU Member States: Belgium, Czech Republic, Germany, Estonia, France, Greece, Hungary, Ireland, Latvia, Lithuania, Luxembourg, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, UK; up to 2004, without Germany and Slovenia, up to 2014 without Germany.

Source: OECD Earnings Database

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<sup>7</sup> Although the OECD Earnings Database has been expanded and improved over the years, there is still a lack of comparability of the data due to the diversity in national sources and data collection methods (OECD 2012).



## CURRENT DEVELOPMENTS IN MINIMUM WAGES

The minimum wage is adjusted once annually in most countries, usually on the 1 January. In 28 of the 37 countries in the WSI Minimum Wage Database, the most recent change was on 1 January 2019 (Table 1). A further six made increases during 2018: three left their minimum wages unchanged.

The largest nominal increase was in Lithuania, at 38.4%, followed by Turkey with 26.0%, Spain with 22.3%, and Argentina and Russia, each with 18.9%. There were a range of reasons for these very high rates of increase. While they were a response to high rates of consumer price inflation in Argentina, Russia and Turkey, the sharp increase in Lithuania is the result of more general recalculations of gross wages which became necessary after a tax reform shifted some tax burden from the employers to the employees (Grant Thornton 2019). Finally, the large increase in Spain reflected efforts to make major and permanent adjustments to the level of the minimum wage. There were similar objectives in Canada, Korea and a number of Eastern European countries, all of which increased their minimum wage by between 7% and 12% in nominal terms and 5-10% in real terms.

In a second group of countries, which included Brazil, the United Kingdom, Luxembourg, Australia, Portugal, Japan, Ireland and Germany, there was a more measured rate of increase of between 2.5% and 5% in nominal terms, leading to real increases of 1-2%. It should be noted here that Germany is the only EU country in which the minimum wage is normally adjusted only once every two years: that is, the most recent 4% nominal increase, 2.1% in real terms, was the first since January 2017.

In some countries, such as Belgium, the Netherlands or France, the increase in the minimum wage was 2% or less, meaning that minimum wage recipients were obliged to accept slight losses in real wages. The three countries that left their minimum wages unchanged were Latvia, Greece and the United States. In 2012, the Troika compelled Greece to cut its minimum wage by 22% and was not allowed to increase it subsequently. Following the end of the international bailout programme, the Greek government decided to raise the minimum wage by 11% to €3.76 from 1 February 2019. This still leaves it below the rate prevailing in 2012, when it stood at €4.34.<sup>8</sup>

Ten years of efforts to raise the federal minimum wage in the United States also failed to find the required majority in the Congress (see Levin-Waldman 2018).

Table 1

### Nominal and real changes in statutory minimum wages, 2019

Year-on-year change, as at 1 January 2019, in per cent

	Nominal	Real*	Most recent adjustment
Lithuania	38.4	34.9	01.01.2019
Turkey	26.0	8.3	01.01.2019
Spain	22.3	20.2	01.01.2019
Argentina	18.9	-11.4	01.01.2019
Russia	18.9	15.5	01.01.2019
Canada	12.6	10.1	01.01.2019
Ukraine	12.1	1.0	01.01.2019
Korea	10.9	8.0	01.01.2019
Bulgaria	9.8	7.0	01.01.2019
Moldova	9.7	5.9	01.05.2018
Serbia	9.5	7.2	01.01.2019
Romania	9.5	5.2	01.01.2019
Croatia	9.0	7.4	01.01.2019
Czech Republic	9.0	6.9	01.01.2019
Albania	8.3	5.9	01.01.2019
Slovakia	8.3	5.6	01.01.2019
Estonia	8.1	4.5	01.01.2019
Hungary	7.9	4.9	01.01.2019
Poland	7.1	5.9	01.01.2019
Slovenia	5.2	3.2	01.01.2019
New Zealand	4.8	1.9	01.04.2018
Brazil	4.6	0.9	01.01.2019
United Kingdom	4.4	1.9	01.04.2018
Germany	4.0	2.1	01.01.2019
Luxembourg	3.6	1.6	01.01.2019
Australia	3.5	1.5	01.07.2018
Portugal	3.4	2.2	01.01.2019
Japan	3.1	2.1	01.01.2019
Ireland	2.6	1.9	01.01.2019
Belgium	2.0	-0.3	01.09.2018
Malta	1.9	0.2	01.01.2019
France	1.5	-0.6	01.01.2019
Macedonia	1.5	-0.3	01.07.2018
Netherlands	1.4	-0.2	01.01.2019
Latvia	0.0	-2.5	01.01.2018
Greece	0.0	-0.8	01.03.2012
USA	0.0	-2.4	24.07.2009

Note:

\* adjusted by changes in national consumer prices  
(in some cases provisional figures)

Source: WSI Minimum Wage Database

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<sup>8</sup> See *The Guardian*, 'Greece moves towards ending austerity with rise in minimum wage' (28 January 2019), <<https://www.theguardian.com/world/2019/jan/28/greece-moves-towards-ending-austerity-with-rise-to-minimum-wage>>.

