Living wage or basic income: which way to go to alleviate the economic consequences of the Covid crisis?

From Minimum to Living wages in Europe

ETUI Webinar
14 May 2020

Dr. Torsten Müller
European Trade Union Institute - ETUI
Definition of a Living Wage

Minimum Wage ≠ Living Wage

Basic wage floor

Providing more than mere subsistence, enabling decent living standard, participation in society and scope to insure against unforeseen shocks

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Modern living wage movements

USA

Since 1994: Living Wage Ordinances
Since 2012: Fight for 15 movement

United Kingdom

Since 2005: London Living Wage
Since 2011: UK Living Wage

Other countries

Mainly Anglophone countries
(Australia, New Zealand, Ireland, Canada)
Method of Determining Living Wage Level

Basic Living Cost Approach

Costs of a basket of goods & services for decent living

Wage Distribution Approach

At-risk-of-poverty-wage threshold: 60% of median

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Relative minimum wage levels in the EU

At risk-of-poverty wage threshold: 60% of median
National initiatives to substantially increase the minimum wage

Increase of more than 35%:

Increase between 10 and 35%:
Special cases: National LW Initiatives

Government new law: 60% of national average wage

Government plan: 60% of national average wage (2024)

Increase of 23% in 2010 since then 60% of national median
(1) Revealed importance of “essential workers”: not just applause but proper pay
(2) LW as economic stabilizer by boosting internal demand
(3) Anchor of political and social stability
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Thank you very much for your attention!!!

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