In January 2019, the Democrats submitted draft legislation ('Raise the Wage Act') to increase the Federal minimum wage in stages to \$15.00 (€12.70) by 2024.<sup>9</sup> Irrespective of the stagnation that has prevailed at national level, regional minimum wages were raised in more than half of all US states, many of which considerably exceed the national rate (see Section 2).

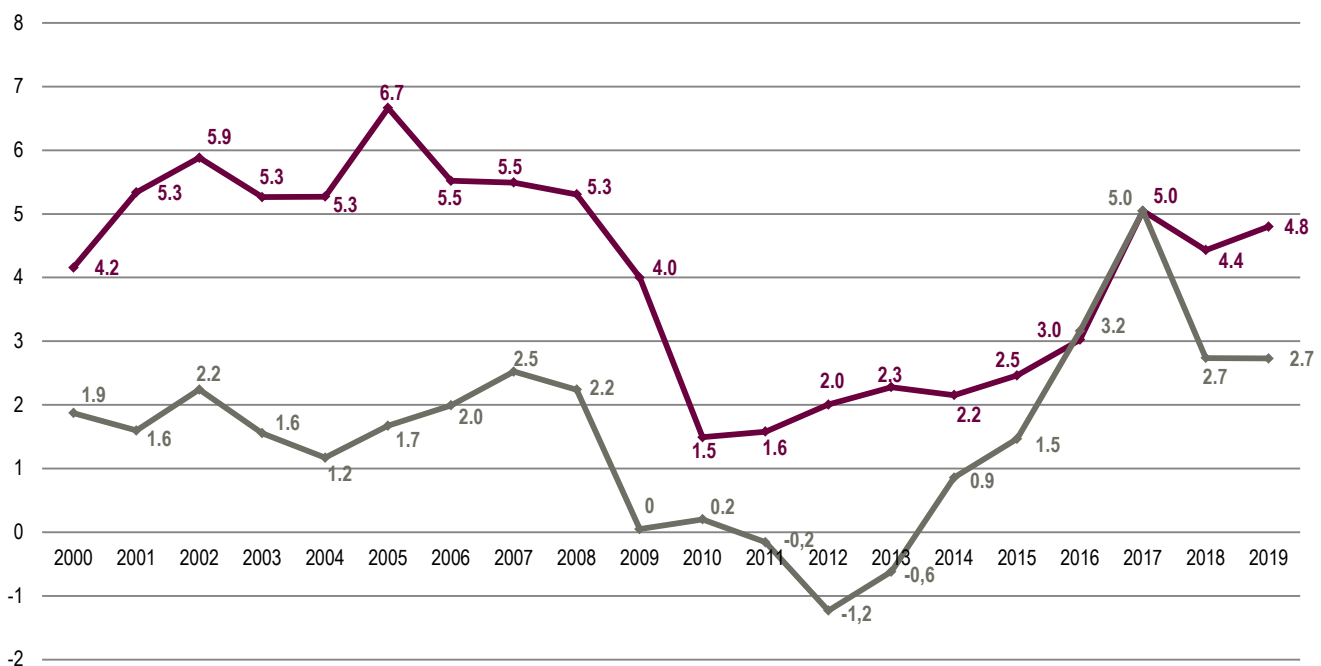
Overall, the recent trend in the EU is for generally higher increases in minimum wages, and this has continued into 2019. Figure 5 sets out the movement for the EU as a whole, based on the median – that is the mid-point – of national-level increases, ensuring that the figure used, unlike the arithmetic mean, is not distorted by extreme values: half the countries included have increases below this rate and half above.

The figures indicate that the trend towards a higher rate of increase observable since 2017 has continued into 2019, with a median nominal rate of increase compared with the previous year of 4.8% and a real increase of 2.7%, also a fairly high level. Following the very weak pace of advance in minimum wage levels between 2009 and 2013, when increases often failed to compensate for consumer price inflation, minimum wages are currently rising strongly. In many countries, this accelerated pace of increases has been triggered by the fact that securing a minimum wage sufficient to ensure a basic acceptable standard of living continues to require major adjustments in the level of the minimum wage.

Figure 6

#### Development of statutory minimum wages in the EU, 2000-2019

In per cent, median year-on-year change



■ nominal change (EU median) ■ real change (EU median)

Notes: The chart indicates the median value of national rates of change, as at 1 January compared with the previous year. The real values are based on adjusting for price changes, as measured by national rates of consumer price inflation. The population is all EU Member States with a statutory minimum wage (currently 22 countries).

Source: WSI Minimum Wage Database 2019

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9 See <<https://edlabor.house.gov/imo/media/doc/2019-01-16%20Raise%20the%20Wage%20Act%20Section%20by%20Section.pdf>>.

## PROSPECTS: EN ROUTE TO A EUROPEAN MINIMUM WAGE POLICY?

In early-2019, the German Federal Labour Minister Hubertus Heil (Heil 2019) noted that the creation of a 'European legal framework for minimum wages and minimum income' would be one of the priorities for the German EU Council Presidency in the second half of 2020. This would also realise a commitment enshrined in the Coalition Agreement concluded between the German Social Democratic Party (SPD) and the two conservative parties, CDU and CSU, that established the current Federal government (CDU et al. 2018: 7). In a keynote speech in November 2018, Finance Minister Olaf Scholz also spoke in favour of a European minimum wage initiative, stating that he 'thought there was merit in discussing the proposal that national minimum wages should be established at a level of at least 60 per cent of the national median wage'. Katarina Barley, Federal Justice Minister and SPD lead candidate for elections to the European Parliament, also intimated that 'the European minimum wage [would] become a core issue in the election' as 'everyone [must] be able to live from their own work and indeed everywhere in the EU' (cited in Handelsblatt, 12 January 2019).

Other parties have also taken up this issue in their campaigns for the European Parliament elections. The German Green party, for example, is advocating a 'Minimum Wage Directive that guarantees all wage workers in the EU an acceptable income, taking into account the living costs in each country' (Bündnis 90/Die Grünen 2019: 75). The Left party, Die Linke, is also campaigning for a 'mandatory regulation on a European minimum wage' that would 'oblige all EU Member States to introduce minimum wages ensuring an acceptable basic income, [...] that would be above 60 per cent of median earnings in each country' (Die Linke 2018). And the German Trade Union Confederation (DGB) has welcomed the call for a 'system of European minimum wages and minimum income' (DGB 2018a), echoing a resolution adopted by the DGB's federal conference that called for raising the minimum wage 'to ensure it can provide an acceptable standard of living' so that 'every full-time employee should be independent of social transfer payments in their own right, should no longer be exposed to the risk of poverty, and should be able to live from their wage' (DGB 2018b: 85). This reflected the position of the European Trade Union Confederation (ETUC) that minimum wages in Europe should be 'Living Wages' and rise to at least 60% of national median earnings (ETUC 2017).

Discussion of a European-level coordinated minimum wage policy now has a history extending back to the early-1990s (Schulten 2008) and rooted in numerous international and European agreements and declarations that advocate that a fair wage sufficient to allow for a decent existence should constitute a basic social right (Zimmer

2018). Living Wages have also been included as one of the twenty basic principles of the 'European Pillar of Social Rights'. Article 6 provides that 'Workers have the right to fair wages that provide for a decent standard of living' (European Parliament et al. 2017).

The notion of a European-level policy on minimum wages would ensure that this right could be put into practice. This requires the formulation at European level of common standards and objectives as to what the level of a minimum wage should be that might then be applied to national-level minimum wage policies through European coordination and governance mechanisms. The European Semester, used to coordinate aspects of economic policy including recommendations on pay, would offer a means for implementing such a policy, as proposed in a report to the French parliament (Cordero 2016). Such a step might also enable avoidance of the formal prohibition on regulating pay matters in the EU Treaty (Treaty on the Functioning of the European Union, Article 153, Para. 5).

Discussion over the guideline for such a European approach has increasingly gravitated towards setting national minimum wages at a certain percentage of the corresponding national median wage, typically the 60% threshold (Schulten 2015; Schulten et al. 2015). Such a value would link the European debate directly with debates at national level, where several countries have been undertaking major adjustments to the historic value of their minimum wages. In 2016, for example, the British government introduced what it termed a 'National Living Wage', with the ambition that this should reach 60% of median earnings by 2020 (Department For Business, Economy and Skills 2015; Brown and McGuinness 2018). In Spain, the increase in the minimum wage of more than 22% in January 2019 was also expressly justified by the intention to move towards the 60% target (Ministerio de Trabajo, Migraciones y Seguridad Social 2018). In many Eastern European countries too, targets guided by the Kaitz index have served to make permanent and significant adjustments in the levels of minimum wages. In Slovakia, for instance, Prime Minister Peter Pellegrini noted on the occasion of the most recent increase in the minimum wage that 'with this step, we will continue the dynamic increase in the minimum wage, with the aim of raising it so that it will amount to at least 60 percent of the average wage of the national economy' (cited in The Slovak Spectator, 6 November 2018). The debate over an adequate minimum wage in Germany can also be linked with the European debate, given that the widely-advocated aim of an hourly statutory rate of €12.00 is close to 60% of the German median wage.

The dynamism that has characterised increases in minimum wages in recent years indicates

that many European countries are endeavouring to undertake historic changes to the level of their minimum wages to ensure that they can offer recipients an acceptable standard of living. These national initiatives would be supported and enhanced by the existence of a European-level approach that would also breathe life into the idea of a more social Europe in a practical form.

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